July 19, 2023

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

**Scrip Code: 539450**

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

**Scrip Symbol: SHK**

Dear Sir/ Madam,

**Sub: Submission of Notice of Annual General Meeting, Business Responsibility and Sustainability Report and Annual Report of S H Kelkar and Company Limited ('the Company') for the financial year 2022-23**

In reference to our letter dated July 16, 2023, wherein the Company informed that the 67th Annual General Meeting of the Company is scheduled to be held on August 10, 2023 through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") and in compliance with the provisions of Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of the Company for Financial Year 2022-23 along with Notice of the Annual General Meeting and Business Responsibility and Sustainability Report.

Afore-said documents are being sent to the Members of the Company via email and is also available on the website of the Company https://keva.co.in/investor-updates/#92-209-fy-2022-2023.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

**For S H Kelkar and Company Limited**

ROHIT SARAOGI
Digitally signed by ROHIT SARAOGI
Date: 2023.07.19 15:06:37 +05'30'

**Rohit Saraogi**
**Company Secretary & Compliance Officer**

*Encl: As above*

Keva

100 YEARS AND BEYOND ...

Keva

# Crafting Sensorial Delight

**S H Kelkar and Company Limited**

Annual Report | **2022-23**

# CONTENTS



To download or to read the report online, please log on to www.keva.co.in

# Celebrating 100 Years
## of Sensorial Delight

Early in 19th century, in the princely state of Sangli, the seeds of a legacy were being sowed. A legacy of timeless fragrances & flavours, a legacy of pioneering innovation, a legacy of putting customers first, a legacy of incomparable quality & excellence, a legacy that would put Indian perfumes on the global map - **The legacy of KEVA.**

As the decades rolled by, S H Kelkar and Company Limited achieved one milestone after another, creating a distinct mark for itself in the fragrances and flavours industry. From experimenting and developing new fragrances in a home lab to a multinational Company with 9,700+ products and many first to our credits, our journey was nothing short of extraordinary. Relentless hard work, persistent innovation, backward integration, and unwavering dedication towards meeting the ever-changing needs of our customers have been the primary contributors of our growth and success.

This year, as we are celebrating 100 years of sensorial delight, we rededicate ourselves to the next 100 years and beyond to ensure that we, together with our customers, vendors, employees, and communities continue to spread our fragrance across the world for generations to come.

# Message from the Whole-time Director and Group CEO

As the year marks our celebration of delivering sensorial delight for a century and beyond, we rededicate ourselves to continually innovate and improve, aiming not only to be the foremost fragrance and flavour company in India, but also to emerge as a worldwide leader in this industry.

Dear Shareholders,

I am delighted to present to you the 67th Annual Report of S H Kelkar and Company Limited for FY 2022-23. As the year marks our celebration of delivering sensorial delight for a century and beyond, we rededicate ourselves to continually innovate and improve, aiming not only to be the foremost fragrance and flavour Company in India, but also to emerge as a worldwide leader in this industry.

The financial year 2022-23 ended on a stable note, registering similar cash profits as the previous year, despite the numerous challenges, both on domestic and global fronts. Uncertainty in the European markets during the initial months and an inflation in raw material prices weighed considerably on demand and our performance in the first three quarters. However, recovery in the European business during the second half of the year as well as sustained focus on alternate supply of raw materials and operational efficiencies, helped us to restore growth in the last quarter, with our core business reporting a strong double digit growth.

Globally, 2022 started on a dull note registering a 2.9% decline in the world GDP growth as compared to the previous year. However, easing of supply chain bottlenecks and reduced inflationary pressures since mid-2022, led by tight monetary policies and reduction of fuel and energy commodity prices, among other factors, provided some support to the economic growth. Notwithstanding global slowdown, the Indian economy showed strong resilience and grew sustainably in FY 2022-23, backed by prompt government policies and timely actions to curb inflationary pressures and reduce international commodity prices. Experts believe that the global flavours and fragrances market is poised for consistent growth, dominated by Asia Pacific, which accounted for more than 31.4% of the overall industry revenue in 2022. Key growth drivers include rising demand and consumption of processed food and personal care & cosmetic products globally, led by rising disposable incomes, population growth, and a shift in consumer preference. India, being a major F&F export market and a leading supplier of natural ingredients, is well-placed to be a major contributor to this growth, opening a plethora of opportunities for Keva to explore, exploit and take advantage of.

## Financial performance

The total income for FY 2022-23 stood at ₹ 1,698.33 crore as compared to ₹ 1,581.70 crore in the previous year. Despite the supply chain constraints and inflationary pressures, Keva's gross margins during the year stood at 40.1%. Profit after Tax (PAT) during the year stood at ₹ 62.95 crore. Excluding exceptional gain and loss in FY 2022-23 and FY 2021-22, PAT in FY 2022-23 stood at ₹ 83.2 crore as against ₹ 161.4 crore in the previous year, lower by 48% year-on-year due to one-time tax benefit of ₹ 64.5 crore. The revenue from operations on a consolidated basis was ₹ 1,686.52 crore, 7.82% higher than FY 2021-22. The core fragrance division (excluding global ingredients) reported a stable performance growing 5.4% more than previous year and the flavour business including acquisition grew by 51.9% growth over FY 2021-22.

Keva's steady performance amidst tough market conditions is attributed to multi-level interventions and strategic initiatives taken throughout the year across various business segments. We mitigated the inflationary pressures better than our peers through a robust inventory management. Maintaining higher than normal inventory kept us well protected against the supply chain disruptions and contributed to business continuity. Continued focus on strengthening our research and innovation and product development helped us to penetrate in new markets, expand our global reach and win more loyal customers. Besides ensuring sustained growth for the Company, this strategy served extremely well for our flavours and fragrance businesses, enabling consistent growth throughout the year.

In FY 2022-23, we made steady progress in our natural products portfolio and introduced several new products to attract a larger consumer base. With the substantial revenue potential that the segment presents in the Indian and overseas markets, we are excited to capitalise on the opportunity and escalate our market share.

## Key operational highlights

Robust operations underpins the growth of every successful organisation. In the fiscal year 2022-23, we intensified our efforts to bolster our operational capabilities, resulting in significant expansion and sustainable growth across our business segments and diverse geographies.

In addition to this, commercialisation of various opportunities will fuel our aspiration of engaging with large global multinationals and achieving fast-paced business expansion across international markets.

## Sustainability: Our way of doing business

At Keva, sustainability is not just an afterthought, but a deeply ingrained idea that is at the heart of all that we do. Our goals thus transcend the typical pursuit of growth and profitability; encompassing a comprehensive commitment to sustainable action. We are aligned with the United Nations Sustainable Development Goals with the aim to reduce emissions under Scope 1 – (Direct Greenhouse emissions) & Scope 2 (Indirect Greenhouse emissions) through various initiatives.

Our care for the planet is reflected in our aspiration to minimise carbon footprints. Concentrated efforts are therefore being taken to make our range of products biodegradable. The progress in making our manufacturing plants net zero is also on track and will scale up our sustainability proposition, considerably.

## Going forward

We are well-aligned with the macro-environment and placed substantially better in terms of managing our gross margins and profitability. As the market outlook eases, we expect a quick uptick in demand, which will effectuate a non-linear restoration in our performance. Supported by strong fundamentals, extensive product portfolio, in-house raw material availability, commercialisation of opportunities, and strong operational capabilities, we are well-poised to grow faster in the next few years.

At Keva, we have always been on a mission to offer sensorial delight and add value to our customers by interpreting the rich heritage of our brand and transferring it to our creations. Going forward, we shall continue to do so by selecting world-class raw materials to create innovative and blissful flavours and fragrances by combining processes, means, resources and creative capital in the most efficient and performing way and building deep and lasting connections with our customers.

## In conclusion

I congratulate and thank my shareholders, partners, investors, employees, customers and all other stakeholders for the spectacular 100-year journey, which would have been impossible to navigate without your support and trust. Moving ahead, I look forward to your continued patronage and promise to stay committed to the Company's long-term growth.

**Kedar Vaze**

Whole-time Director & Group CEO

## About Us

# Delivering Sensorial Bliss Since 1922

Keva is India's leading fragrance and flavour brand, reputed for catering to the diverse needs of global customers through differentiated sensory solutions. We believe in a Company where tradition and innovation can coexist by creating a business environment that supports and respects our rich heritage as well as explores and implements new ideas to create enhanced value for our stakeholders.

Envisioned by Mr. Dadasaheb Kelkar, our century-long journey has been defined by a relentless pursuit of innovation and quality, facilitated by rich experience, advanced R&D capabilities, and a deep understanding of consumer preferences. Starting from a modest home-grown business in Mumbai, we grew to become the largest domestic fragrance producer in India and the only company of Indian origin to file patents in the field of Fragrance & Novel aroma molecules.

Over the years, the Company has developed a vast portfolio of fragrances, flavours, natural ingredients, aroma ingredients and technical services, with our fragrances and flavours finding extensive usage as raw materials in the FMCG, personal care, home care, fabric care, skin care, pharmaceutical and food & beverages industry. We offer products under SHK, Cobra, Auris, Wheel, Three Birds and Keva brands.

The **"Spirit of Keva"** represents our principles that allow us to single-mindedly focus on delivering sensorial breakthroughs.

**S** **STEWARDSHIP**
We believe in the concept of management trusteeship to enhance long-term value for all our stakeholders. We encourage our people to view themselves as custodians of the future and empower them to take business decisions accordingly.

**P** **PARTNERSHIP**
We believe in building a long-term sustainable relationship with all our stakeholders to create enduring value. We encourage our vendors to strengthen their capabilities. We partner with our clients and endeavour to be the catalysts for their growth.

**I** **INNOVATION**
We are passionate about innovation and thrive on creating ground-breaking sensorial solutions, giving us the first mover advantage, and keeping our clients ahead of the curve.

**R** **RESPONSIBILITY**
We are conscious that our actions have an impact on local communities, ecologies, and geographies. We behave in a manner that befits a responsible corporate citizen. Our products are designed to be of the highest quality and we assume active responsibility in ensuring all safety and regulatory standards.

**I** **INTEGRITY**
It forms the core of our ethos and work behaviour. We always conduct our business in a fair and ethical manner.

**T** **TEAMWORK**
We work in an inclusive and collaborative manner across diverse functions and geographies. Our work processes have been designed to maximise synergies, and we create continuous learning opportunities for our teams.





## Keva at a Glance

**100+** Years of Market Conviction

**9,700+** Products

**4,100+** Customers across **90+** Countries

**840+** Employees

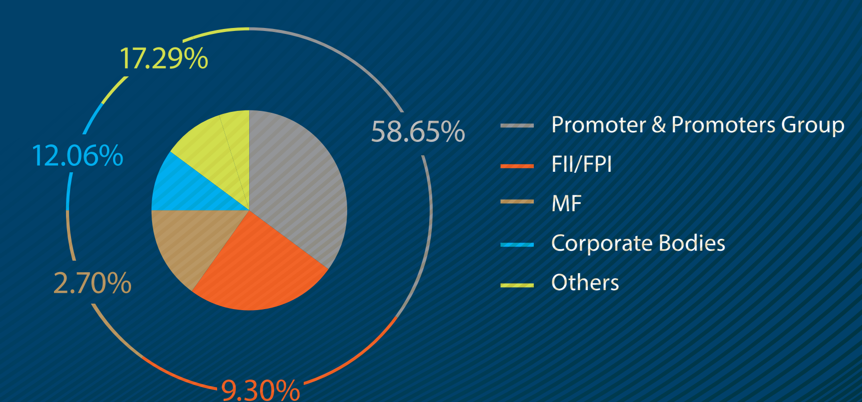
**1,200+** Library of Raw materials

**8** Manufacturing Locations

**7** Creation & Development Centres

**13+** Stock/Sales Facilities

**Shareholding pattern (as on March 31, 2023)**



# 100 Years of a Glorious Journey

### 1922
**Humble beginnings**
Mr. Dadasaheb Kelkar established a home-grown business in Girgaum, Mumbai, which initially sold attars, synthetic perfumes & cosmetics

### 1955
**Incorporated as S.H. Kelkar & Co. Ltd.**
With consistent growth & meticulous planning, the Company got incorporated, in line with its expanding vision

### 1960
**Growing our presence**
The Company grew over the next decade, establishing its R&D Centre & manufacturing facilities at Mulund, Mumbai

### 1978
**Persistent progress**
Aroma ingredients division was formed with the establishment of 2nd manufacturing unit at Vapi, Gujarat

### 1981
**Further expansion**
- Manufacturing & exporting of fragrances
- Expansion of fragrance manufacturing facility at Mulund, Mumbai
- Expansion of research centre at Mulund, Mumbai

### 2010
**Growing our global footprint**
- Consolidation of Promoters shareholding
- Acquisition & integration of PFW Aroma Chemicals, Netherlands

### 2007
**Manufacturing facility at Vashivali**
New long-term fragrance & flavour manufacturing facility at Vashivali, Maharashtra

### 2003
**Rapid growth through customer centricity**
Expansion of our first fragrances centre in Mumbai, Maharashtra

### 1994
**Scaling up fragrance manufacturing**
First automated robotic fragrance manufacturing unit set-up in India on a 38-acre greenfield site

### 1992
**Incorporation of Keva flavours**
Ventured into flavours business with the vision to create a global enterprise

### 1984
**Entry into international markets through Keva Fragrances Pvt. Ltd.**
Supported by the expansion of fragrances into the international markets

### 2012
**Strategic investments & acquisition**
- Investment by Blackstone
- Acquisition of SAIBA Industries for natural extracts
- Establishment of an additional R&D centre at Mulund, Mumbai

### 2013
**Broadening our horizons**
Investment in manufacturing plant in Vapi, Gujarat

### 2014
**PT SHK Keva Indonesia**
Incorporation of PT SHK Keva Indonesia followed by full-fledged operations

### 2015
**Listing of SHK**
SH Kelkar shares listed on BSE & NSE

### 2017
**Augmenting our presence**
- Acquired stake in Italy-based Company – Creative Flavours and Fragrance SpA
- Establishment of Fine Fragrance – Centre of Excellence in Amsterdam, Netherlands
- Commercialisation of patented molecule

### 2022
**Latest Developments in Natural Actives**
Natural Actives designed for Personal Care Industry:
- Camisooth
- AloeHeal
- Glycibright
- OleoKare
- Puniblock

### 2021
**Deepening our European presence & gaining momentum in SHK's Flavour Business**
- Acquisition of Holland Aromatics in Almere, Netherlands
- Acquisition of NuTaste Food and Drink Labs Pvt Ltd, India to expand further into high potential flavour categories

### 2019
**Global visibility**
- Multiple offices around the globe
- Participated in Amsterdam Fashion Week
- Continued participation in global and regional events

### 2018
**Global Expansion**
Completed first phase of acquisition of equity stake of China-based Company, Anhui Ruibang Aroma Co Ltd

# Business Strengths

### A 100 year legacy
Established in 1922, we hold a vast experience, enjoy long-lasting customer relationships and deploy best-in-class processes & technologies to create market-leading products in a sustainable & cost-effective manner.

### Customised product offerings
In-depth market research on emerging trends coupled with strong understanding of customer preferences drive innovation at Keva, enabling us to offer customised products suitable for different geographies.

### Strong R&D capabilities
Our competent team of scientists, perfumers and flavourists, robust R&D capabilities, and 7 Creative Development Centres located across 3 continents allow us to develop and enhance product offerings, increase revenue and improve profit margins.

### Geographical outreach
Our presence across 5 countries help us to serve 4,100+ customers, including large corporates, domestic companies and trade customers, across 90+ countries.

### Strategic acquisitions & partnerships
Our recent acquisitions of international flavour, fragrances and aroma companies along with long-term partnerships with raw material vendors and our customers strengthens our portfolio and accelerates market growth.

### Sustainable supply of raw materials
Backward integration ensures sustainable supply of raw materials at a competitive price, providing stability to our business. A farmer development programme to cultivate aromatic plants in India is also underway and will further reduce the dependence for raw material supply on China.

# Our Global Footprints

**7 Creative Development Centres**

Almere, Netherlands
Amsterdam, Netherlands
Milan, Italy
Mumbai, India (2 centres)
Singapore
Jakarta, Indonesia

7 Creative Development Centres in Europe, Southeast Asia, India, and Middle East cater to the global fragrance & flavour market

**8 Manufacturing Plants**

Almere, Netherlands
Milan, Italy (2 plants)
Mumbai, India
Vapi, India
Vashivali, India
Mahad, India
Gurugram, India

8 State-of-the-art Manufacturing Centres in Europe and India meet the needs of over 4,100 local and multinational clients with ease

**1 Science & Technology Centre**

Mumbai, India

Powered by 100+ scientists, our Science & Technology Centre drives innovative and cost-effective formulations and custom syntheses

## Our Offerings

# 100 Years of Being Cherished by Millions

Integrating scientific edge with our creative imagination, our products have found their way in many of India's best-selling brands and are cherished by millions.

### FRAGRANCES

The largest fragrance company in India, we produce novelty solutions for brands all over the world for product categories spanning personal care, hair care, home care, fabric care, skin care, and fine fragrance. Our fragrances connect with the customers to evoke emotions and experiences, determine their perception of the products and influence their behaviours.

### AROMA INGREDIENTS

Our high-quality aroma ingredients, manufactured at technology-ahead factory in India, underpin the development of some of the favourite scents in the world. A strong presence in this domain fuels our backward integration capabilities and has helped us to achieve market leadership in the supply of key ingredients.

### FLAVOURS

We create innovative and sustainable flavouring solutions that meet the varying needs of our customers across food, beverage and pharmaceutical industries. Our flavouring agents comprise nature-identical, natural and artificial flavours which are available in liquid, emulsion and dry mix forms. High-performance encapsulated flavour powders and granules are also available for specialised applications.

### TECHNICAL SERVICES

Keva's Scientific Research Centre (SRC) facilitates a range of research and testing services in the areas of biotechnology and microbiology research, cosmetic research, cosmetic biotechnology, and custom synthesis. SRC's testing laboratory is FDA approved and is engaged in R&D in the areas of aromatic and medicinal plant production, cultivation and processing of pharma products, and problem-solving services.

### NATURAL INGREDIENTS

We specialise in ethical sourcing of natural ingredients through advanced technologies that ensure 100% sustainable solutions with minimal environmental impact. Our natural extracts plant is FDCA-approved and can produce over 30 metric tonnes per annum. We also provide natural actives for the personal care industry.





# 100 Years of Staying Ahead of Time

Timeless fragrances and flavours need persistent creativity and innovation. Our creative development centres, cutting-edge research, scientific advancements, technological prowess, and manufacturing excellence help us to match the evolving tastes of our diverse customers across local & international markets, always enabling us to stay ahead of time.

Since our humble beginnings in 1922, we have striven to constantly engage with and understand our customers, the most important element that underpins our success and fuels our research, development and manufacturing activities. Persistent feedbacks, market research, experimentation and development of new perfumes helped us to become the first company in India to develop homegrown perfume creations using India's raw material; introduce 'Fancy Boquet', a perfume with internationally acclaimed composition in 1929; and be recognised as the first Indian company to implement Gas Chromatography in India as well as implement robotics manufacturing in fragrances in 1994.

KEVA'S GLOBAL EXPERTISE HAS ONLY EXPANDED AND GROWN SINCE THEN, EMPOWERING US TO LEVERAGE OUR BACKWARD INTEGRATION CAPABILITIES TO DEVELOP AND DELIVER BEST-QUALITY AND NOVEL PRODUCTS AROUND THE WORLD.

# Global Expertise

## 100 Years of Global Expertise

Keva's reputation as a leader in fragrances and flavours space is determined by its capability to innovate, manufacture and supply world-class products at a desirable price point. Our Creative Development Centres, Manufacturing Plants and Science and Technology Centres enable this through an expert team, best-in-class technologies and efficient processes, serving as the bedrock for our consistent growth.

### Global Creative Development Centres

Our world-class Creative Development Centres, located across 5 countries, help us to study and obtain deep insights on the new and emerging trends to create breakthrough products that are novel to different markets. Functioning as an extended Research and Development arm, the centres deploy a great talent mix to collaborate with customers across different regions of the world and understand their local tastes, thus ensuring a competitive edge.

The Company has a specialised Fine Fragrances and Beauty Development Centre in Amsterdam, Air Care and Personal Wash Development Centre in Mumbai, and Fabric Care Development Centre in Singapore.

**7** Creative Development Centres

**29+** Scientists

**20+** Perfumers

**5+** Flavourists

**33+** Evaluators





### State-of-the-art Manufacturing Plants

Keva's ability to offer high-quality products to global consumers stems from its 8 State-of-the-art manufacturing facilities located globally. Pioneering cutting-edge technologies, the plants are well-equipped to handle complex operations with ease and adapt to the evolving market needs with speed and agility. Automation of processes are taken into key consideration to minimise human intervention, ensuring that formulae and trade secrets remain confidential.

Our backward integration capabilities in fragrance division provides a consistent, reliable, and cost-effective supply of aroma ingredients, ensuring quality and stability in the perfumery business.

#### Manufacturing Plant Locations

**India capacity - 29,400 TPA**

| MAHAD | VAPI | VASHIVALI | MUMBAI | GURUGRAM |
|---|---|---|---|---|
| Maharashtra, India | Gujarat, India | Maharashtra, India | Maharashtra, India | Haryana, India |
| Musk unit | Multiproduct unit | Fragrance & Flavour unit | Fragrance & Flavour unit | Flavour and Natural extracts |

**Italy capacity - 5,000 TPA**

| MILAN |
|---|
| Italy |
| Fragrance unit |

Number of plants | Products Manufactured | Capacity

### Science & Technology Centre

With the aim of deciphering knowledge into applicable scientific processes useful for the betterment of humankind, we conceptualised the Scientific Research Centre (SRC) in 1995, in association with Shri V.G. Vaze College. The centre is recognised by the Department of Scientific and Industrial Research (Government of India) and has a FDA approved testing laboratory.

SRC engages in conducting various academic and research programmes in biotechnology and microbiology, cosmetics, cosmetic biotechnology, and custom synthesis, among others, through a team of experienced scientists and chemists. The extensive knowledge gained through such programmes is further deployed to foster development of viable industrial biotechnologies.

Other activities include cutting-edge research and development in the area of aromatic and medicinal plant production, cultivation and processing of essential oils. The centre also conducts consultancy, formulation and efficacy studies in cosmetics and pharma products and offers problem-solving services for domestic and international markets, helping our clients to enjoy an edge over others.

**100+** Scientists and Chemists

**5,000+** Fragrances developed in FY23

**8** New molecules developed over last 3 years

**18** Patent applications filed for molecules, systems & processes

**2** Commercially exploited patents in deodorant and fine fragrance categories

## Sustainability

# From a Glorious Past to a Sustainable Future

Being a Company that deeply cares for the environment and aspires to leave a better planet for the future generations, sustainability is embedded into every aspect of our business operations.

Thoughtful sourcing of rare and fine ingredients by our team, in collaboration with the sourcing specialists, involves the use of 100% sustainable techniques like total extraction and biotechnology to minimise the environmental impact. All products are subjected to strict quality controls, with chemical-physical and microbiological analysis of both raw materials and finished products, to ensure maximum safety.

In addition to innovation and improvement, sustainability forms an important goal for R&D, which for our Company simultaneously represents an idea, a lifestyle, which allows us to carry out our business responsibly, contributing to global progress, minimised environmental impact and maximised use of resources.

Striving to make a positive impact from farm to fragrance, we collaborate with the farmers who cultivate our raw materials, educating, empowering and partnering their growth. Our agricultural experts continually engage with the farmers, helping them to cultivate essential oil-bearing plants like Citronella, Lemongrass and Geranium. The farmers are also educated about fertilisers, irrigation, harvesting techniques and more as well as assisted in procuring loans for setting-up distillation plants at their farms. Sustainability is further ensured by providing a buy-back guarantee for the essential oils produced at their farms.

To support eco-friendly practices in an industrial set-up, we extend our support to Vapi Industries Association's commitment towards a greener future through environmental sustainability. Under this, efforts are focused at development of greenbelt for safekeeping of environment and to maintain the ecological balance around the industrial area in Vapi.

We are conscious of the impact of our actions on local communities, ecologies, and geographies and behave in a manner that befits a responsible corporate citizen, taking adequate steps to preserve nature and biodiversity as well as adopting efficient processes for waste management, energy management and water management. Abiding by the principles of product stewardship, we maintain a continued focus on strengthening the health, safety, and environmental implications of our products throughout their lifecycles. The Company is dedicated to using ethical business practices that are good for the community, the workforce, and human capital and offers good, safe and healthy working conditions for employees.





# 100 Years of Spreading Smiles

Keva's services to the society extends well beyond a century of enhancing the mood of its customers through irresistible sensorial offerings. Spreading smiles within the underserved communities through our fragrance of love, care and compassion, we undertake diverse CSR initiatives in the areas of education, environment, women empowerment, and to support the differently abled persons.

Every CSR activity is thoughtfully selected to create maximum positive impact on the surroundings and people by the Corporate Social Responsibility Committee (CSR Committee) of the Board and implemented through a Steering Committee. Giving back to society is ingrained into our ethos and woven into the very fabric of our existence. This is also reflected in our employees, who actively volunteer in our CSR programmes with the spirit of serving and sharing with the community.

## Corporate Social Responsibility

# 100 Years of Making a Difference

As a responsible corporate citizen, Keva is committed to contributing positively towards social and economic development of the community as a whole and specifically for the cause of economically, socially and physically challenged groups to support their sustainable livelihood.

The key thrust areas of our CSR activities include environmental sustainability, empowerment through education and employability, and encouraging research activities, making a significant difference to the underserved communities that we thrive in.

### Educational Initiatives

**6**
Education initiatives

**1,500+**
Lives Impacted

We strongly believe that empowering our youth, through education and all-round development, is pivotal in shaping their future and the growth of our country. Our CSR initiatives are dedicated to equipping the youth with access to quality education and essential skills to bridge the gap between education and employment.

In FY 2022-23, we undertook various initiatives to upgrade school infrastructure and promote education in rural areas. This includes our contribution towards improving the school infrastructure of Dr. Parnekar Maharaj Vidyalaya, situated in Vashivali, Maharashtra. We also contributed towards Shri Mahavira Jaina Vidyalaya Trust's initiative to support students, eager to prove their mettle in academics. Additionally, we regularly engaged in distributing books to the underprivileged children.





As an initiative to support youth who lack access to physical spaces conducive for learning and growth, we collaborated with the Udaan India Foundation on its marquee project, Centre of Change. The centre aims to provide higher education to the youth through regular mentoring, skill development and scholarships. This initiative facilitates them with access to 1,300 square feet dedicated air-conditioned space with four classrooms, smart TV's and necessary furniture to study and advance in life.

Partnering with Shabari Seva Samiti proved instrumental in providing basic education to preschoolers belonging to the underprivileged communities in rural Maharashtra. The initiative supports Balwadis in the rural areas of Karjat and Murbad to help small children develop a strong foundation. We also entered into a collaboration with the Seva Sahayog Foundation for holistic development of children.

### Supporting Livelihoods: The Neem Project

**800**
(Approx.) Women lives impacted

About one-fifth of India faces drought-like conditions, negatively impacting the lives of millions of residents, especially women who walk miles to fetch water. In response to this, we support Neem project, in collaboration with Sukruta Rural Empowerment Foundation. The project encourages local women living in drought-affected areas to plant and pluck Neem, and dry Neem seeds, which are further cold pressed to manufacture Neem oil.

Other than this, Keva has engaged NEEM (National Employability Enhancement Mission) trainees to develop their hands-on skills and get exposure to the technical aspects of Company's operations, to enhance their future employability.

## Leadership Team

# Our Board of Directors

**Ramesh Vinayak Vaze**
Non-Executive Director & Chairman of the Board

**Prabha Vaze**
Non-Executive Director

**Kedar Vaze**
Group Chief Executive Officer & Whole-time Director

**Neela Bhattacherjee**
Independent Director

**Shrikant Oka**
Independent Director

**Mark Elliott**
Independent Director

**Deepak Raj Bindra**
Independent Director

**Vasant Gujarathi**
Independent Director





# Management Discussion and Analysis

## Economic Overview

### Global economy

In 2022, World GDP growth decelerated to 3.4%, after rebounding to 6.3% in 2021. This was primarily attributed to COVID-19 resurgence in China, continued geopolitical tensions, supply chain bottlenecks and inflationary pressure in commodities and energy prices. Private consumption and investment provided some support to economic growth especially in the United States (US), the Euro area and major emerging market and developing economies (EMDEs).

With time, bottlenecks of the supply chain are easing thus reducing input price pressure. Global headline inflation has been declining since mid-2022 led by decline in fuel and energy commodity prices. To dampen demand and reduce core inflation, most central banks globally resorted to raising interest rates. Tight monetary action has helped contain inflationary pressure.

In 2023, world growth is expected at 2.8% with growth in advanced economies likely to decelerate to 1.3% in 2023 from 2.7% in 2022. Growth in EDMEs is expected to maintain pace at 3.9% in 2023 versus 4% in 2022. About 84% of countries are expected to have lower headline (consumer price index) inflation in 2023 than in 2022. Global inflation is set to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024.

(Source: World Economic Outlook-IMF, April 2023)

**Indian economy**
The Indian economy grew sustainably in FY 2022-23 amidst geopolitical conflicts and moderate to slow growth worldwide. India remains one of the fastest growing major economies in the World. Current account deficit witnessed improvement, led by robust growth in the banking sector. Strong and timely monetary action by RBI played a crucial role in curbing inflationary pressure, further aided by decrease in international commodity prices, and prompt government action.

As per the National Statistics Office (NSO), the Indian GDP growth in FY 2022-23 was estimated at 7.2% as compared to 9.1% in FY 2021-22. According to the IMF, India is expected to be the fastest-growing economy in FY24. Budget 2023-24, laid strong emphasis on boosting economic growth amid mounting fears of recession. The Budget adopted seven priorities namely, inclusive, green growth, reaching the last mile, infrastructure and investment, unleashing the potential, youth power and focus on the financial sector. Led by strong measures and huge allocation to capital expenditure, despite volatile global developments, the Indian economy remains resilient.

The Indian economy is expected to post 6.5% growth in FY 2023-24 despite high global uncertainties as per the Economic Survey 2022-23 and RBI. Moderation in inflationary pressures and increased public capital expenditure are expected to boost domestic economic growth. The inflation trajectory in India is likely to be determined by extreme weather conditions like heatwaves and the possibility of an El Niño year, volatility in international commodity prices and pass-through of input costs to output prices.

(Source: National Statistics Office; RBI)

## Industry Overview

**Global flavours and fragrance industry**
According to IMARC, the global flavours and fragrances market size reached US$ 31.0 billion in 2022. The flavours and fragrances market is projected to register 4.6% CAGR during 2022-27. The primary demand drivers include rising demand and consumption of processed food and personal care & cosmetic products globally. Rising disposable income in emerging economies like India and China coupled with population growth is expected to augment the demand for personal care and cosmetic products in the industry. In addition, the busy lifestyle pattern upheld in developing as well as developed countries are anticipated to augment the demand for processed foods & beverages, thereby increasing the demand for flavours and fragrances.

The natural chemicals segment dominated the industry in 2022 and accounted for the maximum share of more than 74.3% of the overall revenue. This is attributed to the ever-increasing product usage in various application industries like pharmaceuticals,

THE FRAGRANCES APPLICATION SEGMENT DOMINATED THE GLOBAL F&F INDUSTRY IN 2022 ACCOUNTING FOR OVER 53.6% OF THE OVERALL REVENUE. THE HIGH SHARE CAN BE ATTRIBUTED TO THE INCREASED DEMAND FOR VARIOUS FRAGRANCES IN TOILETRIES, SUCH AS HAND WASHES, DETERGENTS, SOAPS, PERSONAL CARE PRODUCTS, AND COSMETICS.

aromatherapy, and natural cosmetics. Furthermore, increasing research spending for the development of natural fragrance compounds is expected to have a positive impact on the overall industry. Flavours are the aromas used in food & beverage products. There is a rise in the application of flavours in several foods and beverages in commercial as well as domestic applications. In addition, feed and feed additive manufacturers are focusing more on providing palatability solutions to increase feed intake. This, in turn, is projected to propel the demand for flavours in animal feed applications supporting the overall market growth.

The fragrances application segment dominated the global F&F industry in 2022 accounting for over 53.6% of the overall revenue. The high share can be attributed to the increased demand for various fragrances in toiletries, such as hand washes, detergents, soaps, personal care products, and cosmetics. Furthermore, fragrance plays an important role in aromatherapy applications, owing to which essential oils, materials, compounds, and aromatic oils demand is likely to be driven in aromatherapy applications.

Asia Pacific dominated the global F&F industry in 2022 accounting for more than 31.4% of the overall revenue. This is attributed to the shift in choices of consumers towards nutritional and healthy foods and beverages in most populated countries like India and China. Asian flavours and fragrances have also gained popularity in the major regions of Europe and North America. Indonesia, India, China, and Vietnam. Multiple manufacturing companies are focusing on the expansion of their business and investments in R&D facilities in the Asia Pacific region.

The COVID-19 impact on the industry was evident during the initial few months of market lockdowns, followed by supply chain disruptions, lack of availability of workers, and complete shutdown of hotels and restaurants which has negatively affected the flavours and fragrance market. Countries around the world, imposed lockdowns, and curfews, which have hugely impacted lifestyles, health, and wellbeing and affected manufacturing industries. Import and export restrictions on goods and quarantine and lockdown measures imposed by governments were key challenges faced by exporters during this pandemic. However, countries rapidly adjusted their systems to the crisis and made the agricultural and food sector run during the pandemic, leading to a quick recovery of the industry sales.

The overall flavour industry runs over consumer demand to experience the most nuanced and subtle flavour in food, with the taste being the most specific factor influencing the purchase decision of a consumer. In the fragrance application, consumer goods are projected to be the largest segment. The rise in disposable income and changing the lifestyle of consumers are fuelling the demand for high-end cosmetics, detergents, soaps, perfumes, and other household and personal care products. This, in turn, is contributing to the overall growth of the consumer products segment. The spending pattern of consumers in developing countries has been increasing, especially in recent years. This trend is expected to drive the market in developing nations further.

Source: Flavors and Fragrances Market Size, Share, Global Report 2023-2028 (imarcgroup.com)

**Indian flavours and fragrance industry**
India is a significant market, not just in the Asia Pacific but also in the global F&F market. It is a major export market, exporting over 75% of its domestic production of flavour and fragrance ingredients. It is also a leading supplier of natural ingredients and caters to nearly 80% of the global demand for mint extracts. The Indian industry growth is being aided by the growing global demand for natural products and ingredients. However, the majority of the industry in India lies in the unorganised sector, which caters to products like incense sticks. The organised sector might be aided in the coming years by government schemes seeking to make the economy more formalised.

The Indian flavours market was estimated at ₹3,922 crore in 2022 and is expected to reach ₹6,435 crore by 2028, at 8.7% CAGR. The expanding food processing industry, along with the increasing demand for packaged, ready-to-eat food items and beverages, is primarily driving the India flavours market. The rising use of flavouring ingredients in bakery and confectionery items, ice-creams, smoothies, energy drinks, etc., is also adding to market growth. Rising urbanisation, increasing penetration of numerous western food trends, growing number of quick-service restaurants (QSRs) and the emerging café culture are further


augmenting the demand for flavouring agents. The escalating popularity of processed and shelf-stable food products, particularly among the millennial consumers, is catalysing the market. The introduction of several stringent norms by the Food Safety and Standards Authority of India (FSSAI) regarding the quality of flavours used in processed food products is a significant growth-inducing factor. The rising concerns towards the negative health impact of chemical-based flavouring agents is propelling the adoption of natural ingredients-based flavours. This has led to the emergence of various healthier product variants, including vegan and organic flavours, that contain 100% plant-based derivatives. Future demand is expected to be driven by increasing consumer inclination towards RTE food products, rising demand for premium alcoholic beverages, and shifting consumer preferences towards natural and clean label ingredients.

The Indian fragrance market is similar in size to the flavours market valued at ₹3,600 crore, driven by rising personal care, brand awareness, increasing disposable income, growing demand in middle-class people and affordable price of fragrance in the form of mass perfumes & deodorants. Growing personal care demand in turn is fuelling the growth of the Indian fragrance market. Fragrances are an integral part of soaps and detergents, cosmetics and toiletries, fine fragrances, household cleaners and air fresheners among others. The growing beauty market led by the fast-rising high-income class is aiding the growth of luxury beauty products, which are propelling the fragrance market. As consumer perception is changing from perceiving fragranced beauty products as a luxury to perceiving them as a necessity, the fragrance segment is witnessing robust growth. With a paradigm shift in the social construct globally and with an understanding of gender fluidity, unisex fragrances are gaining popularity. The rising consumption of products such as room fresheners and car perfumes are further propelling the industry forward. The Indian fragrance is expected to reach ₹139.44 billion by 2024, expanding at ~15% CAGR.

Source: India Flavors Market 2023-2028 | Companies and Industry Report (imarcgroup.com); Indian fragrance market pegged to grow 20% in the next 5 years, say experts (adgully.com)

**Opportunities and threats**

**Fragrance**

Personal care is a significant application segment, owing to an increase in demand for deodorants, perfumes, soaps, creams, talcum powders, and hair oils. Rise in demand for car and room fresheners and increase in popularity of aromatherapy are also expected to drive growth of the market for fragrance ingredients.

The hospitality sector is also experiencing a growth in demand for fragrances to create a pleasant atmosphere.

Fragrances are widely approved for industrial use, such as ambience fragrances for consumer durables and personal care accessories, which was an unexplored category previously.

In addition, owing to growth in disposable income, more local consumers, especially young consumers, opt for quality goods.

In the wake of the global pandemic, a greater focus on hygiene products has driven the market for new and creative fragrances used in products such as hand washes, sanitisers, and floor cleaners.

Natural fragrances and flavours are costly due to their processing; and because of limited resources, industry players have developed cost-efficient synthetic alternatives. These products have the advantages of regular supply, steady pricing, and lower production costs.

**Flavours**

There is an upcoming trend of using natural flavours owing to the rise in health awareness. The increasing consumer interest in nutritionally enriched products and all-natural foods is promoting the demand for high-value premium and natural additives, expanding the demand for natural food flavours. There is an emerging trend of botanical flavours, which are primarily perceived as healthy among consumers. For instance, citrus essential oils have also seen a noticeable increase in use in beverages due to their immunity-boosting and antioxidant characteristics.

The food and beverage industry provides great opportunities for flavour manufacturers. There is a substantial rise in demand for foods with exotic or ethnic flavours for variant flavour blends.

Increase in demand for ready-to-eat meals & fast food is a key driver for the food flavours industry across the globe. Moreover, innovative technologies, introduction of new flavours, and heavy inflow of investment in R&D activities are the other factors that supplement the growth of the flavours products.

THE INCREASING CONSUMER INTEREST IN NUTRITIONALLY ENRICHED PRODUCTS AND ALL-NATURAL FOODS IS PROMOTING THE DEMAND FOR HIGH-VALUE PREMIUM AND NATURAL ADDITIVES, EXPANDING THE DEMAND FOR NATURAL FOOD FLAVOURS.
THERE IS AN EMERGING TREND OF BOTANICAL FLAVOURS, WHICH ARE PRIMARILY PERCEIVED AS HEALTHY AMONG CONSUMERS.

There is high demand for flavours across European countries to produce commercialised clean label or green food products that are free of additives and other harmful chemicals, which has propelled the growth of the flavours and fragrance market.

**Challenges**

One of the major factors restraining the growth of the flavours and fragrance market is allergies associated with artificial flavours, chemicals and preservatives. Despite the existence of many natural colours made from food like beets, carrots and other vegetables, many manufacturers prefer to use artificial flavours as these are relatively cheaper than the natural flavour and are available easily in the market. However, artificial flavours & colours may have potential health issues, especially in children. Several consumers also have allergies with plant-based sources used to manufacture dairy and meat alternative products. Whereas sulfites are used to preserve dried fruit, canned goods and wines and can trigger an asthma attack in some people; thus, certain artificial flavours and fragrance used by manufacturer to preserve food can cause severe allergies to the consumers. Hence, artificial flavours and colours in the food hinders the growth of the flavours and fragrance market.

https://www.alliedmarketresearch.com/flavors-and-fragrances-market

## Company overview

**Financial performance**

Consolidated total income grew 7.4% in FY 2022-23 to ₹ 1,698.33 crore from ₹ 1,581.70 crore in FY 2021-22. The growth is attributable to the acquisition made in the PY of Holland Aromatics BV and NuTaste Food and Drink Labs Private Limited. The Company reported a stable performance, despite facing significant challenges arising from geopolitical uncertainty. Emerging markets contributed to 79% of business with 9% growth over previous year and Europe business comprising of Creative Flavours and Fragrances S.p.A's and Holland Aromatics BV's core business was flat declined by 2.9% in FY 2022-23 on constant currency basis.

Gross margins during the year stood at 40.1% and EBITDA margins were at 13.5%. EBITDA stood at ₹ 229.13 crore in FY 2022-23 from ₹ 232.14 crore in FY 2021-22 led by inflation in raw material cost which impacted gross margin and profitability of the Company.

Reported PAT declined by 58% to ₹ 62.95 crore in FY 2022-23 from ₹ 149.42 crore in FY 2021-22. The adjusted PAT excluding one-time exceptional item and prior period tax adjustment (gain/loss) stood at ₹ 96 crore, decline by 12% YoY.

The Company's net debt decreased by ₹ 34 crore over March 31, 2022 on a constant currency basis. The net debt position stood at ₹ 476 crore as of March 31, 2023, as compared to ₹ 509 crore as of March 31, 2022. Cash Profit (excluding exceptional items) stood at ₹ 177 crore as of March 31, 2023, as against ₹ 180 crore as of March 31, 2022.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore, including details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof –

| | FY23 | FY22 | Change % | Remarks |
|---|---|---|---|---|
| Interest Coverage Ratio | 5.36 | 9.17 | (37.2%) | Decrease is due to one off tax gain of ₹ 64.5 crore in FY22. |
| Net Profit Margin (%) | 3.73% | 9.55% | (60.8%) | Change on account of exceptional item of ₹ 20 crore considered towards impairment of investment in Anhui. |

# Business Segment 1 – Fragrance

Fragrance segment remains the primary revenue contributor with 87% share in FY 2022-23. The products in the segment are used by various consumption categories including personal wash, soaps and detergents, sanitisers, home cleaners, fabric care, fine fragrances, etc. The Company is a leader in the Indian fragrance industry constantly growing ahead of the market led by its rich 10 decades experience. The expertise of specialised perfumers and creative development centres in India, Singapore and Europe are leveraged to drive innovation and customise products based on specific geographical requirements.

**During FY 2022-23:**

- The segment revenue (excluding Global ingredients) increased by 5.4% YoY driven by India business
- Sales grew by 9.2% in the domestic market
- The global ingredients witnessed a notable decline in revenue due to raw material supplies from China, affecting its competitiveness in the global markets. To improve this situation, the Company has taken measures to implement backward integration in India and is exploring further opportunities for collaboration/partnership with specialty/agro-chemical companies to address these challenges
- Keva Europe BV acquired additional 19% equity stake in Provier Beheer BV, pursuant ot which the total holding is now 81%
- Successfully and efficiently integrated recent acquisition Holland Aromatics BV (Netherlands)
- Entire stake held in Keva UK Limited was purchased by Keva Europe B.V and PFW Aroma Ingredients BV was merged with Keva Europe BV for consolidation of entities
- Company made an additional investment of Euro 49,99,998.06 in Keva Europe B.V, a wholly owned subsidiary of the Company, by way of contribution to the equity capital of Keva Europe BV by subscribing to 24,15,458 ordinary equity shares with nominal value of EUR 1 each at EUR 2.07 per share
- Creative Flavours & Fragrances SpA ('CFF') acquired balance 30% stake in Nova Fragrance Srl ('Nova') thus making Nova, a wholly owned subsidiary of (CFF). Subsequently, all wholly owned subsidiaries of CFF have been merged with CFF
- Keva Fragrance Private Limited has sold its 50% stake in Joint Venture - Purandar Fine Chemicals Private Limited
- VN Creative Chemicals Private Limited, wholly owned subsidiary of Keva Fragrances Private Limited ('KFG') has been merged with KFG; appointed date being April 1, 2022 and effective date, May 30, 2023

**Outlook**

One important part of the business is the business momentum. As the world is coming out of the pandemic, a lot of R&D was focussed on pandemic-specific products and launches. The growth of the flavours and fragrances market is primarily supported by the growing population in emerging economies such as China, India, Indonesia, South Korea, Brazil and South Africa. The demand for flavours and fragrances is also due to the increase in awareness among the population about the benefits of the ingredients used in food products and consumer products in countries such as the US, Japan, France, Canada, Germany and the UK. The demand for flavours and fragrances is also attributed to changing consumer preferences toward convenience food and increasing demand for consumer products.

https://www.marketsandmarkets.com/Market-Reports/flavors-fragrance-market-175163912.html

The outlook for the domestic FMCG sector remains modest. The Company is optimistic about long-term growth prospects. The Company is well poised to leverage the growth of the Indian fragrance market further aided by new business prospects from a global FMCG Company. This, combined with the existing strong client base and increased global presence, will enable sustainable long-term business growth.

# Business Segment 2 – Flavours

The Company has established itself as a leading player in the domestic flavour manufacturing sector. The flavour products are used as raw material by producers of baked goods, dairy products, beverages and pharmaceutical products. Its products are FSSAI, USFDA and Halal approved and manufactured in technologically advanced facilities with a well-equipped R&D lab. The Company boasts of a 5-member skilled application team of flavourists. The team ensures in-depth market research and analysis of emerging trends to maintain leadership in the segment. With the sector, health and wellness and naturals segments are witnessing increasing popularity.

**During FY 2022-23:**

- The Company's flavours segment returned to normalcy after two COVID years, especially in the domestic segment
- The segment successfully resolved one-time issues during the third quarter and regained its growth momentum, showcasing a positive trajectory for the segment
- The domestic business continued to grow strongly with double-digit growth in both organic and inorganic space
- Successfully and efficiently integrated the recent acquisition, Nutaste Food and Drink Labs Private Limited. NuTaste is experiencing strong growth and has achieved robust revenue growth
- However, it was a turbulent year with respect to raw material prices and availability
- The Company witnessed good progress with some of the major global MNCs. The teams actively participated in the Food Ingredients Exhibition, Gulf Food Ingredients, World Mithai & Namkeen exhibition, FAFAI, Indian Dairy Association, showcasing varied concepts and building visibility with players from the food industry
- The business enhanced technical and analytical capabilities to enable new wins. KFL–EOU became operational during the year, with exports getting invoiced from the KFL entity

**Outlook**

In the coming years, the Company will be investing further in upgrading factory infrastructure and capacities. The Company is also looking at investing in strengthening technical capabilities, including a state-of-the-art creation and application lab facility in Mumbai.

The NuTaste business also gives the Company to leverage on the growth opportunity in the nutrition and ingredients business. The Indian nutraceutical market is poised to become the world leader growing to approximately US$ 18 billion by 2025.

The rapidly changing consumer lifestyle and increasing health consciousness amongst consumers, especially in urban regions, have led to rapid growth of nutraceuticals market. There is an ever growing demand for functional foods and beverages due to rise in health-related incidences, and increased focus on health and fitness.

According to Company policy, the international products strictly adhere to all requisite regulatory compliances and confer to highest quality standards. The Company is committed to continued investment in R&D, with an aim to add innovative value-added products to enhance its offerings.

### Quality Management

- All the Company's facilities are certified with FSSAI, ISO 9001:2008, ISO 14001:2015, FSSC 22000, ISO 2000:2005, ISO 9001, ISO/TS 22002-12009, ISO 14001 and ISO 45001 along with USFDA registration. The Company has in place rigorous certifications like HACCP for food safety, Integrated Management System for environment and occupational safety
- To foster a safe, healthy and productive work environment, the Company ensures strict adherence to rigorous HSE (Health, Safety and Environment) policy
- The Vapi extraction unit has FSSAI licence in place
- The Mahad facility has been awarded ISO certifications for Quality, Environment Management System and the OHSAS (Safety) Management System
- Acknowledged for in-house development of innovative molecules in the R&D centre by Department of Scientific and Industrial Research (DSIR)
- SAP-enabled processes facilitate better efficiency
- State-of-the-art plant is installed at the testing laboratory with modern scientifically advanced machinery including gas chromatographs, density meters, automatic polarimeters, tint meters, flashpoint testers, microbiological testing, etc.
- Strict adherence to world standard quality control practices
- Strict adherence to clean environment policies with effluent treatment plants installed at all facilities in close proximity
- The Vashivali plant is a Zero Liquid Discharge unit

More details on quality management with regard to the conservation of energy, environment, health and safety are highlighted in Directors' Report forming part of the Annual Report.

**Outlook**

Compliance and commitment to highest quality standards are crucial for sustainable business growth. With a commitment to providing superior quality products in both domestic and international markets, the Company ensures all products comply with all applicable regulatory compliances and conform with highest quality standards. The Company is striving to fortify its position among the environment conscious customers preferring greener, safer and more sustainable products. The Company plans to improve the processes by leveraging its strength in digitalisation, project portfolio management, innovation, process standardisation, and capability building.

### Risks identification & mitigation

**Lack of succession planning for key management roles:** To ensure long-term business growth, it is imperative to have management vision with planning and adequate growth strategies.

**Mitigation:** The Company fosters in-house talent progression and focuses to groom employees with talent by providing ample training and development opportunities. This helps ensure that the long-term growth vision of the Company is well understood and ensures smooth succession.

**Innovation risk:** Inability to get breakthrough innovation in line with change in consumer preference poses risk to earnings.

**Mitigation:** The Company lays strong focus on innovation. It has a well-equipped R&D facility with a skilled team of professionals who work tirelessly to innovate superior products in keeping with current trends and sustainability. The Company has in place, goals for its movement towards sustainability. With regard to the higher demand in performance, the Company has set timebound goals to improve performance. With regard to increased expectations of Quality and Safety, the Company has adequate plans to build capability for in house safety testing.

The Company strives to quickly respond to the changing market trends. It is focussed on diversifying its product offerings and ensuring availability in relevant channels to have a wider presence and reach.

To improve its innovation capabilities, the Company continues to invest on consumer testing and consumer studies for different product ranges. This enables it to have substantial amount of consumer feedback at hand.

The Company also continues to invest its research capabilities for new molecules with better biodegradability profile.

**Data security and cyber risk:** Business is exposed to data and cyber security risk given the complex nature of business. Any lapse can prove negative on the business.

**Mitigation:** The Company has invested in ensuring strong protection of its data, identification of critical IT systems of business and a recovery plan. Implementation of security is in line with ISO standards. The Company has adequate security for data rooms and has an in-house data room for the protection of its servers.

Implementation of latest cyber security technologies with preventive, detective and reactive controls enables to mitigate risk to data. Internal assessments for controls are implemented for the continuity of operations.

**ESG compliances risk:** Due to the nature of the industry in which the Company operates in, it is mandatory to comply with ESG to ensure sustainable business growth.

**Mitigation:** The Company has designed a roadmap divided in 3 phases, comprising of scope and tasks in place for each of Company's site. It is striving to ensure in instalment of energy-efficient systems for effective instalment of energy conservation and emission reduction. It has installed foodie machines to convert waste food into manure, Reverse Osmosis Plant and Multi Effect Evaporator. The Company is in the process of making an application for Extended Producer Responsibility (EPR) to ensure collection, proper recycling/co-processing and environmentally safe disposal of plastic waste. It is investing in low-carbon technologies and equipment. The Company is constantly working to increase the share of renewable and clean energy and striving to phase-out of fossil fuel consumption completely.

**Geographical business risk:** The business being exposed to different geographical areas, its earnings are likely to get impacted due to the economic situations in the regions. High investments in a limited geographical market may lead to a higher than average risk due to less market liquidity, or greater sensitivity to changes in market conditions.

**Mitigation:** The Company has in place a robust disaster recovery plan. Through its 3I 3C Strategy, the Company is expanding its manufacturing facilities thereby avoiding dependency on one plant/area and avoiding concentration of risk.

**Competition risk:** Due to the lucrative growth prospects of the industry operations, the Company faces competition risk from both domestic and international players.

**Mitigation measures:** The Company's strong brand equity, longstanding business relationships, unwavering focus on innovation and creativity, strong balance sheet, skilled team and management support has enabled the Company to create a strong position in the industry creating a moat for itself.

### Internal control systems and their adequacy

The Company has a robust and well embedded system of internal controls commensurate with the nature of business and size and complexity of its operations. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

THE COMPANY'S "PEOPLE FIRST" ATTITUDE, HELPS ATTRACT TALENT AND RETAIN THE EXISTING TALENT POOL. UNWAVERING FOCUS ON ENHANCING PRODUCTIVITY IS ENABLED DUE TO PERFORMANCE DRIVEN CULTURE.

The Company has constituted an Audit Committee of the Board of Directors to ensure effective monitoring of business operations and proper functioning of the internal audit functions. The Committee reviews the findings of internal audit and suggests appropriate actions, as deemed necessary on a periodic basis. The objective of the internal assessment is to assess the existence, adequacy and operation and to ensure compliance with Companies Act, 2013, SEBI Listing regulations and policies of the Company. The internal controls facilitate prompt detection and redressal of any deviations in business operations.

### Human Resources / Industrial Relations

Human capital is a key resource for the Company. To ensure a high-quality talent pool, the Company leverages campus and lateral hiring. 'Ear2Hear' is an Employee Assistance Programme (EAP) extending consultation on personal issues - professionally and confidentially. This is a benefit extended not just to the Keva employees but also to their family members maintaining 100% confidentiality on every interaction.

PACT – Promise of Accountability, Commitment and Teamwork is an effective morale-boosting programme aimed at holistic career growth. Under this, the Company extends differentiated engagement plans, conducive work habitats with short-term and medium-term international exposure and learning opportunities to its existing talent pool. The Company prioritises the health & safety of its employees, business partners and communities.

The Company's "people first" attitude, helps attract talent and retain the existing talent pool. Unwavering focus on enhancing productivity is enabled due to performance-driven culture. The Company encourages inhouse talent development by nurturing talent with an integrated knowledge base of both flavours and fragrances.

# Directors' Report

***Dear Shareholders,***

Your Directors take pleasure in presenting their 67th Annual Report on the business and operations of S H Kelkar and Company Limited (SHK / the Company) and Audited Financial Statements for the financial year ended 31 March 2023.

In compliance with the applicable provisions of the Companies Act, 2013 (the Act) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (the Listing Regulations), this report covers the financial performance and other developments during the financial year 2022-23 and upto the date of the Board Meeting held on 30 May 2023 to approve this report in respect of SHK on a standalone basis as well as on a consolidated basis comprising of SHK and its subsidiaries. Consolidated SHK has been referred to as "Keva" in this report.

## FINANCIAL HIGHLIGHTS & BUSINESS REVIEW

**Financial Highlights:** (₹ in crores)

| Particulars | Standalone | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 2022-23 | 2021-22 | Growth % | 2022-23 | 2021-22 | Growth % |
| Sales | 868.30 | 802.26 | 8.23 | 1676.90 | 1559.60 | 7.52 |
| Other operating income | 11.37 | 4.63 | 145.57 | 9.62 | 4.59 | 109.59 |
| EBITDA | 139.05 | 97.69 | 42.34 | 229.13 | 232.14 | (1.30) |
| Royalty Expense | 18.70 | 17.41 | 7.38 | - | - | - |
| Finance Costs | 4.95 | 3.91 | 26.60 | 23.89 | 16.18 | 47.65 |
| Depreciation | 27.32 | 27.68 | (1.30) | 80.45 | 71.77 | 12.09 |
| Profit before Tax (PBT) before exceptional items | 106.78 | 66.10 | 61.54 | 124.79 | 144.19 | (13.45) |
| Share of profit in equity accounted investee | - | - | - | (0.16) | 0.03 | (633.33) |
| Profit before Tax (PBT) after exceptional items | 76.59 | 66.10 | 61.54 | 104.36 | 132.26 | (21.09) |
| Taxation | 24.42 | 23.61 | 3.43 | 41.41 | (17.16) | (341.32) |
| Profit after Tax (PAT) | 52.17 | 42.49 | 22.21 | 62.95 | 149.42 | (57.87) |

**Business Review:**

The Directors are pleased to inform that Keva delivered a steady business performance in FY 2022-23 inspite of challenging business environment. On a consolidated basis, the total revenues from operations during FY 2022-23 grew by 7.82% on a year-on-year basis i.e. from ₹ 1,564.19 crore during the previous year to ₹ 1,686.52 crore in FY 2022-23. In FY 2022-23, growth was led by India fragrance and flavour business largely led by acquisitions. Europe core business was flat at constant currency with slowdown in H1 FY 2022-23 due to impact of Ukraine-Russia war impacting demand. Keva's gross margins during the year stood at 40.1% and EBITDA margins were at 13.58%. The group generated a cash profit of ₹ 177 crore during the year. Profit after tax (PAT) during the year stood at ₹ 62.95 crore. Excluding exceptional gain and loss in FY 2022-23 and FY 2021-22, respectively, PAT in FY 2022-23 stood at ₹ 83.2 crore as against ₹ 161.4 crore in the previous year, lower by 48% year-on-year due to one-time tax benefit of ₹ 64.5 crore. During the year, Company's debt reduced to ₹ 476 crore from ₹ 509 crore with a debt equity ratio at 0.43X.

On a standalone basis, the Company achieved a topline growth of 8.23%. EBITDA stood at ₹139.05 crore and the net profit was ₹ 52.17 crore.

The core fragrance division (excluding global ingredients) delivered an improved performance in India registering a growth of 9.2% while overall fragrance business had 5.4% growth in revenues. The Company saw improved wins from existing and new large and mid-sized FMCG customers in the domestic markets.

The flavours division reported a strong performance on the back of acquisition and India Business, while rest of world was flat with an overall growth of 51.9%.





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report forms an integral part of this report and gives details of the Overall industry structure, Economic developments, Segment-wise overview of business performance, Financial overview, Outlook, Human Resources, Risks & Opportunities, Internal control systems and their adequacy.

## CORPORATE GOVERNANCE

Your Company is committed to benchmarking itself with global standards of Corporate Governance. It has put in place an effective Corporate Governance system which ensures that provisions of the Act and Listing Regulations are duly complied with, not only in form but also in substance.

A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company confirming corporate governance requirements as stipulated under the Listing Regulations forms an integral part of this Annual Report.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Regulation 34 of the Listing Regulations mandates for the top 1000 listed companies to submit Business Responsibility and Sustainability Report with effect from financial year 2022-23. For Business Responsibility and Sustainability Report as stipulated under Regulation 34 of the Listing Regulations, kindly refer to Business Responsibility and Sustainability Report section which forms part of this Annual Report.

## DIVIDEND

Your Directors are pleased to recommend a final dividend of 20% i.e. ₹ 2/- per equity share on 13,84,20,801 fully paid-up equity shares of face value of ₹10/- each for the financial year 2022-23. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

The list of unpaid/unclaimed dividend, for the dividend declared upto FY 2021-22, is available on the website of the Company viz., www.keva.co.in. Shareholders are requested to check the said list and if any dividend due to them remains unpaid/unclaimed in the said list, can approach the Company for release of their unpaid/unclaimed dividend.

## TRANSFER TO GENERAL RESERVE

During the year under review, no amount has been transferred to General Reserve of the Company.

## TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

The details relating to unclaimed dividend and unclaimed shares forms part of the Corporate Governance Report forming part of this Report.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of your Company for the Financial Year 2022-23, are prepared in compliance with applicable provisions of the Act, Accounting Standards and as prescribed by Securities and Exchange Board of India (SEBI) under Listing Regulations. The Consolidated Financial Statements have been prepared on the basis of Audited Financial Statements of the Company and its subsidiary, as approved by their respective Board of Directors.

## SUBSIDIARIES

As on 31 March 2023, the Company had subsidiaries in India, the United Kingdom, the Netherlands, Italy, Singapore, China and Indonesia as mentioned hereunder:

- Keva Fragrances Pvt. Ltd.
- Keva Flavours Pvt. Ltd.
- Keva Ventures Pvt. Ltd.
- Creative Flavours & Fragrances SpA (step-down subsidiary)
- Keva UK Ltd (step-down subsidiary)
- Keva Europe BV
- Keva Fragrance Industries Pte. Ltd.
- NuTaste Food and Drink Labs Pvt. Ltd. (step-down subsidiary)
- Amikeva Pvt. Ltd. (step-down subsidiary)
- PT SHKKEVA Indonesia (step-down subsidiary)
- Anhui Ruibang Aroma Company Ltd (step-down subsidiary)
- Keva Italy Srl (step-down subsidiary)
- Provier Beheer BV (step-down subsidiary)
- Holland Aromatics BV (subsidiary of step-down subsidiary)

**The following key developments took place with regard to Subsidiaries and Joint Venture of the Company:**

- Keva Fragrances Private Limited, Keva Flavours Private Limited, Keva Fragrance Industries Pte. Ltd., Singapore and Creative Flavours and Fragrances SpA, Italy are the material subsidiaries of the Company in terms of the Listing Regulations.
- Company's entire stake held in Keva UK Ltd was sold during the year to Keva Europe BV - wholly owned subsidiary of the Company, at a consideration of GBP 44,15,488, arrived basis valuation report. Post-acquisition by Keva Europe BV, there was also a reduction in capital of Keva UK Ltd.
- Company made an additional investment of Euro 49,99,998.06 in its wholly owned subsidiary, Keva Europe BV by subscribing to 24,15,458 Equity Shares of nominal value of Euro 1 each at Euro 2.07 per share.

- During the year, Creative Flavours and Fragrances SpA ('CFF') subsidiary of the Company acquired balance 30% stake in Nova Fragranze Srl, ('Nova'). Pursuant to such acquisition, Nova became wholly owned subsidiary of CFF. Post this acquisition, all three wholly owned subsidiaries of CFF i.e. CFF Labs Srl, CFF Commerciale Srl and Nova Fragranze Srl were merged with CFF during the month of March 2023.
- Keva Europe BV - wholly owned subsidiary has further acquired 19% equity stake of Provier Beheer BV, Holding Company of Holland Aromatics BV - a leading fragrance Company in the Netherlands thereby increasing the total stake of Keva Europe BV from existing 62% to 81%.
- Keva Europe BV, during the year, acquired 100% stake of PFW Aroma Ingredients BV from Keva UK Ltd. Post this acquisition, PFW Aroma Ingredients BV also got merged with Keva Europe BV for operational convenience. The effective date of merger is 01 April 2022.
- Company's wholly owned subsidiary, Keva Fragrances Private Limited, sold its entire stake i.e. 50% stake held in Purandar Fine Chemicals Private Limited. As on 31 March 2023, Purandar Fine Chemicals Private Limited ceases to be a joint venture of Keva Fragrances Private Limited.
- National Company Law Tribunal, Mumbai on 18 May 2023 passed an order for approval of merger of VN Creative Chemicals Private Limited with Keva Fragrances Private Limited. The appointed date of merger is 01 April 2022 and effective date is 30 May 2023.

In compliance with IND-AS-110, your Company has prepared its Consolidated Financial Statements, which forms part of this Annual Report. Pursuant to the provisions of Section 129(3) of the Act, a separate statement containing the salient features of the subsidiary companies in the prescribed Form AOC - 1 forms part of the Consolidated Financial Statements and is annexed to this Report as Annexure A. The Audited Financial Statements of the subsidiary companies will be available to any Member seeking such information at any point of time. The Financial Statements of the Company along with the Audited Financial Statements of the subsidiaries will be available at the website of the Company, www.keva.co.in, and kept open for inspection at the registered office of the Company.

## SHARE CAPITAL

During the year under review, the authorized share capital of the Company was ₹ 1,71,25,00,000 divided into 15,93,14,500 Equity shares of ₹ 10 each and 1,19,35,500 preference shares of ₹ 10 each and paid-up share capital was 13,84,20,801 fully paid-up equity shares of face value of ₹10/- each. There was no change in the share capital during the year. The Company has not issued shares with differential voting rights and has not granted stock options or sweat equity during the year.

## PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Act, read with Companies (Acceptance of Deposits) Rules, 2014.

## PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements. The Company has granted loans, provided guarantee and made investment in its wholly owned subsidiary(ies) and other body corporates for their business purpose.

## RELATED PARTY TRANSACTIONS

All related party transactions entered into by the Company during the financial year were conducted at an arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable.

During the year, the Audit Committee had granted an omnibus approval for transactions, which were repetitive in nature for one financial year. The Audit Committee on a quarterly basis reviewed all such omnibus approvals. All related party transactions were placed at the meetings of Audit Committee and of the Board of Directors for the necessary review and approval. In case of transactions which are unforeseen, the Audit Committee grants an approval to enter into such unforeseen transactions provided that the transaction value does not exceed the limit of ₹1 crore per transaction in a Financial Year. The Company has developed and adopted relevant SOPs for the purpose of monitoring and controlling such transactions. Your Company's policy for transactions with the related party which was reviewed by the Audit Committee and approved by the Board, can be accessed at www.keva.co.in. Details of Related Party Transactions are set out in Notes to the Standalone Financial Statements.

## DIRECTORS

Mrs. Prabha Vaze (DIN: 00509817), Non-Executive Non-Independent Director, retires by rotation at the 67th Annual General Meeting and being eligible has offered herself for re-appointment. Based on the recommendation of Nomination and Remuneration Committee, the Board has recommended for approval of Members, re-appointment of Mrs. Prabha Vaze as Non-Executive Non-Independent Director at the ensuing AGM. Brief Profile and other information in this regard forms part of AGM Notice.

Members at the 66th AGM of the Company approved re-appointment of Mr. Ramesh Vaze (DIN: 00509751) as Non-Executive Director. Further, Members approved the appointment of Ms. Neela Bhattacherjee (DIN: 01912483) as Non-Executive Independent Director of the Company for a term of 5 (five) years effective 25 May 2022. Ms. Neela Bhattacherjee is the person of integrity and has the relevant expertise and experience.

Mr. Amit Dalmia (DIN: 05313886) stepped down as Non-Executive Director of the Company with effect from closure of business hours of 17 May 2022 on account of his other professional commitments. Mr. Dalip Sehgal (DIN: 00217255) ceased to be a Non-Executive Independent Director of the Company with effect from the closure of business hours of 08 December 2022 and Ms. Sangeeta Singh (DIN: 06920906) ceased to be a Non-Executive Independent Director of the Company with effect from closure of business hours of 18 February 2023 on account of completion of their second term to serve as an Independent Director of the Company. The Board places on record its appreciation for the guidance and support provided by Mr. Amit Dalmia, Mr. Dalip Sehgal and Ms. Sangeeta Singh during their association with the Company.

The Members of the Company through Postal Ballot approved re-appointment of Mr. Shrikant Oka as an Independent Director of the Company for the second consecutive term of 5 (five) years commencing from 25 May 2023.

The Whole-time Director does not receive any remuneration or commission from any of its subsidiaries. None of the Directors of the Company has been disqualified to be a Director of the Company on account of non-compliance with any of the provisions of the Act. The Independent Directors have been familiarised with the Company, their roles, rights and responsibilities in the Company. The details of Familiarization Programmes are available on the website of the Company www.keva.co.in. All the Independent Directors have given their Declaration of Independence as required under Section 149(6) of the Act and Regulation 25(8) of the Listing Regulations. This has been noted by the Board of Directors. In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act, Rules made thereunder and the Listing Regulations and are independent of the management.

## BOARD MEETINGS

During the year, 7 (seven) Board Meetings were convened and held on 12.04.2022, 25.05.2022, 09.08.2022, 14.10.2022, 21.10.2022, 02.02.2023 and 27.03.2023. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report of the Company, which forms a part of this Report. The intervening gap between the Meetings was within the period prescribed under the Act and the Listing Regulations.

## MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company meet without the presence of Executive Director or other Non-Independent Directors. These meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. One such meeting was held during the year on 27 March 2023.

## COMMITTEES OF THE BOARD

The Company has constituted various Board level committees in accordance with the requirements of the Act and the Listing Regulations. The Board has the following committees:

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee

Details of the above Committees alongwith composition and meetings held during the year under review are provided in the Corporate Governance Report forming part of this Report.

## ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the Act read with Rules issued thereunder and the Corporate Governance requirements as prescribed under the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees and Individual Directors.

The performance of the Board and Individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee reviewed the performance of the Individual Directors. A separate meeting of Independent Directors was held to review the performance of Non-Independent Directors, performance of the Board as a whole and performance of the Executive Directors of the Company. This was followed by a Board Meeting that discussed the performance of the Board, its Committees and Individual Directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure, effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the Individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

## NOMINATION AND REMUNERATION POLICY

The broad objectives of the Nomination and Remuneration Policy are i) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management; ii) to evaluate the performance of the members of the Board; iii) to recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The guiding principles of the Nomination and Remuneration Policy are to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals; and
- Remuneration may be subject to revision from time to time in line with company performance.

In accordance with the Nomination and Remuneration Policy, the Nomination and Remuneration Committee formulates the criteria for appointment as a Director, Key Managerial Personnel and Senior Management, identifies persons who are qualified to be Directors and nominates candidates for Directorships subject to the approval of Board, evaluates the performance of the Individual Directors, recommends to the Board, remuneration to Managing Director / Whole-time Directors, ensures that the remuneration to Key Managerial Personnel, Senior Management and other employees is based on Company's overall philosophy and guidelines and is based on industry standards, linked to performance of the self and the Company and is a balance of fixed pay and variable pay and recommends to the Board, sitting fees/commission to the Non-Executive Directors.

The remuneration has been paid as per the Nomination and Remuneration Policy of the Company. The Nomination and Remuneration Policy is available on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies.

## KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as per Section 2(51) and Section 203 of the Act as on 31 March 2023 are as follows:

- Mr. Kedar Vaze – Whole-time Director and Group Chief Executive Officer
- Mr. Rohit Saraogi – EVP Group Chief Financial Officer and Company Secretary

Ms. Deepti Chandratre, Company Secretary & GM – Legal resigned with effect from the closure of business hours of 30 April 2022. Consequent upon her resignation, Mr. Rohit Saraogi, Executive Vice President and Group Chief Financial Officer of the Company was appointed as the Company Secretary and Compliance Officer of the Company with effect from 25 May 2022.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Act the Directors of the Company state that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis;

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## STATUTORY AUDITORS

Your Company's Auditors, Deloitte Haskins & Sells LLP [holding Registration No. 117366W/W-100018 with the Institute of Chartered Accountants of India (ICAI)] were appointed as the Statutory Auditors at the 65th Annual General Meeting of the Company held on 10 August 2021 for a term of five years until the conclusion of 70th Annual General Meeting to be held in 2026.

The Auditor's Report on the Financial Statements of the Company for the Financial Year ended 31 March 2023, is self-explanatory and does not contain any qualifications, reservations, adverse remarks, or disclaimers that require any clarification or explanation. The Auditors' Report on the Financial Statements of the Company forms part of the Annual Report.

## COST AUDITORS

During the year under review, in accordance with Section 148(1) of the Act, the Company has maintained the accounts and cost records, as specified by the Central Government. Such accounts and cost records are subject to audit by M/s. Kishore Bhatia & Associates, Cost Auditors of the Company for the Financial Year 2022-23.

The Board at its meeting held on 30 May 2023, based on the recommendation of the Audit Committee, appointed M/s Kishore Bhatia & Associates (Firm Registration 00294) as the Cost Auditors of the Company to conduct Cost Audit of cost records of the Company for the FY 2023-24. A remuneration of ₹2,20,000/- (Rupees Two Lakhs Twenty Thousand) plus applicable taxes and out-of-pocket expenses has been approved subject to ratification of remuneration by Members at ensuing AGM.

## SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of the Listing Regulations, the Board of Directors of the Company had appointed M/s. Mehta & Mehta, Practicing Company Secretaries, to conduct Secretarial Audit of your Company for the Financial Year 2022-23.

The Secretarial Audit Report in the prescribed Form MR-3 issued by M/s. Mehta & Mehta, for the Financial Year 2022-23 annexed to this Report (Annexure B) is self-explanatory and contains a qualification – with regard to the gap between 2 consecutive meetings of Risk Management Committee, exceeding 180 days. The Board of Directors have taken note of the Secretarial Audit Report, and the adherence to the Compliances will be ensured.

Further, pursuant to Regulation 24A of the Listing Regulations, the Secretarial Audit of the Unlisted Indian Material Subsidiaries of the Company identified in terms of Regulation 16(1)(c) of the Listing Regulations viz. Keva Fragrances Private Limited and Keva Flavours Private Limited was conducted by M/s. Mehta & Mehta, Practising Company Secretaries, and M/s. Ferrao MSR and Associates, Practicing Company Secretaries, respectively.

The Secretarial Audit Report of the afore-mentioned Unlisted Indian Material Subsidiaries issued by the respective Secretarial Auditors does not contain any qualifications, reservations, adverse remarks, or disclaimers that require any clarification or explanation. The Secretarial Audit Report of such Unlisted Indian Material Subsidiaries shall be made available to any Member on request.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a robust and well embedded system of internal controls that is commensurate with the nature of business and size and complexity of its operations. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The Company has robust ERP and other IT Systems which are an integral part of internal control framework.

The internal audit plan is dynamic and aligned to the business objectives of the Company and is reviewed by the Audit Committee at regular intervals. Further, the Audit Committee also monitors the status of management actions emanating from internal audit reviews.

## RISK MANAGEMENT

Management of risk has always been an integral part of the Company's strategy and straddles its planning, execution and reporting processes and systems. Your Company continues to focus on a system-based approach to business risk management.

Keva has a well-defined risk management framework in place and a robust organizational structure for managing and reporting risks. Your Company has constituted a Risk Management Committee (RMC) to frame, implement and monitor the risk management framework for the Company. Your Company has also formulated a Risk Management Policy to identify risks and mitigate their adverse impact on business and is reviewed by the RMC from time to time. The major risks identified by the businesses and functions are systematically addressed through risk mitigation actions on a continuing basis.

Your Company continues to monitor legal and compliance functions through workflow based compliance software tool 'LRMS'. LRMS helps to assist in creating an internal legal risk management monitoring system to assess, monitor, mitigate and manage legal risks and is equipped with a tracking system along with timely reminders for compliances. This tool enables compliances to be made and tracked by factories and offices of your Company across the country.

The business risks and its mitigation has been reported in detail in the Management Discussion and Analysis Section forming part of this Annual Report.

## VIGIL MECHANISM

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, the Company has implemented Vigil Mechanism in the form of Whistle Blower Policy for Directors and Employees to report their genuine concerns about misconduct and actual / potential violations, if any, to the Whistle Officer of the Company.

Pursuant to Section 177 of the Act read with the Rules prescribed thereunder and Regulation 22 of the Listing Regulations, the Whistle Blower Policy provides for adequate safeguards against victimisation of persons who use the Vigil Mechanism and provides for direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy can be accessed on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies. During the year under review, no protected disclosure from any Whistle Blower was received by the Whistle Officer.

## GOING CONCERN STATUS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which may impact the going concern status and Company's operations in future.

## DISCLOSURE ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place, a gender neutral policy on prevention of sexual harassment at the workplace and a framework for employees to report sexual harassment cases at the workplace, and its process ensures complete anonymity and confidentiality of information. An Internal Complaints Committee (ICC) has been constituted in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. On an ongoing basis, Keva's employees and managers are oriented on creating a safe and conducive work culture. During the year under review, no complaints with allegations of sexual harassment were reported.

## STOCK APPRECIATION RIGHTS SCHEME

In terms of SEBI (Share based Employee) Benefits Regulations, 2021, as amended from time to time, the Nomination and Remuneration Committee of the Board, inter alia, administers and monitors the SH Kelkar Stock Appreciation Rights Scheme, 2017 (STAR Scheme) of your Company.

As on 31 March 2023, Trust held 32,45,768 equity shares of the Company. Further, given that the fall in price of the shares has rendered the STAR Scheme unattractive currently, the Company has during the year, not granted SARs to any of its employees. The Company is in discussion with the designated committee for the STAR Scheme - Nomination and Remuneration Committee of the Company for variation of the terms of the STAR Scheme. Through evaluation, Company during the year would be proposing to the Committee for Variation of the terms of the STAR Scheme which would be in line with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2021 are set out in Annexure C.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company's overarching aspiration to create significant and sustainable societal value, inspired by a vision to sub-serve a larger national purpose and abide by the strong value of trusteeship, is manifested in its Corporate Social Responsibility (CSR) initiatives that embrace the disadvantaged sections of society, on a wider extent in rural India. Your Company has adopted a comprehensive CSR Policy that defines the framework for your Company's CSR Programme. The CSR Policy can be accessed on the Company's website at the link: https://keva.co.in/investor-updates/#92-178-policies.

The Company focuses on areas like environmental sustainability, conservation of energy, child education and empowerment, rural development, equipping and upgradation of educational infrastructure with the aim of providing an improved and advanced education system, supporting visually challenged people through perfumery trainings and employability. It also partners in relief operations in case of a natural calamity or disaster.

During the year, the Company has spent ₹1.36 Crore on CSR activities. The Annual Report on CSR activities is annexed as Annexure D to this report.

## CONSERVATION OF ENERGY

Your Company has always considered energy and natural resource conservation as a focus area. The Company's operations involve low energy consumption. The manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption. The Company advocates energy efficiency in the course of production, and thereby reduces its carbon footprint.

Some of the measures adopted across the Company for energy conservation are as under:

- Installation of energy efficient LED lights in place of conventional lights
- Installation of solar power generation units at Mulund and Vashivali Units
- Use of light sensors for street lights
- Motion sensor for wash room passage
- Installation of solar day light reflector for better illumination on the shop floor
- Use of solid fuel boiler in plant to reduce energy consumption and thereby benefiting low running costs
- Use of gravity flow in place of using water transferring pump for blending, pressured water supply, toilet flush water tanks and WTP tank feed water
- Upgradation of briquette fired boiler to cater full steam requirement
- Recycling of condensate water in distillation & reaction vessels at chemical plant
- Raney Nickel and distillation residue are sent for safe disposal at waste handling site thereby reducing incineration cost
- Eliminating use of furnace oil at the site, thereby resulting reduction in carbon emissions

The capital expenditure on energy conservation during the year under review forms part of the Financials and are mentioned in Business Responsibility and Sustainability Report forming part of Annual Report.

## ENVIRONMENT, HEALTH AND SAFETY

An essential part of being a responsible Company and employer is the health and safety of our employees and the protection of the environment in which we operate.

Keva's ingredients and extraction facility at Vapi has been certified with ISO 9001, ISO 14001 and ISO 45001. Our facilities also have ISO certification for Quality, Environment Management System and the OHSAS (Safety) Management System.

**Various EHS initiatives taken by Keva are as under:**

- Installation of synchronization panel for use of solar energy during power failure
- Replacement of diesel forklifts replaced by battery operated forklifts
- Use of STP-treated water for gardening
- Reuse of RO permeate and WTP backwash water for cooling tower feed water
- Repairing of weak / damaged fire hydrant line to arrest all leak points
- Installation of foodie machines at Mulund and Vashivali Units which convert waste food into manure.
- Installation of Reverse Osmosis Plant and Multi Effect Evaporator
- Participation of employees in Environment, Health & Safety trainings organised by National Safety Council
- Celebration of Road Safety Week, National Safety Week, Fire Service Week, World Environment Day
- Annual Health Check-ups are organized for the employees
- Our Vashivali unit has achieved National Safety Council 2022 Group B 'Certificate of Appreciation' in the Manufacturing Sector
- Hazardous waste glass wool, syringes with needles are safely disposed to authorised agency
- Imparted 656 man hours of safety training to the workforce across our units
- Sustainability assessment
- Installation of an alkali scrubber to scrub the fugitive acidic vapour generated during effluent neutralization
- Using of MEE steam condensate in cooling tower thereby saving 4 KLD of fresh water consumption per day
- Half yearly medical check-up for employees to identify occupational illness cases at preliminary stage and to ensure job allocation as per the employee's fitness

Your Company is sensitive about the health and safety of its employees and has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees.

## INNOVATION

Innovation has become one of the most important pillars of Keva. Keva has been putting innovation and technology to work to make its growth journey more meaningful. Keva's Creative Centres at Amsterdam, Jakarta, Mumbai, Singapore and Milan (CFF) are continuously striving for innovative creations through research activities. Keva also has established a Food Innovation Centre in Mumbai.

Your Company's Innovation and R&D functions work hand in hand for adopting best practices in innovation of the products and continue to focus on development of superior product innovations, renovation of the current portfolio for superior product experience, building analytical excellence and regulatory compliance for the portfolio.

Expenditure on R&D and creative development during the year under review was ₹ 27.70 Crores on standalone basis and ₹ 39.10 Crores on consolidated basis.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earned in terms of actual inflows during the financial year 2022-23 was ₹ 79.45 Crores as against ₹ 26.99 Crores in financial year 2021-22 on a standalone basis. The foreign exchange outgo in terms of actual outflows during the financial year 2022-23 was ₹ 183.50 Crores as against ₹ 110.39 Crores in financial year 2021-22 on a standalone basis.

The foreign exchange earned in terms of actual inflows during the financial year 2022-23 was ₹ 406.40 Crores as against ₹ 686.10 Crores in financial year 2021-22 on a consolidated basis. The foreign exchange outgo in terms of actual outflows during the financial year 2022-23 was ₹ 413.48 Crores as against ₹ 682.46 Crores in financial year 2021-22 on a consolidated basis.

## HUMAN RESOURCES

At Keva, we are focused on building an organization which continuously innovates, nurtures and develops talent and HR processes to deliver on the short term and long term business strategy. Our strength lies within the diverse cultures, backgrounds, skills, and experience of our global team.

Keva maintains a collaborative, inclusive, non-discriminative and safe work culture and provides equal opportunities to all employees. Keva has developed a blended approach for learning and development that caters not only to each stage of an employee life-cycle but is also specific to the requirements of a specific function, business and role demand.

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees as required under Section 197 of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure E to this Report. Details of employee remuneration as required under provisions of Section 197 of the Act read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also form part of this Report. However, as per the provisions of Section 136 of the Act the report and the Audited Standalone and Consolidated Financial Statements along with the Auditors' Report thereon are being sent to the Members and others entitled thereto, excluding the said information. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## INDUSTRIAL RELATIONS

The Company maintained healthy, cordial and harmonious industrial relations at all levels during the year. The Board acknowledges the contribution of the workers and the employees towards meeting the objectives of the Company.

## INFORMATION TECHNOLOGY

The Company's robust IT infrastructure includes a Centralized ERP system based on SAP covering business functions across sales, procurement, finance, inventory management, and logistics; Advanced data analytics and real time data insights through business intelligence tool QLIK SENSE; Cupid 2.0 and BMango – advanced customer project management applications to digitalize complete product development lifecycle; DarwinBox– an HR platform through which employees across the globe have an easy access to HR related information viz. policies, newsletters, news flash, team information, Performance Development Process, Learning and Development and other HR processes on real time basis; Cloud CRM to empower the sales team to manage customer engagements, leads and for overseeing sales projects on real time basis; GOFRUGAL - Point of sales application with POS billing for retail stores which helps speedy check out for customers.

## ANNUAL RETURN

In accordance with the requirements of Section 92(3) of the Act, the annual return of the Company in respect of FY 2022-23 has been hosted on the website of the Company at https://keva.co.in/investor-updates/#92-209-fy-2022-2023.

## CONFIRMATIONS

There has been no change in the nature of business and capital of the Company during the Financial Year 2022-23.

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

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the period from 31 March 2023 and the date of this Board's Report.

The Company is fully compliant with the applicable Secretarial Standards (SS) issued by Institute of Company Secretaries of India viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year under review.

There was no instance of one time settlement of loan obtained from the Banks or Financial Institutions.

## CAUTIONARY STATEMENT

Statements in the Annual Report, including those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

## ACKNOWLEDGEMENTS

Your directors place on record their appreciation of the continued support extended during the year by the Company's customers, employees, business associates, suppliers, bankers, investors and government authorities. Your Directors would also like to thank all their shareholders for their continued faith in the Company and its future.

For and on behalf of the Board of Directors of
**S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Place: Mumbai
Date: 30 May 2023

**Ramesh Vaze**
Director & Chairman of Board
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325





## Annexure A

### FORM AOC-1

**Statement containing the salient features of the financial statements of subsidiaries/ associate companies/ joint ventures**

[pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014

| Sr. No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of the subsidiary | Keva Fragrances Private Limited | Keva Flavours Private Limited | Keva UK Limited | Keva Fragrance Industries Pte Ltd | PT SHKKEVA Indonesia | Creative Flavours & Fragrances S.p.A | Anhui Ruibang Aroma Co. Ltd | Keva Europe B.V. | Keva Italy Srl | Keva Ventures Private Limited | Holland Aromatics BV ^ | NuTaste Food and Drink Labs Pvt Ltd | Amikeva Pvt Ltd |
| Financial Period ended | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 | 31.03.2023 |
| Exchange rate (year ended) (₹) | - | - | 101.87 | 82.22 | 0.0055 | 89.61 | 8.87 | 89.61 | 89.61 | - | 89.61 | - | - |
| Exchange rate (Average Rate) (₹) | - | - | 96.80 | 80.33 | 0.0053 | 83.67 | 9.05 | 83.67 | 83.67 | - | 83.67 | - | - |
| Share Capital | 7.43 | 0.22 | 0.01 | 7.86 | 18.03 | 54.26 | 28.29 | 86.36 | 0.09 | 1.00 | 0.32 | 0.01 | 0.17 |
| Reserves & Surplus | 513.14 | 79.46 | 0.12 | -39.42 | -25.79 | 16.08 | -23.19 | 26.01 | -2.45 | 0.038 | 25.92 | 5.60 | 5.42 |
| Total assets | 744.89 | 173.74 | 0.32 | 142.33 | 43.25 | 237.66 | 5.48 | 394.87 | 178.77 | 10.97 | 37.91 | 39.61 | 6.80 |
| Total liabilities | 224.32 | 94.06 | 0.20 | 173.90 | 51.01 | 167.32 | 0.39 | 282.50 | 181.13 | 9.94 | 11.67 | 34.00 | 1.21 |
| Investment | 0.15 | 13.25 | - | 22.83 | - | 0.02 | - | 163.87 | 174.90 | 9.97 | - | - | - |
| Turnover | 538.09 | 282.12 | - | 130.90 | 29.01 | 288.48 | 0.54 | 71.15 | - | - | 67.63 | 75.24 | 0.23 |
| Profit / (loss) before taxation | 34.01 | 29.57 | 18.77 | -45.12 | -4.23 | -3.29 | -16.97 | 8.22 | -1.74 | 0.05 | 16.30 | -2.21 | -2.94 |
| Provision for taxation | 11.67 | 7.49 | - | 1.73 | -2.71 | 0.19 | | -2.63 | -1.29 | 0.01 | 3.75 | -0.45 | - |
| Profit / (loss) after taxation | 22.34 | 22.08 | 18.77 | -46.85 | -1.53 | -3.49 | -16.97 | 10.85 | -0.45 | 0.04 | 12.55 | -1.76 | -2.94 |
| Proposed dividend | - | - | - | - | - | - | - | - | - | - | - | - | - |
| % of shareholding* | 100 | 100 | 100 | 100 | 100 | 100 | 90 | 100 | 100 | 100 | 81 | 86.96 | 70.48 |

* Representing aggregate % of shares held by the Company and /or its subsidiaries
^Consolidated figures of Provier Beheer BV and Holland Aromatics BV

For and on behalf of the Board of Directors of
**S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Place: Mumbai
Date: 30 May 2023

**Ramesh Vaze**
Director
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

## Annexure B

**FORM MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
**S H KELKAR AND COMPANY LIMITED**
Devkaran Mansion,
36 Mangaldas Road,
Mumbai - 400002

We have conducted Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **S H Kelkar and Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, ~~External Commercial Borrowing~~;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(during the period under review not applicable to the company)**;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(during the period under review not applicable to the company)**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(during the period under review not applicable to the Company)**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(during the period under review not applicable to the Company)**;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(during the period under review not applicable to the Company)**;

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

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

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc. except

***As required under Regulation 21(3C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a period of one hundred and eighty days elapsed between the two consecutive meetings of the Risk Management Committee.***

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all the Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried out unanimously as recorded in the minutes and also the dissenting views, if any, are captured and recorded in the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company had the following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**a. The Board of Directors of the Company at their meeting held on May 25, 2022 recommended final dividend of 0.75 Paise (i.e., 7.5%) per equity share of face value of Rs. 10/- each for the financial year 2021-22 which was subsequently approved by the Members of the Company at their Annual General Meeting held on August 10, 2022.**

**b. The Board of Directors of the Company at their meeting held on August 09, 2022 approved the proposal of merger of VN Creative Chemicals Private Limited ("VNCC") with Keva Fragrances Private Limited ("KFG"). VNCC is the wholly owned subsidiary of KFG and both of them are direct/indirect wholly owned subsidiaries of the Company.**

**c. The Company's entire stake held in Keva UK Limited has been purchased by Keva Europe B.V., wholly owned subsidiary of the Company. This transaction was completed on September 12, 2022.**

**d. During the year, Company made an additional equity investment of Euro 49,99,998.06 in Keva Europe BV, a wholly owned subsidiary of the Company by subscribing to 24,15,458 ordinary Equity shares with nominal value of EUR 1 each of Keva Europe BV at EUR 2.07 per share.**

**e. Creative Flavours & Fragrances SpA, Italy ('CFF'), material subsidiary, acquired balance 30% of stake in Nova Fragrance Srl, Italy ('Nova') thus making Nova, a wholly owned subsidiary of CFF.**

**f. During the year, Company's wholly owned subsidiary, Keva Europe BV, acquired additional 19% stake in Provier Beher BV, pursuant to which the total stake held as on date in Provier Beher BV is 81%.**

**g. Keva Europe B.V wholly owned subsidiary of the Company, acquired 100% equity stake of PFW Aroma Ingredients B.V. ("PFW") from Keva UK Limited. Post this acquisition, PFW was also merged with Keva Europe B.V.**

**h. Creative Flavours and Fragrances SpA's wholly owned subsidiaries – Nova Fragranze Srl, CFF Labs Srl, and CFF Commerciale Srl also got merged with CFF.**

For **Mehta & Mehta**,
Company Secretaries
(ICSI Unique Code P1996MH007500)

**Ashwini Inamdar**
Partner
FCS No: 9409
CP No: 11226
UDIN: F009409E000420534

Place: Mumbai
Date: May 30, 2023

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

## Annexure A

To,
The Members,
**S H KELKAR AND COMPANY LIMITED**
Devkaran Mansion,
36 Mangaldas Road,
Mumbai - 400002

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

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred in Secretarial Audit Report in Form MR-3, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

7) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta**,
Company Secretaries
(ICSI Unique Code P1996MH007500)

**Ashwini Inamdar**
Partner
FCS No: 9409
CP No: 11226
UDIN: F009409E000420534

Place: Mumbai
Date: May 30, 2023





## Annexure C

**Details related to STAR**

**S H Kelkar Stock Appeciation Rights Scheme 2017**

| | | | |
|---|---|---|---|
| **1** | **Description of each Stock Appreciation Rights (STAR) Scheme that existed any time during the year, including the general terms and conditions of each STAR scheme -** | | |
| | a | Date of Shareholders' approval | 01 November 2017 |
| | | | The S H Kelkar Stock Appreciation Rights Scheme 2017 ("Scheme") was initially approved by the Board of Directors of the Company on 10 August 2017. The same had been approved by the Shareholders on 01 November 2017 through postal ballot. The Nomination and Remuneration Committee ("NRC") of the Board has been authorized for the implementation of the said Scheme and vested with the power of administering and supervising the Scheme. |
| | b | Total number of shares approved under the STAR Scheme | The maximum aggregate number of equity shares to be acquired from the secondary market by S H Kelkar Employee Benefit Trust ("Trust") in a financial year and thereby the Units that may be granted in a financial year under the Scheme shall not exceed the limit as specified under Regulation 3(10) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. |
| | c | Vesting requirements | As may be determined by the NRC as per the Scheme |
| | d | STAR price or pricing formula | STAR Price means the product of the number of shares bought by the Trust and the price of each share divided by the total number of shares bought by the Trust. It is clarified herein that the price of each Share, while arriving at the STAR Price, shall take into account all the costs relating to the acquisition of shares, including but not limited to the applicable securities transaction tax, brokerage, and other incidental administrative expenses. |
| | e | Maximum term of STAR to be granted | As may be determined by the NRC as per the Scheme |
| | f | Method of settlement (whether in cash or equity) | Cash |
| | g | Choice of settlement (with the company or the employee or the combination) | Not Applicable |
| | h | Source of shares (primary, secondary or combination) | Secondary |
| | i | Variation in terms of scheme | None |
| **2** | Method used to account for STAR - Intrinsic or fair value | | Fair Value |
| **3** | Where the Company opts for expensing of STAR using the intrinsic value of STAR, difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of STAR, shall be disclosed. The impact of this difference on the profits and on EPS of the company shall also be disclosed. | | Not Applicable |
| **4** | STARs movement during the year | | |
| | Particulars | | |
| | Number of STARs outstanding at the beginning of the year | | 0 |
| | Number of STARs granted during the year (refer note) | | - |
| | Number of STARs forfeited/lasped during the year | | - |
| | Number of STARs vested during the year | | - |
| | Number of STARs exercised/settled during the year | | - |

| | | |
|---|---|---|
| | Number of STARS outstanding at the end of the year | 0 |
| | Number of STARS exercisable at the end of the year | - |
| 5 | Employee-wise details (name of employee, designation, number of STARs granted during the year, exercise price) of STAR | |
| | a. Senior Managerial Personnel | Nil |
| | b. any other employee who receives a grant in any one year of amounting to 5% or more of STAR granted during that year; and | Nil |
| | c. identified employees who were granted STAR, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | Nil |
| 6 | Disclosures in respect of grants made in three years prior to IPO under each STAR scheme until all STARs granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such STARs shall also be made. | Not Applicable |
| **B** | **Details related to Trust** | |
| **1** | **The following details, inter alia, in connection with the transactions made by the Trust meant for the purpose of administering the scheme under the regulations are to be disclosed:** | |
| | **Particulars** | **Details** |
| | Name of the Trust | S H Kelkar Employee Benefit Trust |
| | Details of the Trustee(s) | Barclays Wealth Trustees (India) Private Limited |
| | Amount of loan disbursed by the company/any company in the group, during the year | Nil |
| | Amount of loan outstanding (repayable to company/any company in the group) as at the end of the year | ₹ 75,00,00,000 |
| | Amount of loan, if any, taken from any other source for which the company/any company in the group has provided any security or guarantee | - |
| 2 | Any other contribution made to the Trust during the year | - |
| **3** | **Brief details of transactions in shares by the Trust** | |
| | Number of shares held at the beginning of the year | 32,45,768 |
| | Number of shares acquired during the year | 0 |
| | Acquisition (total) as a percentage of paid up equity capital as at the end of the previous financial year | 0 |
| | Number of shares sold during the year | 0 |
| | Number of shares transferred to the employees during the year | 0 |
| | **Number of Shares held at the end of the year** | **32,45,768** |

**Note:** Given that the fall in price of the shares has rendered the scheme unattractive currently, the Company has not granted STARs to any of its employees. The Company is in discussion with the designated committee for the STAR Scheme, viz., the Nomination and Remuneration Committee of the Company, for variation in the terms of the scheme. Post evaluation, the Company, during the year, would be proposing to the Committee for variation of the terms of the Scheme which would be in line with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

As per Regulation 7(5) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, "A company may reprice the options, SAR or shares, as the case may be, which are not exercised, whether or not they have been vested, if the schemes were rendered unattractive due to fall in the price of the shares in the stock market.

Provided that the company ensures that such repricing is not detrimental to the interests of the employees and approval of the shareholders by a special resolution has been obtained for such repricing."





## Annexure D

### ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2022-23

### 1. Brief outline on CSR Policy of the Company:

The Company is committed to contribute positively towards social and economic development of the community as a whole and specifically for the cause of economically, socially and physically challenged groups to support their sustainable livelihood. The Board of Directors at its meeting held on 09 December 2014 approved the CSR Policy of the Company and its Group Companies ("the Group") pursuant to the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee has identified the following thrust areas around which the group shall be focusing its CSR initiatives and channelizing the resources on a sustained basis:

a. **Environmental Sustainability –**
- Promote the green concept to reduce the environmental impact.
- Energy conservation vouch for a greener tomorrow.
- Create a green belt through plantation programme.

b. **Education & Employability –**
- Empower people through employability programs to support future livelihood.
- Support visually challenged people through perfumery trainings and employability.
- Support the cause of girl child education and empowerment.
- Equip and upgrade educational infrastructure set up with an aim to provide improved and advanced education system.

c. **Research Activities –**
- Empower research activities with associations

### 2. Composition of CSR Committee:

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Mr. Ramesh Vaze | Chairman / Non-Executive Director | 1 | 1 |
| 2. | Mrs. Prabha Vaze | Member / Non-Executive Director | 1 | 1 |
| 3. | Mr. Shrikant Oka | Member / Independent Director | 1 | 1 |

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

Composition of CSR Committee: https://keva.co.in/about-keva/organizational-structure/

CSR Policy: https://keva.co.in/investor-updates/#92-178-policies

CSR Projects: https://keva.co.in/investor-updates/#92-179-corporate-social-responsibility

### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Not Applicable

5. (a) Average net profit of the Company as per sub-section (5) of Section 135 of the Act: ₹ 63.48 Crore

(b) Two percent of average net profit of the Company as per sub-section (5) of Section 135 of the Act: ₹ 1.27 Crore

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set-off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 1.27 Crore

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 1.36 Crore

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 1.36 Crore

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (₹ in crore) | Amount Unspent (₹ in Crore) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Act | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 1.36 | NA | NA | NA | NA | NA |

NA – Not Applicable

**(f) Excess amount for set off, if any:**

| Sr. No. | Particular | Amount (₹ in Actuals) |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per section 135(5) of the Act | 1,27,00,000 |
| (ii) | Total amount spent for the Financial Year | 1,35,95,649 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | 8,95,649 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 12,95,649*<br>(8,95,649+4,00,000) |

*Company would be availing a set off ₹ 12,95,000/- for the upcoming FY 2023-24, on account of the excess spend in FY 2020-21 and FY 2022-23. The set off claim is in line with the provisions of Section 135(5) of the Act read with Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

7. **Details of Unspent CSR amount for the preceding three financial years:** Not Applicable

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** Not Applicable

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per of Section 135(5) of the Act:** Not Applicable

For and on behalf of the Board of Directors of
**S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Place: Mumbai
Date: 30 May 2023

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Ramesh Vaze**
Director & Chairman of CSR Committee
DIN: 00509751





## Annexure E

### DETAILS OF REMUNERATION OF DIRECTORS, KMPS AND EMPLOYEES

Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sr. No. | Particulars | Name of the Director / KMP | Designation | Ratio of the remuneration of each Director to the median remuneration of the employees of the Company | Percentage increase/ (decrease) in remuneration |
|---|---|---|---|---|---|
| i) | The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year and the percentage increase / (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year 2022-23 | Mr. Ramesh Vaze | Non-Executive Director – Chairman | 7.37:1 | 20 |
| | | Mrs. Prabha Vaze | Non-Executive Director | 0.98:1 | 0 |
| | | Mr. Kedar Vaze | Whole-time Director & CEO | 34.78:1 | (17.99) |
| | | Mr. Vasant Gujarathi## | Non-Executive Independent Director | 1.84:1 | * |
| | | Mr. Dalip Sehgal# | Non-Executive Independent Director | 1.11:1 | * |
| | | Mr. Shrikant Oka | Non-Executive Independent Director | 1.97:1 | (5.88) |
| | | Ms. Sangeeta Singh@ | Non-Executive Independent Director | 1.47:1 | * |
| | | Mr. Mark Elliott | Non-Executive Independent Director | 0.86:1 | 0 |
| | | Mr. Deepak Raj Bindra | Non-Executive Independent Director | 1.35:1 | * |
| | | Ms. Neela Bhattacherjee& | Non-Executive Independent Director | 1.11:1 | * |
| | | Mr. Amit Dalmia^^ | Non-Executive Non-Independent Director | - | - |
| | | Mr. Rohit Saraogi$ | EVP Group CFO & Company Secretary | - | * |
| | | Ms. Deepti Chandratre ** | Company Secretary & GM - Legal | - | * |
| ii) | The percentage increase in the median remuneration of employees in the Financial Year | 4.03% | | | |
| iii) | The number of permanent employees on the rolls of the Company. | 557 (standalone basis) | | | |
| iv) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | The average % increase in remuneration of management employees has been 10.65%. This is based on Remuneration Policy of the Company that rewards people differentially based on their performance contribution to the success of the company and also ensures that external market competitiveness and internal relativities are taken care of.<br><br>Workers' average increment was 3.82% (normal slab change increase) | | | |
| v) | It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company. | | | | |

**Notes:**

Directors' remuneration includes commission and sitting fees, as applicable. Sitting fees is paid based on the number of Board and Committee meetings attended by Directors.

*Since the remuneration of these Directors/KMPs is only for the part of the year/previous year, the ratio of their remuneration to median and increase in remuneration is not comparable.

##Appointed as Director with effect from 20 February 2022.

#Ceased to be a Director with effect from the closure of business hours of 8 December 2022.

@Ceased to be a Director with effect from the closure of business hours of 18 February 2023.

& Appointed as Director with effect from 25 May 2022.

^^Ceased to be a Director with effect from the closure of business hours of 17 May 2022.

**Ceased to be Company Secretary & GM - Legal with effect from the closure of business hours of 30 April 2022.

$Appointed as EVP Group CFO with effect from 15 November 2021 and as Company Secretary of the Company with effect from 25 May 2022.

# Report on Corporate Governance

## COMPANY'S PHILOSOPHY

Your Company believes that good corporate governance is essential for achieving long-term corporate goals and enhancing stakeholder value. At Keva, thrust is on ensuring good conduct and governance by following transparency, fairness, integrity, equity and accountability in all its dealings with the customers, vendors, employees, regulatory bodies, investors and community at large. Our Corporate Governance is a reflection of us – our value system, work culture and thought process. Keva's philosophy of Corporate Governance is built on a foundation of ethical and transparent business operations and is designed to inspire trust among all stakeholders, strengthen the Board and management accountability. Keva's philosophy embodies simplicity in vision and complexity in craft, which defines the culture of the Company. We have always endeavored to keep our customers at our hearts, the quality of our products in minds and our long-term relationships in our sights through product quality and integrity. As the story of Keva continues to unfold, we rededicate ourselves to the next 100 years and beyond through good corporate governance and to ensure that we, together with our customers, vendors, employees and communities continue to spread our Fragrance across the world for generations to come. With this, we celebrate a new milestone, spreading our fragrance at home and abroad for over a century, we commit to continue to grow and scale to newer heights through good corporate governance.

## BOARD OF DIRECTORS

The Board of Directors at Keva comprises distinguished individuals, who bring with them, years of illustrious experience and unparalleled knowledge. Coupled with Keva's extraordinary vision and mission, the Board of Directors enable the Company to create a mark for itself in the field of fragrances, flavours and aroma ingredients. Your Company's Board has an optimum combination of Executive and Non-Executive Directors with more than half comprising of Independent Directors, which is in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and also direct, supervise and control the performance of the Company. The Board currently comprises of 8 (Eight) Directors out of which 7 (Seven) Directors (88%) are Non-Executive Directors. The Company has 5 (Five) Independent Directors who comprise 63% of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Regulation 16(1)(b) of the Listing Regulations and Section 149 of the Companies Act, 2013 ("the Act").

All Non-Executive Non-Independent Directors are liable to retire by rotation. Mr. Ramesh Vaze is husband of Mrs. Prabha Vaze and father of Mr. Kedar Vaze. Mr. Ramesh Vaze and Mrs. Prabha Vaze are parents of Mr. Kedar Vaze. None of the other Directors are related to any other Directors on the Board. The appointment of the Executive Director(s) including the tenure and terms of remuneration are approved by the Members of the Company.

During the year under review, 7 (seven) Board Meetings were held on 12.04.2022, 25.05.2022, 09.08.2022, 14.10.2022, 21.10.2022, 02.02.2023 and 27.03.2023. The intervening gap between any two consecutive meetings did not exceed 120 days.

Below table, illustrates the composition of the Board, Director's attendance at Board Meetings held during the financial year under review and at the last AGM, number of Directorships held in other companies, total number of committee positions held in other companies and names of other listed entities in which Directorship is held, including Category of Directorships, as at 31 March 2023:

| Name of Director and DIN | No. of Board Meetings attended | Category | Attendance at the last AGM | Number of other Directorships* | Committee Positions of the Board in other companies^ | | Directorship in other listed entities |
|---|---|---|---|---|---|---|---|
| | | | | | Chairman | Member | |
| Mr. Ramesh Vaze<br>DIN:00509751 | 7/7 | Non-Executive Chairman/Promoter | Yes | 4 | - | 1 | - |
| Mrs. Prabha Vaze<br>DIN: 00509817 | 7/7 | Non-Executive/ Promoter | Yes | 4 | - | - | - |
| Mr. Kedar Vaze<br>DIN: 00511325 | 7/7 | Whole-time Director & CEO/ Promoter | Yes | 4 | - | 1 | - |
| Mr. Dalip Sehgal#<br>DIN: 00217255 | 5/5 | Non-Executive/ Independent | Yes | NA | NA | NA | NA |
| Ms. Sangeeta Singh^^<br>DIN: 06920906 | 6/6 | Non-Executive/ Independent | Yes | NA | NA | NA | NA |
| Mr. Shrikant Oka<br>DIN: 08135918 | 7/7 | Non-Executive/ Independent | Yes | - | - | - | - |
| Mr. Mark Elliott<br>DIN: 08594890 | 7/7 | Non-Executive/ Independent | Yes | - | - | - | - |
| Mr. Deepak Raj Bindra<br>DIN: 06835196 | 7/7 | Non-Executive/ Independent | Yes | - | - | - | - |
| Mr. Vasant Gujarathi<br>DIN: 06863505 | 7/7 | Non-Executive/ Independent | Yes | 4 | 1 | - | Aurum Proptech Limited |
| Ms. Neela Bhattacherjee &<br>DIN: 01912483 | 5/5 | Non-Executive/ Independent | Yes | 1 | - | - | - |
| Mr. Amit Dalmia@<br>DIN: 05313886 | 1/1 | Non-Executive/ Non-Independent | NA | NA | NA | NA | NA |

*Excludes directorship in private limited companies (other than subsidiaries of public companies), foreign companies, companies incorporated under Section 8 of the Act and Alternate Directorships.

^ For the purpose of mentioning committee positions , all public limited companies (including subsidiaries of public companies), whether listed or not, have been included and all other companies including private limited companies, foreign companies, high value debt listed entities and companies under Section 8 of the Act, have been excluded. Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.

@ Ceased to be a Director with effect from closure of business hours of 17 May 2022.

& Appointed as a Director with effect from 25 May 2022.

# Ceased to be a Director with effect from the closure of business hours of 8 December 2022.

^^ Ceased to be a Director with effect from the closure of business hours of 18 February 2023.

NA is mentioned in the table above for Directors who ceased to be Directors of the Company as on 31 March 2023.

**Limit on the number of Directorships/Committee Memberships**

None of the Directors on the Company's Board is a Member of more than ten committees and Chairman of more than five committees [committees being, Audit Committee and Stakeholders' Relationship Committee] across all the Indian public limited companies in which he/she is a Director. All the Directors have periodically made necessary disclosures regarding their Directorship and Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public companies. Further, none of the Director who is serving as a Managing Director/ Whole Time Director in any Listed Company, is serving as an Independent Director in more than three Listed Companies. None of the Directors on the Board of the Company serves as a director in more than seven listed companies or as an Independent Director in more than seven Listed Companies.

**Independent Directors**

Eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered for appointment as Independent Directors.

In accordance with Section 149(10) and Section 149(11) of the Act, the current tenure of Independent Directors of the Company is for a term ranging from three to five years from the date of their appointment.

Prior to the appointment of an Independent Director, the Company sends him/her a formal invitation along with a detailed note on the profile of the Company, the Board structure and other relevant information. At the time of appointment of the Director, a formal letter of appointment as a Director of the Company is given. The role, functions, and responsibilities of the Director are also explained in detail and the Director is informed about the various compliances required from him/her as a Director under the various provisions of the Act, Listing Regulations, SEBI (Prohibition of Insider Trading) Regulations, 2015, the Code of Conduct of the Company and other relevant regulations. A Director, upon appointment, is formally inducted to the Board. In order to familiarise the Independent Directors about the various business drivers, they are updated through presentations at Board Meetings about the performance and financials of the Company. They are also provided with the presentations about the business and operations of the Company from time to time.

In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Act and the Listing Regulations and are independent of the management.

The first term of Mr. Shrikant Oka as an Independent Director concluded on 24 May 2023. Pursuant to Shareholders' approval via Postal Ballot, results of which were declared on 13 May 2023, he has been re-appointed for a second term of 5 (five) consecutive years.

One Independent Directors' meeting was convened on 27 March 2023, to review the performance of the Non-Independent Directors including the Chairman and performance of the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board of Directors. The Non-Independent Directors did not take part in the meeting.

**Board Effectiveness Evaluation**

Pursuant to the provisions of the Listing Regulations and the Act, Board effectiveness evaluation involving evaluation of the Board of Directors, its Committees and Individual Directors, including the role of the Board Chairman, was conducted during the year.

Feedback was sought by way of a structured questionnaire covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, processes followed at the meeting, Board's functioning, etc. Similarly, for evaluation of Individual Directors' performance, the questionnaire covered various aspects like his/her contribution in Board and Committee meetings, knowledge to perform role, managing relationship, etc.

The Independent Directors discussed the performance of Non-Independent Directors and Board as a whole. The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance. The performance evaluation of all Independent Directors has been done by entire Board, excluding the Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

**Familiarisation Programme**

The Company conducts familiarization programmes for Independent Directors to provide them an opportunity to familiarize with the Company, its Management and its operations to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. The details of the familiarization programmes are disclosed on the website of the Company at https://keva.co.in/investor-updates/#92-180-familiarization-programmes.

**Details of skills/expertise/competence of the Board of Directors**

The Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the Board and its Committees. In the context of Company's business and the industry in which the Company operates, the Board members have appropriate experience and have the following skills/area of expertise/competencies:

| Skills/Expertise/Competence | Name of the Board of Directors |
|---|---|
| Business Operations | Mr. Ramesh Vaze, Mrs. Prabha Vaze, Mr. Kedar Vaze, Mr. Mark Elliott, Mr. Deepak Raj Bindra |
| Consumer Sales/Marketing | Mr. Ramesh Vaze, Mr. Kedar Vaze, Mr. Deepak Raj Bindra |
| Finance | Mr. Vasant Gujarathi, Mr. Kedar Vaze |
| Legal, Corporate Governance, Regulatory | Mr. Shrikant Oka |
| Knowledge of F&F and FMCG sector | Mr. Ramesh Vaze, Mr. Kedar Vaze, Mr. Deepak Raj Bindra |
| Strategy and Business Development | Mr. Ramesh Vaze, Mr. Kedar Vaze, Mr. Deepak Raj Bindra, Mr. Vasant Gujarathi, Mr. Shrikant Oka, Ms. Neela Bhattacherjee, Mr. Mark Elliott, Mrs. Prabha Vaze |
| Corporate Social Responsibility | Mrs. Prabha Vaze, Mr. Ramesh Vaze |
| Information Technology | Ms. Neela Bhattacherjee |

**Board Procedures**

The required information, including information as enumerated in Part A of Schedule II of the Listing Regulations is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board meets atleast once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of your Company.

The Board periodically reviews compliance reports pertaining to all laws applicable to the listed entity, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board has formulated a Risk Management Policy for the Group.

The agenda papers for the Board and Committee meetings are disseminated electronically on a real-time basis, by uploading them on a secured digital application, thereby eliminating circulation of printed agenda papers. Board Meetings are governed by a structured Agenda. All material information except unpublished price sensitive information are incorporated in the agenda papers to facilitate meaningful and focused discussions at the meeting. With the consent of the Board, all unpublished price sensitive information is circulated to the Board and its committees at a shorter notice.

The Company Secretary attends all the meetings of the Board and its Committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standard on Meetings of the Board of Directors ("SS-1") issued by the Institute of Company Secretaries of India. Thereafter, the minutes are entered in the minutes book within 30 (thirty) days of conclusion of the meetings, subsequent to incorporation of the comments, if any, received from the members.

The important decisions taken at the Board/Board-level Committee Meetings are promptly communicated. A report on the action taken on the decisions/suggestions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting the same.

All recommendations made by the Committees of the Board had been accepted by the Board during the year under review.

**CEO/CFO Certification**

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board inter alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) of the Listing Regulations, pertaining to CEO and CFO certification for the Financial Year ended 31 March 2023.

**Code of Conduct**

Your Company is committed to ensure that its business is conducted, in all respects and at all the times, according to ethical, professional and legal standards, which prevail from time to time, in the industrial sector in which Company conducts its business. The Company has laid down Code of Conduct for all the Board Members (including Independent Directors), Senior Management and other Employees of the Company. The Code is intended to serve as a source of guiding principles for Directors, Officers and Employees. The Code has been posted on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies. A declaration signed by the Group CEO to this effect is enclosed at the end of this Report. Additionally, a Policy for Management of Conflict of Interest involving Promoters, Directors, Key Managerial Personnel and Senior Leadership Team has been incorporated by the Company to promote honest and ethical conduct, including the handling of actual, apparent or potential conflict of interests between personal and professional relationships, enhance transparency in the governance and to abide by values and follow ethical business practices to ensure that no inconvenience is caused to Keva's internal and external stakeholders.

**Remuneration of Directors**

The Nomination and Remuneration Committee (NRC) of the Board has framed a policy on selection and appointment of directors and senior management and their remuneration which has been approved by the Board upon recommendation of the NRC. The remuneration of Directors is based on this policy. In accordance with the policy, the NRC:

- Formulates the criteria for appointment of a Director;
- Identifies persons who are qualified to be Directors;
- Nominates candidates for Directorships subject to the approval of Board;
- Approves the candidates required for senior management positions;
- Evaluates the performance of the Board Members;
- Reviews performance and compensation of senior management;
- Recommends to the Board, commission to the Non-Executive Directors, if any.

The said policy is available on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies

Details of remuneration paid to Directors for the Financial Year 2022-23 along with their respective shareholding in the Company are as under:

(Amount in ₹ in Crores)

| Name of Director | Salary & Perquisites | Contribution to Funds | Performance Linked Variable Incentive | Commission | Sitting Fees | Total | Number of Equity Shares held as on 31 March 2023 |
|---|---|---|---|---|---|---|---|
| Mr. Ramesh Vaze | - | - | - | 0.52 | 0.08 | 0.60 | 14,48,980 |
| Mrs. Prabha Vaze | - | - | - | - | 0.08 | 0.08 | 17,97,309 |
| Mr. Kedar Vaze | 1.95 | 0.18 | 0.08 | 0.62 | - | 2.83 | 1,71,93,055 |
| Mr. Shrikant Oka | - | - | - | - | 0.16 | 0.16 | - |
| Mr. Dalip Sehgal** | - | - | - | - | 0.09 | 0.09 | - |
| Mr. Deepak Raj Bindra | - | - | - | - | 0.11 | 0.11 | - |
| Ms. Sangeeta Singh^ | - | - | - | - | 0.12 | 0.12 | - |
| Mr. Mark Elliott | - | - | - | - | 0.07 | 0.07 | - |
| Mr. Vasant Gujarathi | - | - | - | - | 0.15 | 0.15 | - |
| Ms. Neela Bhattacherjee& | - | - | - | - | 0.09 | 0.09 | - |

** Ceased to be a Director with effect from the closure of business hours of 8 December 2022
^ Ceased to be a Director with effect from the closure of business hours of 18 February 2023
& Appointed as Independent Director with effect from 25 May 2022.

All the Non-Executive Directors of the Company are remunerated by way of Sitting Fees. The Chairman of the Board is also remunerated by way of Commission. During the FY 2022-23, the Company did not advance any loan to any of its Directors. Further, the Company does not have a practice of paying severance fees to any of its Directors.

Appointment of Whole-time Directors is in line with relevant section of the Act and the term is for a period of five years with the notice period of three to six months from either side, and there is no provision of payment of severance fees. During the period under review, no stock options were issued.

The Company's Board consisted of one Executive Director as on 31 March 2023 viz. Mr. Kedar Vaze - Whole-time Director & Group CEO. The NRC comprising of Non-Executive Directors recommends to the Board the remuneration payable to the Executive Director within the overall limits approved by the Members of the Company.

The remuneration to Executive Director comprises of three broad terms – fixed remuneration, variable remuneration in the form of performance incentive and commission on consolidated net profits of the Company. The performance incentive is based on the prevailing policy of the Company. Annual revisions in the remuneration are within the limits approved by the Members.

## COMMITTEES OF THE BOARD

The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of various Committees. At present, there are 5 committees of the Board – Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee.

The Committees operate as empowered agents of the Board as per their terms of reference. The Board of Directors and the Committees also take decisions by circular resolutions which are noted at the next meeting. The minutes of the meetings of all Committees of the Board of the Company and its subsidiaries are placed before the Board for discussion/noting.

Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below. Composition of the Committees is also posted on the website of the Company at https://keva.co.in/about-keva/organizational-structure/

## AUDIT COMMITTEE

**Constitution, Meetings and Attendance**

The Audit Committee was constituted by the Board of Directors at its meeting held on 24 June 2014. The Committee was last re-constituted by the Board of Directors at its meeting held on 02 February 2023.

As on 31 March 2023, the Audit Committee comprised of the following members of which three are Non-Executive Independent Directors and one is an Executive Director. The Members of the Committee possess knowledge of accounting and financial management. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India. The Company Secretary is the Secretary to the Committee. The Committee invites representative of Internal Auditors and Statutory Auditors and any other such executives to be present at the meetings of the Committee. The Committee met 5 (five) times during the year on 25.05.2022, 09.08.2022, 21.10.2022, 02.02.2023 and 27.03.2023. The gap between two Meetings did not exceed 120 days. Composition of the Committee and attendance of the members at the meetings held during the year:

| Name of the member of the Committee | Category | Nature of Membership | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Vasant Gujarathi | Non-Executive/ Independent | Chairman | 5 | 5 |
| Mr. Dalip Sehgal# | Non-Executive/ Independent | Member | 3 | 3 |
| Ms. Sangeeta Singh* | Non-Executive/ Independent | Member | 4 | 4 |
| Mr. Kedar Vaze | Whole-time Director & CEO/ Promoter | Member | 5 | 5 |
| Mr. Amit Dalmia& | Non-Executive/ Non-Independent | Member | NA | NA |
| Mr. Shrikant Oka | Non-Executive/ Independent | Member | 5 | 5 |
| Ms. Neela Bhattacherjee^ | Non-Executive/ Independent | Member | 1 | 1 |

& Ceased to be a Member of the Committee with effect from the closure of business hours of 17 May 2022
# Ceased to be a Member of the Committee with effect from the closure of business hours of 8 December 2022
* Ceased to be a Member of the Committee with effect from the closure of business hours of 18 February 2023
^ Appointed as a Member of the Committee with effect from 19 February 2023

Mr. Vasant Gujarathi, Chairman of the Committee was present at the last Annual General Meeting of the Company held on 10 August 2022.

**Terms of Reference**

The terms of reference of the Audit Committee, inter alia, includes the following:

1) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2) Providing recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3) Review and monitor the auditor's independence and performance and effectiveness of audit process;

4) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

5) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

6) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

    a. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report;

    b. Changes, if any, in accounting policies and practices and reasons for the same;

    c. Major accounting entries involving estimates based on the exercise of judgment by management;

    d. Significant adjustments made in the financial statements arising out of audit findings;

    e. Compliance with listing and other legal requirements relating to financial statements

    f. Disclosure of any related party transactions; and

    g. Qualifications in the draft audit report.

7) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

8) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

9) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

10) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

11) Discussion with internal auditors on any significant findings and follow up there on;

12) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

13) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

14) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders,

shareholders (in case of non-payment of declared dividends) and creditors;

15) To review the functioning of the whistle blower mechanism, in case the same is existing;

16) Approval of appointment of the Chief Financial Officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;

17) To investigate any activity within its terms of reference;

18) To seek information from any employee;

19) To obtain outside legal or other professional advice;

20) To secure attendance of outsiders with relevant expertise, if it considers necessary;

21) Approval or any subsequent modification of transactions of the company with related parties;

22) Scrutiny of inter-corporate loans and investments;

23) Valuation of undertakings or assets of the company, wherever it is necessary;

24) Evaluation of internal financial controls and risk management systems;

25) Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

26) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and

27) Carry out any other function as mentioned in the terms of reference.

## NOMINATION AND REMUNERATION COMMITTEE

**Composition, Meetings and Attendance**

The Nomination and Remuneration Committee was constituted by the Board of Directors at its meeting held on 24 June 2014. The Committee was last re-constituted by the Board of Directors at its meeting held on 02 February 2023.

As on 31 March 2023, the Nomination and Remuneration Committee comprised of the members, all of them being Non-Executive Directors. The Committee met 3 (three) times during the year on 25.05.2022, 09.08.2022 and 27.03.2023. Composition of the Committee and attendance of the members at the meetings held during the year:

| Name of the member of the Committee | Category | Nature of Membership | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Ms. Neela Bhattacherjee** | Non-Executive/ Independent | Chairperson | 2 | 2 |
| Ms. Sangeeta Singh* | Non-Executive/ Independent | Former Chairperson | 2 | 2 |
| Mr. Amit Dalmia^ | Non-Executive/ Non-Independent | Member | NA | NA |
| Mr. Deepak Raj Bindra | Non-Executive/ Independent | Member | 3 | 3 |
| Mr. Vasant Gujarathi# | Non-Executive/ Independent | Member | 1 | 1 |

^ Ceased to be a Member of the Committee with effect from the closure of business hours of 17 May 2022

** Appointed as a Member of the Committee with effect from 25 May 2022 and re-designated as the Chairperson of the Committee with effect from 19 February 2023

* Ceased to be a Member of the Committee with effect from the closure of business hours of 18 February 2023

# Appointed as a Member of the Committee with effect from 19 February 2023

The Company Secretary is the Secretary to the Committee.

**Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

1) Identifying persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the board their appointment and removal;

2) Carry out evaluation of every director's performance;

3) Devising a policy on the board's diversity;

4) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy, relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the said policy, ensure that:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

5) To recommend to the Board remuneration payable to senior management.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

**Composition, Meeting and Attendance**

The CSR Committee was constituted by the Board of Directors at its meeting held on 24 June 2014. The Committee was last re-constituted by the Board of Directors at its meeting held on 08 December 2020.

As on 31 March 2023, the CSR Committee comprised of the following members, all of which were Non-Executive Directors and the committee met once during the year on 25 May 2022, attendance of which is mentioned below:

| Name of the member of the Committee | Category | Nature of Membership | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Ramesh Vaze | Non-Executive Chairman/Promoter | Chairman | 1 | 1 |
| Mrs. Prabha Vaze | Non-Executive/ Promoter | Member | 1 | 1 |
| Mr. Shrikant Oka | Non-Executive/ Independent | Member | 1 | 1 |

The Company Secretary is the Secretary to the Committee.

**Terms of Reference**

The terms of reference of the CSR Committee, inter alia, includes the following:

1) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Act;

2) Recommend the amount of expenditure to be incurred on activities referred in the Corporate Social Responsibility Policy; and

3) Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

**Composition, meetings and attendance**

The Stakeholders' Relationship Committee was constituted by the Board of Directors at its meeting held on 12 March 2015. The Committee was last re-constituted by the Board of Directors on 08 December 2022.

As on 31 March 2023, the Stakeholders' Relationship Committee comprises of the following members, all of them being Non-Executive Directors and the committee met once during the year on 25 May 2022.

| Name of the member of the Committee | Category | Nature of Membership | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Vasant Gujarathi^ | Non-Executive/ Independent | Chairman | NA | NA |
| Mr. Dalip Sehgal# | Non-Executive/ Independent | Former Chairman | 1 | 1 |
| Mr. Deepak Raj Bindra | Non-Executive/ Independent | Member | 1 | 1 |
| Mr. Shrikant Oka | Non-Executive/ Independent | Member | 1 | 1 |

^ Appointed as Chairman of the Committee with effect from 9 December 2022.

# Ceased to be a Member of the Committee with effect from closure of business hours of 8 December 2022

The Committee deals with matters relating to redressal of shareholders'/investors' grievances, investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities and complaints relating to non-receipt of declared dividends, balance sheets etc. The Company Secretary acts as the Secretary to the Committee.

**Terms of Reference**
The terms of reference of the Stakeholders' Relationship Committee, inter alia, includes the following:

1) Considering and resolving the grievances of security holders of the company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc;
2) Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and rematerialization of shares, split and issue of duplicate/ consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;
3) To oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time and other related matters as may be assigned by the board of directors.
4) Reviewing the measures taken for effective exercise of voting rights by shareholders;
5) Reviewing adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
6) Reviewing of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

**Summary of complaints during 2022-23:**
No complaints were received from shareholder/investors during the financial year ended 31 March 2023. There were no pending complaints as on 31 March 2023.

## RISK MANAGEMENT COMMITTEE

**Composition, meetings and attendance**
The Risk Management Committee was constituted by the Board of Directors at its meeting held on 06 August 2021.

As on 31 March 2023, the Risk Management Committee comprises a combination of Board Members and Senior Executives of the Company (majority being board members) and one Independent Director. The Committee met twice during the year on 21.10.2022 and 27.03.2023. Composition of the Committee and attendance of the members at the meetings held during the year:

| Name of the member of the Committee | Category | Nature of Membership | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Shrikant Oka | Non-Executive/ Independent | Chairman | 2 | 2 |
| Mr. Vasant Gujarathi | Non-Executive/ Independent | Member | 2 | 2 |
| Mr. Kedar Vaze | Whole-time Director & CEO/ Promoter | Member | 2 | 2 |
| Mr. Amit Gulati^ | COO | Member | 1 | 1 |
| Mr. Rohit Saraogi | EVP Group CFO & CS | Member | 2 | 2 |

^ Ceased to be a Member of the Committee with effect from closure of business hours of 31 December 2022.

The Company Secretary is the Secretary to the Committee.

**Terms of Reference**
The terms of reference of the Risk Management Committee, inter alia, includes the following:

1) Periodically review the Risk Management Policy including evaluating the adequacy of risk management systems;
2) Defining and implementing framework for identification and assessment of risk at enterprise level across all functions;
3) Monitoring implementation plan for mitigating risk including strengthening of internal financial control;
4) Reviewing the company financial and risk management policies including cyber security;
5) Ensuring that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
6) Reviewing the business continuity plan; and
7) Carrying out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

## DISCLOSURES

**General Body Meetings**
**Annual General Meetings:**

| Year | Venue | Date | Time | Special Resolutions passed |
|---|---|---|---|---|
| 2019-20 | Through Video Conferencing and Other Audio-Visual Means | 01 September 2020 | 04:00 p.m. | 1. Payment of Remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board.<br>2. Increase in limits available for making Investments / Extending Loans And Giving Guarantees or providing securities in connection with loan(s) to person(s) / bodies corporate(s) under section 186 of the Companies Act, 2013 |
| 2020-21 | Through Video Conferencing and Other Audio-Visual Means | 10 August 2021 | 04:00 p.m. | 1. Payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board |
| 2021-22 | Through Video Conferencing and Other Audio-Visual Means | 10 August 2022 | 4:30 p.m. | 1. Appointment of Ms. Neela Bhattacherjee (DIN: 01912483) as an Independent Director of the Company for a term of 5 (five) years with effect from May 25, 2022<br>2. Payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board. |

**Postal Ballot:**
Resolutions passed through Postal Ballot during the Financial Year 2022-23: Nil

However during the year, the Company took approval for conducting a Postal Ballot through Notice of Postal Ballot dated 27 March 2023 together with explanatory statement for seeking approval of the Shareholders of the Company through remote e-voting on the following Special Business as set out in the Postal Ballot Notice:

| Details | Type of Resolution | Votes cast in favour | | Votes cast against | |
|---|---|---|---|---|---|
| | | No. of Votes | % | No of Votes | % |
| Re-appointment of Mr. Shrikant Oka (DIN: 08135918) as an Independent Director on the Board of Directors of the Company to hold office for a period of 5 (five) consecutive years from May 25, 2023 to May 24, 2028. | Special Resolution | 9,49,13,605 | 99.96 | 36,302 | 0.04 |
| Scrutinizer for Postal Ballot | Mr. Vishwanath (Membership No. A14521/CP. No.25099), Designated Partner, M/s Sharma and Trivedi LLP, Company Secretaries | | | | |
| Date of commencement of Postal Ballot | Friday, 14 April 2023 | | | | |
| Date of closing of Postal Ballot | Saturday, 13 May 2023 | | | | |
| Declaration of results of Postal Ballot | Monday, 15 May 2023 | | | | |

**Procedure followed by the Company for conducting Postal Ballot:**
Pursuant to Section 110, 108 and other applicable provisions, if any, of the Act, read together with the Companies (Management and Administration) Rules, 2014, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs (the "MCA") for holding general meetings/conducting postal ballot through e-voting vide General Circular Nos. 14/2020 dated 08 April 2020; 17/2020 dated 13 April 2020; 22/2020 dated 15 June 2020; 33/2020 dated 28 September 2020; 39/2020 dated 31 December 2020; 10/2021 dated 23 June 2021; 20/2021 dated 8 December 2021; 3/2022 dated 5 May 2022 and 11/2022 dated 28 December 2022 (the "MCA Circulars") and Regulation 44 of the Listing Regulations, the Company conducted postal ballot by way of voting through

electronic means (remote e-voting) to obtain approval of its Members for the afore-mentioned Special Resolution.

The Company had sent the Postal Ballot Notice by way of e-mail to the Members whose names appeared in the Register of Members / Register of Beneficial Owners maintained by the Depositories as on Friday, 31 March 2023 ("Cut-off Date") and who had registered their email IDs with the Depositories / Depository Participants / Company. The Company had offered remote e-voting facility to all its Members as on the Cut-off Date to exercise their right to vote. For this purpose, the Company had availed the services of Central Depository Services (India) Limited ("CDSL").

The Company had appointed Mr. Vishwanath (Membership No. A14521/CP. No.25099), Designated Partner or failing him Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423), Designated Partner or failing him Mr. Dinesh Trivedi (Membership No. 23841/CP. No. 22407), M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai, as the Scrutinizer for conducting the process of Postal Ballot in a fair and transparent manner. The results were declared on Monday, 15 May 2023, wherein the Special Resolution was passed with requisite majority.

The results of the Postal Ballot were uploaded on the designated Stock Exchanges and simultaneously uploaded on the website of the Company viz. www.keva.co.in and on the website of the CDSL at www.evotingindia.com.

There is no proposal to pass any resolution through postal ballot as on the date of this Report.

**Means of Communication**

Financial results are announced in accordance with the Regulation 33 of the Listing Regulations and are published in the newspapers in accordance with Regulation 47 of the Listing Regulations. Quarterly, half-yearly and annual financial results and other public notices issued to the Members are usually published in Financial Express, an English financial daily and Mumbai Lakshadweep, a vernacular newspaper.

The Company participates in various investor conferences and analyst meets and makes presentation thereat. Financial Results, Press Releases, Investors Presentations, Audio Recordings and Transcripts of the Quarterly Earnings Calls, Annual Reports, Shareholding Patterns, Intimation of Board Meetings and other relevant details are submitted to the Stock Exchanges and are also hosted on the Company's website i.e. www.keva.co.in

**General Shareholder Information**

| | | |
|---|---|---|
| Annual General Meeting | : | Date and Time – Thursday, 10 August 2023; 4:30 pm<br>(through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting) |
| Financial Year | : | The Financial Year of the Company is from April 1 to March 31 of every year. |
| Financial Reporting for: | | |
| Quarter ending June 30, 2023 | : | Second week of August, 2023 |
| Half-year ending September 30, 2023 | : | Second week of October, 2023 |
| Quarter ending December 31, 2023 | : | Second week of February, 2024 |
| Year ending March 31, 2024 | : | Second week of May, 2024 |
| Note: The above dates are indicative | | |
| Record Date | : | Thursday, 03 August 2023 |
| Date of Dividend Payment | : | on or after 11 August 2023 |
| Corporate Identity Number | : | L74999MH1955PLC009593 |
| ISIN | : | INE500L01026 |
| Registrar & Transfer Agent | : | Link Intime India Pvt. Ltd. |
| Plant Locations of the Group | : | Vashivali, Mulund, Vapi, Mahad, Gurugram, Milan, Amsterdam and Almere |

**Listing Details**

| Stock Exchange | Address | Stock / Script Code |
|---|---|---|
| BSE Limited (BSE) | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 | 539450 |
| National Stock Exchange of India Limited (NSE) | Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051 | SHK |

The Company has paid the Listing Fees for the Financial Year 2022-23 to the above Stock Exchanges.





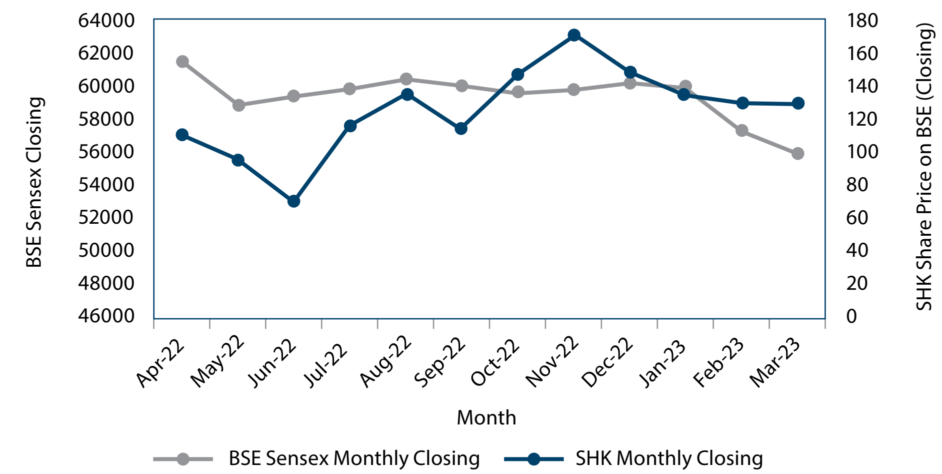
**Stock Price Data**

(in ₹)

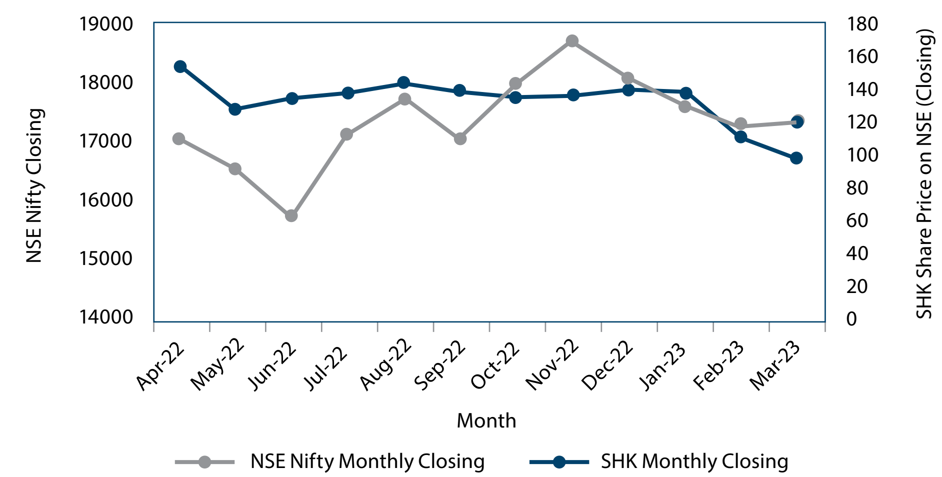
| Month | BSE | | | BSE (Sensex) | NSE | | | NSE (Nifty) |
|---|---|---|---|---|---|---|---|---|
| | High | Low | Close | (Monthly Closing) | High | Low | Close | (Monthly Closing) |
| April 2022 | 166.50 | 140.25 | 155.05 | 57,060.87 | 166.50 | 140.30 | 155.15 | 17,102.55 |
| May 2022 | 154.00 | 127.70 | 129.85 | 55,566.41 | 154.00 | 126.35 | 129.70 | 16,584.55 |
| June 2022 | 145.20 | 125.95 | 134.90 | 53,018.94 | 145.70 | 125.80 | 135.55 | 15,780.25 |
| July 2022 | 147.50 | 119.00 | 139.15 | 57,570.25 | 147.90 | 132.15 | 139.25 | 17,158.25 |
| August 2022 | 152.45 | 135.65 | 144.70 | 59,537.07 | 153.00 | 135.40 | 144.60 | 17,759.30 |
| September 2022 | 161.85 | 137.50 | 140.15 | 57,426.92 | 162.00 | 136.25 | 140.40 | 17,094.35 |
| October 2022 | 152.45 | 135.05 | 136.75 | 60,746.59 | 152.55 | 135.00 | 136.90 | 18,012.20 |
| November 2022 | 141.20 | 125.75 | 138.50 | 63,099.65 | 141.00 | 126.25 | 138.45 | 18,758.35 |
| December 2022 | 149.00 | 133.30 | 142.75 | 60,840.74 | 149.20 | 133.15 | 142.45 | 18,105.30 |
| January 2023 | 147.45 | 137.90 | 138.75 | 59,549.90 | 147.50 | 138.05 | 138.90 | 17,662.15 |
| February 2023 | 141.45 | 107.50 | 113.20 | 58,962.12 | 140.85 | 106.95 | 113.40 | 17,303.95 |
| March 2023 | 114.00 | 81.90 | 99.35 | 58,991.52 | 114.05 | 81.65 | 99.50 | 17,359.75 |

**Stock Performance**

The performance of the Company's shares relative to the BSE Sensex is given in the chart below:




The performance of the Company's shares relative to the NSE Nifty Index is given in the chart below:



**Share Transfer System, Dematerialisation of Shares and Liquidity**

As per Listing Regulations, Transfer / Transmission of Equity Shares of the Company can be made only in dematerialised form. As on 31 March 2023, the entire paid-up Equity Share Capital of the Company is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited and is also listed on BSE Limited and National Stock Exchange of India Limited.

**Distribution of Shareholding as on 31 March 2023**

| Category of Shares | Number of Shareholders# | % of Shareholders | Number of Shares held | % of Shareholding |
|---|---|---|---|---|
| 0 | 1* | 0.00 | 0 | 0.00 |
| 1 – 500 | 40,973 | 89.14 | 41,14,979 | 2.97 |
| 501 – 1000 | 2,521 | 5.48 | 19,84,950 | 1.43 |
| 1001 – 2000 | 1,184 | 2.58 | 18,08,421 | 1.31 |
| 2001 – 3000 | 425 | 0.92 | 10,92,019 | 0.79 |
| 3001 – 4000 | 215 | 0.47 | 7,66,440 | 0.55 |
| 4001 – 5000 | 161 | 0.35 | 7,56,491 | 0.55 |
| 5001 – 10000 | 223 | 0.49 | 16,08,787 | 1.16 |
| 10001 and above | 260 | 0.57 | 12,62,88,714 | 91.24 |
| **Total** | **45,963** | **100.00** | **13,84,20,801** | **100.00** |

* Belongs to promoter group
# Number of Shareholders are calculated on the basis of number of folios.

**Category wise Shareholding Pattern as on 31 March 2023**

| Category of Shareholder | Number of Shareholders | Number of Shares held | % of Shareholding |
|---|---|---|---|
| Promoter & Promoter Group# | 21** | 8,11,77,669 | 58.65 |
| Public | 43,390 | 5,39,97,364 | 39.01 |
| Shares held by Employee Trust | 1 | 32,45,768 | 2.34 |
| **Total** | **45,963** | **13,84,20,801** | **100.00** |

**Includes Promoter & Promoter Group plus the folios held by them
# Keva Investment Partners acquired 4,19,939 equity shares through the market on 29 March 2023 and 31 March 2023. These shares were in pool with the clearing members. As a result, the Benpos dated 31 March 2023, did not reflect the change in holding under the Promoter & Promoter Group category. After taking into consideration the said transaction, Keva Investment Partners' actual shareholding as on 31 March 2023, is 15,63,681 Equity Shares, representing 1.23% of the total paid up capital of the Company and the total shareholding of Promoter & Promoter Group is 8,15,97,608 equity shares representing 58.95% of the total paid up capital of the Company.

**Outstanding GDRs/ADRs/Warrants or Any Convertible Instruments, Conversion Date and likely impact on equity**

The Company has no outstanding GDRs/ADRs/Warrants/Convertible instruments as on 31 March 2023.

**Details of public funding obtained in the previous three years**

The Company has not obtained any public funding in the previous three years.

**Unclaimed Dividend**

Due date for Transfer of Unclaimed Dividend to the Investor Education and Protection Fund (IEPF)

| Financial Year | Type of Dividend | Date of Declaration | Due date for transfer to IEPF | Amount (₹) unclaimed as on March 31, 2023 |
|---|---|---|---|---|
| 2016-17 | Final | 10 August 2017 | 16 September 2024 | 65,626.75 |
| 2017-18 | Final | 09 August 2018 | 15 September 2025 | 56,595.00 |
| 2019-20 | Interim | 18 March 2020 | 24 April 2027 | 24,577.45 |
| 2020-21 | Interim | 11 November 2020 | 18 December 2027 | 47,220.00 |
| 2020-21 | Final | 19 August 2021 | 16 September 2028 | 55,883.00 |
| 2021-22 | Final | 10 August 2022 | 16 September 2029 | 30,140.25 |

**Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)**

Section 124 of the Act read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules") stipulates transfer of dividend that has remained unclaimed for a period of seven years, from the unpaid dividend account to IEPF. The Company has appointed a Nodal Officer under the provisions of the Rules, the details of which are available on the website of the Company. In view of the above, the Company transferred to IEPF an amount of ₹ 16,812/- being unpaid/unclaimed dividend for the FY 2015-16.

**Transfer of shares to Investor Education and Protection Fund**

Pursuant to the provisions of the Act, read with the Rules, the Company is required to transfer equity shares (including shares lying in the Unclaimed Suspense Account) in respect of which dividends have not been claimed for a period of seven consecutive years to IEPF. Accordingly, the Company transferred 197 shares to IEPF in May 2023. Details of these shares are available on the Company's website at https://keva.co.in/investor-updates/#92-200-iepf. Further, the shares in respect of which dividend will remain unclaimed progressively for seven consecutive years, will be reviewed for transfer to the IEPF as required by law. The Company will transfer the said shares, after sending an intimation of the proposed transfer in advance to the concerned shareholders, as well as publish a public notice in this regard. Names of such transferees will be available on the Company's website at https://keva.co.in/investor-updates/#92-200-iepf. Reminder letters are periodically sent by the Company to the concerned shareholders advising them to claim their dividends. Shareholders may note that both the unclaimed dividend and underlying shares transferred to IEPF including all benefits accruing on such shares, if any, can be claimed back from IEPF Authority by following the procedure prescribed in the Rules.

**Audit of Reconciliation of Share Capital**

As stipulated by SEBI, a Practicing Company Secretary carries out the Audit of Reconciliation of Share Capital on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. The report is submitted on the designated Stock Exchanges.

**Compliance with Secretarial Standards**

The Institute of Company Secretaries of India, a statutory body, has issued Secretarial Standards on Meeting of the Board of Directors and General Meetings. The Company has complied with all the applicable provisions of the Secretarial Standards.

**Address for Correspondence**

Shareholders may correspond with the Registrar and Transfer Agents of the Company for all matters relating to transfer/dematerialisation of shares, payment of dividends or any other query relating to Equity Shares of your Company at:

**Link Intime India Private Limited**
Address: C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai-400083
Tel. No.: +91 22 4918 6000
Fax No.: +91 22 4918 6060
Email: rnt.helpdesk@linkintime.co.in

The Company has also designated investors@keva.co.in as an exclusive e-mail ID for the Investors for the purpose of registering complaints and the same has been displayed on the Company's website.

Shareholders would have to correspond with their respective Depository Participants for transfer/transmission of shares, change of address, change in Bank details etc. for the shares held in demateralised form.

**For all investor related matters, the Compliance Officer can also be contacted at:**

**Rohit Saraogi**
EVP Group Chief Financial Officer and Company Secretary
S H Kelkar and Company Limited
Address: Lal Bahadur Shastri Marg, near Balrajeshwar Temple, Mulund (West), Mumbai - 400 080
Tel. No: +91 22 6606 7777
Fax No.: +91 22 6606 7726
Email: investors@keva.co.in

Your Company can also be visited at its website www.keva.co.in.

**Credit Rating**

Long term rating of the Company by CRISIL Ratings Limited, a credit rating agency, is as under:

| Particulars | Rating |
|---|---|
| Bank facilities of ₹187 Crore | CRISIL AA-/(Stable) |

**Other Disclosures**

**A. Related Party Transactions**

The Company has formulated a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions in line with the requirements of Section 177 (iv) and 188 of the Act read with Rules framed thereunder and the Listing Regulations. This Policy is available on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies.

All Related Party Transactions (RPTs) entered into by the Company during the year under review were on arms' length basis and in the ordinary course of business. As a practice of good corporate governance, Company for approval, places all the Related Party Transactions before the Audit Committee and the Board.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 is set out separately under the Financial Statements.

There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

**B. Vigil Mechanism**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. The employees are encouraged to raise any of their concerns by way of whistle blowing by conducting workshops at various units from time to time. The Whistle Blower Policy is available on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies. No personnel have been denied access to the Whistle Officer / CEO / Chairman of the Audit Committee.

**C. Subsidiary Companies**

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations and is available on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies. During the Financial Year 2022-23, the Company had 4 (four) material subsidiaries viz. Keva Fragrances Pvt. Ltd. ('KFG'), Keva Flavours Pvt. Ltd., Keva Fragrance Industries Pte. Ltd., Singapore and Creative Flavours & Fragrances SpA ('CFF'), Italy.

Of these 4 material subsidiaries, KFG and CFF fall within the criteria of Regulation 24 of Listing Regulations and accordingly, Mr. Mark Elliott, Non-Executive Independent Director of the Company acts as a Director on the board of CFF. Ms. Sangeeta Singh acts as an Independent Director on the Board of KFG. Pursuant to cessation of term of Ms. Sangeeta Singh in the Company, Ms. Neela Bhattacherjee has been appointed as an Independent Director on the Board of KFG.

The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies. The summary of minutes of board meetings of the subsidiary companies are circulated to the Board of the Company along with agenda papers and the minutes are tabled at the Board meeting. The management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted material subsidiary.

**Details of Material Subsidiaries:**

| Name of Material Subsidiary | Date and Place of Incorporation | Name of Statutory Auditor | Date of Appointment of Statutory Auditor |
|---|---|---|---|
| Keva Fragrances Pvt. Ltd. | 01 August 1978; Mumbai | Deloitte Haskins & Sells LLP | 10 August 2021 |
| Keva Flavours Pvt. Ltd. | 29 October 1980; Mumbai | M/s. Batliboi & Purohit | 08 August 2019 |
| Keva Fragrance Industries Pte. Ltd. | 22 February 2006; Singapore | ValAcc Assurance | 07 May 2015 |
| Creative Flavours & Fragrances SpA | 29 July 1998; Milan | BDO Italia Spa | 16 December 2021 |

**D. Policy on Dividend Distribution**

Your Company has adopted a policy on Dividend Distribution formulated in accordance with the Regulation 43A of the Listing Regulations, and the same can be accessed on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies.

**E. Fees paid to Statutory Auditors**

During the year under review, a total fee of ₹0.72 crores was paid by the Company and its subsidiary, on a consolidated basis, for all services to Deloitte Haskins and Sells LLP, Statutory Auditors and all entities in the network firm / network entity of which they are part.

**F. Code of Conduct to regulate, monitor and report trading by Insiders**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has adopted a Code of Conduct to regulate, monitor and report trading by Insiders ("Code"). Your Company has amended the Code in line with the recent amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to restrict an insider from dealing in the shares of the Company either directly or indirectly when in possession of unpublished price sensitive information (UPSI). The Company maintains structured digital database for insiders. The Code enumerates the procedure to be followed for dealing in the shares of the Company and periodic disclosures to be made. It also restricts the insiders from dealing in the Company's shares during the period when the 'Trading Window' is announced closed. The Company Secretary has been designated as the Compliance Officer.

**G. Code of Corporate Disclosure Practices**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015, in order to restrict communication of UPSI, the Company has adopted Code of Corporate Disclosure Practices for disclosure of information about the Company to the public including fair disclosure of Unpublished Price Sensitive Information is available on the website of the Company at https://keva.co.in/investor-updates/#92-178-policies.

**H. Disclosure of Accounting Treatment**

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) and provisions of the Act and comply in material aspects with the Ind AS, as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, and notified under Section 133 and other provisions of the Act.

**I. Compliance Reports**

The Company has in place a comprehensive and robust legal compliance management online tool which is devised to ensure compliance with all applicable laws which impact the Company's business. The tool is intended to provide an assurance to the Board on legal compliances as ensured by the Company. The Board has reviewed the compliance reports from all functions pertaining to the respective laws applicable to them at its meetings on quarterly basis.

**J. Compliance with Mandatory Requirements**

Your Company has complied with all the mandatory requirements relating to Corporate Governance under the Listing Regulations as well as the Corporate Governance Requirements specified in Regulation 17 to 27 to the extent applicable and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, except as the one mentioned in the Secretarial Audit Report. No penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**K. Compliance with Non-mandatory Requirements**

The non-mandatory requirements under the Listing Regulations as adopted by the Company are as under:

- There is no audit qualification in the Company's financial statements for the year ended 31 March 2023. Your Company continues to adopt best practices to ensure regime of unqualified financial statements.
- The Internal Auditor of the Company reports to the Audit Committee and participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.

**L. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Please refer Director's Report for details.

**M. Certificate from a company secretary in practice that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies**

A certificate has been received from M/s. Mehta & Mehta, Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**N. Disclosure of commodity price risks and commodity hedging activities**
Details of the same are mentioned in the Notes to Accounts in the Annual Report.

**O. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)** - Not Applicable

**P. Non-Compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of the Listing Regulations**

There are no non-compliances of any requirements of Corporate Governance Report of sub-paras (2) to (10) mentioned in schedule V of the Listing Regulations.

**Q. Disclosure of Loans and Advances in the nature of loans by listed entity and its subsidiaries to firms/companies in which directors are interested**

(Amount in Crores)

| Nature of Loans advanced by the Company / Subsidiary | Name of the Company extending loan | Name of the Group Company to whom the loan is extended | Name of Interested Director | Amount |
|---|---|---|---|---|
| Inter Corporate Deposit | S H Kelkar and Company Limited | Keva Ventures Private Limited | Mr. Ramesh Vaze<br>Mr. Kedar Vaze<br>Mrs. Prabha Vaze | INR 9.91 |
| | Keva Fragrances Private Limited | S H Kelkar and Company Limited | | INR 74.65 |
| | Keva Ventures Private Limited | Amikeva Private Limited | | INR 0.92 |
| | Keva Fragrance Industries Pte Ltd | PT SHKKEVA Indonesia | Mr. Ramesh Vaze | USD 0.25 |
| | Keva Fragrance Industries Pte Ltd | Keva Europe BV | Mr. Kedar Vaze | Euro 0.27 |

**R. The Company does not have any shares in the demat suspense account or unclaimed suspense account.**

For and on behalf of the Board of Directors of
**S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Place: Mumbai
Date: 30 May 2023

**Ramesh Vaze**
Director & Chairman of Board
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325





## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To the Shareholders of
S H Kelkar and Company Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the directors and senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31 March 2023.

Date: 30 May 2023
Place: Mumbai

**Kedar Vaze**
Director & Group Chief Executive Officer

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

(Pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosures) Requirements Regulations, 2015)

**To the Board of Directors of**

**S H Kelkar and Company Limited**

Dear Sir/Madam,

**Sub: CEO / CFO Certificate**

We, the undersigned, in our respective capacities as Wholetime Director & Group CEO and EVP & Group CFO of S H Kelkar and Company Limited ("the Company"), to the best of our knowledge and belief certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2023 and that to the best of our knowledge and belief we state that:

   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated, based in our most recent evaluation, wherever applicable, to the auditors and the Audit committee

   a) significant changes in internal control over financial reporting during the year;

   b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours faithfully,

Place: Mumbai
Date: 30 May 2023

**Rohit Saraogi**
EVP Group CFO & Company Secretary

**Kedar Vaze**
Director & Group Chief Executive Officer

## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE MEMBERS OF
**S H KELKAR AND COMPANY LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter reference no. MP/EL/2022-23/10A dated October 06, 2022.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of S H Kelkar and Company Limited("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Qualified Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2023, except under Regulation 21(3C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, where a period of one hundred and eighty days had elapsed between the two consecutive meetings of the Risk Management Committee.

9. We state that such compliance/ non-compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Mehul Parekh**
(Partner)
(Membership No. 121513)
UDIN: 23121513BGYAAB5590

Place: Mumbai
Date: May 30, 2023





# Business Responsibility and Sustainability Report

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

| | | |
|---|---|---|
| 1. | Corporate Identity Number (CIN) of the Listed Entity | L74999MH1955PLC009593 |
| 2. | Name of the Listed Entity | S H Kelkar and Company Limited |
| 3. | Year of Incorporation | 01/07/1955 |
| 4. | Registered office address | Devkaran Mansion, 36 Mangaldas Road, Mumbai -400002 |
| 5. | Corporate address | S H Kelkar and Company Limited, LBS Marg, Mulund (West), Mumbai - 400080 |
| 6. | Email | investors@keva.co.in |
| 7. | Telephone | + 91 22 6606 7777 |
| 8. | Website | www.keva.co.in |
| 9. | Financial year for which reporting is being done | 2022-23 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE, NSE |
| 11. | Paid-up Capital | ₹ 138.42 crores |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Rohit Saraogi<br>Group CFO, Company Secretary and Compliance Officer<br>+ 91 22 6606 7777; investors@keva.co.in |
| 13. | Reporting boundary<br>Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone basis.<br>The Report covers S H Kelkar and Company Limited's (SHK) facilities and offices present in India.<br>The reporting timeline for this Report is 1st April 2022 to 31st March 2023. |

### II. Products/services

**14. Details of business activities (accounting for 90% of the turnover):**

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the Entity (FY 2022-23) |
|---|---|---|---|
| 1. | Fragrances and Flavours | Manufacturing, supplying, and exporting of fragrances, aroma ingredients and natural ingredients | 100% |

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

| S. No. | Product/Service | NIC Code | % of Total Turnover Contributed |
|---|---|---|---|
| 1. | Fragrances, Aroma Ingredients and Flavours | 20119 | 98.71% |

### III. Operations

**16. Number of locations where plants and/or operations/offices of the entity are situated:**

| Location | Number of plants | Number of offices | Total |
|---|---|---|---|
| National | 1 | 4 | 5 |
| International | - | - | - |

Note: International Operations are done through Subsidiaries and the International Offices are owned by the respective Subsidiaries.

**17. Markets served by the entity:**

The Company's products and services have a national and international presence, and several products are exported through its Subsidiaries.

**a. Number of locations**

| Locations | Number |
|---|---|
| National (No. of States) | 28 |
| International (No. of Countries) | 11 |

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

3.30%

**c. A brief on types of customers**

S H Kelkar and Company Limited (SHK/Company) is the largest Indian-origin Fragrance & Flavour Company in India. It has a long-standing reputation in the fragrance industry and has been developed with more than 90 years of experience. Its fragrance products and ingredients are used as a raw material in personal wash, fabric care, skin and hair care, fine fragrances and household products. Its flavour products are used as a raw material by producers of baked goods, dairy products, beverages and pharmaceutical products. The Company has a diverse and large client base including leading national and multinational FMCG companies, blenders of fragrances & flavours and its producers.

## IV. Employees

**18. Details as at the end of Financial Year:**

**a. Employees and workers (including differently abled):**

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| | **Employees** | | | | | |
| 1. | Permanent (D) | 387 | 279 | 72.09% | 108 | 27.91% |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| **3.** | **Total employees (D + E)** | **387** | **279** | **72.09%** | **108** | **27.91%** |
| | **Workers** | | | | | |
| 4 | Permanent (F) | 170 | 170 | 100% | 0 | 0 |
| 5. | Other than Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| **6.** | **Total workers (F + G)** | **170** | **170** | **100%** | **0** | **0%** |

**b. Differently abled Employees and workers:**

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| | **DIFFERENTLY ABLED EMPLOYEES** | | | | | |
| 1. | Permanent (D) | 2 | 2 | 100% | 0 | 0 |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | **Total differently abled employees (D + E)** | **2** | **2** | **100%** | **0** | **0%** |
| | **DIFFERENTLY ABLED WORKERS** | | | | | |
| 4. | Permanent (D) | 0 | 0 | 0% | 0 | 0% |
| 5. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 6. | **Total workers (D + E)** | **0** | **0** | **0%** | **0** | **0%** |

**19. Participation/Inclusion/Representation of women**

| Category | Total | No. and percentage of Females | |
|---|---|---|---|
| | (A) | No. (B) | % (B / A) |
| Board of Directors | 8 | 2 | 25% |
| Key Management Personnel (KMP) | 2 | 0 | 0% |

**20. Turnover rate for permanent employees and workers**

| | FY 2022-23 | | | FY 2021-22 | | | FY 2020-21 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 12% | 30% | **17%** | 5% | 13% | **7%** | 7% | 10% | **8%** |
| Permanent Workers | 1% | NA | **1%** | 3% | NA | **3%** | 1% | NA | **1%** |

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

**21. (a) Names of holding / subsidiary / associate companies / joint ventures**

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---|---|---|---|---|
| 1 | Keva Fragrances Pvt. Ltd. | Subsidiary | 100% | No |
| 2 | Keva Flavours Pvt. Ltd. | Subsidiary | 99% | No |
| 3 | Keva Ventures Pvt. Ltd. | Subsidiary | 100% | No |
| 4 | Creative Flavours & Fragrances S.p.A | Subsidiary of step-down subsidiary | 17% | No |
| 5 | Keva Europe BV | Subsidiary | 100% | No |
| 6 | Keva Fragrance Industries Pte. Ltd | Subsidiary | 100% | No |
| 7 | NuTaste Food and Drink Labs Pvt. Ltd | Step down subsidiary | 86.96% | No |
| 8 | Amikeva Pvt. Ltd | Step down subsidiary | 70.48% | No |
| 9 | PT SHKKEVA Indonesia | Step down subsidiary | 99.75% | No |
| 10 | Anhui Ruibang Aroma Company Ltd | Step down subsidiary | 90% | No |
| 11 | Keva UK Ltd | Step down subsidiary | 100% | No |
| 12 | Keva Italy Srl | Step down subsidiary | 100% | No |
| 13 | Provier Beheer BV | Step down subsidiary | 81% | No |
| 14 | Holland Aromatics BV | Subsidiary of step-down subsidiary | 81% | No |

## VI. CSR Details

**22.** (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Turnover (in ₹.) - ₹ 806.89 Crores

(iii) Net worth (in ₹.) – ₹ 601.28 Crores

## VII. Transparency and Disclosures Compliances

**23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|---|
| | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities | Yes | 0 | 0 | NA | 0 | 0 | NA |
| Investors (other than shareholders) | Yes | 0 | 0 | NA | 0 | 0 | NA |
| Shareholders | Yes | 0 | 0 | NA | 0 | 0 | NA |
| Employees and workers | Yes | 0 | 0 | NA | 0 | 0 | NA |
| Customers | Yes | 151 | 1 | The pending complaint has been closed as on the date of the report. | 127 | 0 | NA |
| Value Chain Partners | Yes | 0 | 0 | NA | 0 | 0 | NA |
| Other (please specify) | Yes | 0 | 0 | NA | 0 | 0 | NA |

Note: Complaints listed under Customers represent Vendors. SHK is a Business-to-Business Company.

Link for Grievance Redressal Policy: https://keva.co.in/investor-updates/#92-178-policies

**24. Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

| S. No | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 1 | GHG Emissions | Risk | Given that SHK manufactures fragrances, the processes consumes electricity and other fuels, thereby resulting in GHG emissions.<br>With strict regulations on GHG emissions emerging every year, there maybe be a direct impact on the Company. | To mitigate these risks, SHK has implemented a Solar Energy project at their manufacturing plants.<br>This has reduced the $CO_2$ emissions as compared to the use of conventional energy sources.<br>SHK has replaced the fuel source for the boiler at the manufacturing unit in Vashivali.<br>SHK has installed a briquette boiler which is fitted with a dust collector.<br>This has eliminated particulate discharge and reduced the overall $CO_2$ emissions as compared to traditional boilers. | **Positive:**<br>• Reduction of GHG emissions<br>• Increased trust and credibility from stakeholders<br>**Negative:**<br>• Taxes on fossil fuels |
| 2 | Energy Management | Risk | The manufacturing processes of SHK consumes electricity and fuel.<br>There may be risks due to high energy consumption.<br>This can result in increased costs, regulatory non-compliance, and reputational damage. | SHK has taken steps to reduce power consumption at Vashivali factory by setting up a 360kWh Solar PV power plant.<br>This project will produce 6,20,500kWh of energy annually, and has helped reduce costs. This project has helped reduce 30% of our electric power requirement. | **Negative:**<br>• Increased costs on higher energy consumption<br>**Positive:**<br>• Increased trust and credibility from stakeholders<br>• Effective energy management can lead to significant cost savings |
| 3 | Water & Wastewater Management | Risk | SHK's manufacturing processes consume water and produce wastewater.<br>Risks may arise due to poor water management, leading to increased water consumption and increased costs.<br>Risks from ineffective Wastewater treatment include wastewater contamination of surrounding areas and degradation of the environment and water quality. | SHK has installed a rainwater harvesting plant at its Vashivali plant, to collect rainwater from all the buildings on site. This has helped harvest close to 5,000-5,500 kilo liters of water year-on-year.<br>As a result of the implementation of a Multi-effect Evaporator (MEE) and Reverse Osmosis (RO) facility, the Company's Vashivali facility has Zero Liquid Discharge. | **Negative:**<br>• Increased costs due to higher water consumption<br>**Positive:**<br>• Effective management of water thereby reducing the overall water consumption<br>• Reduction in costs from better water management<br>• Effective treatment of wastewater reducing the impact on the environment and surroundings. |

| S. No | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 4 | Human Rights & Community Relations | Opportunity | Human Rights and Community relations is an opportunity for SHK to enhance its brand reputation, build trust, and gain internal employees', and external community's support.<br>Healthier and simplified Human Rights procedures and policies will help create a positive environment to work.<br>Engaging with local communities through philanthropic initiatives, volunteerism, and environmental stewardship can demonstrate SHK's commitment to social responsibility and sustainability. | SHK has a Human Rights Policy and has laid down steps and processes to help employees in all stages of the employee life-cycle. Necessary trainings and employee engagement activities are conducted throughout the year.<br>SHK has taken up many initiatives in CSR for the local communities.<br>In collaboration with Sukruta Rural Empowerment Foundation, SHK helps accomplish Foundation's initiative of employing and educating women affected by drought; to pluck and dry Neem seeds that are further cold pressed to manufacture Neem oil.<br>In an attempt to make education accessible for all, SHK has established the Kelkar Education Trust in 1979. Through this Trust, SHK has setup Shri Vaze College of Arts, Commerce and Science in Mumbai.<br>SHK also partners and contributes for upgradation of sanitation facilities and educational infrastructure. | **Positive:**<br>• Community relations will enhance a Company's reputation, attracting customers and investors, and improving brand loyalty, leading to increased revenue and market share.<br>• Human Rights processes can help gain the trust of Employees and Workers. |
| 5 | Workforce Health & Safety | Risk | As SHK's manufacturing processes involve handling of chemicals there may be a risk to worker health and safety, if not handled properly. | SHK conducts training for all its employees on Health and Safety. The Code of Conduct also emphasizes on the Health and Safety measures for all the employees and workmen.<br>SHK also has a dedicated EHS policy that is committed towards occupational health, safety and environment protection. | **Negative:**<br>• Risks related to employee well-being<br>**Positive:**<br>• Increased awareness and training on Health and Safety aspects will have a positive impact by reducing the overall number of safety related incidents. |

| S. No | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---|---|---|---|---|---|
| 6 | Supply Chain Management | Risk | As SHK is reliant on many raw materials from different suppliers, Risks may arise due to supply chain disruption, moderate supplier performance and sustainability practices of suppliers, and geo-political challenges. | SHK has a dedicated Policy towards Sustainable Supply Chain and Responsible Sourcing Policy.<br>All aspects of Environmental, Social and Governance (ESG) shall be complied by suppliers.<br>SHK assesses its suppliers' manufacturing to ensure all aspects of quality and timely delivery of products are maintained.<br>Alternate Supply of Raw Materials, supported by Innovation, Backward Integration and Operational Efficiency. | **Negative:**<br>• Delays in production due to substandard supply chain management.<br>**Positive:**<br>• Increased awareness and compliance from suppliers will help towards creating a Sustainable Supply Chain. This will help reduce delays from suppliers, increased quality of products and better management of ESG issues in the supply chain. |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| **Policy and management processes** | | | | | | | | | |
| **1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)** | | | | | Yes | | | | |
| **b. Has the policy been approved by the Board? (Yes/No)** | | | | | Yes | | | | |
| **c. Web Link of the Policies, if available** | | | | | Link | | | | |
| **2. Whether the entity has translated the policy into procedures. (Yes / No)** | | | | | Yes | | | | |
| **3. Do the enlisted policies extend to your value chain partners? (Yes/No)** | | | | | Yes | | | | |
| **4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.** | | | | | | | | | |
| Principle 1 | ISO 9001 | | | | | | | | |
| Principal 2 | SEDEX Verified | | | | | | | | |
| Principle 3 | ISO 45000 | | | | | | | | |
| Principle 4 | NA | | | | | | | | |
| Principle 5 | NA | | | | | | | | |
| Principle 6 | ISO 14000, ISO 45000, HALAL certification | | | | | | | | |

| Disclosure Questions | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Principle 7 | NA | | | | | | | | |
| | Principle 8 | NA | | | | | | | | |
| | Principle 9 | NA | | | | | | | | |
| 5. | **Specific commitments, goals and targets set by the entity with defined timelines, if any.** | Sustainability and Environmental protection is a priority for SHK. The Company is committed to a roadmap, of which Phase 1 entails measuring our Scope 1 and Scope 2 emissions, waste management, and resource allocation at Company's sites in India. Phase 2 will feature the same aspects of Net Zero implementation as Phase 1. Measurement of our Scope 3 emissions, the setting of milestones, and target monitoring are all part of Phase 3. The Company anticipates meeting these commitments, aims, and goals by 2026. | | | | | | | | |
| 6. | **Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.** | SHK has taken active steps in implementation of the commitments set. For 2022-2023 we have measured our overall Scope 1 and Scope 2 emissions. | | | | | | | | |
| | **Governance, leadership, and oversight** | | | | | | | | | |
| 7. | **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure):** | | | | | | | | | |

To improve the standard of living in the communities it serves, the Company is dedicated to incorporating environmental, social, and governance (ESG) principles into its operations. By strengthening the health, safety, and environmental implications of products throughout their lifecycles, it abides by the principles of product stewardship. We are conscious that our actions have an impact on local communities, ecologies, and geographies. We behave in a manner that befits a responsible corporate citizen. Our products are designed to be of the highest quality and we assume active responsibility in ensuring all safety and regulatory standards. The effects on the environment include topics such as waste management, nature & biodiversity, and resources (energy & water). We have pledged to reduce its emissions. Company has adopted policies for biodiversity, health, safety, governance and environment. The Company is dedicated to using ethical business practices that are good for the community, the workforce, and human capital. It offers workers and employees with good, safe and healthy working conditions.

| | | |
|---|---|---|
| 8. | **Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies** | The Chief Executive Officer (CEO) is the highest authority responsible for implementation and oversight of the Business Responsibility policies, alongwith the recommendations of Board and Committees. Head of EHS/Head of HR are also responsible and assist for implementation. |
| 9. | **Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.** | Yes, The CEO who is also a member of the Board of the Company is responsible for decision making on sustainability related issues. |





**10. Details of Review of NGRBCs by the Company:**

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee | | | | | | | | | Frequency (Annually/Half yearly/ Quarterly/ Any other– please specify) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Performance against above mentioned policies and follow up action is reviewed by the Board of Directors. The frequency of these reviews is as and when required or whenever an update is required due to change in applicable laws. | | | | | | | | | | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | No non-compliances have been observed during the reporting period. | | | | | | | | | | | | | | | | | |

| **11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.** | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| | Internal auditors review the policies on a periodic basis and evaluate working of the same and assess the adequacy and effectiveness in terms of best practices followed by other organizations of repute. SHK has taken up audits of from IMS, SEDEX on Sustainable parameters. External safety audit (DISH) was also conducted for its manufacturing location at Vashivali. | | | | | | | | |

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

Not Applicable

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable**

**Essential Indicators**

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|---|---|---|
| **Board of Directors** | 7 | The Board of Directors of the Company (including its Committees) have during the year, spent time training on range of topics related to business, regulations, the economy, and environmental, social, and governance aspects. | 100% |
| **KMP** | 1 | • Code of conduct<br>• Prevention of Sexual Harassment<br>• Anti-Bribery and Anti-Corruption | 100% |

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|---|---|---|
| **Employees other than BoD and KMPs** | **16** | • Code of conduct<br>• Anti-Bribery and Anti-Corruption<br>• Health & Safety<br>• Prevention of Insider Trading<br>• Prevention of Sexual Harassment<br>• Values-based capability building programme<br>• Employee Well being | 100% |
| **Workers** | **13** | • Health and Safety<br>• HR Training<br>• Code of Conduct<br>• Anti-Bribery and Anti-Corruption | 100% |

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

| Monetary | | | | | |
|---|---|---|---|---|---|
| | NGRBC Principle | Name of the regulatory/ Enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/ Fine | | | | | |
| Settlement | | | Nil | | |
| Compounding fee | | | | | |

| Non-Monetary | | | | |
|---|---|---|---|---|
| | NGRBC Principle | Name of the regulatory/ Enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Imprisonment | | Nil | | |
| Punishment | | | | |

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

   Not Applicable.

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   SHK has developed an Anti-Corruption Compliance Policy. The Policy applies to directors, officers, employees at all levels, as well as to the agents, representatives, and other associated persons. The Policy defines responsibilities of the management, employees and detailed processes for managing any issues of corruption. Link





5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

| Category | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Directors | 0 | 0 |
| KMPs | 0 | 0 |
| Employees | 0 | 0 |
| Workers | 0 | 0 |

6. **Details of complaints with regard to conflict of interest:**

| | FY 2022-23 | | FY 2021-22 | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 | NA | 0 | NA |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | 0 | NA | 0 | NA |

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

   Not Applicable

### Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

   SHK conducts sessions for agents to update them on products and help them resolve their queries, if any. SHK provides training to farmers with regards to cultivation of crops for essential oils. SHK has an internal audit team for vendor assessment. They assess vendors' manufacturing units for various categories and guide them for mitigating the findings.

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.**

   Yes, SHK has a Policy for Management of Conflict of Interest involving Promoters, Directors, Key Managerial Personnel and Senior Leadership Team. The Policy acts as a guide to determine Conflict of Interest and outlines the process to deal with the same. Link

## Principle 2: Businesses should provide goods and services in a manner that is Sustainable and Safe

### Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

   SHK has made various investments in technologies to improve the environmental and social performance, they include:

| | Current Financial Year | Previous Financial Year | Details of improvements in environmental and social impacts |
|---|---|---|---|
| **R&D** | **15.3%** | 4.3% | R&D investments are mainly focused to minimize environmental impact and optimize use of resources through efficient management. The Company invests towards enhancing its research capabilities for development of new molecules with better biodegradability profile. |
| **Capex** | **6.5%** | 0.7% | The capex investments are mainly focused towards conservation of energy and resources through installation of energy efficient systems, investments in low-carbon technologies and equipments; employee health & safety; and improvement in production processes. |

2. **Does the entity have procedures in place for sustainable sourcing? (Yes/No) b. If yes, what percentage of inputs were sourced sustainably?**

Yes. The Company officials engage with the farmers across the country to encourage cultivation of aromatic oils. The Company offers aromatic plants for cultivation to such farmers with a guarantee of buy back for oils from them thereby contributing to sustainable sourcing.

The Company has adopted a Policy towards Sustainable Supply Chain and Responsible Sourcing which identifies different standards and processes of Sustainability that should be adopted by all Suppliers.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

Processes to safely manage and handle waste material include:

There are no process to reclaim Plastic waste or E-waste.

**Non-Hazardous Waste**
Non-hazardous waste generated through cartons, etc., are recycled through authorized vendors.

**Hazardous Waste**
Discarded Drums/Barrels are recycled through authorized vendors.

**Other Wastes – Food waste**
Canteen and garden waste at the Vashivali plant are treated in a Food Machine. The food machine converts the waste into manure within 24 hours which processes upto 75 kgs of waste per day thereby converting it into 7.5kgs of manure. This manure is used to nourish the plants within the factory premises.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes. SHK is in the process of making an application for Extended Producer Responsibility (EPR) before the respective Pollution Control Board.

**Leadership Indicators**

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

SHK has not conducted any Life Cycle Perspective / Assessments (LCA) for any of its products.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not Applicable.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

At present SHK does not use any recycled or reused input material in its production process.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.**

| | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | 0 | 0 | 0 | 0 | 0 | 0 |
| E-waste | 0 | 0 | 0 | 0 | 0 | 0 |
| Hazardous waste | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Waste | 0 | 0 | 0 | 0 | 0 | 0 |

There are no reclaimed products neither any packaging is collected at the end of life of products.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

At present, SHK does not use any reclaimed products or packaging materials for any of its products.

## Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

1. **a. Details of measures for the well-being of employees:**

| Category | % of employees covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care Facilities | |
| | | Number (B) | % (B/ A) | Number (C) | % (C/ A) | Number (D) | % (D/ A) | Number (E) | % (E/ A) | Number (F) | % (F/ A) |
| **Permanent employees** | | | | | | | | | | | |
| Male | 279 | 279 | 100% | 279 | 100% | NA | NA | 279 | 100% | 279 | 100% |
| Female | 108 | 108 | 100% | 108 | 100% | 108 | 100% | NA | NA | 108 | 100% |
| **Total** | **387** | **387** | **100%** | **387** | **100%** | **108** | **27.91%** | **279** | **72.09%** | **387** | **100%** |
| **Other than Permanent employees** | | | | | | | | | | | |
| Male | NA | | | | | | | | | | |
| Female | | | | | | | | | | | |
| **Total** | | | | | | | | | | | |

**b. Details of measures for the well-being of workers:**

| Category | % of Workers covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health Insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care Facilities | |
| | | Number (B) | % (B/ A) | Number (C) | % (C/ A) | Number (D) | % (D/ A) | Number (E) | % (E/ A) | Number (F) | % (F/ A) |
| **Permanent workers** | | | | | | | | | | | |
| Male | 170 | 170 | 100% | 170 | 100% | NA | NA | 170 | 100% | 170 | 100% |
| Female | 0 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| **Total** | **170** | **170** | **100%** | **170** | **100%** | **NA** | **NA** | **170** | **100%** | **170** | **100%** |
| **Other than Permanent workers** | | | | | | | | | | | |
| Male | NA | | | | | | | | | | |
| Female | | | | | | | | | | | |
| **Total** | | | | | | | | | | | |

2. **Details of retirement benefits, for Current FY and Previous Financial Year.**

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity | 100% | 100% | Y | 100% | 100% | Y |
| ESI | 100% | 100% | Y | 100% | 100% | Y |
| Others | - | - | - | - | - | - |

3. **Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**
Yes, all offices are accessible to differently abled employees.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**
Yes, the Company has a strong commitment to providing equal opportunities of employment and non-discrimination in all processes including, but not limited to, recruiting, hiring, promotion and termination. A dedicated Equal Opportunity Policy is available. Link

5. **Return to work and Retention rates of permanent employees and workers that took parental leave:**

| Gender | Permanent employees | | Permanent Workers | |
|---|---|---|---|---|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | 100% | - | 100% | - |
| Female | 100% | - | - | - |
| **Total** | **100%** | **-** | **100%** | **-** |

Note: There are no employees or workers who availed maternity/parental leave in FY-2021-22

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

| | |
|---|---|
| **Permanent Workers** | Yes, the Company has formalized a Grievance Redressal Policy that forms a transparent and fair redressal system. This Policy acts as a mechanism and is accessible to all employees and workers. The Policy clearly lays out the process to be followed by an employee/worker to raise a grievance. More details can be found in this Link. |
| **Other than Permanent Worker** | |
| **Permanent Employees** | |
| **Other than Permanent Employees** | |





7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| **Total Permanent Employees** | **387** | **0** | **0%** | **372** | **0** | **0%** |
| Male | 279 | 0 | 0% | 267 | 0 | 0% |
| Female | 108 | 0 | 0% | 105 | 0 | 0% |
| **Total Permanent Workers** | **170** | **170** | **100%** | **174** | **174** | **100%** |
| Male | 170 | 170 | 100% | 174 | 174 | 100% |
| Female | 0 | 0 | 0% | 0 | 0 | 0% |

8. **Details of training given to employees and workers:**

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health and Safety Measures | | On Skill Upgradation | | Total (D) | On Health and Safety Measures | | On Skill Upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| | | | | | | **Employees** | | | | |
| Male | 279 | 279 | 100% | 279 | 100% | 267 | 267 | 100% | 267 | 100% |
| Female | 108 | 108 | 100% | 108 | 100% | 105 | 105 | 100% | 105 | 100% |
| **Total** | **387** | **387** | **100%** | **387** | **100%** | **372** | **372** | **100%** | **372** | **100%** |
| | | | | | | **Workers** | | | | |
| Male | 170 | 170 | 100% | 83 | 48.82% | 174 | 174 | 100% | 73 | 41.95% |
| Female | 0 | 0 | 0% | 0 | 0% | 0 | 0 | 0% | 0 | 0% |
| **Total** | **170** | **170** | **100%** | **83** | **48.82%** | **174** | **174** | **100%** | **73** | **41.95%** |

Note: The Company provides regular trainings on health and safety and skill upgradation to all its employees and workers. The above data is based on the trainings scheduled for all employees and workers. The Company will implement a mechanism to track the trainings and attendance for all trainings in the next reporting year.

9. **Details of performance and career development reviews of employees and worker:**

| Category | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| | | | **Employees** | | | |
| Male | 279 | 279 | 100% | 267 | 267 | 100% |
| Female | 108 | 108 | 100% | 105 | 105 | 100% |
| **Total** | **387** | **387** | **100%** | **372** | **372** | **100%** |
| | | | **Workers** | | | |
| Male | 170 | 170 | 100% | 174 | 174 | 100% |
| Female | 0 | 0 | 0% | 0 | 0 | 0% |
| **Total** | **170** | **170** | **100%** | **174** | **174** | **100%** |

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?**

Yes. The Company is strongly committed to ensuring workplace safety and maintaining a healthy environment for all employees. In line with this, the Company has formalized an Environment, Health and Safety Policy that is applicable to all its employees. This policy is a clear demonstration of the management's commitment to our employee's health and safety. It outlines the responsibilities of the employer and employee to ensure occupational health and safety and provides details on preventive measures. The policy covers commitment to Environment, Health and Safety; imparting proper training; continuously improving Company's operations; and conducting proactive risk assessment.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Hazards and risks to workers' safety and health are identified and assessed on an ongoing basis. Preventive and protective measures have been implemented in the following order of priority:

1. Eliminate the hazard/risk.
2. Control the hazard/risk at source, through the use of engineering controls or organizational measures.
3. Minimize the hazard/risk by designing safe work systems, which include administrative control measures; and where residual hazards/risks cannot be controlled by collective measures. Management has also provided appropriate personal protective equipment (including clothing) and has implemented measures to ensure its use and maintenance.

These Risks are reviewed on a regular basis by the Company. The Company ensures that the best practices in Health and Safety are adopted. The manufacturing unit has taken up commitments to have 20% reduction in first aid cases and increase in reporting of any near misses.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, The Company has processes for its employees and workers to identify and report on work-related hazards and the subsequent steps to mitigate them. In addition, the Company trains all its employees and workers with occupational health and safety modules. These training modules cover aspects of the methodology to identify work-related hazards, analyse the risks associated with it and take subsequent steps to mitigate them.

During the safety and emergency evacuation drills, employees are trained in dealing with emergency situations and demonstrations are given to equip the employees with right procedure of reporting work-related hazards and the steps to remove themselves from such situations.

d. **Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Yes, All employees and workers have access to non-occupational medical and healthcare services. At the manufacturing unit there is a dedicated first aid room to treat any minor injuries.

11. **Details of safety related incidents, in the following format:**

| Safety Incident/Number | Category | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees & Workers | 0 | 0 |
| Total recordable work-related injuries | | | |
| No. of fatalities | | | |
| High consequence work-related injury or ill-health (excluding fatalities) | | | |

12. **Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Measures taken by the Company to ensure a safe and healthy workplace are:

- Regular health and safety trainings to tackle any potential hazards
- Periodic medical check-ups for employees





13. **Number of complaints on the following made by employees and workers:**

| | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | NA | 0 | 0 | NA |
| Health and Safety | 0 | 0 | NA | 0 | 0 | NA |

14. **Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Health and safety practices | 100%<br>(By Safety/IMS Audits, Hazards spotting by the Safety committee , Mock Drills, DISH Audit, Legal Compliance Inspections, Monitoring Measuring and Calibration of Equipment). |
| Working Conditions | 100%<br>(By Safety/IMS Audits, Legal Compliance Inspections, Monitoring Measuring and Calibration of working areas) |

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

There are no Heath and Safety related findings from any of the above audits conducted. Hence, there is no corrective action taken or needed.

**Leadership Indicators**

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Employees – Yes
Workers – Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company requires its value chain partners to abide by the principles of the Company's Supplier Code of Conduct and implement responsible business conduct principles in its operating practices.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

| | Total no. of affected employees/workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|---|---|---|---|---|
| | FY 2022-23 | FY 2021-22 | FY 2022-23 | FY 2021-22 |
| Employees | 0 | 0 | 0 | 0 |
| Workers | 0 | 0 | 0 | 0 |

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, the Company ensures to provide transition assistance programs to facilitate continued employability to few of its employees who retire.

**5. Details on assessment of value chain partners:**

SHK has its own Internal Audit Team for Vendor Assessment. This team covers various categories during their audit including Premise and Facilities, Material storage, Contingency management plan; Operations, Workspace arrangement, maintenance, calibration, carryover and rework; Quality, Environment, OH&S under ISO, certifications; Quality control, assurance and improvement, contaminants control; Packaging, labelling, shipping, personnel, training, ESG, etc. The Company also ensures to assess whether the agricultural activities conducted by the farmers are in line with the assistance and training techniques provided to them for manufacture of essential oils and related products.

**6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Based on the assessment done by the Company's Internal Audit team, an Opportunity report is issued based on the findings. The report mentions ways to address the risks and opportunities associated with any risk/concern. Regular checks are conducted by the team to check whether the risks/concerns highlighted are addressed as per the mutually agreed timelines.

As per the Assessment of the Value chain partners, the team comes up with the audit score and reports them internally.

## Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

The Company has mapped its internal and external stakeholders. This includes Employees, Customers, Investors, Government and regulatory authorities, Local community, Shareholders, and Suppliers.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:**

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/ No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Government and Regulatory Authorities | No | • Industry Bodies/Forums<br>• Corporate Presentations/ Reports<br>• Written/Email Communication<br>• One-to-One Meetings | As per applicable rules and laws | **Purpose and scope of engagement**<br>a. Regulatory Compliance<br>**Key topics raised during the engagement**<br>a. Compliance monitoring and reporting<br>b. Policies<br>c. Regulations related to Product Safety and Quality<br>d. Regulations related to welfare |
| Employees and Workers | No | • Review meets<br>• Townhall meetings<br>• Learning and development initiatives<br>• Company's in house Portals<br>• Discussions with senior leaders<br>• Engagement initiatives/ offsites | Ongoing- throughout the year | **Purpose and scope of engagement**<br>a. Collaboration<br>b. Employee Well-being<br>c. Improving work efficiency<br>**Key topics raised during the engagement**<br>a. Compensation and Benefits<br>b. Work-life balance<br>c. Training programs for enhancing their knowledge and skills |
| Customers | No | • Corporate website<br>• Toll-free number<br>• Digital platforms<br>• Social media<br>• Customer relationship managers<br>• Customer satisfaction surveys<br>• Advertising<br>• Knowledge seminars and events | Ongoing- throughout the year | **Purpose and scope of engagement**<br>a. Understanding customer needs and preferences<br>b. Customer feedback<br>**Key topics raised during the engagement**<br>a. Product features and specifications<br>b. Product quality |
| Suppliers/ Business Partners & Vendors | No | • Online one-to-one meeting with management<br>• Product/process trainings for new and old partners<br>• Industry Speak and Product<br>• Team meets for product updates<br>• Channel partner meets<br>• Conferences and Forums<br>• Written communications | Ongoing- throughout the year | **Purpose and scope of engagement**<br>a. Quality of products provided by suppliers<br>b. Supplier's pricing structure<br>c. Supplier's capacity and delivery capabilities<br>d. Supplier assessments<br>**Key topics raised during the engagement**<br>a. Supplier's quality control procedures<br>b. Product delivery time frame<br>c. Compliance with laws and regulations<br>d. Supplier assessments w.r.t. environmental and ethical standards |

| Stakeholder Group | Whether identified as Vulnerable & Marginalized Group (Yes/ No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---|---|---|---|---|
| Investors & Shareholders | No | • Annual General Meetings<br>• Conferences<br>• Investor and Analyst meets<br>• Conference calls<br>• Annual Reports<br>• Investor Presentations<br>• Press Release<br>• Business Updates<br>• Website | Ongoing- throughout the year | **Purpose and scope of engagement**<br>a. Respond to their concerns and inquiries<br>b. Company's financial performance<br>c. Corporate strategy and governance<br>d. Sustainability practices<br>**Key topics raised during the engagement**<br>a. Company's financial results, Year-on-Year performance<br>b. Corporate strategy updates<br>c. Innovation and key investments<br>d. Corporate Governance<br>e. Sustainability practices including the Company's approach to ESG issues, and Human Rights policies |
| Communities | Yes | • CSR initiatives<br>• Empowerment programs | Ongoing- throughout the year | **Purpose and scope of engagement**<br>a. Identify Community needs<br>b. Programs for community<br>**Key topics raised during the engagement**<br>a. Identify marginalized groups for their well-being.<br>b. CSR activities |

### Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company's Management engages with its various Stakeholders in a consistent and systematic manner to understand their concerns and assess their requirements, respond to their needs, and resolve their concerns in the most effective manner.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, the Company conducts a survey and assessments with its key stakeholders (employees, suppliers, investors, and society) to identify material issues. Regular engagement with various stakeholders ensures that expectations are identified in a timely manner and are addressed responsibly.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company's CSR activities focuses on the disadvantaged, vulnerable and marginalized segments of the society. All CSR programs are aligned to the CSR Policy of the Company. Critical focus areas of Company's CSR mandate includes education, women empowerment, addressing hunger, poverty, nutrition and health, environmental sustainability. More details of CSR can be accessed here. Link





## Principle 5: Businesses should respect and promote human rights

### Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| **Employees** | | | | | | |
| Permanent | 387 | 387 | 100% | 372 | 372 | 100% |
| Other than permanent | 0 | 0 | - | 0 | 0 | - |
| **Total Employees** | **387** | **387** | **100%** | **372** | **372** | **100%** |
| **Workers** | | | | | | |
| Permanent | 170 | 170 | 100% | 174 | 174 | 100% |
| Other than permanent | 0 | 0 | - | 0 | 0 | - |
| **Total Workers** | **170** | **170** | **100%** | **174** | **174** | **100%** |

Note: The Company provides regular trainings on human rights issues and policies to all its employees and workers. The above data is based on the trainings scheduled for all employees and workers. The Company will implement a mechanism to track the trainings and attendance for all trainings in the next reporting year.

2. **Details of minimum wages paid to employees and workers, in the following format**

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Equal to minimum wage | | More than minimum wage | | Total (D) | Equal to minimum wage | | More than minimum wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| **Permanent** | **387** | **0** | **0%** | **387** | **100%** | **372** | **0** | **0%** | **372** | **100%** |
| Male | 279 | 0 | 0% | 279 | 100% | 267 | 0 | 0% | 267 | 100% |
| Female | 108 | 0 | 0% | 108 | 100% | 105 | 0 | 0% | 105 | 100% |
| **Other than permanent** | **0** | **0** | **0%** | **0** | **0%** | **0** | **0** | **0%** | **0** | **0%** |
| Male | NA | | | | | | | | | |
| Female | NA | | | | | | | | | |
| **Workers** | | | | | | | | | | |
| **Permanent** | **170** | **0** | **0%** | **170** | **100%** | **174** | **0** | **0%** | **174** | **100%** |
| Male | 170 | 0 | 0% | 170 | 100% | 174 | 0 | 0% | 174 | 100% |
| Female | 0 | 0 | 0% | 0 | 0% | 0 | 0 | 0% | 0 | 0% |
| **Other than permanent** | **0** | **0** | **0%** | **0** | **0%** | **0** | **0** | **0%** | **0** | **0%** |
| Male | NA | | | | | | | | | |
| Female | NA | | | | | | | | | |

**3. Details of remuneration/salary/wages, in the following format:**

| | Male | | Female | |
|---|---|---|---|---|
| | Number | Median remuneration/ salary/ wages of respective category (₹) | Number | Median remuneration/ salary/ wages of respective category (₹) |
| Board of Directors (BoD) | 6 | 13,00,000 | 2 | 8,50,000 |
| Key Managerial Personnel | 2 | 2,06,00,000 | 0 | 0 |
| Employees other than BoD and KMP | 277 | 11,00,000 | 108 | 10,00,000 |
| Workers | 170 | 8,00,000 | 0 | 0 |

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes. The Company has adopted a Grievance Redressal Policy to develop and maintain an effective, timely, fair and equitable grievance handling system which is easily available and offered to all employees. Based on the nature of the complaints, the Point of Contacts (PoCs) shall be assigned to receive and acknowledge the complaints accordingly.

Channels through which the complaints can be registered

Hotline Number: + 91 22 6606 7777

Email: contactus@keva.co.in

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

The Company has a Grievance Policy that provides details on the processes and procedures to be followed to redress all employee's grievances. The redressal mechanism has been designed to protect the confidentiality of aggrieved employees and provide redress in a timely and effective manner.

**6. Number of Complaints on the following made by employees and workers:**

| | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | 0 | 0 | NA | 0 | 0 | NA |
| Discrimination at workplace | 0 | 0 | NA | 0 | 0 | NA |
| Child Labour | 0 | 0 | NA | 0 | 0 | NA |
| Forced Labour/Involuntary Labour | 0 | 0 | NA | 0 | 0 | NA |
| Wages | 0 | 0 | NA | 0 | 0 | NA |
| Other human rights related issues | 0 | 0 | NA | 0 | 0 | NA |

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company is committed to prohibiting discrimination, retaliation or harassment of any kind against any employee who reports under the Whistle Blower Policy or participates in the investigation. The Whistle Blower Policy, Code of Conduct, and Grievance Redressal Policy holds a strong commitment to protect the identity of the complainant and maintain confidentiality through each stage of investigation.

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

These requirements are covered in the Supplier Code of Conduct.

**9. Assessments of the year**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child labour | 100% |
| Forced/involuntary labour | 100% |
| Sexual harassment | 100% |
| Discrimination at workplace | 100% |
| Wages | 100% |
| Others – please specify | NA |

**10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

No concerns were raised from the assessments, hence there are no corrective actions taken or needed.

## Leadership Indicators

**1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

No such grievances/complaints have been reported on Human Rights violations.

**2. Details of the scope and coverage of any Human rights due diligence conducted.**

During the year, the Company has not conducted Human Rights Due Diligence. However, the Company covers protection of Human Rights through various assessments conducted.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, all premises and offices are accessible to differently abled visitors.

**4. Details on assessment of value chain partners:**

Upholding Human Rights is critical to the Company's business. Internal vigilance is maintained to ensure the prevention of discrimination and conduct of operations in a fair and transparent manner. The Company considers factors related to the workplace and amenities offered by the Vendor to its employees during the vendor assessments, which aid in determining the well-being of those employees.

**5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

Nil.

## Principle 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity:**

| | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Total electricity consumption (A) (GJ) | 4,152 | 4,352 |
| Total fuel consumption (B) (Diesel + Furnace Oil) (GJ) | 18,288 | 7,965 |
| Energy consumption through other sources (C) (Fire wood/Briquettes) (GJ) | 18,303 | - |
| - Solar Energy (GJ) | 1,528 | 1,585 |
| **Total energy consumption (A+B+C) (GJ)** | **42,271** | **13,902** |
| Energy intensity per rupee of turnover (Total energy consumption in GJ/ turnover in rupees in Crores) | 48 | 17 |
| Energy intensity (optional) – the relevant metric may be selected by the entity | - | - |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No independent assessment/ assurance is carried out by external agencies.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable.

3. **Provide details of the following disclosures related to water**

Efforts have been made by the Company to manage and reduce its water consumption. Efficient utilization of water is one of the most important parameters of the Company's sustainability agenda.

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Water withdrawal by source (in kiloliters)** | | |
| (i) Surface water | 34,336 | 24,145 |
| (ii) Groundwater | - | - |
| (iii) Third party water (Municipal water supplies) | | |
| (iv) Seawater / desalinated water | - | - |
| (v) Others | - | - |
| **Total volume of water withdrawal (in kiloliter) (i + ii + iii + iv + v)** | **34,336** | **24,145** |
| **Total volume of water consumption (in kiloliter)** | **34,336** | **24,145** |
| **Water intensity per Cr. rupee of turnover** (Water consumed / turnover) | 39.03 | 29.92 |
| **Water intensity** (optional) – the relevant metric may be selected by the entity | - | - |

SHK has an approval from the irrigation department for withdrawal of Surface water.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No independent assessment/ assurance is carried out by external agencies.

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

SHK's Vashivali plant is a Zero Liquid Discharge unit. SHK has improved its effluent system by installing a Multi-effect Evaporator (MEE) and Reverse Osmosis (RO) Plant.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter | Please specify unit | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| NOx | Tons/Year | 1.16 | 0.4809 |
| SOx | Tons/Year | 0.4178 | 0.1729 |
| Particulate matter (PM) | Tons/Year | 0.0088 | 0.0480 |
| Persistent organic pollutants (POP) | Tons/Year | 0 | 0 |
| Volatile organic compounds (VOC) | Tons/Year | 0 | 0 |
| Hazardous air pollutants (HAP) | Tons/Year | 0 | 0 |
| Others - CO | Tons/Year | 0.290 | 0.1202 |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No independent assessment/ assurance is carried out by external agencies.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| **Total Scope 1 emissions (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available)** | **Metric tonnes of $CO_2$ equivalent** | **1627.38** | **684.54** |
| **Total Scope 2 emissions (Break-up of the GHG into $CO_2$, $CH_4$, $N_2O$, HFCs, PFCs, $SF_6$, $NF_3$, if available)** | **Metric tonnes of $CO_2$ equivalent** | **1607.72** | **1,533.76** |
| **Total Scope 1 and Scope 2 emissions per Cr. rupee of turnover** | **Per Cr. rupee of turnover** | **3.67** | **2.74** |

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No independent assessment/assurance is carried out by external agencies.

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, we have replaced the existing boiler at our manufacturing unit to state-of-the-art bio-based briquette boiler that is fitted with a dust collector, thus eliminating particulate discharge and reducing our $CO_2$ emissions.

8. **Provide details related to waste management by the entity, in the following format:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Total Waste generated (in metric tonnes)** | | |
| Plastic waste (A) | 0 | 0 |
| E-waste (B) | 0.2 | 0.4 |
| Bio-medical waste (C) | NA | NA |
| Construction and demolition waste (D) | NA | NA |
| Battery waste (E) | 0 | 0 |
| Radioactive waste (F) | NA | NA |
| Other Hazardous waste. Please specify, if any. (G) | | |
| ETP Sludge & Residue (MT) | 78 | 143 |
| Discarded Barrels (MT) | 234 | 515 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | | |
| Corrugated box, Wooden Scrap, MS scrap, Glass (MT) | 76 | 118 |
| **Total (A+B + C + D + E + F + G + H)** | **388.2** | **776.4** |
| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Recycled | | |
| Corrugated Box, MS Scrap, Wooden scrap, Glass –(MT) | 76 | 118 |
| Hazardous Waste Discarded Barrels (MT) | 234 | 515 |
| E-waste | 0.2 | 0.4 |
| (ii) Re-used | | |
| (iii) Other recovery operations | | |
| **Total** | **310.2** | **633.4** |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Incineration | - | - |
| (ii) Landfilling | - | - |
| (iii) Other disposal operations | 78 | 143 |
| **Total** | **78** | **143** |

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No independent assessment/ assurance is carried out by external agencies.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Hazardous waste generated is treated by chemical, thermal, biological, physical methods. Chemical methods include ion exchange, precipitation, oxidation and reduction, and neutralization.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

The Company has no operations/offices in/around ecologically sensitive areas.





11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

There are no projects that required Environmental Impact Assessments in the FY 2022-23.

12. **Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes, the Company is compliant with all applicable environmental laws/regulations/guidelines in India.

## Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **From renewable sources (GJ)** | | |
| Total electricity consumption (A) Solar | 1,528 | 1,585 |
| Total fuel consumption (B) | - | - |
| Energy consumption through other sources (C) | - | - |
| **Total energy consumed from renewable sources (A+B+C)** | **1,528** | **1,585** |
| **From non-renewable sources** | | |
| Total electricity consumption (D) | 4,152 | 4,352 |
| Total fuel consumption (E) | 18,288 | 7,965 |
| Energy consumption through other sources (F) | 18,303 | - |
| **Total energy consumed from non-renewable sources (D+E+F)** | **40,743** | **12,317** |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No independent assessment/ assurance is carried out by external agencies.

2. **Provide the following details related to water discharged:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Water discharge by destination and level of treatment (in kilolitres)** | | |
| (i) To Surface water | NIL | NIL |
| No treatment | NIL | NIL |
| With treatment – please specify level of treatment | NIL | NIL |
| (ii) To Groundwater | NIL | NIL |
| No treatment | NIL | NIL |
| With treatment – please specify level of treatment | NIL | NIL |
| (iii) To Seawater | NIL | NIL |
| No treatment | NIL | NIL |
| With treatment – please specify level of treatment | NIL | NIL |
| (iv) Sent to third-parties | NIL | NIL |
| No treatment | NIL | NIL |
| With treatment – please specify level of treatment | NIL | NIL |
| (v) Others | NIL | NIL |
| No treatment | NIL | NIL |
| With treatment – please specify level of treatment | NIL | NIL |
| **Total water discharged (in kilolitres)** | **NIL** | **NIL** |

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**
No independent assessment/ assurance is carried out by external agencies.

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**
For each facility/plant located in areas of water stress, provide the following information:
(i) Name of the area: Nil
(ii) Nature of operations: Nil
(iii) Water withdrawal, consumption and discharge in the following format:
The Company does not withdraw, consume or discharge water in areas of water stress.

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**
No independent assessment/ assurance is carried out by external agencies.

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**
The Company has calculated its Scope 1 and 2 emissions and has not calculated its Scope 3 emissions.

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**
The Company has no operations/offices in/around ecologically sensitive areas.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

| S. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|---|---|---|---|
| 1 | Condensate Recovery (Water Conservation) | Water utilised for steam traps and cooling jacket is collected in a separate tank and used for cooling tower make-up water | Reduced inlet effluent load. Reduced excess load on RO and MEE. Reduction in usage of water. |
| 2 | RO permeate effective utilisation (Water Conservation) | Effluent is treated in RO plant, and the water is then utilized in cooling tower and for gardening purposes. | Reduction in usage of water. |
| 3 | Reduction of Organic Load on Effluent Treatment Plant ('ETP') | Before cleaning the vessels with water, fragrance material is collected from vessels by wiping them. | Reduction in Chemical Oxygen Demand ('COD') load on ETP (<2500 ppm); Reuse of approximately 180 liters of fragrance on monthly basis; Reduction in usage of water. |
| 4 | Effective Oil Recovery at Effluent Treatment Plant ('ETP') | A mechanic oil belt skimmer is used to collect oil layer. | Reduction in Chemical Oxygen Demand ('COD') load on ETP, thereby improving bio-reactor efficiency. |
| 5 | Protection of environment | Use of 10% lime powder as a stabilizer in ETP sludge to reduce the Calorific Value (<2500 cal/gm) | Reduction in incineration of sludge. |
| 6 | Soap Reduction | Reduced the percentage of cleaning chemical by 5-6 % | Increased the efficiency of ETP especially for primary clarifier and aeration tank as the foaming will come down and improve Dissolved Oxygen level; Reduction in use of cleaning raw materials. |
| 7 | Waste Recycling | Company sends waste acid layer to authorised vendors for recycling and reuse; Conducts necessary studies for manufacturing of fertilizers by mixing 10% acid layer with boiler briquette ash (this activities are still in trial mode); Corrugated boxes are used for making diaries; Wooden pallets are used for boiler fuel; In-house briquette manufacturing is done by using garden waste. | Reduction in operational cost; Reduction in disposal of Hazardous waste; Increase in efficiency of ETP for primary clarifier and aeration tank ; Approx. 6000 diaries have been made since FY 19-20; 5.5 MT of briquette has been made. |

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**
The Company has an established standard disaster management and business continuity plan that guarantees resiliency in business operations and the highest level of safety for employees and assets. The Company makes sure its employees are regularly trained by conducting mock drills and disaster management training for any emergencies. The Company makes sure to adhere to all applicable rules, laws, and standards. The Company has also identified and placed methods for resource allocation, and it constantly analyses client needs by improving internal systems, capabilities, etc.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**
Not Applicable.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**
Most of the value chain partners are assessed for environmental impacts.

## PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/associations.**
SHK, actively participates in various industry and business associations. In total the Company has more than 10 affiliations with trade and industry chambers/associations.

b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.**

| S. No. | Name of the trade and industry chambers/associations | Reach of trade and industry chambers/ associations (International/National/State |
|---|---|---|
| 1 | IFRA (International Fragrance Association) | International |
| 2 | European Federation of Essential Oils | International |
| 3 | International Federation of Essential Oils and Aroma Trades | International |
| 4 | FAFAI (Fragrance and Flavours Association of India) | National |
| 5 | Quality Circle Forum Of India | National |
| 6 | National Safety Council (NSC) | National |
| 7 | Indian Chemical Council | National |
| 8 | CHEMEXIL | National |
| 9 | Patalganga & Rasayani Industries Association | State |
| 10 | Bombay Chamber of Commerce & Industry | State |
| 11 | Mulund Kurla MARG (Mutual Aid Response Group) | State |
| 12 | Maharashtra Economic Development Council | State |

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Not Applicable.

**Leadership Indicators**

1. **Details of public policy positions advocated by the entity :**

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in the public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if available |
|---|---|---|---|---|---|
| 1. | | | Nil | | |

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

**Essential Indicators**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

For the year 2022-2023, SHK has not undertaken any projects in India that require SIA.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

For the year 2022-2023, SHK has not undertaken any projects in India that require Rehabilitation and Resettlement.

3. **Describe the mechanisms to receive and redress grievances of the community.**

Yes, the Company has formalized a Grievance Redressal Policy that forms a transparent and fair redressal system that is easily accessible to all Stakeholders. The Policy clearly lays out the process to be followed by a Stakeholder to raise a grievance for redressal. More details can be accessed here: Link.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

| | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Directly sourced from MSMEs/ small producers | 0.03% | 0.98% |
| Sourced directly from within the district and neighboring districts | - | - |

**Leadership Indicators**

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not Applicable.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

There are no projects in aspirational districts.

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)**

Yes, SHK does have a procurement preference in place. SHK works with local farmers to obtain some of the raw materials for fragrances. SHK actively takes steps towards training farmers and providing them with support on growing crops for fragrances and essential oils.

(b) **From which marginalised/vulnerable groups do you procure?**

SHK thinks beyond business and undertakes various initiatives to improve the lives of the lower socio-economic sections of the society. The Company takes steps towards procuring raw materials from farmers.

(c) **What percentage of total procurement (by value) does it constitute?**

SHK procures raw materials from farmers in the district and neighboring districts. Most of these farmers are from marginalised /vulnerable groups.

SHK has procured 44% of its raw materials from marginalized/vulnerable groups.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not Applicable.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not Applicable.

6. **Details of beneficiaries of CSR Projects:**

Please share details of CSR activities for the current year.

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|---|---|---|---|
| 1. | Sports empowerment by providing sponsorship | 180 Children | 0% |
| 2. | Engagement of Apprentices | 48 Trainees | 0% |
| 3. | School Infrastructure Development Project | 860 Students | 100% |
| 4. | Providing support to Women in rural areas by creating source of income for them by engaging them in Neem Seeds Collection and training Women and children for their upliftment. | 800 Women and 200 Families | 100% |
| 5. | Partnering for establishment of Centre For Change, a dedicated space for educational programmes and skill enhancement | 451 Students | 100% |
| 6. | Samutkarsh – Holistic Child Development | 400 Children | 100% |
| 7. | Supporting education infrastructure and facilities for the students of Shri Mahavira Jaina Vidyalaya Trust | 1800 Students | 100% |

## PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

**Essential Indicators**

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Yes, the Company has a mechanism in place to receive and respond to consumer complaints and feedback. The Company has formalized a Grievance Redressal Policy that forms a transparent and fair redressal system that is easily accessible. The Policy clearly lays out the process to be followed by any Stakeholder to raise a grievance for redressal. More details can be accessed here: Link

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | - |
| Safe and responsible usage | - |
| Recycling and/or safe disposal | - |

Most of the products are directly sold to other businesses. SHK updates all products with Safe and responsible usage information as well as the Material Safety Sheet mentions details with regard to recycling and safe disposal.

3. **Number of consumer complaints in respect of the following:**

| | FY 2022-23 | | Remarks | FY 2021-22 | | Remarks |
|---|---|---|---|---|---|---|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | 0 | 0 | NA | 0 | 0 | NA |
| Advertising | 0 | 0 | NA | 0 | 0 | NA |
| Cyber-security | 0 | 0 | NA | 0 | 0 | NA |
| Delivery of essential services | 0 | 0 | NA | 0 | 0 | NA |
| Restrictive Trade Practices | 0 | 0 | NA | 0 | 0 | NA |
| Unfair Trade Practices | 0 | 0 | NA | 0 | 0 | NA |
| Other | 151 | 1^ | Other includes - Transport, QC, Packing, Dispatch, Blending, Procurement, System, Agent, Customer. | 127 | 0 | Other includes - Transport, QC, Packing, Dispatch, Blending, Procurement, System, Agent, Customer. |

^Pending complaint is closed as on the date of the report.

Note: Complaints listed under others represent complaints from Vendors. SHK is a Business-to-Business Company.

4. **Details of instances of product recalls on account of safety issues:**

   Not Applicable.

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, the Company has a policy on Cybersecurity. Link.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   None.

**Leadership Indicators**

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   The Company has a website which provides all necessary information on the products and services. Further details can be found at: Link

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   SHK provides the Safety data sheets and technical data sheets to all its customers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   SHK does not deal with any essential services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products /services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes. SHK provides information as per the laws of the specific country and the company also conducts survey with regard to consumer satisfaction.

5. **Provide the following information relating to data breaches:**

   a. Number of instances of data breaches along-with impact

   b. Percentage of data breaches involving personally identifiable information of customers

   There have been no data breaches.

# INDEPENDENT AUDITOR'S REPORT

To The Members of

**S H Kelkar and Company Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of S H Kelkar and Company Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its joint venture, which comprise the Consolidated Balance Sheet as at 31st March 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

**Impairment assessment of goodwill in consolidated financial statements (Refer note 2.4 (e) and note 7 to the Consolidated Financial Statements)**

The Group's assessment of impairment in carrying value of goodwill relating to Creative Flavours and Fragrances SpA and Holland Aromatics Limited (CGUs) amounting to ₹ 261.87 crores involves significant management estimates and judgements relating to forecast of future revenues, operating margins and discount rates while determining the recoverable value using discounted cash flow method.

Considering the judgement required for estimating the cash flows and the key assumptions used, this has been considered as a key audit matter.

**Principal audit procedures performed:**

- Tested the design, implementation and operating effectiveness of key controls over impairment assessment of goodwill.
- Evaluated the reasonableness of key assumptions and inputs in the cash flow forecasts (including revenue, operating margin, discount rate) considering the current economic scenario, understanding of the business, retrospective review of prior year's forecast against actual results and inputs from internal valuation specialists.
- Assessed the sensitivity of the outcome of impairment assessment in response to changes in the key assumptions.
- Evaluated adequacy of the related disclosures in the consolidated financial statements

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, Report on Corporate Governance, and Business Responsibility Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group and its joint venture are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its joint venture are also responsible for overseeing the financial reporting process of the Group and its joint venture.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal

financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the or other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

(a) We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of ₹ 1,065.41 crores as at 31st March, 2023, total revenues of ₹ 854.44 crores and net cash outflow amounting to ₹ 41.47 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

One of the subsidiary located outside India whose consolidated financial statements have been prepared by its management in accordance with accounting principles generally accepted in its country and which was audited by the other auditor under generally accepted auditing standards applicable in that country. The Parent's management has converted the audited standalone financial statements of the aforesaid subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary located outside India, is based on the report of other auditor, our audit of the conversion adjustments prepared by the Management of the Company and the procedures performed by us as stated in Opinion paragraph above.

(b) We did not audit the financial information of 3 subsidiaries, whose financial information reflect total assets of ₹ 222.34 crores as at 31st March, 2023, total revenues of ₹ 29.01 crores and net cash outflow amounting to ₹ 5.66 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 0.16 crores for the year ended 31st March, 2023, as considered in the consolidated financial statements, in respect of 1 joint venture, whose financial statements have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and joint venture is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2023 taken on record by the Board of Directors of the Company and the reports of the subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer note 40 to the consolidated financial statements.

ii) Provision has been made in the consolidated financial statements, as required under applicable law or accounting standards, for material foreseeable losses, if any, on long term contacts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent, and its subsidiary companies and joint venture company incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 54 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 54 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent and its subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with Section 123 of the Act, as applicable. As stated in note 20C to the consolidated financial statements, the Board of Directors of the Parent and its subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Parent and such subsidiaries at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with Section 123 of the Act, as applicable.

vi) Proviso to Rule 3 (1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w e f April 1 2023 to the Parent and its subsidiaries, and joint venture which are companies incorporated in India, and accordingly, reporting under Rule 11 (g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Mehul Parekh**
Partner
Membership No. 121513
UDIN: 23121513BGXZZW8114

Place: Mumbai
Date: 30 May,2023

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

**Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of S H Kelkar and Company Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Parent's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls**

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

**Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us the Parent, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal financial control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

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

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Mehul Parekh**
Partner
Membership No. 121513
UDIN: 23121513BGXZZW8114

Place: Mumbai
Date: 30 May,2023

# Consolidated Balance Sheet

**as at 31 March 2023**

(₹ in crores)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4A | 332.89 | 344.23 |
| Capital work-in-progress | 4B | 22.23 | 4.04 |
| Right of use asset | 5 | 53.71 | 61.24 |
| Investment Property | 6 | 0.56 | 13.01 |
| Goodwill | 7 | 302.88 | 289.48 |
| Other intangible assets | 8A | 223.81 | 251.52 |
| Intangible assets under development | 8B | 4.20 | 4.84 |
| Investment in a joint venture | 9 | - | 1.33 |
| Financial assets | | | |
| - Investments | 10 | 0.02 | 0.02 |
| - Other financial assets | 12 | 11.50 | 16.78 |
| Deferred tax assets (net) | 39 | 20.18 | 17.95 |
| Current tax assets (net) | 38 | 41.16 | 56.55 |
| Other non-current assets | 13 | 2.36 | 3.81 |
| **Total non-current assets** | | **1,015.50** | **1,064.80** |
| **Current assets** | | | |
| Inventories | 14 | 603.11 | 555.44 |
| Financial assets | | | |
| - Investments | 15 | 23.00 | - |
| - Trade receivables | 16 | 438.23 | 461.30 |
| - Cash and cash equivalents | 17 | 63.54 | 119.24 |
| - Other bank balances | 18 | 3.68 | 3.28 |
| - Loans | 11 | 5.89 | 5.47 |
| - Other financial assets | 12 | 0.86 | 4.04 |
| Other current assets | 13 | 68.21 | 83.48 |
| **Total current assets** | | **1,206.52** | **1,232.25** |
| **TOTAL ASSETS** | | **2,222.02** | **2,297.05** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 19 | 138.42 | 138.42 |
| Other equity | 20 | 925.96 | 874.88 |
| Equity attributable to owners of the Company | | **1,064.38** | **1,013.30** |
| Non-controlling interests | | 38.26 | 80.35 |
| **Total equity** | | **1,102.64** | **1,093.65** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 21 | 318.89 | 363.02 |
| - Lease Liabilities | 22 | 39.39 | 47.80 |
| - Other financial liabilities | 23 | 0.57 | 18.47 |
| Provisions | 24 | 1.18 | 0.55 |
| Deferred tax liabilities (net) | 39 | 50.67 | 48.58 |
| **Total non-current liabilities** | | **410.70** | **478.42** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 25 | 247.12 | 268.91 |
| - Lease Liabilities | 22 | 14.55 | 18.29 |
| - Trade payables | | | |
| - total outstanging dues of micro enterprises and small enterprises | 26 | 20.03 | 20.08 |
| - total outstanging dues of creditors other than micro enterprises and small enterprises | 26 | 345.07 | 331.90 |
| - Other financial liabilities | 27 | 28.33 | 22.60 |
| Other current liabilities | 28 | 35.55 | 33.45 |
| Provisions | 24 | 16.48 | 14.82 |
| Current tax liabilities (net) | 38 | 1.55 | 14.93 |
| **Total current liabilities** | | **708.68** | **724.98** |
| **Total Liabilities** | | **1,119.38** | **1,203.40** |
| **TOTAL EQUITY AND LIABILITIES** | | **2,222.02** | **2,297.05** |
| **Significant accounting policies** | 1-3 | | |
| The notes referred to above and other notes form an integral part of the standalone financial statements. | 4-58 | | |

As per our report of even date attached.

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

**For and on behalf of the Board of Directors**
**of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Mehul Parekh**
Partner
Membership No: 121513

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

Mumbai
30 May 2023





# Consolidated Statement of Profit and Loss

**for the year ended 31 March 2023**

(₹ in crores)

| | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Sales | 29 | 1,603.92 | 1,458.46 |
| Sales - Contract manufacturing | 29 | 72.98 | 101.14 |
| Other operating income | 29 | 9.62 | 4.59 |
| Revenue from operations | 29 | 1,686.52 | 1,564.19 |
| Other income | 30 | 11.81 | 17.51 |
| **Total income** | | **1,698.33** | **1,581.70** |
| **Expenses** | | | |
| Cost of materials consumed | 31 | 929.38 | 897.22 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 32 | 9.44 | (63.84) |
| Contract manufacturing cost of goods sold | 31 | 65.86 | 92.14 |
| Employee benefits expense | 33 | 211.80 | 198.75 |
| Finance costs | 34 | 23.89 | 16.18 |
| Depreciation and amortisation expense | 35 | 80.45 | 71.77 |
| Other expenses | 36 | 252.72 | 225.29 |
| **Total expenses** | | **1,573.54** | **1,437.51** |
| **Profit before share of profit in Joint venture (net of tax), exceptional items and tax** | | **124.79** | **144.19** |
| **Share of (Loss) / Profit in Joint Venture (net of tax)** | 9 | **(0.16)** | **0.03** |
| **Profit before exceptional items and tax** | | **124.63** | **144.22** |
| **Exceptional items** | | | |
| - Exceptional (loss) | 49 | (20.27) | (11.96) |
| **Profit before tax** | | **104.36** | **132.26** |
| **Tax expense** | | | |
| Current tax | | | |
| - for current year | 38 | 38.28 | 48.24 |
| - for earlier years | | 2.86 | (57.74) |
| Deferred tax charge | | | |
| - for current year | 39 | 0.27 | (7.66) |
| **Profit for the year** | | **62.95** | **149.42** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement (losses) on defined benefit obligation (net) | | (0.95) | (1.23) |
| Income tax credit related to items that will not be reclassified to profit or loss | | 0.23 | 0.33 |
| **Items that will be reclassified subsequently to profit or loss** | | | |
| Exchange differences in translating the financial statements of foreign operations | | 1.47 | (5.45) |
| **Other Comprehensive Income for the year, net of income tax** | | **0.75** | **(6.35)** |
| **Total Comprehensive Income for the year** | | **63.70** | **143.07** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 61.17 | 148.57 |
| Non-controlling interests | | 1.78 | 0.85 |
| **Other Comprehensive Income attributable to:** | | | |
| Owners of the Company | | 0.04 | (6.35) |
| Non-controlling interests | | 0.71 | - |
| **Total Comprehensive Income attributable to:** | | | |
| Owners of the Company | | 61.21 | 142.22 |
| Non-controlling interests | | 2.49 | 0.85 |
| **Earnings per equity share (Nominal value of ₹10 each, fully paid-up)** | 37 | | |
| Basic earnings per share (₹) | | 4.53 | 10.81 |
| Diluted earnings per share (₹) | | 4.53 | 10.81 |
| **Significant accounting policies** | 1-3 | | |
| The notes referred to above and other notes form an integral part of the consolidated financial statements. | 4-58 | | |

As per our report of even date attached.

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

**For and on behalf of the Board of Directors**
**of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Mehul Parekh**
Partner
Membership No: 121513

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

Mumbai
30 May 2023

# Consolidated Statement of Cash Flow

**for the year ended 31 March 2023**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| Profit before tax from continuing operations | 104.36 | 132.26 |
| **Adjustments for :** | | |
| Depreciation and amortization | 80.45 | 71.77 |
| Exceptional Item | 20.27 | 11.96 |
| Interest income | (0.92) | (0.51) |
| Dividend Income | (0.03) | - |
| (Profit) on sale of investment | (1.38) | (0.05) |
| (Profit) on sale of Property Plant and Equipment, Investment Property, Intangible assets | (7.23) | (0.44) |
| Rent income | - | (2.22) |
| Interest expense | 23.89 | 16.18 |
| Allowance on trade receivables | (1.27) | (0.79) |
| Provision/ Liabilities no longer required written Back | (1.81) | (0.67) |
| Remeasurement of defined benefit liability | (0.72) | (0.90) |
| Bad Debts written off | 0.61 | 0.02 |
| Intangible assets under development written off | - | 12.86 |
| Loss on Financial assets at FVTPL | 0.61 | 1.34 |
| Foreign exchange (gain)/loss (net) | (0.03) | 1.59 |
| Share of (Profit)/ Loss in joint venture (net of tax) | 0.16 | (0.03) |
| **Operating profit before working capital changes** | **216.96** | **242.37** |
| **Changes in working capital** | | |
| (Increase)/ decrease in trade and other receivables | 33.66 | (59.33) |
| (Increase)/ decrease in loans and advances | 9.69 | (0.47) |
| (Increase) in inventories | (47.02) | (118.08) |
| (Increase) / Decrease in other current assets | 17.20 | (20.40) |
| Decrease in Non current assets | 7.83 | 13.32 |
| Increase /(Decrease) in trade and other payables | (3.62) | 67.87 |
| (Increase) / Decrease in Provisions | 1.09 | (12.75) |
| **Net change in working capital** | **18.83** | **(129.84)** |
| **Cash flows generated from operating activities before taxes** | **235.79** | **112.53** |
| Direct taxes paid | (39.12) | (62.34) |
| **Net cash flows generated from operating activities (A)** | **196.67** | **50.19** |
| **B. Cash flows from investing activities** | | |
| Purchase of Property, plant and equipment, investment property and intangibles (Including Capital work in progress and intangible under development ) | (68.80) | (26.77) |
| Proceeds from sale of property, plant and equipment and investment property | 20.65 | 0.19 |
| Proceeds from sale of assets held for sale (net) | - | 28.01 |
| Proceeds from sale of investments | 335.74 | 41.65 |
| Investment in mutual funds | (357.36) | (41.60) |
| Loan Given | - | (2.01) |
| Increase in deposits with bank | (0.41) | (0.94) |
| Rent income | - | 2.22 |
| Proceeds from sale of equity shares of Joint Venture | 1.00 | - |
| Payment of acquisition of subsidiary | - | (161.21) |
| Payment towards acquisition of Non-controlling Interest | (36.59) | - |
| Interest received | 0.58 | 0.51 |
| Dividend received | 0.27 | 0.25 |
| Insurance Claim Received | 2.00 | - |
| **Net cash flows (used in) investing activities (B)** | **(102.92)** | **(159.70)** |
| **C. Cash flows from financing activities** | | |
| Proceeds from Long term borrowings | 11.14 | 82.52 |
| Repayment of Long term borrowings | (50.28) | (6.87) |
| Proceeds of Short term borrowings | 306.63 | 49.58 |
| Repayment of Short term borrowings | (384.12) | (3.04) |
| Payment of lease obligations | (19.98) | (22.11) |
| Proceeds from sale of Treasury Shares by Employee Benefit Trust | - | 1.26 |
| Payment for buy back of equity shares - security premium | - | (58.00) |
| Payment for buy back of equity shares | - | (2.90) |
| Payment for Expenses on buy back | - | (5.80) |
| Dividend Paid including Tax thereon | (18.74) | (10.60) |
| Increase in Non Controlling interest | 0.36 | 0.41 |
| Interest paid | (19.85) | (12.12) |
| **Net cash flows generated from financing activities (C)** | **(174.84)** | **12.33** |
| **D. Net (Decrease)/increase in cash and cash equivalents ( A + B + C)** | **(81.09)** | **(97.18)** |
| **E. Cash and cash equivalents at the beginning of the year** | **30.74** | **102.09** |
| **F. Cash taken over on acquisition of subsidiary** | **-** | **23.78** |
| **G. Effect of exchange rate changes on cash and cash equivalents** | **(7.07)** | **2.05** |
| **H. Cash and cash equivalents at the end of the year (D+E+F+G)** | **(57.42)** | **30.74** |



# Consolidated Statement of Cash Flow (Continued)

**for the year ended 31 March 2023**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Cash and cash equivalents (end of the year)** | | |
| Cash and cash equivalents comprise of : | | |
| Balances with banks in - | | |
| current accounts | 48.23 | 108.84 |
| exchange earners foreign currency account | 15.16 | 10.12 |
| Cash on hand | 0.15 | 0.28 |
| Cash and cash equivalents at the end of the year | 63.54 | 119.24 |
| Bank overdraft | (120.96) | (88.50) |
| **Total Cash and cash equivalents** | **(57.42)** | **30.74** |

**Notes:**

1. **Debt reconciliation statement in accordance with INDAS 7**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Opening balances** | | |
| Long-term borrowing (excluding Finance Lease obligation) | 363.02 | 294.37 |
| Short-term borrowing(excluding bank overdraft) | 180.41 | 126.87 |
| Lease liabilities | 66.09 | 55.99 |
| **Cash flows** | | |
| Long-term borrowing net (excluding Finance Lease obligation) (net) | (39.14) | 75.65 |
| Short-term borrowing net | (77.49) | 46.54 |
| Lease Liabilities | (19.98) | (22.11) |
| **Non-cash changes** | | |
| Foreign exchange movement (Long term borrowing) | (4.99) | - |
| Foreign exchange movement (Short term borrowing) | 9.81 | - |
| Net addition in lease liability | 7.83 | 32.21 |
| Current maturities of Long term borrowings reclassed to Other financial liabilities | - | (7.00) |
| Current maturities of Long term borrowings reclassed to short term borrowings | (13.43) | 7.00 |
| **Closing balances** | | |
| Long-term borrowing (excluding Finance Lease obligation) | 318.89 | 363.02 |
| Short-term borrowing(excluding bank overdraft) | 126.16 | 180.41 |
| Lease Liabilities | 53.94 | 66.09 |

2. The above Consolidated Statement of Cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS 7) - "Statements fo Cash Flows" .

3. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition)

As per our report of even date attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-10018

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

**For and on behalf of the Board of Directors**
**of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

# Consolidated Statement of Changes in Equity

**for the year ended 31 March 2023**

(₹ in crores)

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **(a) Equity share capital** | | |
| Opening balance as at | 138.42 | 141.32 |
| Changes in equity share capital during the year (refer note 19) | - | (2.90) |
| **Closing balance as at** | **138.42** | **138.42** |

**(b) Other equity**

| | Attributable to the equity holders of the Company | | | | | | | | | | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves & Surplus | | | | | | | | | Total | | |
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | General Reserve | Retained earnings | STARs reserves | Other reserves | Foreign Currency Translation Reserve | Treasury Shares | | | |
| **Balance at 01 April 2022** | **17.07** | **99.70** | **6.20** | **104.96** | **699.52** | **(0.27)** | **8.77** | **10.02** | **(71.09)** | **874.88** | **80.35** | **955.23** |
| **Total Comprehensive Income for the year ended 31 March 2023** | | | | | | | | | | | | |
| - Profit for the year | - | - | - | - | 61.17 | - | - | - | - | 61.17 | 1.78 | 62.95 |
| - Remeasurement gain/ (losses) on defined benefit obligation (net) | - | - | - | - | (0.72) | - | - | - | - | (0.72) | | (0.72) |
| - Exchange differences in translating the financial statements of foreign operations | - | - | - | - | - | | - | 0.76 | - | 0.76 | 0.71 | 1.47 |
| **Total Comprehensive Income for the year** | **-** | **-** | **-** | **-** | **60.45** | **-** | **-** | **0.76** | **-** | **61.21** | **2.49** | **63.70** |
| Contributions and distributions | | | | | | | | | | | | |
| Dividends received | - | - | - | - | - | 0.25 | - | - | - | 0.25 | - | 0.25 |
| Dividends paid | - | - | - | - | (10.38) | - | - | - | - | (10.38) | (8.36) | (18.74) |
| Others | | | | | | | | | | | | |
| Adjustment on account of acquisition of NCI Share | - | - | - | - | - | - | - | - | - | - | (36.23) | (36.23) |
| **Balance at 31 March 2023** | **17.07** | **99.70** | **6.20** | **104.96** | **749.59** | **(0.02)** | **8.77** | **10.78** | **(71.09)** | **925.96** | **38.26** | **964.22** |
| **Balance at 01 April 2021** | **17.07** | **157.70** | **3.30** | **107.86** | **572.99** | **0.08** | **8.77** | **15.47** | **(72.95)** | **810.29** | **2.96** | **813.25** |
| **Total Comprehensive Income for the year ended 31 March 2022** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | 148.57 | - | - | - | - | 148.57 | 0.85 | 149.42 |
| Remeasurement gain/(losses) on defined benefit obligation (net) | - | - | - | - | (0.90) | - | - | - | - | (0.90) | - | (0.90) |
| Exchange differences in translating the financial statements of a foreign operation | - | - | - | - | - | | - | (5.45) | 0 | (5.45) | | (5.45) |
| **Total Comprehensive Income for the year** | **-** | **-** | **-** | **-** | **147.67** | **-** | **-** | **(5.45)** | **-** | **142.22** | **0.85** | **143.07** |
| **Contributions and distributions** | | | | | | | | | | | | |
| Dividends | - | - | - | - | (10.60) | 0.25 | - | - | - | (10.35) | - | (10.35) |
| **Others** | | | | | | | | | | | | |
| Shares extinguished on buy-back ( Refer note 19 e ) | - | (58.00) | - | - | - | - | - | - | - | (58.00) | - | (58.00) |
| Adjustment on account of acquisition of Nova | - | - | - | - | (4.74) | - | - | - | - | (4.74) | - | (4.74) |
| Adjustment pursuant to buy back of equity shares | - | - | 2.90 | (2.90) | - | - | - | - | 1.86 | 1.86 | - | 1.86 |
| Expenses pursuant to buy back of equity shares and tax thereon | - | - | - | - | (5.80) | - | - | - | - | (5.80) | - | (5.80) |
| Loss on participation in buy back by trust | - | - | - | - | - | (0.60) | - | - | | (0.60) | - | (0.60) |
| Exchange difference in translating NCI | - | - | - | - | - | - | - | - | - | - | (0.44) | (0.44) |
| Acquisition of Holland Aromatics | - | - | - | - | - | - | - | - | - | - | 76.98 | 76.98 |
| **Balance at 31 March 2022** | **17.07** | **99.70** | **6.20** | **104.96** | **699.52** | **(0.27)** | **8.77** | **10.02** | **(71.09)** | **874.88** | **80.35** | **955.23** |

**Significant accounting policies** 1-3

The notes referred to above and other notes form an integral part of the consolidated financial statements. 4-58

As per our report of even date attached.

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

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

For and on behalf of the Board of Directors
of **S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023





# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 1 Company Overview

S H Kelkar and Company Limited ('SHK' or 'the parent') was incorporated under the provisions of the Companies Act, 1913, and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002. The parent has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These Consolidated financial statements comprise the parent along with its subsidiaries, collectively referred to as 'the Group' and the Group's interest in joint venture. The Group and its joint venture are focused on its core business of manufacture, supply and exports of fragrances, flavours and aroma ingredients.

## 2 Basis of preparation of financial statements

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements for the year ended 31 March 2023 have been proposed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 30 May,2023.

### 2.2 Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is also the parent's functional currency. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise indicated.

### 2.3 Basis of measurement

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations; and
- contingent consideration in business combination is measured at fair value.

The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

### 2.4 Use of estimates and judgements

The preparation of the consolidated financial statements requires the management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in the outcome that requires a material adjustment to the carrying amount of assets or liabilities effected in future period.

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of the assets and liabilities within the next finanancial year, are as follows:

**a. Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. The same is disclosed in the note 43

**b. Recognition of deferred tax assets**

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred

# Notes to the consolidated financial statements

for the year ended 31 March 2023

tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

**c. Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilites of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**d. Loss allowances on trade and other receivables**

The Group and its joint venture makes loss allowances on trade and other receivables based on an assessment of the recoverability of trade and other receivable balances. The identification of loss allowance requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and loss allowance expenses in the period in which such estimate has been changed.

**e. Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

**f. Intangible assets under development**

Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group and its joint venture intends to and has sufficient resources to complete development and sell the asset.

**g. Determining whether an arrangement contains a lease**

The Group and its joint venture evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group and its joint venture determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group and its joint venture is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group and its joint venture is reasonably certain not to exercise that option. In assessing whether the Group and its joint venture is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group and its joint venture to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**h. Fair value measurement of financial instruments**

All financial instruments are required to be measured at fair value on initial recognition. In case of financial



# Notes to the consolidated financial statements

for the year ended 31 March 2023

instruments which are required to subsequently measured at amortised cost, interest is accrued using the effective interest method. Refer accounting policy on financial instrument.

**i. Income taxes**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (refer note no 38)

**j. Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**2.5 Measurement of fair values**

The Group and its joint venture accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group and its joint venture has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group and its joint venture uses observable market data as far as possible. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- **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 Group and its joint venture recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred."

**2.6 Current / non-current classification**

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

# Notes to the consolidated financial statements

for the year ended 31 March 2023

i. the asset/liability is expected to be realized/settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

## 3 Significant accounting policies

### 3.1 Revenue

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved. Revenue excludes taxes collected from customers on behalf of the government. Due to the short nature of credit period given to customers, there is no financing component in the contract.

**Sale of products**

Revenue from sale of products is recognised when upon the transfer of control of promised goods have been transferred to the customers in at an amount that reflects the consideration which the Company expects to receive in exchange for those goods. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer. Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

**Rental income**

Rental income (including income from sub-leasing), included under other operating income, is recognised on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Technical know how are recognised on accrual basis.

**Export incentives**

Export incentives principally comprises of focus market scheme, and other export incentive schemes. The benefits under these incentive schemes are available based on the guidelines formulated for respective schemes by the government authorities. These incentives are recognised as revenue on accrual basis to the extent it is probable that realisation is certain.

### 3.2 Foreign currency

**Foreign currency transactions initial recognition:**

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange





transactions settled during the year are recognized in the Consolidated Statement of Profit and Loss. Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Measurement of foreign currency items at reporting date:

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are not translated.

Exchange differences arising out of these translations are recognized in the Consolidated Statement of Profit and Loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (having non-INR functional currency) are translated to Indian rupees at the exchange rate prevailing on the balance sheet date, Income and expenses items are translated at the average rate of exchange for the respective months. Exchange differences arising on such translation are recognised as currency translation reserve under equity.

### 3.3 Employee benefits

**Short-term employee benefits**

Short-term employee benefits obligations payable wholly within twelve months of rendering the service are measured on an undiscounted basis and are recognized in the period in which the employee renders the related service. These benefits include bonus and other employee benefits. 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 amount of obligation can be estimated reliably.

**Post-employment employee benefits**

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the standalone Statement of Profit and Loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the standalone Statement of profit Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

**ii. Defined benefit plans**

The Group and its joint venture gratuity benefit scheme and provident fund managed by the Group and its joint venture trust are defined benefit plans.

The Group and its joint venture provident fund is managed by the trust set up by the Group and its joint venture. 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 Group and its joint venture. The Group and its joint venture makes specified monthly contributions towards employee provident fund.

# Notes to the consolidated financial statements

for the year ended 31 March 2023

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and its joint venture, 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 other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) 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 gratuity benefit scheme are recognised in the consolidated statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Consolidated Statement of Profit and Loss. The Group and its joint venture recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Gratuity**

Group and its joint venture entities in India have an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Group and its joint venure accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Also, for certain entities in India the Group's Gratuity fund is managed by the trust set up by the parent and for other entities it is managed by LIC of India.

**Provident fund trust**

Eligible employees of the parent receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the parent. Both the employee and the parent in India make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries 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. Accordingly, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. An obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

**Other long-term employee benefits**

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

**Termination benefits**

Termination benefits are expensed at the earlier of when the Group and its joint venture can no longer withdraw the offer of those benefits and when the Group and its joint venture recognises the costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

# Notes to the consolidated financial statements

for the year ended 31 March 2023

**3.4 Recognition of dividend income, interest income or expense**

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in the consolidated statement of profit and loss on the date on which the Group and its joint venture have right to receive payment is established.

**3.5 Income Tax**

Income tax expense comprises current and deferred tax. It is recognised in the consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities. Current tax also includes any tax arising from dividends.

Current tax assets and Current tax liabilities are offset only if, the Group and its joint venture:

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

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

**ii. Deferred Tax**

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries and joint venture to the extent that the Group and its joint venture is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the

# Notes to the consolidated financial statements
for the year ended 31 March 2023

manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**Deferred tax assets and liabilities are offset only if:**

a) the Group and its joint venture have a legally enforceable right to set off current tax assets against current tax liabilities; and

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

The credit available under the Minimum Alternate Tax ('MAT') as per the provisions of the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and there is evidence that the Group will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of profit and loss and is included in Deferred tax assets. The Group reviews the same at each balance sheet date and if required write down the carrying amount of MAT credit entitlement to the extent it is no longer probable that Group wil be able to absorb such credit during the specified period.

**3.6 Inventories**

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

**3.7 Property, Plant and Equipment**

**i. Recognition and measurement**

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

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

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

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

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the consolidated Statement of Profit and Loss."

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its joint venture.

**iii. Capital work in progress and Capital advances:**

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

**iv. Depreciation**

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

Assets acquired under leases, including leasehold improvements are depreciated over the lease terms . Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

| Tangible Assets | Life Defined | Useful Life as per Schedule II |
|---|---|---|
| Building | 30-60 years | 30-60 years |
| Research & decvelopment-equipments | 10-15 years | 10-15 years |
| Computers | 3 years | 3 years |
| Office equipments | 5 years | 5 years |
| Plant & machinery | 15-20 years | 15-20 years |
| Furniture and fixtures | 10 years | 10 years |
| Electric installation | 10 years | 10 years |
| Motor cars & vehicles | 8 years | 8 years |
| Motor cars under lease | 4-5 years | 4-5 years |
| Office equipments under lease | 5 years | 5 years |

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

**3.8 Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**3.9 Investment property:**

**i Recognition and measurement**

Property (building-or part of a building-or both) that is held for long term rental yields or for capital appreciation or both, rather than for: i. use in the production or supply of goods or services or for administrative purposes; or ii. sale in the ordinary course of business is recognized as Investment Property in the books and is measured initially at its cost, including related transaction costs and where applicable borrowing costs."

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and its joint venture and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

**iii. Depreciation**

Depreciation is provided on all Investment Property on straight line basis, based on useful life of the assets determined in accordance with para 3.7 (iii) above. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

# Notes to the consolidated financial statements
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| Tangible assets | Life defined | Useful life as per Schedule II |
|---|---|---|
| Buildings | 30 years | 30 years |

**iv. Fair value**

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 6.

**3.10 Intangible assets**

**i. Recognition and measurement**

Internally generated: Research and development

Expenditure on research activities is recognised in the consolidated Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in consolidated statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible asset under development includes formulations.

**Other intangible assets**

Other intangible assets, include technical know-how, computer software, brand, customer relationships, non-compete fees and formulations which are acquired by the Group and its joint venture are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**ii. Subsequent expenditure**

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

**iii. 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 included in depreciation and amortisation in the consolidated Statement of Profit and Loss.

Other intangible assets are amortised over the estimated useful lives as given below:

| | |
|---|---|
| - Computer Software | 5 years |
| - Brand | 5 years |
| - Formulations | 5-10 years |
| - Licences (Reach cost) | 10 years |
| - Customer relationships | 5 years |
| - Non-compete fees | non-compete period |
| - Formulations (internally generated) | 3 years |
| - Patent and trade marks | 5 years |

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

**3.11 Financial Instruments**

**a. Financial assets**

**i. Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group and its joint venture becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss(FVPTL), transaction cost that are directly attributable to its acquisition or issue (However trade receivables that do not contain a significant financing component are measured at transaction price).

**ii. Classification**

On initial recognition, a financial asset is classified as measured at

- amortised cost;

- fair value through profit or loss (FVTPL);

- fair value through other comprehensive income (FVOCI) - debt investment or equity investment

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group and its joint venture changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

On initial recognition of an equity investment that is not held for trading, the Group and its joint venture may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group and its joint venture may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**iii. Subsequent measurement and gains and losses**

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit and loss.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit and loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss. Other net gains and losses are recognised in OCI. On

# Notes to the consolidated financial statements

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derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of profit and loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the consolidated statement of profit and loss.

**iv. Derecognition**

The Group and its joint venture derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and its joint venture neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group and its joint venture enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**v. Impairment of financial assets:**

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

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

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

In case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance. Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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

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

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

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision



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matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

**b. Financial liabilities**

**i. Recognition and initial measurement**

All financial liabilities are initially recognised when the Group and its joint venture becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value minus, for an item not at fairvalue through profit and loss(FVTPL), transaction cost that are directly attributable to its acquistion or issue.

**ii. Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the consolidated statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of profit and loss.

**iii. Derecognition**

The Group and its joint venture also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Consolidated Statement of Profit and Loss.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group and its joint venture currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**c. Derivative financial instruments**

The Group and its joint venture uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks . Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the statement of profit and loss.

**3.12 Provisions and contingent liabilities**

A provision is recognised if, as a result of a past event, the Group and its joint venture has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

**3.13 Leases**

**Company as Lessee**

The Group assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset,

# Notes to the consolidated financial statements

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(ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Group recognises right-of-use asset representing its right to use (RoU) the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, exercise price of a purchase option where the group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the group recognises any remaining amount of the re-measurement in Consolidated Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Group is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ""other expenses"" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

**Short-term leases and leases of low-value assets :**
The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.



# Notes to the consolidated financial statements

for the year ended 31 March 2023

**Company as Lessor**
At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term."

**3.14 Impairment of non-financial assets**
The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets under development is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit and loss. Impairment loss recognised in respect of CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets of the CGU or group of CGUs on pro-rata basis.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the consolidated statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

**3.15 Cash and cash equivalents**
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group and its joint venture cash management.

**3.16 Employee Stock Appreciation Rights Scheme:**
Liability for the parent's Employee Stock Appreciation Rights (STARs), granted pursuant to the parent's Employee Stock Appreciation Rights Plan, 2017 of the Company which was adopted by the Board on 10 August, 2017 and approved by shareholders of the parent on 01 November, 2017, shall be measured, initially and at the end of each reporting period until settled, at the fair value of the STARs, by applying an option pricing model, and is recognised as employee benefit expense over the relevant service period. The liability is presented as employee benefit obligation in the consolidated balance sheet.

**3.17 Events after Reporting date**
Where events occurring after the consolidated Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the consolidated Balance Sheet date of material size or nature are only disclosed.

**3.18 Earnings per Share (EPS)**
Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Group and its joint venture by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

**3.19 Basis of consolidation**

**i. Business combinations**

In accordance with Ind AS 103, the Group and its joint venture accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has ability to produce outputs.

The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at their fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

**Goodwill**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) or combination of CGUs, that are expected to benefit from the combination. A CGU is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group and its joint venture recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognised in the consolidated Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

**ii. Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**iii. Equity accounted investee**

The Group's interest in equity accounted investee comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangements, rather than rights to its assets and obligations for its liabilities.

Interest in joint venture are accounted for using the equity method. They are initially recognised at cost which includes transactions cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investee until the date on which joint control ceases.

**iv. Consolidation procedure**

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group and its joint venture uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group and its joint venture member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent, i.e., year ended on 31 March.

**The procedure followed is as follows:**

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date

Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-Group transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-Group transactions.

Intra-group balances and transactions, and any unrealised income and expenses arising

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

from intra-group transactions, are eliminated. Unrealised gains arising from tranactions with equity accounted investees are eliminated against the investment to the extent of Group's interest in the investee. Unrealised lossed are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairement.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group and its joint venture's accounting policies.

The list of companies, controlled directly or indirectly by the parent and the joint venture which are included in the consolidated financial statements are set out in Note no. 47.

**3.20 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. In March 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below. These amendments are effective from annual periods beginning on or after April 1, 2023.

**i. Ind AS 1 – Presentation of Financial Statements:**
The amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the financial statements is expected to be insignificant basis the preliminary evaluation.

**ii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:**
The amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the financial statements basis the preliminary evaluation.

**iii. Ind AS 12 – Income taxes:**
The definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the financial statements basis the preliminary evaluation.

The Parent Company is assessing the impact of these changes and will accordingly incorporate the same in the financial statements for the year ending March 2024.

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

## 4A Property, plant and equipment

(₹ in crores)

| Block of asset | Gross Block | | | | | | Accumulated Depreciation | | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Reclassification /Additions during the year | Business Acqisitions during the year | Translation impact | Disposals/ reclassification during the year | As at 31 March 2023 | As at 1 April 2022 | Reclassification/Adjustment during the year | Charge for the year | Translation impact | Disposals/ reclassification during the year | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Freehold land | 18.79 | 6.04 | - | 0.18 | - | 25.01 | 0.03 | (0.03) | - | - | - | 0.00 | 25.00 | 18.76 |
| Buildings | 178.65 | (19.05) | - | 0.42 | (0.79) | 159.24 | 39.82 | (9.69) | 4.72 | 0.00 | (0.73) | 34.12 | 125.12 | 138.83 |
| Leasehold improvements | 24.45 | (0.38) | - | 0.68 | (0.23) | 24.52 | 10.74 | 0.42 | 3.29 | 0.24 | (0.20) | 14.49 | 10.04 | 13.71 |
| Computers and other IT assets | 5.81 | 1.26 | - | 0.11 | (0.04) | 7.14 | 4.13 | (0.64) | 0.82 | 0.06 | (0.03) | 4.34 | 2.80 | 1.68 |
| Plant,Machinery and Equipments | 229.39 | 33.46 | - | 2.86 | (40.35) | 225.37 | 72.19 | (0.18) | 15.56 | 0.83 | (16.59) | 71.81 | 153.56 | 157.20 |
| Furniture and fixtures (and electrical Fitting) | 27.36 | 6.76 | - | 0.47 | (3.23) | 31.35 | 14.76 | 0.52 | 3.82 | 0.22 | (2.33) | 16.99 | 14.36 | 12.60 |
| Vehicles | 2.65 | 1.14 | - | 0.03 | (0.50) | 3.32 | 1.20 | 0.16 | 0.31 | 0.01 | (0.37) | 1.31 | 2.01 | 1.45 |
| **Total** | **487.10** | **29.23** | **-** | **4.76** | **(45.13)** | **475.96** | **142.87** | **(9.44)** | **28.52** | **1.36** | **(20.24)** | **143.07** | **332.89** | **344.23** |

**Property, plant and equipment ( previous year)**

(₹ in crores)

| Block of asset | Gross Block | | | | | | Accumulated Depreciation | | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Reclassification /Additions during the year | Business Acqisitions during the year | Translation impact | Disposals/ reclassification during the year | As at 31 March 2022 | As at 1 April 2021 | Reclassification/Adjustment during the year | Charge for the year | Translation impact | Disposals/ reclassification during the year | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Freehold land | 16.53 | - | 19.78 | (0.02) | (17.50) | 18.79 | 0.03 | - | - | - | - | 0.03 | 18.76 | 16.50 |
| Buildings | 170.83 | 1.71 | 11.30 | (0.02) | (5.17) | 178.65 | 27.07 | 10.65 | 4.62 | (0.01) | (2.51) | 39.82 | 138.83 | 143.76 |
| Leasehold improvements | 22.05 | 1.95 | 0.51 | (0.06) | - | 24.45 | 6.59 | 0.34 | 3.79 | 0.02 | - | 10.74 | 13.71 | 15.46 |
| Computers and other IT assets | 3.52 | 1.44 | 0.93 | (0.08) | - | 5.81 | 2.71 | 0.85 | 0.65 | (0.08) | - | 4.13 | 1.68 | 0.81 |
| Plant,Machinery and Equipments | 199.30 | 21.75 | 7.69 | 0.66 | (0.01) | 229.39 | 56.55 | 4.33 | 13.61 | (1.68) | (0.62) | 72.19 | 157.20 | 142.75 |
| Furniture and fixtures (and electrical Fitting) | 25.07 | 1.52 | 1.04 | (0.12) | (0.15) | 27.36 | 11.84 | 0.88 | 2.26 | (0.08) | (0.14) | 14.76 | 12.60 | 13.23 |
| Vehicles | 1.49 | 0.67 | 0.97 | (0.02) | (0.46) | 2.65 | 0.79 | 0.49 | 0.38 | (0.02) | (0.44) | 1.20 | 1.45 | 0.70 |
| **Total** | **438.79** | **29.04** | **42.22** | **0.34** | **(23.29)** | **487.10** | **105.58** | **17.54** | **25.31** | **(1.85)** | **(3.71)** | **142.87** | **344.23** | **333.21** |

## 4A Property, plant and equipment (Continued)

**Note :-**

1 Group adopted Ind AS 116 effective 1st April 2019. Consequently, the motor cars acquired under finance lease agreements has been reclassified from 'Property, Plant & Equipment' to 'Right of Use assets'.

2. Property, plant and equipment of the parent have been hypothecated against corporate guarantee issued by the company towards loan availed by its foreign subsidiary ('Nil' in previous year). (refer note 21)

# Notes to the consolidated financial statements

for the year ended 31 March 2023

## 4B Capital Work-in-progress

(₹ in crores)

| | For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Opening balance | 4.04 | 7.88 |
| Addition during the year | 18.92 | 6.67 |
| Capitalised during the year | (0.72) | (10.51) |
| **Closing balance** | **22.23** | **4.04** |

## 4C Capital work-in-progress ageing schedule as on 31 March 2023

(₹ in crores)

| Particulas | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Projects in progress | 19.27 | 2.63 | 0.17 | 0.16 | 22.23 |
| | **19.27** | **2.63** | **0.17** | **0.16** | **22.23** |

**Capital Work-in-progress ageing schedule as on 31 March 2022**

| Particulas | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Projects in progress | 3.22 | 0.71 | 0.03 | 0.08 | 4.04 |
| | **3.22** | **0.71** | **0.03** | **0.08** | **4.04** |

**Note :**

1. There is no capital work in progress pertaining to projects as of March 31, 2023 and March 31, 2022 whose completion is overdue or has exceeded its cost compared to original plan.

## 5 Right of use assets

The Group's leasing arrangements are in respect of Land, Building and Motor cars. These leasing arrangements are renewable on a periodic basis by mutual consent on mutually acceptable terms.

(₹ in crores)

| Cost | Land | Buildings | Motor cars | Total |
|---|---|---|---|---|
| As at 1 April 2022 | - | 117.06 | 0.36 | 117.42 |
| Additions / Adjustments | 5.63 | 3.61 | 0.20 | 9.44 |
| Disposals/Reclass | - | (14.45) | (0.13) | (14.58) |
| Translation impact | 0.01 | 1.72 | - | 1.73 |
| **Balance at 31 March 2023** | **5.64** | **107.93** | **0.43** | **114.00** |
| **Accumulated depreciation and impairment** | | | | |
| As at 1 April 2022 | - | 55.82 | 0.36 | 56.18 |
| Disposals/Reclass | 0.73 | (14.22) | (0.34) | (13.83) |
| Amortisation | 0.12 | 16.70 | 0.14 | 16.96 |
| Translation impact | - | 0.98 | - | 0.98 |
| **Balance at 31 March 2023** | **0.85** | **59.28** | **0.16** | **60.29** |
| **Carrying amounts** | | | | |
| As at 1 April 2022 | - | 61.24 | - | 61.24 |
| **Balance at 31 March 2023** | **4.79** | **48.65** | **0.27** | **53.71** |

(₹ in crores)

| Cost | Land | Buildings | Motor cars | Total |
|---|---|---|---|---|
| As at 1 April 2021 | - | 88.44 | 0.36 | 88.80 |
| Business Acquisition during the year | - | 12.08 | - | 12.08 |
| Additions / Adjustments | - | 18.16 | - | 18.16 |
| Disposals | - | (1.62) | - | (1.62) |
| **Balance at 31 March 2022** | **-** | **117.06** | **0.36** | **117.42** |
| **Accumulated depreciation and impairment** | | | | |
| As at 1 April 2021 | - | 38.37 | 0.36 | 38.73 |
| Business Acquisition during the year | - | 0.34 | - | 0.34 |
| Amortisation | - | 17.11 | - | 17.11 |
| **Balance at 31 March 2022** | **-** | **55.82** | **0.36** | **56.18** |
| **Carrying amounts** | | | | |
| As at 1 April 2021 | - | 50.07 | - | 50.07 |
| **Balance at 31 March 2022** | **-** | **61.24** | **-** | **61.24** |

**Breakdown of lease expenses**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Short-term lease expense | 9.54 | 7.12 |
| Interest on lease Liability | 4.02 | 3.59 |
| **Total lease expense** | **13.56** | **10.71** |

**Cash outflow on leases**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Repayment of lease liabilities (including interest) | 19.98 | 22.11 |
| Short-term lease expense | 9.54 | 7.12 |
| **Total cash outflow on leases** | **29.52** | **29.23** |

Note :-

Average lease term of right of use asset is 8 years.

## 5A Operating leases

**Leases as lessor**

Group leases out its investment property on operating lease basis, as they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets. Rental income recognised by the company during FY 22-23 was ₹. 0.57 crores (31 March 2022: ₹ 2.22 crores). The following table sets out maturity analysis of lease payments to be received after the reporting date.

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

**Future minimum lease payments**

The future minimum lease payments to be received under non-cancellable operating leases are as follows:

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Receivable within one year | 0.57 | 2.71 |
| Receivable between one year and five years | - | 3.94 |
| | **0.57** | **6.65** |

## 6 Investment property

(₹ in crores)

| Block of asset | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions during the year | Disposals during the year | As at 31 March 2023 | As at 1 April 2022 | Charge for the year | Disposals during the year | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Land | - | 0.18 | - | 0.18 | - | 0.01 | - | 0.01 | 0.17 | - |
| Buildings | 15.31 | (0.18) | 14.72 | 0.41 | 2.30 | 0.23 | (2.51) | 0.02 | 0.39 | 13.01 |
| | **15.31** | **-** | **14.72** | **0.59** | **2.30** | **0.24** | **(2.51)** | **0.03** | **0.56** | **13.01** |

**Investment property (previous year)** (₹ in crores)

| Block of asset | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions during the year | Disposals during the year | As at 31 March 2022 | As at 1 April 2021 | Charge for the year | Disposals during the year | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Buildings | 14.72 | 0.59 | - | 15.31 | 1.82 | 0.48 | - | 2.30 | 13.01 | 12.90 |
| | **14.72** | **0.59** | **-** | **15.31** | **1.82** | **0.48** | **-** | **2.30** | **13.01** | **12.90** |

**Notes:**

1. Buildings are classified as Investment property by the Group in accordance with IND AS-40 "Investment Property".
2. Investment property of the company comprise of leasehold land and residential building given on operating lease by the company. Fair value of the investment property as on March 31, 2023 is ₹ 0.71 crores .(Previous year is ₹ 23.47 crores).
3. The property rental income earned by the Company from its investment property all of which is leased out under operating leased amount to ₹ 0.57 Crore ( previous year ₹ 0.75 Crore). There were no direct operating expenses arising from the investment property during the year.

**Fair Value**

The fair value of investment property has been determined using external property rates available in the market. The fair value of investment property is categorised as level 3 fair value based on the inputs to the valuation techniques used by the mangement and has not been carried out by an independent valuer.

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 7 Goodwill

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at the beginning | 289.48 | 204.40 |
| Additions due to NCI acquisition done during the year | 2.40 | 90.81 |
| Impairment (Refer note 49) | (5.57) | - |
| Translation impact | 16.57 | (5.73) |
| **Balance at the end** | **302.88** | **289.48** |

**Impairment testing of Goodwill**

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions (CGU) which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Flavour Division** | | |
| Gujarat Flavours Private Limited (Part of Keva Flavours Private Limtied) | 4.95 | 4.95 |
| High-Tech Technologies (Part of Keva Flavours Private Limtied) | 8.50 | 8.50 |
| Saiba Industries Private Limited (merged with S H Kelkar and Company Limited) | 7.56 | 7.56 |
| **Fragrance Division** | | |
| PFW Aroma Ingredients B.V. | 13.15 | 13.15 |
| Rasiklal Hemani Agencies Private Limited (merged with S H Kelkar and Company Limited) | 2.03 | 2.03 |
| Anhui Ruibang Aroma Co Ltd. (Refer note 49) | - | 5.57 |
| Keva Fragrances Industries Pte. Ltd. | 0.00* | 0.00* |
| Creative Flavors & Fragrances SpA (Nova Fragranze S.r.l. merged during the year) | 175.06 | 161.63 |
| Holland Aromatics B.V. | 91.54 | 86.00 |
| NuTaste Food and Drink Labs Private Limited | 0.09 | 0.09 |
| | **302.88** | **289.48** |

* Amount less than ₹ 0.01 crore

The recoverable amount of a CGU is based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.Value in use for CGU Saiba Industries Private Limited also factors the fair value of underlying Building.

Operating margins and growth rates for the 5 years cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts estimated by the management. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using appropriate discount rate. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

| Particulars | Discount rate | | Terminal value growth rate | | Sales growth rate | |
|---|---|---|---|---|---|---|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| PFW Aroma Ingredients B.V. | 5.85% | 5.00% | 1.00% | 1.00% | 3.00% | 3.00% |
| Saiba Industries Private Limited | 14.18% | 12.83% | 1.00% | 1.00% | 3.00% | 3.00% |
| High-Tech Technolgies and Gujarat Flavours Private Limited | 11.47% | 12.83% | 3.00% | 3.00% | 15.00% | 15.00% |
| Rasiklal Hemani Agencies Private Limited | 14.18% | 12.83% | 1.00% | 1.00% | 3.00% | 3.00% |
| Anhui Ruibang Aroma Co.Ltd. | 0.00% | 7.00% | 0.00% | 1.00% | 0.00% | 10.00% |
| Creative Flavours and Fragrances S.p.A. ("CFF") | 8.97% | 14.57% | 3.00% | 3.00% | 10.00% | 10.00% |
| Holland Aromatics B.V. | 6.85% | 12.40% | 3.00% | 3.00% | 8.00% | 8.00% |

With regard to assessment of recoverable value, no reasonalably possible change in any of the above key assumptions would cost the carrying amount of the CGU's to exceed their recoverable amount.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

## 8A Other intangible assets

(₹ in crores)

| Block of asset | Gross Block | | | | | | Accumulated Amortisation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Reclassi-fication / Additions during the year | Business / subsidiary acqisitions done during the year | Disposals during the year | Trans-lation impact | As at 31 March 2023 | As at 1 April 2022 | Reclassi-fication/ Adjustment during the year | Charge for the year | Trans-lation impact | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Computer software | 18.33 | 0.96 | - | - | 0.33 | 19.61 | 16.92 | (2.42) | 1.05 | 0.23 | 15.77 | 3.84 | 1.41 |
| Land Rights | 5.66 | (5.66) | - | - | - | - | 0.24 | (0.24) | - | - | - | - | 5.42 |
| Formulation | 147.23 | (6.03) | - | - | 2.13 | 143.33 | 51.27 | (2.79) | 12.49 | 1.19 | 62.16 | 81.17 | 95.96 |
| Customer Relationship | 62.43 | 61.48 | - | - | - | 123.91 | 4.31 | 0.92 | 11.81 | - | 17.04 | 106.87 | 58.12 |
| Non compete fees | 19.78 | 0.01 | - | - | - | 19.79 | 4.92 | (0.99) | 6.03 | - | 9.96 | 9.82 | 14.86 |
| Technical knowhow | - | 28.67 | - | - | 1.19 | 29.87 | | 6.89 | 3.06 | 0.43 | 10.38 | 19.48 | - |
| Brand | 2.00 | - | - | - | - | 2.00 | 2.00 | - | - | - | 2.00 | - | - |
| Licenses | 10.01 | (10.01) | - | - | - | - | 2.17 | (2.17) | - | - | - | - | 7.84 |
| Concept Development | 0.14 | 4.24 | - | - | 0.50 | 4.89 | 0.14 | 3.81 | 0.20 | 0.35 | 4.50 | 0.38 | - |
| Patents & Trademarks | 68.11 | (65.40) | - | - | 0.17 | 2.89 | 0.20 | 0.31 | 0.09 | 0.05 | 0.65 | 2.24 | 67.91 |
| Total | **333.69** | **8.25** | **-** | **-** | **4.33** | **346.28** | **82.17** | **3.33** | **34.73** | **2.25** | **122.47** | **223.81** | **251.52** |





# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

**Other intangible assets (previous year)**

(₹ in crores)

| Block of asset | Gross Block | | | | | | Accumulated Amortisation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Reclassi-fication / Additions during the year | Business / subsidiary acqisitions done during the year | Disposals during the year | Trans-lation impact | As at 31 March 2022 | As at 1 April 2021 | Reclassi-fication/ Adjustment during the year | Charge for the year | Trans-lation impact | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Computer software | 15.49 | 2.61 | 0.28 | - | (0.05) | 18.33 | 14.00 | - | 2.92 | - | 16.92 | 1.41 | 1.49 |
| Land Rights | 5.66 | - | - | - | - | 5.66 | 0.15 | - | 0.09 | - | 0.24 | 5.42 | 5.51 |
| Formulation | 90.38 | 7.04 | 50.83 | (0.88) | (0.14) | 147.23 | 33.81 | - | 19.31 | (1.85) | 51.27 | 95.96 | 56.57 |
| Customer Relationship | 2.94 | - | 59.49 | - | - | 62.43 | 2.41 | - | 1.90 | - | 4.31 | 58.12 | 0.53 |
| Non compete fees | 4.16 | - | 15.62 | - | - | 19.78 | 1.07 | - | 3.85 | - | 4.92 | 14.86 | 3.09 |
| Brand | 2.00 | - | - | - | - | 2.00 | 1.70 | - | 0.30 | - | 2.00 | - | 0.30 |
| Licenses | 10.01 | - | - | - | - | 10.01 | 2.17 | - | - | - | 2.17 | 7.84 | 7.84 |
| Concept Development | 0.45 | - | - | - | (0.31) | 0.14 | 0.05 | - | 0.09 | - | 0.14 | - | 0.40 |
| Patents & Trademarks | 65.59 | 2.60 | - | - | (0.08) | 68.11 | 0.55 | - | 0.07 | (0.42) | 0.20 | 67.91 | 65.04 |
| | **196.68** | **12.25** | **126.22** | **(0.88)** | **(0.58)** | **333.69** | **55.91** | **-** | **28.53** | **(2.27)** | **82.17** | **251.52** | **140.77** |

## 8B Intangible assets under-development

(₹ in crores)

| | For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Opening balance | 4.84 | 19.97 |
| Addition during the year | 6.67 | 4.13 |
| Capitalised during the year | - | (6.40) |
| Written off during the year | (7.31) | (12.86) |
| **Closing balance** | **4.20** | **4.84** |

## 8C Intangible assets under development ageing schedule as on 31 March 2023

| | As at 31 March 2023 | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Less than 1 Year** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | **Total** |
| Projects in progress | 0.14 | 0.44 | 1.44 | 2.19 | 4.20 |
| **Total** | **0.14** | **0.44** | **1.44** | **2.19** | **4.20** |

Intangible assets under development ageing schedule as on 31 March 2022

| | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Less than 1 Year** | **1-2 Years** | **2-3 Years** | **More than 3 Years** | **Total** |
| Projects in progress | 2.38 | 0.69 | 1.05 | 0.72 | 4.84 |
| **Total** | **2.38** | **0.69** | **1.05** | **0.72** | **4.84** |

**Note : 8**

There are no projects as of 31 March 2023 and 31 March 2022, under Intangible Assets under Development whose completion is overdue or has exceeded its cost compared to original plan.

# Notes to the consolidated financial statements

for the year ended 31 March 2023

## 9 Disclosure of Joint Ventures

**Financial information of joint ventures that are material to the Group is provided below :**

(₹ in crores)

| Name of the entity | Place of business | % of ownership interest as of 31 March 2023 * | % of ownership interest as of 31 March 2022 | Carrying Amounts 31 March 2023 | Carrying Amounts 31 March 2022 | Nature of business |
|---|---|---|---|---|---|---|
| **Investment in Joint venture (unquoted) (at cost)** | | | | | | **Manu-facturing and selling Fragrances** |
| Purandar Fine Chemicals Pvt. Ltd. (5,000 shares held of face value @ ₹10 each) | India | 0.0% | 50.0% | - | 1.33 | |
| **Total equity accounted investments** | | | | - | **1.33** | |

Summary financial information of Purandar Fine Chemicals Private Limited not adjusted for the percentage ownership held by the Company is as follows:

(₹ in crores)

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Current assets (including cash and cash equivalents ₹ Nil (31 March 2022 - ₹ 0.77 crores)) | - | 1.31 |
| Non-current assets | | 0.19 |
| **Total assets** | **-** | **1.50** |
| Current liabilites (current liabilities other than trade payables and other financial liabilities and provisions ₹ Nil (31 March 2022 - ₹ 0.04 crores)) | - | 0.62 |
| Non current liabilities | - | 0.05 |
| **Total liabilities** | **-** | **0.67** |
| Net assets | - | 0.83 |
| Ownership | - | 50% |
| **Groups' share of net assets** | **-** | **0.42** |
| Add: Consol adjustment | - | 0.91 |
| **Carrying amount of Investment in Joint venture** | **-** | **1.33** |

(₹ in crores)

| Particulars | Purandar Fine Chemicals Private. Limited. | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Revenues | 0.64 | 2.78 |
| Cost of Goods Sold | 0.95 | 2.55 |
| Depreciation | 0.04 | 0.09 |
| Finance Cost | 0.00 | 0.03 |
| Profit before tax | (0.35) | 0.11 |
| Income tax expense | (0.03) | 0.04 |
| Profit after tax | (0.32) | 0.07 |
| **Group's share of profit** | **(0.16)** | **0.03** |
| Less: Amortisation of identified intangible assets | - | - |
| **Group's share of profit** | **(0.16)** | **0.03** |

During the year ended March 31, 2023, Keva Fragrances Private Limited ('KFG') wholly owned subsidiary of S H Kelkar and Company Limited has sold its 50% stake. With this disinvestment, Purandar Fine Chemicals Private Limited ceases to be a joint venture of KFG (refer note 49).



# Notes to the consolidated financial statements

for the year ended 31 March 2023

## 10 Non-current investments

(₹ in crores)

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Equity shares designated at FVTPL** | | | | |
| Hico Products Limited (face value ₹ 10 per share) (Unquoted)** | 19,250 | 19,250 | - | - |
| Banco BPM Bank (Unquoted) | 307 | 307 | 0.02 | 0.02 |
| | | | **0.02** | **0.02** |

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| The aggregate book value and market value of unquoted non-current investments are as follows: | | |
| Aggregate value of unquoted investments | 0.02 | 0.02 |

**The shares have been suspended from trading and the entity is under liquidation. The Investment has been written off in the books of the parent and the market value is considered Nil.

## 11 Loans - current (unsecured, considered good)

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Advances to employees | 3.65 | 3.35 |
| Loan to Others | 2.24 | 2.12 |
| | **5.89** | **5.47** |

## 12 Other financial assets

(unsecured, considered good)

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022\ |
| To other than related parties | | | | |
| **Security deposits** | | | | |
| - considered good | 9.41 | 8.08 | 0.25 | - |
| - considered doubtful | 0.26 | 0.81 | - | - |
| | **9.67** | **8.89** | **0.25** | **-** |
| Loss Allowance for bad and doubtful deposits | (0.26) | (0.81) | - | - |
| | **9.41** | **8.08** | **0.25** | **-** |
| Other Deposit | - | 8.40 | - | - |
| Interest receivable on Income tax refund | 1.78 | - | - | 1.47 |
| Interest accrued and due on fixed deposits | - | - | 0.07 | 0.04 |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022\ |
| Derivatives assets - Foreign currency forward exchange contracts | - | - | 0.51 | 0.33 |
| Other receivables | - | - | 0.03 | 2.20 |
| Term deposits with banks with remaining maturity more than 12 months | 0.31 | 0.30 | - | - |
| | **11.50** | **16.78** | **0.86** | **4.04** |

## 13 Other assets

(unsecured, considered good)

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022\ |
| **To other than related parties** | | | | |
| Capital advances | | | | |
| - considered good | 0.48 | 1.43 | - | 0.01 |
| - considered doubtful | 0.55 | - | - | - |
| | **1.03** | **1.43** | **-** | **0.01** |
| Less: Loss allowance for bad and doubtful advances | (0.55) | - | - | - |
| | **0.48** | **1.43** | **-** | **0.01** |
| Prepaid expenses | 0.13 | 0.12 | 13.93 | 11.25 |
| Balances with government authorities | - | - | 41.52 | 57.79 |
| VAT/Sales tax refund receivable | 1.75 | 2.22 | 1.02 | 2.84 |
| Others | - | - | 1.44 | 1.22 |
| Advance to suppliers | - | 0.04 | 10.30 | 8.59 |
| To related parties ( Refer note no. 47) | | | | |
| Advance to suppliers | - | - | - | 1.78 |
| | **2.36** | **3.81** | **68.21** | **83.48** |

## 14 Inventories (Current)

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Raw materials | 395.49 | 335.05 |
| Raw materials in transit | 5.94 | 2.77 |
| Packing materials | 7.75 | 14.25 |
| Work-in-progress | 103.14 | 132.18 |
| Finished goods | 90.79 | 71.19 |
| | **603.11** | **555.44** |



# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

Inventories which comprise raw materials, packing materials, work-in-progress, finished goods and stock-in-trade are carried at the lower of cost and net realisable value.

The write-down of inventories to net realisable value during the year amounted to ₹ 1.22 crores (31 March 2022: ₹ 0.80 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the consolidated statement of profit and loss.

Borrowings are secured by way of hypothecation of Inventories both in hand and transit.(refer note 21)

## 15 Current investments

(₹ in crores)

| | Number of units | | | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Quoted mutual funds** | | | | |
| Axis Overnight Fund Regular Growth | 1,69,128.88 | - | 20.00 | - |
| ICICI Prudential Overnight Fund -Regular Growth | 24,934.62 | - | 3.00 | - |
| | | | **23.00** | **-** |
| **The aggregate book value and market value of quoted current investments are as follows:** | | | | |
| Aggregate book value of quoted investments | | | 23.00 | - |
| Aggregate amount of impairment in value of investments | | | - | - |

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 45.

## 16 Trade receivables

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Trade receivables considered good | 447.33 | 478.37 |
| Less: Allowance for expected credit loss* | (9.10) | (17.07) |
| **Trade receivables which have significant increase in credit risk** | | |
| Trade receivables - credit impaired | 14.82 | 7.49 |
| Less: Allowance for credit impairment | (14.82) | (7.49) |
| Net trade receivables | **438.23** | **461.30** |

*The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 45 (ii).

Borrowings are secured by way of hypothecation of book debts and other receivables (refer note 21 and 25).

** Trade receivables (unsecured, considered good) as at 31st March 2023 includes ₹ 0.04 crores (31st March 2022: ₹2.08 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

# Notes to the consolidated financial statements
for the year ended 31 March 2023

## 17 Cash and cash equivalents

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Balance with banks in:** | | |
| - current accounts | 48.23 | 108.84 |
| - exchange earners foreign currency account | 15.16 | 10.12 |
| Cash on hand | 0.15 | 0.28 |
| Cash and cash equivalents | **63.54** | **119.24** |

## 18 Other bank balances

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Bank deposits due to mature within 12 months of the reporting date* | 2.29 | 1.49 |
| Current account of parent's employee benefit trust (refer note 48) | 1.37 | 1.77 |
| Parents's Unclaimed dividend accounts | 0.02 | 0.02 |
| | **3.68** | **3.28** |

*Bank deposits of ₹ 1.37 crores (31 March 2022 : ₹1.37 crores) are pledged with bank for guarantees issued.

## 19 Equity share capital

(₹ in crores)

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Authorised** | | | | |
| Equity shares of ₹ 10 each | 15,93,14,500 | 15,93,14,500 | 159.31 | 159.31 |
| Preference shares of ₹ 10 each | 1,19,35,500 | 1,19,35,500 | 11.94 | 11.94 |
| | | | **171.25** | **171.25** |
| **Issued, subscribed and paid up** | | | | |
| Equity shares of ₹ 10 each, fully paid-up | 13,84,20,801 | 13,84,20,801 | 138.42 | 138.42 |
| | | | **138.42** | **138.42** |

**a Reconciliation of number of shares outstanding at the beginning and end of the reporting year:**

(₹ in crores)

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **i) Equity share of ₹ 10 (Previous year ₹10) each fully paid-up** | | | | |
| Outstanding at the beginning of the year | 13,84,20,801 | 14,13,20,801 | 138.42 | 141.32 |
| Shares extinguished on buy-back (refer note e) | - | (29,00,000) | - | (2.90) |
| Outstanding at the end of the year | **13,84,20,801** | **13,84,20,801** | **138.42** | **138.42** |





# Notes to the consolidated financial statements
for the year ended 31 March 2023

**b Terms of / Rights attached to each classes of shares**

***Terms of / Rights attached to Equity shares***

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**c Shareholders holding more than 5% shares in the Company is set out below:**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of shares | % | Number of shares | % |
| **Equity shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up** | | | | |
| Ramesh Vinayak Vaze Family Trust | 2,70,00,100 | 19.51% | 2,70,00,100 | 19.51% |
| Kedar Ramesh Vaze | 1,71,93,055 | 12.42% | 1,69,38,055 | 12.24% |
| KNP Industries Pte. Ltd. | 1,48,76,223 | 10.75% | 1,48,76,223 | 10.75% |
| Firmenich Aromatics Production (India) Private Limited | 1,41,17,948 | 10.20% | 1,41,17,953 | 10.20% |
| Keva Constructions Private Limited | 73,93,689 | 5.34% | 85,03,689 | 6.14% |

**d Shares held by promoters and promoter group in the Company at end of the year:**

| | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Number of shares | % of total shares | % change during the year | Number of shares | % of total shares | % change during the year |
| **With Promoter** | | | | | | |
| Kedar Ramesh Vaze | 1,71,93,055 | 12.42% | 0.18% | 1,69,38,055 | 12.24% | 0.03% |
| Prabha Ramesh Vaze | 17,97,309 | 1.30% | 0.00% | 17,97,309 | 1.30% | (2.18%) |
| Ramesh Vinayak Vaze | 14,48,980 | 1.05% | 0.00% | 14,48,980 | 1.05% | (17.29%) |
| **With promoter group** | | | | | | |
| Anagha Sandeep Nene | 14,70,464 | 1.06% | 0.00% | 14,70,464 | 1.06% | (0.01%) |
| Nandan Kedar Vaze | 12,58,098 | 0.91% | 0.00% | 12,58,098 | 0.91% | (0.02%) |
| Parth Kedar Vaze | 12,58,098 | 0.91% | 0.00% | 12,58,098 | 0.91% | (0.02%) |
| Neha Kedar Karmarkar | 7,30,875 | 0.53% | 0.00% | 7,30,875 | 0.53% | (0.01%) |
| Nishant Kedar Karmarkar | 7,30,875 | 0.53% | 0.00% | 7,30,875 | 0.53% | (0.01%) |
| Sumedha Kedar Karmarkar | 150 | 0.00% | 0.00% | 150 | 0.00% | 0.00% |
| Nihar Sandeep Nene | 0 | 0.00% | 0.00% | 0 | 0.00% | 0.00% |
| Ramesh Vinayak Vaze Family Trust | 2,70,00,100 | 19.51% | 0.00% | 2,70,00,100 | 19.51% | 19.51% |
| KNP Industries Pte. Limited | 1,48,76,223 | 10.75% | 0.00% | 1,48,76,223 | 10.75% | (0.03%) |
| Keva Constructions Private Limited | 73,93,689 | 5.34% | (0.80%) | 85,03,689 | 6.14% | (0.01%) |
| Vinayak Ganesh Vaze Charities | 19,26,995 | 1.39% | 0.00% | 19,26,995 | 1.39% | (0.04%) |
| SKK Industries Private Limited | 14,78,550 | 1.07% | 0.00% | 14,78,550 | 1.07% | (0.01%) |
| ASN Investment Advisors Private Limited | 14,70,366 | 1.06% | 0.00% | 14,70,366 | 1.06% | (0.01%) |
| Kedar Ramesh Vaze Family Trust | 100 | 0.00% | 0.00% | 100 | 0.00% | 0.00% |
| Keva Investment Partners (refer note f) | 11,43,742 | 0.83% | 0.80% | 33,742 | 0.02% | 0.00% |

# Notes to the consolidated financial statements
for the year ended 31 March 2023

e The Company during the previous year ended March 31, 2022 bought back 29,00,000 equity shares for an aggregate amount of ₹ 60.90 crores, being 2.05% of the total paid-up equity share capital at ₹ 210 per equity share. The equity shares bought back were extinguished on 12 January 2022.

f Keva Investment Partners acquired 4,19,939 equity shares through the market on 29 March 2023 and 31 March 2023. These shares were in pool with the clearing members. As a result, the Benpos dated 31 March 2023, did not reflect the change in holding under the Promoter & Promoter Group category. After taking into consideration the said transaction, Keva Investment Partners' actual shareholding as on 31 March 2023, is 15,63,681 Equity Shares, representing 1.23% of the total paid up capital of the Company and the total shareholding of Promoter & Promoter Group is 8,15,97,608 equity shares representing 58.95% of the total paid up capital of the Company.

g There are no shares reserved for issue under options as at 31 March 2023 (Nil as at 31 March 2022)

## 20 Other equity

### A. Reserves

(₹ in crores)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| Capital reserve | i. | 17.07 | 17.07 |
| Capital redemption reserve | ii. | 6.20 | 6.20 |
| Securities premium | iii. | 99.70 | 99.70 |
| Other reserves | iv. | 8.77 | 8.77 |
| General reserve | v. | 104.96 | 104.96 |
| Foreign currency translation reserve | vi. | 10.78 | 10.02 |
| Treasury Shares | vii. | (71.09) | (71.09) |
| STARs Shares | viii. | (0.02) | (0.27) |
| Retained Earnings | ix. | 749.59 | 699.52 |
| | | **925.96** | **874.88** |

please refer statement of change in equity for details

### B. Notes to Reserves

**i. Capital reserve**
Capital reserve is mainly arising on account of conversion of a subsidiary to associate.

**ii. Capital redemption reserve**
Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

**iii. Securities premium**
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

**iv. Other reserves**
The Company had received a private equity investment in the form of equity shares and preference shares. Such amounts received were classified as financial liability with reference to the terms and conditions attached with such investment. On completion of the initial public offering, the private equity investor's rights were contractually extinguished and consequently, the liability was derecognised on such date, with corresponding credit to equity share capital and other relevant components of equity (including related gain on extinguishment).





# Notes to the consolidated financial statements
for the year ended 31 March 2023

**v. General reserve**
General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

**vi. Foreign currency translation reserve**
Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign operations.

**vii. Treasury Shares**
The Company has formed S H Kelkar Employee Benefit Trust (EBT) for implementation of the schemes that are notified or may be notified from time to time by the Company under the plan providing share based payments to its employees. EBT purchases shares of the Company out of funds borrowed from the company. The company treats EBT as its extension and shares held by EBT are treated as treasury shares.

**viii. STARs shares**
The profit/loss on sale of treasury shares and dividend earned on the same by the trust is recognised in STARs reserves.

**ix. Retained earnings**
Retained earnings are the profits that the Company has earned till date, less any IndAS transition adjustments, transfers to general reserve, dividends or other distributions paid to shareholders.

### C. Dividends

The following dividends were declared and paid by the Company during the years ended:

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Interim equity dividend of 2020-2021 paid at ₹ 1 per equity share | - | 10.60 |
| Final equity dividend of 2021-2022 paid at ₹ 0.75 per equity share | 10.38 | - |
| | **10.38** | **10.60** |

Board of Director's in their meeting held on May 30,2023 have recommended a final dividend of ₹ 2 per equity share (31 March 2022 : ₹ 0.75 per equity share) subject to the approval at the annual general meeting.

## 21 Non-current Borrowings

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Term Loans (at amortised cost)** | | |
| Secured | | |
| Term loans from banks (refer note 'a' below) | 257.86 | 293.68 |
| Term Loan from other (refer note 'b' below) | 74.46 | 76.34 |
| | **332.32** | **370.02** |
| Less: Amount included under "current borrowings" | | |
| Current portion of term loan from bank (refer note 25) | (13.43) | (7.00) |
| | **318.89** | **363.02** |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

**Terms of repayment and security**

a) Term Loans from banks of ₹244.43 crores (EUR 27.28 million) (net of current portion of long term loan) includes loan taken by foreign subsidiary companies (31 March 2022 ₹286.68 crores- EUR 34.12 million), out of which ₹213.68 crores (Euro 23.85 million) (31 March 2022 ₹235.26 crores- EUR 28 million) is backed by the Stand by Letter of Credit (SBLC) from the Parent. The SBLC issued is hypothecated against the current and future movable and immovable Property, Plant & Equipment of the Parent company and the 17% equity shares held in Creative Flavors & Fragrances SpA. The floating rate of interest is Euribor + (1.45% to 1.80% bps) p.a. and 3% for fixed rate of interest during the tenor of the credit facility. Current maturity of term loan from bank includes ₹13.43 crores (EUR 1.49 million) by group companies (31 March 2022 ₹7.00 crores).

b) Loan from other comprises of 5 year loan payable on the completion of the tenor i.e 31 July 2025. It carries interest of 5% p.a. payable every six months till the end of the tenor.

## 22 Lease Liabilities

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Lease Liabilities (refer note 'a' below) | 39.39 | 47.80 | 14.55 | 18.29 |
| | **39.39** | **47.80** | **14.55** | **18.29** |

a) Lease liabilities has been recognised and accounted in accordance with INDAS 116. refer note 3.13 (accounting policy) and note 5..

## 23 Other financial liabilities- non-current

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Security deposits | 0.57 | 1.62 |
| Employee benefits payable | - | 16.85 |
| | **0.57** | **18.47** |

## 24 Provisions

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Provision for employee benefits | | | | |
| Gratuity (refer note 43) | 0.39 | 0.44 | 0.62 | 0.54 |
| Compensated absences | 0.79 | 0.11 | 15.86 | 14.28 |
| | **1.18** | **0.55** | **16.48** | **14.82** |



# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 25 Current Borrowings

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Secured** | | |
| **Loans repayable on demand** | | |
| Working capital loans (Refer note "a & b" below) | 37.73 | 56.40 |
| Bank over draft (Refer note "a & b" below) | 120.96 | 88.50 |
| **Unsecured** | | |
| Current maturities of long-term debt ( Refer note 21) | 13.43 | 7.00 |
| Working capital loans | - | 42.01 |
| Pre-shipment loans (Refer note "c" below) | 75.00 | 75.00 |
| | **247.12** | **268.91** |

a) Working capital demand loan and Bank Overdraft from banks by a foreign subsidiary company of USD 13.83 million equivalent to ₹ 113.77 crores (31 March 2022: USD 18.40 million equivalent to ₹ 139.26 Crores) carries interest between 3 month SOFR plus 1.30% to 1.55% p.a. and Euro 4.39 million equivalent to ₹ 39.34 crores (31 March 2022:Nil) carries interest 3 month Euribor plus 1.25% p.a. Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future.

b) Working Capital loans & Bank Overdraft from bank by an Indian Subsidiary ₹ 5.58 crores carrying interest at the rate of 7.25% to 8.48% p.a. are repayable on demand with interest computed on a monthly basis on the actual amount utilised.

c) Pre-shipment loans from bank by an Indian Subsidiary ₹ 75.00 crores (31 March 2022: ₹ 75.00 crores) carries interest between 4.1% to 5.53% p.a. ( Includes Spread + T-Bill/Mibor less Interest subvention ). The loans are repayable within a period of 90 to 180 days from the date of disbursement. All the loans are backed by way of Corporate Guarantee from the Parent.

d) The Company has sanctioned working capital loans from banks which are repayable on demand with interest computed on a monthly basis on the actual amount utilised. Working capital loans from banks (including the sanctioned limits) are secured by way of hypothecation of inventories both on hand and in transit and book debts, and other receivables both present and future. The Company has filed / submitted the statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) with such banks and these statements are in agreement with the unaudited books of account of the Company of the respective quarters ended on 30th June 2022, 30th September, 2022, 31st December 2022, and 31st March, 2023.

## 26 Trade payables

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Dues to Micro and small enterprises (refer note 41) | 20.03 | 20.08 |
| Due to others | 345.07 | 331.90 |
| | **365.10** | **351.98** |

# Notes to the consolidated financial statements
for the year ended 31 March 2023

(₹ in crores)

| Category | As at 31 March 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Total | Not Due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years |
| Undisputed – micro and small enterprises | 20.03 | 14.25 | 5.70 | 0.06 | 0.02 | - |
| Undisputed – Others | 345.07 | 238.83 | 105.21 | 0.09 | 0.19 | 0.75 |
| **Total** | **365.10** | **253.08** | **110.91** | **0.15** | **0.21** | **0.75** |

(₹ in crores)

| Category | As at 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | | Not Due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years |
| Undisputed – micro and small enterprises | 20.08 | 16.52 | 3.48 | 0.06 | 0.01 | 0.01 |
| Undisputed – Others | 331.90 | 88.79 | 239.85 | 2.13 | 0.47 | 0.65 |
| **Total** | **351.98** | **105.31** | **243.33** | **2.19** | **0.48** | **0.66** |

## 27 Other financial liabilities - current

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Interest accrued but not due | 1.43 | - |
| Interest accrued and due under MSMED Act, 2006 | 1.56 | 1.21 |
| Security deposits | 0.01 | 0.15 |
| Employee benefits payable | 22.98 | 20.92 |
| Unclaimed dividend account | 0.01 | 0.02 |
| Derivative Liability | 0.79 | - |
| Other payables | 1.55 | 0.30 |
| | **28.33** | **22.60** |

## 28 Other current liabilities

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Advances received from customers | 10.43 | 7.24 |
| Other payables | | |
| - For statutory dues* | 24.38 | 26.05 |
| - Others | 0.74 | 0.16 |
| | **35.55** | **33.45** |

* Statutory dues includes dues in respect to GST, tax deducted at source, service tax, VAT/ CST tax, provident fund, ESIC, profession tax and other material statutory dues. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.



# Notes to the consolidated financial statements
for the year ended 31 March 2023

## 29 Revenue from operations

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Sale of products** | | |
| Gross sales | 1,619.55 | 1,470.88 |
| Sales Contract Manufacturing (Refer note below) | 72.98 | 101.14 |
| | **1,692.53** | **1,572.02** |
| Less: Discounts | 15.63 | 12.42 |
| **Net sales (revenue from contracts with customers)** | **1,676.90** | **1,559.60** |
| **Other operating revenue** | | |
| Sale of Scrap | 4.33 | 2.17 |
| Sale of services | 4.31 | - |
| Export incentives | 0.98 | 2.42 |
| | **9.62** | **4.59** |
| Total revenue from operations | **1,686.52** | **1,564.19** |

Pursuant to the acquisition of 100% stake in Creative flavours & Fragrances SpA(CFF), the Group acquired a customer contract whereby CFF sells fragrance formulations to one large customer on contract manufacturing. Accordingly, CFF performs processing of raw materials under the guidance of the customer. This activity is not part of the Group's core business and is done only for one large customer due to a past long term agreement entered by CFF.

## 30 Other income

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Interest income under effective interest method on: | | |
| -Deposits with banks at amortised cost | 0.26 | 0.15 |
| -Loans and other deposits at amortised cost | 0.23 | 0.36 |
| Interest received on tax refund | 0.42 | 3.81 |
| Rental income | - | 2.22 |
| Gain on sale of investment, designated at FVTPL | 1.38 | 0.05 |
| Dividend Income | 0.03 | - |
| Net foreign exchange gain | - | 4.42 |
| Net gain on sale of investment property, plant & equipement and other intangible assets | 7.23 | 0.44 |
| Reversal of loss allowance on trade receivable | - | 1.02 |
| Other liabilities written back | 1.81 | 1.23 |
| Miscellaneous income | 0.45 | 3.81 |
| **Total other income** | **11.81** | **17.51** |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 31 Cost of materials consumed

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Opening stock** | | |
| - Raw materials | 337.82 | 289.69 |
| - Packing materials | 14.25 | 5.82 |
| **Add: Pursuant to acquisitions** | | |
| - Raw materials | - | 6.12 |
| **Add: Purchases** | | |
| - Raw materials | 1,018.59 | 1,005.37 |
| - Packing materials | 33.76 | 34.43 |
| **Less: Closing Stock** | | |
| - Raw materials | 401.43 | 337.82 |
| - Packing materials | 7.75 | 14.25 |
| **Materials consumed** | | |
| - Raw materials | 954.98 | 963.36 |
| - Packing materials | 40.26 | 26.00 |
| **Total cost of materials consumed** | **995.24** | **989.36** |

## 32 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Opening Stock :** | | |
| Finished goods | 71.19 | 46.92 |
| Work-in-progress | 132.18 | 87.00 |
| **Add: Pursuant to acquisitions** | | |
| Finished goods | - | 5.63 |
| **Closing Stock:** | | |
| Finished goods | 90.79 | 71.19 |
| Work-in-progress | 103.14 | 132.18 |
| **Changes in inventories:** | | |
| Finished goods | (19.60) | (18.66) |
| Work-in-progress | 29.04 | (45.18) |
| **Changes in inventories of finished goods, stock-in-trade and work-in-progress** | **9.44** | **(63.84)** |

## 33 Employee benefits expense

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Salaries, wages and bonus | 170.15 | 161.41 |
| Contribution to provident fund and other funds ( Refer note 43) | 26.77 | 25.18 |
| Compensated absences ( Refer note 43) | 3.14 | 2.26 |
| Staff welfare expense | 11.74 | 9.90 |
| **Employee benefits expense** | **211.80** | **198.75** |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 34 Finance costs

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Interest expense under effective interest method on:** | | |
| Term loans | 6.28 | 3.72 |
| Working capital loans | 4.80 | 2.32 |
| Lease liabilities | 4.02 | 3.59 |
| Interest on dues to micro and small enterprises | 0.29 | 0.44 |
| Other finance costs (including interest on Bank OD) | 8.50 | 6.11 |
| Finance costs | **23.89** | **16.18** |

## 35 Depreciation and amortisation

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 4A) | 28.52 | 25.31 |
| Depreciation of investment property (refer note 6) | 0.24 | 0.48 |
| Amortisation of intangible assets (refer note 8A) | 34.73 | 28.53 |
| Amortisation of Right of use assets (refer note 5A) | 16.96 | 17.45 |
| | **80.45** | **71.77** |

## 36 Other expenses

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Commission and brokerage | 14.62 | 15.46 |
| Power and fuel | 28.01 | 26.70 |
| Selling and promotion expenses | 17.57 | 8.84 |
| Freight and forwarding | 26.67 | 31.39 |
| Legal and professional charges | 45.96 | 33.31 |
| Research and development | 3.96 | 3.46 |
| Repairs and maintenance: | | |
| - Buildings | 2.59 | 2.03 |
| - Plant and machinery | 3.88 | 2.94 |
| - Others | 6.38 | 5.54 |
| Rent (refer note 5A) | 9.54 | 7.12 |
| Rates and taxes | 4.85 | 5.36 |
| Insurance | 4.63 | 4.04 |
| Stationery and printing expenses | 1.47 | 1.16 |
| Training expenses | 1.01 | 0.41 |
| Pollution control expenses | 3.11 | 2.57 |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Stores and spares consumed | 7.30 | 6.50 |
| Intangible asset under development written off | - | 12.86 |
| Corporate social responsibility expense | 2.48 | 1.80 |
| Loss allowance on trade receivables | (0.99) | (0.79) |
| Bad debts written off | 0.61 | 0.02 |
| Directors Commission Expenses | 1.14 | 3.84 |
| Directors sitting fees | 1.02 | 0.96 |
| Contract labour charges | 9.08 | 6.77 |
| Foreign exchange (gain)/ loss | (3.84) | - |
| Loss on derivative contracts, mandatorily at FVTPL | 0.61 | 1.34 |
| Information technology expenses | 6.41 | 5.43 |
| Works operation and other expenses | 54.65 | 36.23 |
| | **252.72** | **225.29** |

**Payment to auditors :**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Statutory Audit Fees | 1.63 | 1.85 |
| Tax Audit Fees | 0.07 | 0.14 |
| All other Fees | 0.14 | 0.07 |
| **Total** | **1.84** | **2.06** |

## 37 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

(₹ in crores)

| | | As at 31 March 2023 | As at 31 March 2023 |
|---|---|---|---|
| **Profit attributable to equity shareholders (basic and diluted)** | | | |
| Profit for the year attributable to equity shareholders (₹ in crores) | (A) | 61.17 | 148.57 |
| **Weighted average number of equity shares for basic and diluted earnings per share** | | | |
| Number of equity shares at beginning of the year | | 13,84,20,801 | 14,13,20,801 |
| Equity shares held in controlled trust | | (32,45,768) | (32,45,768) |
| Buy back of equity shares | | | (29,00,000) |
| **Number of equity shares outstanding at the end of the year** | | **13,51,75,033** | **13,51,75,033** |
| **Weighted average number of equity shares for the year** | (B) | **13,51,75,033** | **13,73,94,646** |
| **Basic earnings per share of face value of ₹ 10 each** | (A)/(B) | **4.53** | **10.81** |
| **Diluted earnings per share of face value of ₹ 10 each** | (A)/(B) | **4.53** | **10.81** |

## 38 Tax expense

**(a) Amounts recognised in consolidated balance sheet**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Current tax assets (net of provision) | 41.16 | 56.55 |
| Current tax liabilities (net of advance tax) | 1.55 | 14.93 |

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities relate to income taxes levied by the same tax authority.

**(b) Amounts recognised in consolidated statement of profit and loss**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Current tax** | | |
| Current year | 38.28 | 48.24 |
| Earlier years | 2.86 | (57.74) |
| **Current tax expense** | **41.14** | **(9.50)** |
| **Deferred income tax liability / (asset), net** | | |
| Current year (refer note 39) | 0.27 | (7.66) |
| **Deferred tax expense** | **0.27** | **(7.66)** |
| **Tax expense for the year** | **41.41** | **(17.16)** |

# Notes to the consolidated financial statements
for the year ended 31 March 2023

**(c) Amounts recognised in other comprehensive income**

(₹ in crores)

| | For the year ended 31 March 2023 | | | For the year ended 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurements of the defined benefit plans | (0.95) | 0.23 | (0.72) | (1.23) | 0.33 | (0.90) |
| **Items that will be reclassified to profit or loss** | | | | | | |
| Exchange differences in translating the financial statements of a foreign operation | 1.47 | - | 1.47 | (5.45) | - | (5.45) |
| | **0.52** | **0.23** | **0.75** | **(6.68)** | **0.33** | **(6.35)** |

**(d) Reconciliation of effective tax rate**

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Profit before tax** | **104.52** | **132.23** |
| Tax using the Parent's domestic tax rate (current and previous year 25.17%) | 26.31 | 33.29 |
| **Tax effect of:** | | |
| Differences in tax rates of subsidiaries | 1.90 | 1.40 |
| Non-deductible tax expenses | 20.37 | 0.62 |
| Deferred tax asset not recognised | 0.59 | 5.63 |
| Change in rate on deferred tax | 0.22 | 0.21 |
| MAT credit write off | 1.85 | - |
| Tax impact of earlier years | 2.86 | (57.74) |
| Tax-exempt income | (9.63) | (0.24) |
| Others | (3.05) | (0.33) |
| | **41.41** | **(17.16)** |

The Group's weighted average tax rates for the years ended 31 March 2023 and 2022 were 25.17% and 25.17%, respectively.

**Note :**

i. In respect of ongoing tax appeal in case of Keva Fragrances Pvt. Ltd, a wholly owned subsidiary of the Group, the Income Tax Appellate Tribunal (ITAT) in its order vide dated 2nd August 2021 (uploaded on the ITAT site on 4th August 2021 ), has set aside the order of Commissioner of Income Tax (Appeals) and has directed Assessing officer to allow the amortisation of goodwill as an eligible expenditure. ITAT has also quashed the departmental appeal on the two issues favoured by CIT (A) earlier i.e. allowing set off of brought forward losses and unabsorbed depreciation and deletion of additions under section 56(2)(viib). Consequent to the said order, the group has reversed the additional tax provisions amounting to ₹ 64.49 crore , provided in its books in earlier periods, which had been made given the uncertainty over the allowability of goodwill amortisation as an eligible expenditure. Thus, profit for the year ended March 31, 2022 includes reversal of the aforementioned provision, the same has been reported as Prior period Income/Expenses.





# Notes to the consolidated financial statements
for the year ended 31 March 2023

ii. In respect of deduction u/s. 35(2AB), Company has received Form 3CL from Department of Scientific and Industrial Research [DSIR] for the FY 2016-17 to FY 2018-19, de-recoginizing perfumery cost for weighted deduction. The Company has provided for ₹6.35 crores towards amount claimed as deduction u/s 35(2AB) on conservative basis.

iii In resepect of current tax of earlier year where Foreign Tax Credit amounting to ₹ 3.87 crores, pertaining to a foreign wholly owned subsidiary has been charged off which is partially offset by tax liability of ₹ 1.01 crores has been released pursuant to assessment order of earlier year in Parent and its wholly owned subsidiadiries.

## 39 Deferred Tax

**(a) Significant components of deferred tax assets and liabilities for the year ended March 31, 2023**

(₹ in crores)

| | Opening balance 1 April 2022 | Recognised in profit or loss | Recognised in OCI | Foreign translation | Closing Balance |
|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | |
| Lease Liabilities | 0.08 | 0.36 | - | - | 0.44 |
| Business Loss | 8.52 | 2.32 | - | 0.18 | 11.02 |
| MAT Credit | 1.69 | (1.69) | - | - | - |
| Others | 10.56 | 4.77 | 0.23 | - | 15.56 |
| **Total** | **20.85** | **5.76** | **0.23** | **0.18** | **27.02** |
| **Deferred tax liabilities** | | | | | |
| Property, plant and equipment, intangible assets and intangible assets under development | (51.44) | (6.02) | - | - | (57.46) |
| Others | - | (0.01) | - | - | (0.01) |
| Investments | (0.04) | - | - | - | (0.04) |
| **Total** | **(51.48)** | **(6.03)** | **-** | **-** | **(57.51)** |
| **Net Assets/(liabilities)** | **(30.63)** | **(0.27)** | **0.23** | **0.18** | **(30.49)** |
| Deferred tax assets (net) | | | | | 20.18 |
| Deferred tax liabilities (net) | | | | | 50.67 |

**Significant component of deferred tax assets and liabilities for the year ended 31 March 2022 as follows :**

(₹ in crores)

| | Opening balance 1 April 2022 | Recognised in profit or loss | Recognised in OCI | Foreign translation | Closing Balance |
|---|---|---|---|---|---|
| **Deferred tax asset** | | | | | |
| Business loss | 14.30 | (5.77) | - | - | 8.53 |
| Lease Liabilities | 0.12 | (0.04) | - | - | 0.07 |
| MAT credit | 1.69 | - | - | - | 1.69 |
| Others | 7.98 | 2.25 | 0.33 | - | 10.56 |
| **Total** | **24.08** | **(3.56)** | **0.33** | **-** | **20.85** |

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

(₹ in crores)

| | Opening balance 1 April 2022 | Recognised in profit or loss | Recognised in OCI | Foreign translation | Closing Balance |
|---|---|---|---|---|---|
| **Deferred tax liabilities** | | | | | |
| Property, plant and equipment, intangible assets and intangible assets under development | (35.76) | 10.84 | - | (26.52) | (51.44) |
| Others | | | | | |
| Derivatives | (0.42) | 0.42 | - | - | - |
| Investments | - | (0.04) | - | - | (0.04) |
| **Total** | **(36.18)** | **11.22** | **-** | **(26.52)** | **(51.48)** |
| **Net Assets/(liabilities)** | **(12.10)** | **7.66** | **0.33** | **(26.52)** | **(30.63)** |
| Deferred tax assets (net) | | | | | 17.95 |
| Deferred tax liabilities (net) | | | | | 48.58 |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and they relate to income taxes levied by the same tax authority.

**(b) Unrecognised deferred tax assets/ liabilities**

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, these losses have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 7.46 crores.

(₹ in crores)

| Particulars | 31 March 2023 | Expiry date |
|---|---|---|
| Year 2021 | 6.67 | March 2026 |
| Year 2022 | 10.07 | March 2027 |
| Year 2023 | 12.89 | March 2028 |

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

## 40 Contingent liabilities and commitments (to the extent not provided for)

**A. Contingent liabilities**

(₹ in crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **a. Direct and indirect taxes** | | |
| Income taxes | 55.24 | 67.96 |
| Excise duty & Service taxes | 11.95 | 11.95 |
| Sales tax | 0.43 | 2.07 |
| Custom Duty | 1.13 | 1.13 |
| | **68.75** | **83.12** |

**B. Commitments**

(₹ in crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets | **1.91** | **1.90** |

## 41 Dues to micro and small suppliers

(₹ in crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| 1 The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| Principal | 20.03 | 20.08 |
| Interest | 1.56 | 1.21 |
| 2 The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) | - | - |
| 3 The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | 27.95 | 28.02 |
| 4 The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | 0.29 | 0.44 |
| 5 The amount of interest accrued and remaining unpaid at the end of each accounting year | 1.56 | 1.21 |
| 6 The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | 1.56 | 1.21 |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 42 Disclosures as required under Schedule III to the Companies Act 2013 with respect to consolidated financial statements

**As at 31 March 2023**

| S. No. | Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|
| | | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated Other comprehensive income | Amount | As % of consolidated profit or loss | Amount |
| | **Parent** | | | | | | | | |
| 1 | S H Kelkar and Company Limited | 58.30% | 642.84 | 82.84% | 52.15 | (60.01%) | (0.45) | 81.16% | 51.70 |
| | **Subsidiaries** | | | | | | | | |
| | **Indian** | | | | | | | | |
| 1 | Keva Fragrances Private Limited | 48.19% | 531.36 | 36.79% | 23.16 | (28.41%) | (0.21) | 36.02% | 22.95 |
| 2 | Keva Flavours Private Limited | 7.23% | 79.67 | 35.08% | 22.08 | (3.51%) | (0.03) | 34.62% | 22.06 |
| 3 | NuTaste Food and Drink Labs Private Limited | 0.51% | 5.62 | (2.80%) | (1.76) | (3.11%) | (0.02) | (2.80%) | (1.78) |
| 4 | Keva Ventures Private limited | 0.09% | 1.04 | 0.06% | 0.04 | 0.00% | - | 0.06% | 0.04 |
| 5 | AmiKeva Private Limited | 0.51% | 5.59 | (4.67%) | (2.94) | 0.00% | - | (4.62%) | (2.94) |
| | **Foreign** | | | | | | | | - |
| 1 | Keva UK Limited | 0.01% | 0.12 | 29.82% | 18.77 | 13.91% | 0.10 | 29.63% | 18.88 |
| 2 | Keva Europe B.V. | 14.54% | 160.29 | 17.24% | 10.85 | (62.89%) | (0.47) | 16.30% | 10.38 |
| 3 | Keva Italy S.r.l | (0.21%) | (2.36) | (0.71%) | (0.45) | (1474.78%) | (11.06) | (18.07%) | (11.51) |
| 4 | Keva Fragrance Industries Pte.Ltd. | (2.86%) | (31.56) | (74.42%) | (46.85) | 0.00% | - | (73.54%) | (46.85) |
| 5 | PT SHK Keva Indonesia | (0.70%) | (7.76) | (2.42%) | (1.53) | (22.67%) | (0.17) | (2.66%) | (1.70) |
| 6 | Anhui Ruibang Aroma Co. Limited. | 0.46% | 5.10 | (26.95%) | (16.97) | 49.34% | 0.37 | (26.06%) | (16.60) |
| 7 | Creative Flavours & Fragrances SpA | 6.38% | 70.34 | (5.54%) | (3.49) | 536.04% | 4.02 | 0.84% | 0.53 |
| 8 | Provier Beheer B.V. (Holding Company of Holland Aromatics B.V.) | 2.38% | 26.24 | 19.93% | 12.55 | 473.37% | 3.55 | 25.27% | 16.10 |
| | **Joint Venture (Investment as per the equity method)** | | | | | | | | - |
| | **Indian** | | | | | | | | - |
| 1 | Purandar Fine Chemicals Private Limited | 0.00% | - | (0.25%) | (0.16) | 0.00% | - | (0.25%) | (0.16) |
| | **Non-controlling interest** | | | | | | | | - |
| 1 | Anhui Ruibang Aroma Co. Limited | 0.05% | 0.51 | 0.00% | - | - | - | - | - |
| 2 | Provier Beheer B.V. (Holding Company of Holland Aromatics B.V.) | 0.57% | 6.26 | 0.00% | - | - | - | - | - |
| 3 | NuTaste Food and Drink Labs Private Limited | 0.07% | 0.80 | 0.00% | - | - | - | - | - |
| 4 | AmiKeva Private Limited | 0.10% | 1.08 | 0.00% | - | - | - | - | - |
| | **Total Eliminations** | **(35.60%)** | **(392.51)** | **(4.00%)** | **(2.52)** | **0.00%** | **-** | **(3.95%)** | **(2.52)** |
| | **Exchange differences on translation of foreign operations** | **0.00%** | **-** | **0.00%** | **-** | **682.72%** | **5.12** | **8.04%** | **5.12** |
| | **Total** | **100.00%** | **1,102.64** | **100.00%** | **62.95** | **100.00%** | **0.75** | **100.00%** | **63.70** |



# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

## 43 Employee benefits

The Group contributes to the following post-employment defined benefit plans:

### (i) Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

**Contribution to defined contribution plans, recognised are charged off for the year as under :**

(₹ in crores)

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Group's contribution to Provident Fund/social security | 2.16 | 1.60 |
| Group's contribution towards foreign defined contribution plan in accordance with local laws | 13.91 | 15.35 |
| Group's contribution to Superannuation Fund | 1.74 | 1.78 |
| Group's Contribution to ESIC | 0.01 | 0.05 |
| Group's contribution towards National pension scheme | 0.18 | - |
| Group's Contribution to Maharashtra Labour Welfare Fund | 0.00 | 0.00 |

* Amount less than ₹ 0.01 crore

### (ii) Defined Benefit Plans

**Gratuity:**

The employees gratuity fund scheme for the parent and certain Indian subsidiaries is managed by "S.H.Kelkar & Co. Ltd. Employee's Gratuity Fund". The fund has the form of trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. The employees gratuity fund scheme for other Indian subsidiaries is managed by "LIC ".

The contribution to the fund is made based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Company and certain Indian subsidiaries on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

These plans typically expose the Group to actuarial risk such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk:**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

**Interest risk:**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan's assets.

**Longevity Risk:**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

**Salary Risk:**
The Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**A. Reconciliation of the net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

(₹ in crores)

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset) liability | |
|---|---|---|---|---|---|---|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| Opening balance | 20.07 | 17.25 | 19.09 | 17.03 | 0.98 | 0.22 |
| **Included in profit or loss** | | | | | | |
| Current service cost | 1.76 | 1.40 | - | 0.11 | 1.76 | 1.29 |
| Interest cost (income) | 1.44 | 1.17 | 1.37 | 1.18 | 0.07 | 0.01 |
| **Included in OCI** | | | | | | |
| Remeasurement loss (gain): | | | | | | |
| Liability Transferred In/ Acquisitions- VRL employees transferred to VNCC | - | 0.87 | - | 0.87 | - | - |
| Demographic assumptions | - | (0.01) | - | 0.27 | - | (0.28) |
| Financial assumptions | (0.52) | (0.42) | - | - | (0.52) | (0.42) |
| Experience adjustment | 0.77 | 1.52 | - | - | 0.77 | 1.52 |
| Return on plan assets excluding interest income | - | - | (0.70) | (0.24) | 0.70 | 0.24 |
| Contributions paid by the employer | - | - | 2.75 | 1.58 | (2.75) | (1.58) |
| Benefits paid | (2.59) | (1.71) | (2.59) | (1.71) | - | - |
| **Closing balance (refer note 24)** | **20.93** | **20.07** | **19.92** | **19.09** | **1.01** | **0.98** |

**B. Plan assets**

Plan assets comprise the following

(₹ in crores)

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Investment** | | |
| Investment in Government Securities | 3% | 3% |
| Bank Special Deposit | 1% | 1% |
| Investment in other securities | 16% | 16% |
| Corporate Bonds | 34% | 34% |
| State Government Bonds | 46% | 46% |
| | 100% | 100% |





# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

| The components of defined benefit plan expense are as follows: | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Recognised in Standalone Statement of Profit and Loss** | | |
| Current service cost | 1.76 | 1.29 |
| Interest cost | 1.44 | 1.17 |
| Interest income | (1.37) | (1.18) |
| **Total** | **1.83** | **1.28** |
| **Recognised in other comprehensive income** | | |
| Remeasurement of net defined benefit liability/(asset) | 0.25 | 1.04 |
| Return on Plan Assets, Excluding Interest Income | 0.70 | 0.19 |
| **Total** | **0.95** | **1.23** |

**D. Defined benefit obligations**

**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Discount rate | 7.25% - 7.94% | 7.25% - 7.94% |
| Salary escalation rate | 5% - 10% | 5% - 10% |
| Rate of Return on Plan Assets | 7.25% - 7.94% | 7.25% - 7.94% |
| Attrition Rate | 2.00% | 2.00% |

Gratuity is payable to all eligible employees of the Group in India on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act,1972.

The discount rate is based on the prevailing market yields Indian Government securities as at the balance sheet date for the estimated term of the obligations.

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 31 March 2023, the weighted average duration of the define benefit obligation was 10 years (previous year 10 years)

**ii. 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:

(₹ in crores)

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (1.48) | 1.69 | (0.75) | 2.35 |
| Future salary growth (1% movement) | 1.52 | (1.40) | 1.38 | (0.68) |
| Rate of Employee Turnover (1% movement) | 0.36 | (0.40) | 0.27 | (0.30) |

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.

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

**iii. Maturity profile of the defined benefit obligation**

(₹ in crores)

| Particulars | Up to 1 year | Between 1-2 years | Between 2-5 years | 6 to 10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|
| 31 March 2023 | | | | | | |
| Defined benefit obligations (Gratuity) | 1.51 | 0.84 | 4.65 | 11.83 | 7.99 | 20.93 |
| Total | **1.51** | **0.84** | **4.65** | **11.83** | **7.99** | **20.93** |
| **31 March 2022** | | | | | | |
| Defined benefit obligations (Gratuity) | 1.59 | 1.03 | 3.74 | 9.38 | 4.33 | 20.07 |
| **Total** | **1.59** | **1.03** | **3.74** | **9.38** | **4.33** | **20.07** |

**II. Provident fund (Managed by the Trust set up by the parent)**

The parent manages the Provident Fund plan through a Provident Fund Trust setup by the parent, 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 parent has contributed ₹ 4.90 crores (2022-23: ₹ 4.68 crores) to the Provident Fund Trust. The parent has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual returned earned by the parent 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.

**Defined benefit plans**
**The details of fund and plan assets position are given below:**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Plan assets at the period end, at fair value | 71.28 | 67.80 |
| Present value of benefit obligation at period end | 70.86 | 67.67 |
| Capital short-fall liability | - | - |

Amount of ₹ 2.06 crores (previous rear ₹ NIL) towards provident fund is recognised as an expense and included in "Employee benefits expense" in the Consolidated Statement of profit and loss during the year and corresponding liability is recognised and included in "other current liability" in the Consolidated Balance sheet as on March 31,2023

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

**Plan assets comprise the following**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Investment** | | |
| Investment in Government Securities | 47% | 47% |
| Bank Special Deposit | 1% | 1% |
| Investment in other securities | 7% | 7% |
| Corporate Bonds | 5% | 5% |
| Debt Securities | 40% | 40% |
| | **100%** | **100%** |

**Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach**

| Particulars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Discount rate (%) | 7.56% | 7.25% |
| Guaranteed interest rate (%) | 8.15% | 8.10% |
| Expected average remaining working lives of employees (Years) | 14 | 15 |

**(iii) Other long term employee benefit plans**
**Compensated absences:**
The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 3.14 crores (previous year ₹ 2.26 crores ) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the consolidated statement of profit and loss during the year.

## 44 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Group's capital management is to safeguard its ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and make adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2023, the Group has only one class of equity shares. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Group monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances and liquid investments.

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Non-current borrowings | 318.89 | 363.02 |
| Current borrowings | 247.12 | 268.91 |
| **Gross debt** | **566.01** | **631.93** |
| Less - Cash and cash equivalents (including other bank balances) | 67.22 | 122.52 |
| **Adjusted net debt** | **498.79** | **509.41** |
| **Total equity attributable to owner's of the Company** | **1,064.38** | **1,013.30** |
| Adjusted net debt to equity ratio | 0.47 | 0.50 |

## 45 Financial instruments – Fair values and risk management

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

(₹ in crores)

| 31 March 2023 | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| | Mandatorily at FVTPL | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | |
| **Non current financial assets** | | | | | | | |
| Non current investments | 0.02 | - | 0.02 | 0.02 | - | - | 0.02 |
| Non current financial assets | - | 11.50 | 11.50 | - | - | - | - |
| **Current financial assets** | | | | | | | |
| Cash and cash equivalents | - | 63.54 | 63.54 | - | - | - | - |
| Other bank balances | - | 3.68 | 3.68 | - | - | - | - |
| Loans | - | 5.89 | 5.89 | - | - | - | - |
| Other financial assets | - | 0.35 | 0.35 | - | - | - | - |
| Derivatives | 0.51 | - | 0.51 | - | 0.51 | - | 0.51 |
| Trade receivables | - | 438.23 | 438.23 | - | - | - | - |
| Investments | 23.00 | - | 23.00 | 23.00 | - | - | 23.00 |
| | **23.53** | **523.19** | **546.72** | **23.02** | **0.51** | **-** | **23.53** |
| **Financial liabilities** | | | | | | | |
| **Non current financial liabilities** | | | | | | | |
| Borrowings | - | 318.89 | 318.89 | - | - | - | - |
| Other financial liabilities | - | 0.57 | 0.57 | - | - | - | - |
| Lease Liabilities | - | 39.39 | 39.39 | - | - | - | - |
| **Current financial liabilities** | | | | | | | |
| Borrowings | - | 247.12 | 247.12 | - | - | - | - |
| Trade payables | - | 365.10 | 365.10 | - | - | - | - |
| Other financial liabilities | - | 27.54 | 27.54 | - | - | - | - |
| Derivatives | 0.79 | - | 0.79 | - | 0.79 | - | - |
| Lease Liabilities | - | 14.55 | 14.55 | - | - | - | - |
| | **0.79** | **1,013.16** | **1,013.95** | **-** | **0.79** | **-** | **-** |



# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

(₹ in crores)

| 31 March 2022 | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| | Mandatorily at FVTPL | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | |
| **Non current financial assets** | | | | | | | |
| Non current investments | 0.02 | - | 0.02 | 0.02 | - | - | 0.02 |
| Other financial assets | - | 16.78 | 16.78 | - | - | - | - |
| **Current financial assets** | | | | | | | |
| Cash and cash equivalents | - | 119.24 | 119.24 | - | - | - | - |
| Other bank balances | - | 3.28 | 3.28 | - | - | - | - |
| Loans | - | 5.47 | 5.47 | - | - | - | - |
| Other financial assets | | 3.71 | 3.71 | - | - | - | - |
| Derivatives | 0.33 | - | 0.33 | - | 0.33 | - | 0.33 |
| Trade receivables | - | 461.30 | 461.30 | - | - | - | - |
| | **0.35** | **609.78** | **610.13** | **0.02** | **0.33** | **-** | **0.02** |
| **Financial liabilities** | | | | | | | |
| **Non current financial liabilities** | | | | | | | |
| Borrowings | - | 363.02 | 363.02 | - | - | - | - |
| Other financial liabilities | - | 18.47 | 18.47 | - | - | - | - |
| Lease Liabilities | - | 47.80 | 47.80 | - | - | - | - |
| **Current financial liabilities** | | | | | | | |
| Borrowings | - | 268.91 | 268.91 | - | - | - | - |
| Trade payables | - | 351.98 | 351.98 | - | - | - | - |
| Other financial liabilities - current | - | 22.60 | 22.60 | - | - | - | - |
| Lease Liabilities | - | 18.29 | 18.29 | - | - | - | - |
| | **-** | **1,091.07** | **1,091.07** | **-** | **-** | **-** | **-** |

**B. Measurement of fair values**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main items in this category are investments in certain unquoted equity.

# Notes to the consolidated financial statements
for the year ended 31 March 2023

**C. Offsetting**

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously. Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities with the same countries will be settled on a net basis.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2023:

(₹ in crores)

| | Gross amount recognised | Gross amount recognised as set off in the balance sheet | Net amount presented in the balance sheet | Financial Instruments subject to an enforceable master netting arrangement | Net amount after offsetting |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| (a) Derivative Assets | 0.51 | - | 0.51 | (0.30) | 0.21 |
| **Total** | **0.51** | **-** | **0.51** | **(0.30)** | **0.21** |
| **Financial liabilities** | | | | | |
| (a) Derivative Liabilities | 0.79 | - | 0.79 | (0.30) | 0.49 |
| **Total** | **0.79** | **-** | **0.79** | **(0.30)** | **0.49** |

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2022:

(₹ in crores)

| | Gross amount recognised | Gross amount recognised as set off in the balance sheet | Net amount presented in the balance sheet | Financial Instruments subject to an enforceable master netting arrangement | Net amount after offsetting |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| (a) Derivative Assets | 0.33 | - | 0.33 | - | 0.33 |
| **Total** | **0.33** | **-** | **0.33** | **-** | **0.33** |
| **Financial liabilities** | | | | | |
| (a) Derivative Liabilities | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |

**D. Financial risk management**

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

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



# Notes to the consolidated financial statements
for the year ended 31 March 2023

**i. Risk management framework**

The Parent's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

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

**ii. Credit risk**

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

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed anually. Any sales exceeding those limits require approval as per authority matrix set by the Group.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experience over the past 3 years. Trade receivables are in default (credit impaired), if the payment are more than 730 days past due.

**The maximum exposure to credit risk for trade and other receivables was as follows :**

(₹ in crores)

| | Carrying amount | |
|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 |
| India | 236.20 | 213.91 |
| Other regions | 202.03 | 247.39 |
| | **438.23** | **461.30** |
| **Total other receivables** | **18.25** | **26.29** |

# Notes to the consolidated financial statements

for the year ended 31 March 2023

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2023**

(₹ in crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivable Considered good | 285.80 | 121.00 | 17.69 | 22.84 | - | - | 447.33 |
| Undisputed trade receivable Credit Impaired | - | - | - | - | 7.50 | 7.32 | 14.82 |
| **Total (A)** | **285.80** | **121.00** | **17.69** | **22.84** | **7.50** | **7.32** | **462.15** |
| Allowance for expected credit loss | | | | | | | 9.10 |
| Allowance for credit impairment | | | | | | | 14.82 |
| **TOTAL (B)** | | | | | | | **23.92** |
| **TOTAL [(A)- (B)]** | | | | | | | **438.23** |

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2022**

(₹ in crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivable Considered good | 223.15 | 241.92 | 2.19 | 11.10 | - | - | 478.37 |
| Undisputed trade receivable Credit Impaired | - | - | - | - | 2.48 | 5.01 | 7.49 |
| **Total (A)** | **223.15** | **241.92** | **2.19** | **11.10** | **2.48** | **5.01** | **485.86** |
| Allowance for expected credit loss | | | | | | | 17.07 |
| Allowance for credit impairment | | | | | | | 7.49 |
| **TOTAL (B)** | | | | | | | **24.56** |
| **TOTAL [(A)- (B)]** | | | | | | | **461.30** |

The movement in the allowance for impairment in respect of trade receivables measured at an amount equal to lifetime expected credit losses during the year was as follows.

| For Trade receivable | Amount |
|---|---|
| **Balance as at 31 March 2022** | **24.56** |
| Provision for doubtful debts (net) | (0.99) |
| Written off/reversal during the year | (0.52) |
| Foreign exchange translation difference | 0.87 |
| **Balance as at 31 March 2023** | **23.92** |

(₹ in crores)

| For Other receivable | Amount |
|---|---|
| **Balance as at 31 March 2022** | **(0.81)** |
| Impairment loss/(gain) recognised | - |
| **Balance as at 31 March 2023** | **(0.81)** |





# Notes to the consolidated financial statements

for the year ended 31 March 2023

**Cash and cash equivalents**

The Group held cash and cash equivalents of ₹ 63.54 crores at 31 March 2023 (31 March 2022: ₹ 119.24 crores). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

**Other bank balances**

The Group held other bank balance of ₹ 3.68 crores at 31 March 2023 (31 March 2022: ₹ 3.28 crores).

**Derivatives**

The derivatives are entered into with banks, financial institutions and other counterparties with good credit ratings.

**Investments**

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

**iii. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Further the Group has accessed funds from debt market through term loans, working capital facility and overdrafts from banks and other financial institutions.

**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.

(₹ in crores)

| As at 31 March 2023 | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Total | Upto 1 year | 1-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | |
| **Non current financial liabilities** | | | | | |
| Borrowings and interest thereon | 318.89 | 346.53 | 57.98 | 287.23 | 1.32 |
| Lease liabilities | 39.39 | 42.58 | - | 36.34 | 6.24 |
| Others | 0.57 | 0.57 | - | 0.57 | - |
| **Current financial liabilities** | | | | | |
| Borrowings and interest thereon | 247.12 | 255.93 | 255.93 | - | - |
| Other current financial liabilities | 28.33 | 28.33 | 28.33 | - | - |
| Lease liabilities | 14.55 | 14.55 | 14.55 | - | - |
| Trade payables | 365.10 | 365.10 | 365.10 | - | - |

# Notes to the consolidated financial statements
for the year ended 31 March 2023

(₹ in crores)

| As at 31 March 2022 | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Total | Upto 1 year | 1-5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | |
| **Non current financial liabilities** | | | | | |
| Current maturity of Lease Liabilities | 363.02 | 385.56 | 67.05 | 251.29 | 67.22 |
| Lease liabilities | 47.80 | 49.19 | 0.84 | 40.42 | 7.93 |
| Others | 1.30 | 18.47 | - | 18.47 | - |
| **Current financial liabilities** | | | | | |
| Current maturity of Lease Liabilities | 18.29 | 26.29 | 26.29 | - | - |
| Other current financial liabilities | 22.60 | 22.60 | 22.60 | - | - |
| Trade payables | 351.98 | 351.98 | 351.98 | - | - |
| Short term borrowings | 268.91 | 283.97 | 283.97 | | |

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to non derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**v. Currency risk**

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

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

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at 31 March 2023, 31 March 2022 are as below:

(₹ in crores)

| | As at 31 March 2023 | | | | |
|---|---|---|---|---|---|
| | USD | EUR | GBP | CHF | Others* |
| Financial assets | 183.73 | 73.56 | 0.01 | - | 20.56 |
| Financial liabilities | (244.04) | (54.36) | (0.27) | (0.56) | - |
| Derivatives (net settled) | (182.22) | | | | |
| **Net statement of financial position exposure** | **(242.52)** | **127.92** | **0.27** | **0.56** | **20.56** |





# Notes to the consolidated financial statements
for the year ended 31 March 2023

(₹ in crores)

| | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | USD | EUR | GBP | CHF | Others* |
| Financial assets | 167.69 | 18.89 | 0.28 | - | 0.08 |
| Financial liabilities | (183.47) | (37.63) | (1.77) | (7.97) | (0.55) |
| Derivatives (net settled) | (66.85) | - | - | - | - |
| **Net statement of financial position exposure** | **(82.62)** | **56.52** | **2.05** | **7.97** | **0.63** |

*Others include GBP, THB, AED, HKD and LKR.

a. The forward contracts booked also includes the future purchase transaction exposure.

b. Hedged foreign currency exposure

| | 31 March 2023 | | |
|---|---|---|---|
| | No of contracts outstanding | Foreign currency in Million | Indian rupees in crores |
| Foreign exchange forward contracts (To hedge trade receivables) | 35 | USD 22.16 | 182.22 |

| | 31 March 2022 | | |
|---|---|---|---|
| | No of contracts outstanding | Foreign currency in Million | Indian rupees in crores |
| Foreign exchange forward contracts (To hedge trade receivables) | 36 | USD 8.8 | 66.85 |

**Sensitivity analysis**

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

(₹ in crores)

| | Profit or loss and Equity | |
|---|---|---|
| **Effect in ₹** | **Strengthening** | **Weakening** |
| **31 March 2023** | | |
| USD (3% movement ) | 7.28 | (7.28) |
| EUR (3% movement ) | (3.84) | 3.84 |
| SGD (3% movement ) | (0.01) | 0.01 |
| CHF (3% movement ) | 0.02 | (0.02) |
| | **3.45** | **(3.45)** |

# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

(₹ in crores)

| | Profit or loss and Equity | |
|---|---|---|
| **Effect in ₹** | **Strengthening** | **Weakening** |
| **31 March 2022** | | |
| USD (3% movement ) | 2.48 | (2.48) |
| EUR (3% movement ) | (1.70) | 1.70 |
| SGD (3% movement ) | (0.06) | 0.06 |
| CHF (3% movement ) | 0.24 | (0.24) |
| | **0.96** | **(0.96)** |

**vi. Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Group's interest rate risk arises from borrowings . Borrowings issued at fixed & variable rates . The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in crores)

| | Nominal amount | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| **Fixed-rate instruments** | | |
| Financial assets | 5.89 | 5.47 |
| Financial liabilities | 74.46 | 76.34 |
| | **80.35** | **81.81** |
| **Variable-rate instruments** | | |
| Financial liabilities | 491.55 | 562.59 |
| | **491.55** | **562.59** |

**Fair value sensitivity analysis for fixed-rate instruments**

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

**Cash flow sensitivity analysis for variable-rate instruments**

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



# Notes to the consolidated financial statements
**for the year ended 31 March 2023**

| | Profit or loss and Equity | |
|---|---|---|
| | **100 bp ncrease** | **100 bp ecrease** |
| **31 March 2023** | | |
| Variable-rate instruments | (4.92) | 4.92 |
| **Cash flow sensitivity (net)** | **(4.92)** | **4.92** |
| **31 March 2022** | | |
| Variable-rate instruments | (5.63) | 5.63 |
| **Cash flow sensitivity (net)** | **(5.63)** | **5.63** |

## 46 Segment reporting

**A. General Information**

**(a) Factors used to identify the entity's reportable segments, including the basis of organisation**

For management purposes, the Group and its joint venture is organised into business units based on its products and services and has two reportable segments, as follows:

• Fragrances, segment manufactures/trade in Fragrances and aroma ingredients for Fragrances
• Flavours, segment manufactures/ trade in Flavours

**(b) Following are reportable segments**

Reportable segment
Fragrances
Flavours

**B. Information about reportable segments**

(₹ in crores)

| Year ended 31 March 2023 | | Reportable segments | | |
|---|---|---|---|---|
| **Particulars** | | **Fragrance** | **Flavours** | **Total Segments** |
| **I.** | **Segment revenue** | | | |
| | Total Sales | 2,239.86 | 225.88 | 2,465.74 |
| | Inter-segment | (776.55) | (12.30) | (788.85) |
| | Total Sales | 1,463.31 | 213.59 | 1,676.90 |
| | Other operating income | 9.31 | 0.31 | 9.62 |
| | **Sales/ Income from Operations** | **1,472.62** | **213.89** | **1,686.52** |
| **II.** | **Segment Results** | **140.65** | **17.42** | **158.07** |
| **III.** | **Specified amounts included in segment results** | | | |
| | Depreciation and amortisation | 74.20 | 6.25 | 80.45 |
| | Share of profit in Joint venture | (0.16) | - | (0.16) |
| **IV.** | **Reconciliation of segment result with profit after tax** | | | |
| | **Segment Results** | **140.65** | **17.42** | **158.07** |
| | **Add/ (Less):** | | | |
| | Finance costs | | | (23.89) |
| | Interest income | | | 0.91 |
| | Tax expense | | | (41.41) |

# Notes to the consolidated financial statements
for the year ended 31 March 2023

(₹ in crores)

| Year ended 31 March 2023 | | Reportable segments | | |
|---|---|---|---|---|
| **Particulars** | | **Fragrance** | **Flavours** | **Total Segments** |
| | Other unallocable expenses net of unallocable income | | | (30.73) |
| | **Profit after Tax** | | | **62.95** |
| **V.** | **Segment Assets** | **1,990.46** | **154.44** | **2,144.90** |
| | **Unallocated** | | | **77.12** |
| **VI.** | **Segment Liabilities** | **407.63** | **36.55** | **444.18** |
| | **Unallocated** | | | **675.20** |
| **VII** | **Specified amounts included in segment assets above** | | | |
| | **Capital Expenditure** | **66.63** | **0.89** | **67.52** |

(₹ in crores)

| Year ended 31 March 2022 | | Reportable segments | | |
|---|---|---|---|---|
| **Particulars** | | **Fragrance** | **Flavours** | **Total Segments** |
| **I.** | **Segment revenue** | | | |
| | Total Sales | 2,204.14 | 144.30 | 2,348.45 |
| | Inter-segment | (785.18) | (3.66) | (788.85) |
| | Total Sales | 1,418.96 | 140.64 | 1,559.60 |
| | Other operating income | 4.48 | 0.11 | 4.59 |
| | **Sales/ Income from Operations** | **1,423.44** | **140.75** | **1,564.19** |
| **II.** | **Segment Results** | **165.27** | **16.72** | **181.99** |
| **III.** | **Specified amounts included in segment results** | | | |
| | Depreciation and amortisation | 66.58 | 5.19 | 71.77 |
| | Share of profit in Joint venture | 0.03 | - | 0.03 |
| **IV.** | **Reconciliation of segment result with profit after tax** | | | |
| | **Segment Results** | **165.27** | **16.72** | **181.99** |
| | **Add/ (Less):** | | | |
| | Finance costs | | | (16.18) |
| | Interest income | | | 0.51 |
| | Tax expense | | | 17.16 |
| | Other unallocable expenses net of unallocable income | | | (34.06) |
| | **Profit after Tax** | | | **149.42** |
| **V.** | **Segment Assets** | **2,046.42** | **155.04** | **2,201.46** |
| | **Unallocated** | | | **95.59** |
| **VI.** | **Segment Liabilities** | **464.77** | **47.16** | **511.93** |
| | **Unallocated** | | | **691.47** |
| **VII** | **Specified amounts included in segment assets above** | | | |
| | **Investment in Joint venture** | **1.33** | - | **1.33** |
| | **Capital Expenditure** | **2.50** | **0.00** | **2.50** |





# Notes to the consolidated financial statements
for the year ended 31 March 2023

**C. Geographic information**

The Group and its joint ventures has identified its geographical segments as Domestic and Overseas based on location of customers.

(₹ in crores)

| Geography | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **I Revenue** | | |
| India | 965.08 | 839.57 |
| Europe | 405.12 | 409.03 |
| Others | 316.32 | 315.59 |
| **Total Revenue** | **1,686.52** | **1,564.19** |
| **II Non-current Assets *** | | |
| India | 783.08 | 841.93 |
| Europe | 131.16 | 99.69 |
| Others | 26.04 | 26.74 |
| **Total Non-current Assets** | **940.28** | **968.36** |

*Non-current assets includes property plant and equipments, Capital work in progress, Right of use asset, Investment property, Goodwill, Other intangible asset and Intangible asset under development.

**D. Information about major customers**

None of the customers as on 31 March 2023 and 31 March 2022 constituted 10% or more of the total revenue of the Group.

## 47 Related party disclosures

The note provides the information about the Group's structure including the details of the subsidiaries and the parent.

**i) List of Related parties**

Subsidiaries and Joint ventures

| Name of the related party | Relationship | Country of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | 31 March 2023 | 31 March 2022 |
| Keva Flavours Private Limited | Subsidiary | India | 100% | 100% |
| Keva Fragrances Private Limited | Subsidiary | India | 100% | 100% |
| Keva Fragrance Industries Pte.Ltd. | Subsidiary | Singapore | 100% | 100% |
| Keva Europe B.V | Subsidiary | Netherlands | 100% | 100% |
| Keva Ventures Private Limited | Subsidiary | India | 100% | 100% |
| Creative Flavours & Fragrances SpA (Subsidiary of Keva Italy Srl) | Subsidiary of Step Down Subsidiary | Italy | 100% | 100% |
| Keva UK Limited (Subsidiary of Keva Europe B.V w.e.f. 12 September 2022) | Step down subsidiary | United Kingdom | 100% | 100% |
| PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited became subsidiary of Keva Europe BV and subsequently merged on 20 March 2023) | Step down subsidiary | Netherlands | - | 100% |

# Notes to the consolidated financial statements

for the year ended 31 March 2023

| Name of the related party | Relationship | Country of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | 31 March 2023 | 31 March 2022 |
| PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd.) | Step down subsidiary | Indonesia | 100% | 100% |
| V N Creative Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited) (merged with Keva Fragrances Private Limited with appointed date - 01 April 2022 and effective date - 30 May 2023) | Step down subsidiary | India | - | 100% |
| Anhui Ruibang Aroma Co Ltd (Subsidiary of Keva Fragrance Industries Pte.Ltd) | Step down subsidiary | China | 90.0% | 90% |
| Keva Italy S.r.l (Subsidiary of Keva Europe B. V.) | Step down subsidiary | Italy | 100% | 100% |
| Amikeva Private Limited (Subsidiary of Keva Ventures Private Limited) | Step down subsidiary | India | 70.48% | 100.0% |
| Provier Beheer B.V. (Subsidiary of Keva Europe B.V) | Step down subsidiary | Netherlands | 81% | 62.0% |
| Holland Aromatics B.V. (Subsidiary of Provier Beheer B.V.) | Step down subsidiary | Netherlands | 81% | 62.0% |
| Nova Fragranze Srl (Subsidiary of Creative Flavours & Fragrance SpA merged with Creative Flavours & Fragrance SpA on 28 February 2023) | Step down subsidiary | Italy | - | 70.0% |
| NuTaste Food and Drink Labs Private Limited (Subsidiary of Keva Flavours Private Limited) | Step down subsidiary | India | 86.96% | 100.0% |
| CFF Labs Srl (Subsidiary of Creative Flavours & Fragrance SpA merged with Creative Flavours & Fragrance SpA on 28 February 2023) | Step down subsidiary | Italy | - | 100% |
| CFF Commerciale Srl (Subsidiary of Creative Flavours & Fragrance SpA merged with Creative Flavours & Fragrance SpA on 28 February 2023) | Step down subsidiary | Italy | - | 100% |
| Purandar Fine Chemicals Private Limited (Joint venture of Keva Fragrances Private Limited and ceased to be joint venture as on 31 March 2023) | Joint venture | India | - | 50% |

**Other related parties**

| Relationship | Name of the related party |
|---|---|
| a) Key Management Personnel (KMP) and Executive Directors | Kedar Vaze, Director & Group Chief Executive Officer |
| | Rohit Saraogi (Group Chief Financial Officer)<br>(Company Secretary and Compliance Officer) from 25 May 2022 |
| | Deepti Chandratre (Company Secretary) upto 30 April 2022 |



# Notes to the consolidated financial statements

for the year ended 31 March 2023

| Relationship | Name of the related party |
|---|---|
| b) Enterprises owned or controlled by key management personnel or their relatives | Keva Aromatics Private Limited |
| | Keva Constructions Private Limited |
| | Keva Properties Private Limited |
| | Keva Biotech Private Limited |
| | Keva Investment Partners |
| | KNP Industries Private. Limited |
| | KNP Industries Pte. Limited |
| | Evolutis India Private Limited |
| | BSG ITSoft Private Limited |
| | ASN Investment Advisors Private Limited |
| | Keva Industries Private Limited |
| | Artisanal Innovations Private Limited |
| | RVV Nutritious Private Limited |
| | SKK Industries Private Limited |
| | Sandu Homes LLP |
| | Ramesh Vinayak Vaze Family Trust |
| | Kedar Ramesh Vaze Family Trust |
| | Vinayak Ganesh Vaze Charities |
| | KNP Med Solutions Private Limited (w.e.f. 20 April 2021) |
| | KNP Retail Private Limited (w.e.f. 19 May 2021) |
| c) Other entities where significant influence exist: | |
| i) Post employment-benefit plan entity: | S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund |
| ii) Others : | S. H. Kelkar & Co Ltd Employees Provident Fund |
| | S. H. Kelkar & Co Ltd Employees Superannuation Fund |
| d) Relatives of Key Management Personnel | Anagha Sandeep Nene |
| | Sumedha Kedar Karmarkar |
| | Nandan Kedar Vaze |
| | Parth Kedar Vaze |
| e) Non-executive directors | Ramesh Vaze (Chairman) |
| | Prabha Vaze |
| | Deepak Raj Bindra (from 15 December 2021) |
| | Sangeeta Singh |
| | Amit Dalmia (upto 17 May 2022) |
| | Shrikant Oka |
| | Mark Elliott |
| | Vasant Gujarathi (from 20 February 2022) |
| | Neela Bhattacherjee (from 25 May 2022) |
| | Jairaj Purandare (upto 19 February 2022) |
| | Dalip Sehgal (upto 8 December 2022) |

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

The Company's related parties principally includes subsidiaries, joint venture, promoter and promoter group companies. The Company routinely enters into transactions with these related parties in the ordinary course of business. Transactions and balances of the company with its own subsidiaries and the transactions among subsidiaries are eliminated on consolidation.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2023:

**The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2023:**

(₹ in crores)

| | Joint ventures | Post employment-benefit plan entity | Enterprises owned or controlled by key management personnel or their relatives | Key Management Personnel, Executive Directors and Relatives of KMP | Total |
|---|---|---|---|---|---|
| **(A) Transactions** | | | | | |
| Purchase of goods | 0.60 | - | 51.89 | - | 52.49 |
| Sale of goods | - | - | 0.08 | - | 0.08 |
| Services received | - | - | 5.76 | - | 5.76 |
| Dividend Income | 0.03 | - | - | - | 0.03 |
| Dividend paid | - | - | 4.15 | 1.81 | 5.96 |
| Commission to Directors | - | - | - | 1.14 | 1.14 |
| Sitting fees | - | - | - | 0.97 | 0.97 |
| Contributions during the year | - | 8.46 | - | - | 8.46 |
| **(B) Balances** | | | | | |
| Trade and other receivables | - | - | 0.05 | - | 0.05 |
| Trade payables | - | - | 7.35 | - | 7.35 |
| Other current financial liabilities | - | 0.77 | - | - | 0.77 |

The following table summarizes related-party transactions and balances included in the financial statements for year ended/ as at March 31, 2022:

(₹ in crores)

| | Joint ventures | Post employment-benefit plan entity | Enterprises owned or controlled by key management personnel or their relatives | Key Management Personnel, Executive Directors and Relatives of KMP | Total |
|---|---|---|---|---|---|
| **(A) Transactions** | | | | | |
| Purchase of goods | 2.78 | - | 46.98 | - | 49.76 |
| Sale of goods | 0.28 | - | 0.01 | - | 0.29 |
| Services received | - | - | 5.43 | | 5.43 |
| Services rendered | - | - | 0.75 | - | 0.75 |
| Dividend paid | - | - | 2.17 | 3.92 | 6.09 |
| Commission to Directors | - | - | 1.58 | 2.67 | 4.25 |





# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

(₹ in crores)

| | Joint ventures | Post employment-benefit plan entity | Enterprises owned or controlled by key management personnel or their relatives | Key Management Personnel, Executive Directors and Relatives of KMP | Total |
|---|---|---|---|---|---|
| Sitting fees | - | - | - | 0.92 | 0.92 |
| Contributions during the year | - | 7.22 | - | - | 7.22 |
| **(B) Balances** | | | | | |
| Amount receivable in respect of Loans and interest thereon | - | - | 1.78 | - | 1.78 |
| Trade and other receivables | 0.48 | - | | - | 0.48 |
| Trade payables | 0.27 | - | 1.72 | - | 1.99 |
| Other current financial liabilities | - | 0.70 | - | - | 0.70 |

| | Year ended March 31,2023 | Year ended March 31,2022 |
|---|---|---|
| **(C) Compensation of Key management personnel :** | | |
| Short-term benefits | 3.73 | 5.34 |
| Post-employement benefits | 0.35 | 0.24 |

## 48 Consolidation of Trust

The Parent had formed S H Kelkar Employee Benefit Trust (Trust) through its trustees Barclays Wealth Trustees(India) Pvt. Ltd.

The Trust has been formed for administering and implementing S H Kelkar Stock Appreciation Rights Scheme 2017 ('the scheme') of the Parent which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017

For the purpose of the Scheme, the Trust will purchase Shares out of funds borrowed from the Parent which will be sold on the secondary market. The appreciation amount received by the Trustee on sale of shares be transferred to the Beneficiaries upon fulfilment of certain terms and conditions of the Scheme.

The Parent treats the Trust as its extension and the shares held by the Trust are treated as treasury shares.

The Consolidation of the Trust financials statements with that of the Parent does not in any manner affect the independence of the trustees where the rights and obligations are regulated by the trust deed.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity.

# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

**i The sources and application of funds of the Trust Consolidated as at 31 March, 2023 were as follows:**

(₹ in crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Sources of Funds** | | |
| Corpus | *0.00 | *0.00 |
| Reserves and Surplus | (26.39) | (21.27) |
| **Secured Loan** | | |
| Loan from the company | 75.00 | 75.00 |
| **Total** | **48.61** | **53.73** |
| **Application of Funds** | | |
| Investments | 71.09 | 71.09 |
| **Current Assets, Loans and Advances ( A)** | | |
| Cash and Cash Equivalents | 1.37 | 1.77 |
| Loans and Advances | 0.29 | 0.21 |
| **Less: Current Liabilities and Provisions ( B)** | | |
| Current Liabilities | 23.85 | 19.13 |
| Provisions | 0.29 | 0.21 |
| **Net Current Assets ( A- B)** | **(22.48)** | **(17.36)** |
| **Total** | **48.61** | **53.73** |

* Amount less than ₹ 0.01 crore

**ii Impact on the Group's profit & loss post Trust consolidation for the year 31 March 2023**

(₹ in crores)

| Particlars | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Expenditure** | | |
| Management fees | 0.04 | 0.04 |
| Audit Fees* | 0.00 | 0.00 |
| **Impact on profit before tax** | **0.04** | **0.04** |

* Amount less than ₹ 0.01 crore

Other items adjusted owing to the Trust consolidation include:

**(a) Treasury shares**

Upon consolidation, the investment in the Parent's equity shares made by Trust is debited to the Parent's Equity as treasury shares amounting to ₹ 71.09 crores as at 31 March, 2023 ( previous year ₹ 71.09 crores). Further, the Trust during last year, participated in the Parent's buy-back of equity shares and consequently, sold 60,661 equity shares, aggregating to ₹ 1.87 crores. Accordingly, the adjustment pertaining to participation in buy-back, including the corresponding Profit or loss on the sale of equity shares has been recorded in the Parent's equity.



# Notes to the consolidated financial statements

**for the year ended 31 March 2023**

**(b) Other Non Current Financial Assets and other Income**

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 75.00 crores as at 31 March, 2023 (previous year ₹ 75.00 crores) and interest income of ₹ 5.25 crores (previous year 5.25 crores) on the above loan is also eliminated.

**(c) Other Current Financial Assets**

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ 23.32 Crores as at 31 March, 2023 (previous year ₹ 18.59 crores).

**(d) Details of STARs scheme**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Number of grant outstanding at the beginning of the year | - | 10,12,000 |
| Add : granted during the year | - | |
| Less: lapsed during the year | - | 10,12,000 |
| Less: vested during the year | - | - |
| Less: exercised during the year | - | - |
| Number of grants at the end of the year | - | - |
| Expense recognised from above share base payment transactions | - | - |
| Carrying amount of liability | - | - |

**(e) The fairvalue of the STAR'S was determine using the black-scholes model using the following inputs at the grant date and as at each reporting date**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Share price as at measurement date (₹ per share) | 99.50 | 143.55 |
| Expected volatility (%) | 37.19% | 37.87% |
| Dividend yield (%) | 1.76% | 1.22% |
| Risk-free interest rate (%) | 4.62% | 4.62% |

(f) No employee benefit expense recognised in current and previous year from the above stock appreciation rights.

(g) Given that the fall in price of the shares has rendered the scheme unattractive currently, the Company has not granted STARs to any of its employees.

## 49 Exceptional items

a) Manufacturing operations of the subsidiary, V N Creative Chemicals Private Limited (VNCC), were suspended temporarily for the period from July 22, 2021 to August 25,2021 due to unprecedented rains at Mahad and resulting loss of certain inventory and machinery aggregating to ₹ 6.20 crore had been recognised as an exceptional item for the year ended March 31, 2022. Provision on inventory of ₹1.88 crores (net of reprocess expenses) for the year ended March 31, 2023 has been reversed since VNCC has reprocessed such inventory and converted into finished goods. Also, VNCC has received insurance claim of ₹ 2.0 crores during the year against losses incurred during the previous year.

b) The Group has written off / incurred loss on sale of certain assets belonging to PFW Aroma Ingredients B.V. (PFW) of ₹ 4.44 crores (PY: ₹ 5.84 crores) recognised as an exceptional Item.

# Notes to the consolidated financial statements
for the year ended 31 March 2023

c) Anhui Ruibang Aroma Company Limited – China was set up in the year 2018 in order to ensure continuity of supplies to customers with shifting of PFW operation from Netherland to Mahad – India. Anhui is being used as an strategic investment to support Tonalid manufacturing in India, wherein there is dependency on China towards sourcing of key raw materials. As there are continuous challenges in raw materials price and Chinese competition, Keva has developed process towards manufacturing of these raw materials as part of the backward integration project. Keva is in the final discussion to close the manufacturing sourcing with Indian partner and hence on a conservative basis, management has decided to impair the amount invested in Anhui plant of ₹19.56 cores.

d) During the year ended March 31, 2023, Keva Fragrances Private Limited ('KFG') wholly owned subsidiary of S H Kelkar and Company Limited has sold its 50% stake held in Joint venture Purandar Fine Chemicals Private Limited. With this disinvestment, Purandar Fine Chemicals Private Limited ceases to be a joint venture of KFG. Accrodingly, resultant loss of ₹ 0.15 crore on sale of investment has been disclosed as exceptional item.

**50** There are no proceedings initiated or pending against any Indian entity of the group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

**51** The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended as at March 31, 2023 (previous year there are no transactions, by the Company with struck off Companies)

(₹ in crores)

| Name of struck off Company | Name of Entity by whom trasnaction executed | Nature of transactions with struck off Company | Amount of transactions | Balance outstanding | Relationship with the Struck off company |
|---|---|---|---|---|---|
| Sunflower Natural Perfume Private Limited | S H Kelkar and Company Limited | Sale of Products | 0.01 | - | External customer |
| Brilliant Star Market Research & Development Private Limited | S H Kelkar and Company Limited | Legal and professional fees | *0.00 | - | External vendor |
| Indo Gsp Chemicals Llp | Keva Fragrances Private Limited | Purchase | *0.00 | - | External vendor |

* Amount less than ₹ 0.01 crore

52 The Parent and its subsidiaries have complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

53 The Parent and its subsidiaries has not been declared willful defaulter by any bank or financial institution or other lender or government or any government authority.

54 Utilisation of borrowed funds and share premium :

1. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

   b. Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries



# Notes to the consolidated financial statements
for the year ended 31 March 2023

2. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

   a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

55 There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

56 The Group has not traded or invested in crypto currency or virtual currency during the year.

57 The Group does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

58 Previous year figures have been regrouped wherever consider necessary.

As per our report of even date attached.

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

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

**For and on behalf of the Board of Directors of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

# INDEPENDENT AUDITOR'S REPORT

To The Members of

**S H Kelkar and Company Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of S H Kelkar and Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

**Impairment assessment of investments in two subsidiaries (refer note 2.4 (e) and note 9 to the standalone financial statements)**

The Company accounts for equity investments in subsidiaries at cost less impairment loss. The Company's assessment of impairment of investments in subsidiaries namely, Keva Europe BV, and Creative Flavours & Fragrances SpA (CFF) amounting to ₹. 201.09 crores involves significant management estimates and judgements relating to forecast of future revenues, operating margins and discount rates while determining the corresponding recoverable values using discounted cash flow method.

Considering the judgement required for estimating the cash flows and the key assumptions used, this has been considered as a key audit matter.

**Principal audit procedures:**

- Tested the design, implementation and operating effectiveness of key controls over impairment assessment of investments in subsidiaries.
- Evaluated the reasonableness of key assumptions and inputs in the cash flow forecasts (including revenue, operating margin, discount rate) considering the current economic scenario, understanding of the business, retrospective review of prior year's forecast against actual results and inputs from internal valuation specialists.
- Assessed the sensitivity of the outcome of impairment assessment in response to changes in the said key assumptions.
- Evaluated adequacy of the related disclosures in the standalone financial statements

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, Report on Corporate Governance, Business Responsibility Report but does not include the consolidated financial statements, standalone financial statements and our auditor's reports thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statement in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone financial statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. - Refer note 41 to the standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

      iv. (a) The Management has represented that, to the best of it's knowledge and belief, other than as disclosed in the note 53 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 53 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

      v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

      As stated in note 19 C to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with Section 123 of the Act, as applicable.

      vi. Proviso to Rule 3 (1) of the Companies (Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w e f April 1 2023 and accordingly, reporting under Rule 11 (of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31 2023

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Mehul Parekh**
Partner
Membership No. 121513
UDIN: 23121513BGXZZX6553

Place: Mumbai
Date: 30 May,2023

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

**Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with **reference to standalone financial statements of S H Kelkar and Company Limited ("the Company")** as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls with reference to standalone financial statements**

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Mehul Parekh**
Partner
Membership No. 121513
UDIN: 23121513BGXZZX6553

Place: Mumbai
Date: 30 May,2023

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that -

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress, investment properties and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets, intangible assets under development.

(b) Some of the Property, Plant and Equipment, capital work-in-progress were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, capital work-in-progress at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment and investment property), according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

| Description of Property | Gross Carrying Value ₹ In crore (As at the Balance sheet date) | Net Carrying Value ₹ In crore (As at the Balance sheet date) | Held in the name of | Whether promoter, director or their relative or employee | Period Held | Reason for not being held in the name of Company |
|---|---|---|---|---|---|---|
| Building located at Mulund, Mumbai admeasuring 7,647 sft | 15.67 | 12.52 | Saiba Industries Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT) | No | From 01/04/2019, appointed date as per the approved scheme | The Title deeds pending to be transferred in the name of the Company with registrar. |
| Building located at Mulund, Mumbai admeasuring 703.56 sft | 1.75 | 1.45 | Rasiklal Hemani Agencies Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT) | No | From 01/04/2019, appointed date as per the approved scheme | The Title deeds pending to be transferred in the name of the Company with registrar. |
| **Total** | **17.42** | **13.97** | | | | |

(i) (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(i) (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been received subsequent to the year-end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.

(ii) (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of inventories, book debts and other receivables. In our opinion and according to the information and explanations given to us, the statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) (a) The Company has made investments in, provided guarantee and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, details of which are given below:

(₹ In crore)

| | Guarantees | Loans |
|---|---|---|
| A. Aggregate amount granted / provided during the year: | | |
| - Subsidiaries | 41.11 | 13.44 |
| B. Balance outstanding as at balance sheet date in respect of above cases | | |
| - Subsidiaries | 549.24 | 9.91 |

(iii) (b) The investments made, guarantees provided, and the terms and conditions of the grant of all the above-mentioned loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iii) (c) In respect of loans granted by the Company, the schedule of repayment of principal has been stipulated. There are no repayments of principal amounts during the year. In respect of payment of interest on loans granted by the Company, has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the payment of interest. (Refer reporting under clause (iii)(f) below)

(iii) (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted there is no overdue amount remaining outstanding as at the balance sheet date.

(iii) (e) None of the loans have fallen due during the year.

(iii) (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees, and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In respect of statutory dues:

Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities. In respect of provident fund there have been certain delays in depositing amounts with the appropriate authorities owing to mismatch in certain employee related details as per Provident Fund records which have since been applied for due correction by the Company.

There were no undisputed amounts payable in respect of Goods and Service tax, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023, for a period of more than six months from the date they became payable. Undisputed amounts of ₹ 143,369 payable in respect of Provident Fund were in arrears as at March 31, 2023 for period of more than six months ranging from 197 to 320 days from the date they become payable.

(vii) (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023, on account of disputes are given below:

| Name of the Statute | Nature of the Dues | Demand Amount (₹ In crore) | Amount deposited on account of demand (₹ In crore) | Period to which the Amount Relates | Forum where Dispute is Pending |
|---|---|---|---|---|---|
| Income tax Act, 1961 | Income- Tax | 0.75 | 0.75 | FY 2007-08<br>FY 2008-09 | Income-tax Appellate Tribunal |
| Income tax Act, 1961 | Income- Tax | 57.83 | 13.63 | FY 2008-09<br>FY 2009-10<br>FY 2012-13<br>FY 2014-15<br>FY 2016-17<br>FY 2017-18<br>FY 2019-20 | The Commissioner of Income-tax (Appeals) |
| Income tax Act, 1961 | Income- Tax | 3.51 | 0.79 | FY 2008-09<br>FY 2011-12 | High Court, Mumbai |

| Name of the Statute | Nature of the Dues | Demand Amount (₹ In crore) | Amount deposited on account of demand (₹ In crore) | Period to which the Amount Relates | Forum where Dispute is Pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Service tax | 11.33 | 2.88 | FY 2008-09 to FY 2012-13 | CESTAT |
| Central Excise Act, 1944 | Custom Duty | 0.07 | - | FY 2008-09 to FY 2011-12 | Additional Commissioner of Customs, Appraising Gr.2 (A-F), JNCH |
| Central Excise Act, 1944 | Custom Duty | 0.05 | - | FY 2011-12 | Deputy Commissioner of Customs, GR-II (A-B), NS-V, JNCH |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax | 0.37 | - | FY 1989-1994 | High Court |
| Maharashtra Value Added Tax Act, 2002 | Sales Tax | 0.05 | 0.02 | FY 2010-2011 | Sales Tax tribunal (Appeals) |

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) Loans amounting to ₹ 74.65 crore outstanding as at 31 March 2023 are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given to us, such loans and interest thereon have not been demanded for repayment during the financial year. Considering the above, in our opinion, the Company has not defaulted in the repayment of loans or other borrowings, or in the payment of interest thereon to any lender during the year.

(ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(ix) (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(ix) (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

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

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(xi) (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).

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

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

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(xiv) (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2023.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable. The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company by way of casual vacancy during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

(xx) (b) The Company does not have any ongoing projects as at the end of the current or previous financial year. Hence, reporting under this clause is not applicable for the year.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Mehul Parekh**
Partner
Membership No. 121513
UDIN: 23121513BGXZZX6553

Place: Mumbai
Date: 30 May,2023

# Standalone Balance Sheet
as at 31 March 2023

(₹ in crores)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4A | 129.26 | 123.43 |
| Capital work in progress | 4B | 3.72 | - |
| Right of use asset | 5A | 18.43 | 23.85 |
| Investment property | 6 | - | 12.43 |
| Goodwill | 7 | 9.59 | 9.59 |
| Other intangible assets | 8A | 45.22 | 54.80 |
| Intangible assets under development | 8B | 4.03 | 2.60 |
| Financial assets | | | |
| Investment in subsidiaries | 9A | 290.60 | 321.59 |
| Loans | 17 | 9.91 | - |
| Other financial assets | 10 | 3.74 | 1.88 |
| Current tax assets (net) | 36 | 19.98 | 19.63 |
| Other non-current assets | 11 | 0.85 | 1.34 |
| **Total non-current assets** | | **535.33** | **571.14** |
| **Current assets** | | | |
| Inventories | 12 | 356.41 | 257.96 |
| Financial assets | | | |
| Investments | 13 | 20.00 | - |
| Trade receivables | 14 | 142.38 | 162.27 |
| Cash and cash equivalents | 15 | 7.31 | 9.91 |
| Other bank balances | 16 | 1.39 | 1.79 |
| Loans | 17 | 3.19 | 2.87 |
| Other financial assets | 10 | 4.61 | 5.00 |
| Other current assets | 11 | 15.03 | 7.42 |
| **Total current assets** | | **550.32** | **447.22** |
| **TOTAL ASSETS** | | **1,085.65** | **1,018.36** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 18 | 138.42 | 138.42 |
| Other equity | 19 | 504.44 | 462.86 |
| **Total equity** | | **642.86** | **601.28** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease Liabilities | 20 | 13.79 | 19.41 |
| Other financial liabilities | 22 | 0.44 | 1.30 |
| Deferred tax liabilities (net) | 37 | 9.38 | 11.08 |
| **Total non-current liabilities** | | **23.61** | **31.79** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Short-term Borrowings | 21 | 74.65 | 21.10 |
| Lease Liabilities | 20 | 7.03 | 6.39 |
| Trade payables | 24 | | |
| -total outstanding dues of micro enterprises and small enterprises | | 8.62 | 5.46 |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | | 280.14 | 320.46 |
| Other financial liabilities | 25 | 15.01 | 12.32 |
| Other current liabilities | 26 | 19.61 | 7.27 |
| Provisions | 23 | 8.56 | 7.48 |
| Current tax liabilities (net) | 36 | 5.56 | 4.81 |
| **Total current liabilities** | | **419.18** | **385.29** |
| **Total liabilities** | | **442.79** | **417.08** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,085.65** | **1,018.36** |
| **Significant accounting policies** | 1-3 | | |
| The notes referred to above and other notes form an integral part of the standalone financial statements. | 4-57 | | |

As per our report of even date attached.

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

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

For and on behalf of the Board of Directors
of **S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023





# Standalone Statement of Profit and Loss
for the year ended 31 March 2023

(₹ in crores)

| | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 27 | 879.67 | 806.89 |
| Other income | 28 | 13.77 | 12.69 |
| **Total income** | | **893.44** | **819.58** |
| **Expenses** | | | |
| Cost of materials consumed | 29 | 584.83 | 543.06 |
| Changes in inventories of finished goods and work-in-progress | 30 | (17.98) | (18.97) |
| Employee benefits expense | 31 | 84.80 | 84.24 |
| Finance costs | 32 | 4.95 | 3.91 |
| Depreciation and amortisation expense | 33 | 27.32 | 27.68 |
| Other expenses | 34 | 102.74 | 113.56 |
| **Total expenses** | | **786.66** | **753.48** |
| **Profit before Exceptional Items and Tax** | | **106.78** | **66.10** |
| **Exceptional Items** | **9(b)** | **30.19** | **-** |
| **Profit before tax** | | **76.59** | **66.10** |
| **Tax expense:** | **36** | | |
| Current tax | | 26.34 | 19.09 |
| Prior year tax | | (0.37) | 6.35 |
| Deferred tax charge | | (1.55) | (1.83) |
| **Profit for the year** | | **52.17** | **42.49** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurements (losses) on defined benefit obligations | | (0.60) | (0.52) |
| Income tax credit related to items that will not be reclassified to profit or loss | | 0.15 | 0.13 |
| **Other comprehensive income for the year** | | **(0.45)** | **(0.39)** |
| **Total Comprehensive Income for the year** | | **51.72** | **42.10** |
| **Earnings per equity share (Face value of ₹ 10 each, fully paid-up)** | **35** | | |
| Basic earnings per share (₹) | | 3.86 | 3.09 |
| Diluted earnings per share (₹) | | 3.86 | 3.09 |
| **Significant accounting policies** | 1-3 | | |
| The notes referred to above and other notes form an integral part of the standalone financial statements. | 4-57 | | |

As per our report of even date attached.

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

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Prabha Vaze**
Director
DIN: 00509817

Mumbai
30 May 2023

For and on behalf of the Board of Directors
of **S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

# Standalone Statement of Cash Flows

**for the year ended 31 March 2023**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Profit before tax | 76.59 | 66.10 |
| ***Adjustments for*** | | |
| Depreciation and amortisation expensse | 27.32 | 27.68 |
| Net gain on sale of property, plant and equipment, investment property and intangible assets | (7.65) | (0.05) |
| Intangible asset under development written off | - | 12.15 |
| Loss on mark to market at FVTPL | 0.49 | - |
| Gain on sale of investments at FVTPL | (0.96) | (0.05) |
| Loss on sale of Investment in subsidiary | 30.19 | - |
| Unrealised exchange fluctuation loss / (gain) (net) | (0.09) | 0.72 |
| Dividend income | (0.84) | (0.95) |
| Rent income | - | (0.84) |
| Inventory write down | 1.10 | 0.51 |
| Interest income | (0.21) | (0.45) |
| Guarantee commission Income | (2.95) | (2.75) |
| Reversal of loss allowances on trade receivables | (0.03) | (1.90) |
| Bad debts written off | - | 0.01 |
| Other liabilities written back | (0.70) | (1.23) |
| Interest received on income tax refund | (0.38) | (0.19) |
| Finance costs | 4.95 | 3.91 |
| **Operating profit before working capital changes** | **126.83** | **102.67** |
| **Working capital adjustments** | | |
| Decrease in trade receivables | 19.98 | 39.16 |
| (Increase) / decrease in loans and advances and other assets | (9.94) | 9.35 |
| (Increase) in inventories | (99.55) | (83.37) |
| (Decerease) / increase in trade and other payables, provisions | (22.92) | 40.08 |
| **Net change in working capital** | **(112.43)** | **5.22** |
| **Cash flows generated from operating activities before taxes** | **14.40** | **107.89** |
| Net direct taxes (paid) | (25.57) | (23.52) |
| **Net cash flows (used in) / generated from operating activities (A)** | **(11.17)** | **84.37** |
| **B. Cash flows from investing activities** | | |
| Purchase of property, plant and equipment, investment property and intangibles (including cwip and intangible under development) | (22.14) | (12.13) |
| Proceeds from sale of Investment | 41.00 | - |
| Investment in equity shares of subsidiaries | (40.20) | (1.00) |
| Loan given to subsidiary | (13.44) | - |
| Loan recovered from subsidiary | 3.53 | 14.00 |
| Proceeds from sale of property, plant and equipment, investment property and intangible assets (net of related expenditure) | 20.78 | 0.14 |
| Proceeds from sale of mutual funds | 215.94 | 41.65 |
| Investment in mutual funds | (234.98) | (41.60) |
| Rent income received | - | 0.84 |
| (Increase) / decrease in deposits and other bank balance | 0.40 | (0.85) |
| Dividend received | 1.89 | 5.45 |
| Interest received | 0.25 | 1.24 |
| Guarantee commission income | 2.95 | 2.75 |
| **Net cash flows (used in) / generated from investing activities (B)** | **(24.02)** | **10.49** |

# Standalone Statement of Cash Flows (Continued)

**for the year ended 31 March 2023**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **C. Cash flows from financing activities** | | |
| Proceeds from short term borrowing (including from a related party) | 119.40 | 17.00 |
| Repayment of short term borrowing (including to a related party) | (65.85) | (45.90) |
| Repayment of lease obligations | (6.35) | (6.50) |
| (Purchase)/Sale of Investment by Employee Benefit Trust | - | 1.27 |
| Dividend paid, including tax thereon | (10.38) | (10.60) |
| Buy back of equity share | - | (2.90) |
| Premium paid on buy back of equity share | - | (58.00) |
| Expenses pursuant to buy back of equity shares | - | (5.80) |
| Finance cost paid | (4.23) | (4.11) |
| **Net cash flows from / (used in) financing activities (C)** | **32.59** | **(115.54)** |
| **Net Decrease in cash and cash equivalents ( A + B + C)** | **(2.60)** | **(20.68)** |
| **Reconciliation of cash and cash equivalents with the balance sheet** | | |
| Cash and cash equivalents at the beginning of the year | 9.91 | 30.59 |
| Cash and cash equivalents at the end of the year (refer note 15) | 7.31 | 9.91 |
| | **2.60** | **20.68** |
| **Notes:** | | |
| **1. Debt reconciliation statement in accordance with Ind AS 7** | | |
| **Opening balances** | | |
| Lease Liabilities | 25.80 | 16.56 |
| Short-term borrowing | 21.10 | 50.00 |
| Interest expense | 2.37 | 2.57 |
| **Cashflows** | | |
| Lease Liabilities | (6.35) | (6.50) |
| Short-term borrowing (net) | 53.55 | (28.90) |
| Interest payment | (4.23) | (4.11) |
| **Closing balances** | | |
| Lease Liabilities | 20.82 | 25.80 |
| Short-term borrowing | 74.65 | 21.10 |
| Interest expense | 3.09 | 2.37 |

2. The above standalone statement of cash flows has been prepared under the 'indirect method' as set out in the Indian Accounting Standard (IND AS) 7 - "Statement of cash flows".

3. Cash comprises cash on hand, current accounts, deposits with banks and bank overdraft. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

The notes referred to above and other notes form an integral part of the standalone financial statements. 4-57

As per our report of even date attached.

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

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

**For and on behalf of the Board of Directors of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

# Standalone Statement of Changes in Equity

**for the year ended 31 March 2023**

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **(a) Equity share capital** | | |
| Opening balance as at | 138.42 | 141.32 |
| Changes in equity share capital during the year (refer note 18) | - | (2.90) |
| **Closing balance as at** | **138.42** | **138.42** |

**(b) Other equity**

| | Attributable to equity holders of the Company Reserves and Surplus | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Securities Premium | Capital Redemption Reserve | General Reserve | Retained earnings | STARs reserve | Other reserves | Treasury shares | Total Equity |
| **Balance as at 01 April, 2022** | **80.42** | **6.20** | **49.56** | **389.28** | **(0.27)** | **8.76** | **(71.09)** | **462.86** |
| **Total Comprehensive Income for the year ended 31 March 2023** | | | | | | | | |
| Profit for the year | - | - | - | 52.17 | - | - | - | 52.17 |
| Remeasurements (losses) on defined benefit obligations (net) | - | - | - | (0.45) | - | - | - | (0.45) |
| **Total Comprehensive Income for the year** | **-** | **-** | **-** | **51.72** | **-** | **-** | **-** | **51.72** |
| **Contributions and distributions** | | | | | | | | |
| Dividends | - | - | - | (10.38) | 0.24 | - | - | (10.14) |
| **Balance at 31 March, 2023** | **80.42** | **6.20** | **49.56** | **430.62** | **(0.03)** | **8.76** | **(71.09)** | **504.44** |
| **Balance as at 01 April, 2021** | **138.42** | **3.30** | **52.46** | **363.58** | **0.08** | **8.76** | **(72.95)** | **493.65** |
| **Total Comprehensive Income for the year ended 31 March 2022** | | | | | | | | |
| Profit for the year | - | - | - | 42.49 | - | - | - | 42.49 |
| Remeasurements (losses) on defined benefit obligations (net) | - | - | - | (0.39) | - | - | - | (0.39) |
| **Total Comprehensive Income for the year** | **-** | **-** | **-** | **42.10** | **-** | **-** | **-** | **42.10** |
| **Contributions and distributions** | | | | | | | | |
| Dividends | - | - | - | (10.60) | 0.25 | - | - | (10.35) |
| **Others** | | | | | | | | |
| Shares extinguished on buy-back (refer note 18) | (58.00) | - | - | - | - | - | - | (58.00) |
| Adjustment pursuant to buy back of equity shares (refer note 18) | - | 2.90 | (2.90) | - | - | - | 1.86 | 1.86 |
| Expense pursuant to buyback of equity shares and tax thereon | - | - | - | (5.80) | - | - | - | (5.80) |
| Loss on participation in buy-back by the Trust | - | - | - | - | (0.60) | - | - | (0.60) |
| **Balance at 31 March 2022** | **80.42** | **6.20** | **49.56** | **389.28** | **(0.27)** | **8.76** | **(71.09)** | **462.86** |

As per our report of even date attached.

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

**For and on behalf of the Board of Directors**
**of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Mehul Parekh**
Partner
Membership No: 121513

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

Mumbai
30 May 2023





# Notes to the standalone financial statements

**for the year ended 31 March 2023**

## 1 Company Overview

S H Kelkar and Company Limited ('SHK' or 'the Company') was incorporated under the provisions of the Companies Act, 1913, and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002. The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged in the manufacture, supply and exports of fragrances and aroma ingredients.

## 2 Basis of preparation of financial statements

### 2.1 Statement of compliance

These financial statements are the separate financial statements of the Company (also called as standalone financial statements), have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 ("the Act").

The standalone financial statements for the year ended 31 March 2023 have been proposed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 30 May 2023.

### 2.2 Functional and presentation currency

These standalone financial statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise indicated.

### 2.3 Basis of measurement

These standalone financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

The accounting policies have been applied consistently over all the periods presented in these standalone financial statements.

### 2.4 Use of estimates and judgements

The preparation of the standalone financial statements requires the management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses, and the accompanying disclosures, and the disclosure of contingent liabilites. Uncertainty about these assumptions and estimates could result in the outcome that requires a material adjustment to the carrying amount of assets or liabilities effected in future period.

The key assumptions concerning the future and key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are as follows:

a. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds/investments correspond to the probable maturity of the post-employment benefit obligations.The same is disclosed in note no 38.

b. Loss allowances on trade and other receivables

The Company makes loss allowances based on an assessment of the recoverability of trade and other receivables. The identification of loss allowance requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and loss allowance expenses in the period in which such original estimate has been changed.

# Notes to the standalone financial statements
for the year ended 31 March 2023

**c. Fair value measurement of financial instruments**
All financial instruments are required to be measured at fair value on initial recognition. In case of financial instruments which are required to subsequently measured at amortised cost, interest is accrued using the effective interest method. Refer accounting policy on financial instrument.

**d. Intangible assets under development**
Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and sell the asset.

**e. Impairment losses on investment**
The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than it carrying amount, the impairment loss is accounted for.

**f. Determining whether an arrangement contains a lease**
The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**g. Income taxes:**
The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (refer note no 36)

**h. Business combinations and intangible assets**
Business combinations are accounted for using IND AS 103, Business Combinations. IND AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**i. Property, plant and equipment**
Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.



# Notes to the standalone financial statements
for the year ended 31 March 2023

**j. Impairment of Goodwill**
Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

**2.5 Measurement of fair values**
The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

"When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.
"

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

"- 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.

2.6 Current / non-current classification

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

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

i. the asset/liability is expected to be realized/ settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realized/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

## 3 Significant accounting policies

### 3.1 Revenue

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Revenue excludes taxes collected from customers on behalf of the government. Due to the short nature of credit period given to customers, there is no financing component in the contract.

**a Sale of products**

Revenue from sale of products is recognised when the control of promised goods have been transferred to the customers at an amount that reflects the consideration which the Company expects to receive in exchange for those goods. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

**b Rental income, Technical know how and Management fees**

Rental income (including income from sub-leasing), included under other operating income, is recognised on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Technical know how and Management fees are recognised on accrual basis.

**c Export incentives**

Export incentives principally comprises of focus market scheme, and other export incentive schemes. The benefits under these incentive schemes are available based on the guidelines formulated for respective schemes by the government authorities. These incentives are recognised as revenue on accrual basis to the extent it is probable that realisation is certain.

### 3.2 Foreign currency

**Foreign currency transactions initial recognition:**

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

**Measurement of foreign currency items at reporting date:**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are not translated.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### 3.3 Employee benefits

**Short-term employee benefits**

Short-term employee benefits obligations payable wholly within twelve months of rendering the service are measured on an undiscounted basis and are recognized in the period in which the employee renders the related service. These benefits include bonus and other employee benefits.

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 amount of obligation can be estimated reliably.

**Post-employment employee benefits**

**i Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions to Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the standalone Statement of Profit and Loss on an accrual basis. Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the standalone Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund

**ii Defined benefit plans**

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. 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 other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

benefit obligation at the beginning of the annual period to the then-net defined liability (asset) 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 gratuity benefit scheme are recognised in the standalone Statement of 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 Statement of Profit or Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Gratuity**

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Also, the Company's contribution paid/ payable to the Gratuity fund managed by the trust set up by the Company is recognised as expense in the standalone Statement of Profit and Loss during the period in which the employee renders the related service.

**Provident fund trust**

Eligible employees receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the Company. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries 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. Accordingly, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. An obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

The Company presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

**Other long-term employee benefits**

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss)

**3.4 Recognition of dividend income, interest income or expense**

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or

- the amortised cost of the financial liability.

Dividend income is recognised in the standalone Statement of Profit or Loss on the date on which the Company's right to receive the payment is established.

**3.5 Income tax**

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.



Notes to the standalone financial statements
for the year ended 31 March 2023

**i Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities. Current tax also includes any tax arising from dividends.

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

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

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

**ii Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 reporting date.

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

**3.6 Inventories**

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

**3.7 Property, Plant and Equipment**

**i Recognition and measurement**

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

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

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

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

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

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the standalone Statement of Profit and Loss.

**ii. Subsequent expenditure**

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

**iii. Capital work in progress and Capital advances:**

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

**iv. Depreciation**

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

| Tangible Assets | Life Defined | Useful Life as per Schedule II |
|---|---|---|
| Buildings | 30-60 years | 30-60 years |
| Research and development - equipments | 10-15 years | 10-15 years |
| Computers | 3 years | 3 years |
| Office equipments | 5 years | 5 years |
| Plant and machinery | 15-20 years | 15-20 years |
| Electrical installation | 10 years | 10 years |
| Motor cars and vehicles | 8 years | 8 years |
| Furniture and fixtures | 10 years | 10 years |

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

**3.8 Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the standalone financial statements

for the year ended 31 March 2023

**3.9 Investment property:**

**i Recognition and measurement**

Property (building or part of a building or both) that is held for long term rental yields or for capital appreciation or both, rather than for:
i. use in the production or supply of goods or services or for administrative purposes; or
ii. sale in the ordinary course of business is recognised as Investment Property in the books.
Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

**ii. Subsequent expenditure**

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

**iii. Depreciation**

Depreciation is provided on all Investment Property on straight line basis, based on useful life of the assets determined in accordance with para 3.7(iv) above. The estimated useful lives as given below, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

| Tangible assets | Life defined | Useful life as per Schedule II |
|---|---|---|
| Buildings | 30 years | 30 years |

**3.10 Intangible assets**

**i. Recognition and measurement**

Internally generated: Research and development

Expenditure on research activities is recognised in the standalone Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in standalone Statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible asset under development includes formulations.

**Other intangible assets**

Other intangible assets,which include technical know-how, computer software and non-compete fees, which are acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**ii. Subsequent expenditure**

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

**iii. 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 included in depreciation and amortisation in the standalone Statement of Profit and Loss.

Intangible assets are amortised over the estimated useful lives as given below:

| | |
|---|---|
| - Computer Software | 5 years |
| - Technical know-how | 10 years |
| - Formulation | 10 years |
| - Formulation (internally-generated) | 3 years |
| - Non compete fees | non-compete period |
| - Patent and trademarks | 5 Years |

# Notes to the standalone financial statements
for the year ended 31 March 2023

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

**3.11 Financial Instruments**

**a. Financial assets**

**i. Initial Recognition and measurement**

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss(FVPTL), transaction cost that are directly attributable to its acquisition or issue Trade receivables that do not contain a significant financing component are measured at transaction price.

**ii. Classification**

On initial recognition, a financial asset is classified as measured at

- amortised cost; or

- fair value through profit or loss (FVTPL); or

- fair value through other comprehensive income (FVOCI) - debt investment or equity investment

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**iii Subsequent measurement and gains and losses**

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the standalone Statement of Profit or Loss.

# Notes to the standalone financial statements
for the year ended 31 March 2023

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the standalone Statement of Profit or Loss. Any gain or loss on derecognition is recognised in the standalone Statement of Profit or Loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the standalone Statement of Profit or Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit or Loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit or Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

**iv. Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transactionin which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions in which it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**v. Impairment of financial assets:**

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

i. Trade receivables and lease receivables

ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

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

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract

# Notes to the standalone financial statements

for the year ended 31 March 2023

and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

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

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

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

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

**b. Financial liabilities**

**i. Initial recognition and measurement**

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value minus, for an item not at fair value through profit and loss(FVTPL), transaction cost that are directly attributable to its acquisition or issue.

**ii Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the standalone statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the standalone statement of profit or loss.

**iii. Derecognition**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.



# Notes to the standalone financial statements

for the year ended 31 March 2023

**c. Derivative financial instruments**

The Company uses derivative financial instruments, such as foreign currency forward contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the statement of profit and loss account.

**d. Investment in subsidiaries**

The Company accounts for the investments in equity shares of subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

**3.12 Provisions and contingencies**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**3.13 Leases**

**i Company as Lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises right-of-use asset ('ROU') representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ""other expenses"" in the Statement of Profit or Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

**Short-term leases and leases of low-value assets**

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**ii Company as Lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

**3.14 Impairment of non-financial assets and Goodwill**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoveable amount is estimated. Intangible assets under development is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the standalone statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.



# Notes to the standalone financial statements

**for the year ended 31 March 2023**

**Goodwill**

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of Company's assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Company.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognised in the standalone Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

**3.15 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**3.16** Employee Stock Appreciation Rights Scheme: Liability for the Company's Employee Stock Appreciation Rights (STARs), granted pursuant to the Company's Employee Stock Appreciation Rights Scheme, 2017 of the Company which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017, shall be measured, initially and at the end of each reporting period until settled, at the fair value of the STARs, by applying an option pricing model, be and is recognised as employee benefit expense over the relevant service period. The liability is presented as employee benefit obligation in the balance sheet.

**3.17 Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**3.18 Dividend to Equity shareholders**

Dividend to equity shareholders is recognised as a liability and deducted from shareholders' Equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.

**3.19 Earnings per share (EPS)**

"Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Company by the weighted average number

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

**3.20 Recent accounting pronouncement**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. In March 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amended certain Ind AS as explained below. These amendments are effective from annual periods beginning on or after April 1, 2023.

**a. Ind AS 1 – Presentation of Financial Statements:**

The amendment prescribes disclosure of material accounting policies instead of significant accounting policies. The impact of the amendment on the financial statements is expected to be insignificant basis the preliminary evaluation.

**b. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:**

The amendment added definition of accounting estimate and clarifies what is accounting estimate and treatment of change in the accounting estimate and accounting policy. There is no impact of the amendment on the financial statements basis the preliminary evaluation.

**c. Ind AS 12 – Income taxes:**

The definition of deferred tax asset and deferred tax liability is amended to apply initial recognition exception on assets and liabilities that does not give rise to equal taxable and deductible temporary differences. There is no impact of the amendment on the financial statements basis the preliminary evaluation.

The Company is assessing the impact of these changes and will accordingly incorporate the same in the financial statements for the year ending March 2024

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

## 4A Property, plant and equipment

(₹ in crores)

| Block of asset | Gr(oss Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions during the year | Disposals / Reclassification during the year | As at 31 March 2023 | As at 1 April 2022 | Charge for the year | Disposals / Reclassification during the year | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Freehold land | 13.92 | - | - | 13.92 | - | - | - | - | 13.92 | 13.92 |
| Buildings | 90.78 | 12.11 | (0.09) | 102.80 | 21.99 | 3.22 | (0.08) | 25.13 | 77.67 | 68.79 |
| Leasehold improvements | 7.78 | - | (0.22) | 7.56 | 5.37 | 0.67 | (0.20) | 5.84 | 1.72 | 2.41 |
| Research and development - equipments | 17.15 | 0.82 | (0.75) | 17.22 | 6.56 | 1.43 | (0.12) | 7.87 | 9.35 | 10.59 |
| Furniture and fixtures | 8.82 | 0.10 | (1.18) | 7.74 | 4.26 | 1.29 | (1.00) | 4.55 | 3.19 | 4.56 |
| Computers | 3.39 | 0.60 | *0.00 | 3.99 | 1.98 | 0.45 | - | 2.43 | 1.56 | 1.41 |
| Office equipment | 3.90 | 0.25 | (0.24) | 3.91 | 2.52 | 0.57 | (0.20) | 2.89 | 1.02 | 1.38 |
| Plant and machinery | 29.35 | 1.72 | (0.02) | 31.05 | 12.04 | 1.87 | (0.01) | 13.90 | 17.15 | 17.31 |
| Electrical equipment and installations | 4.60 | 0.49 | (0.13) | 4.96 | 2.62 | 0.38 | (0.11) | 2.89 | 2.07 | 1.98 |
| Motor cars and vehicles | 2.16 | 0.76 | (0.27) | 2.65 | 1.08 | 0.21 | (0.25) | 1.04 | 1.61 | 1.08 |
| | **181.85** | **16.85** | **(2.90)** | **195.80** | **58.42** | **10.09** | **(1.97)** | **66.54** | **129.26** | **123.43** |

**Property, plant and equipment ( previous year)**

(₹ in crores)

| Block of asset | Gr(oss Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions during the year | Disposals / Reclassification during the year | As at 31 March 2022 | As at 1 April 2021 | Charge for the year | Disposals / Reclassification during the year | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Freehold land | 13.92 | - | - | 13.92 | - | - | - | - | 13.92 | 13.92 |
| Buildings | 90.48 | 0.30 | - | 90.78 | 18.95 | 3.04 | - | 21.99 | 68.79 | 71.53 |
| Leasehold improvements | 6.38 | 1.26 | 0.14 | 7.78 | 4.38 | 0.85 | 0.14 | 5.37 | 2.41 | 2.00 |
| Research and development - equipments | 11.08 | 6.08 | (0.01) | 17.15 | 5.41 | 1.15 | - | 6.56 | 10.59 | 5.67 |
| Furniture and fixtures | 8.13 | 0.73 | (0.04) | 8.82 | 3.65 | 0.64 | (0.03) | 4.26 | 4.56 | 4.48 |
| Computers | 2.26 | 1.13 | - | 3.39 | 1.72 | 0.26 | - | 1.98 | 1.41 | 0.54 |
| Office equipment | 3.44 | 0.54 | (0.08) | 3.90 | 2.09 | 0.51 | (0.08) | 2.52 | 1.38 | 1.35 |
| Plant and machinery | 28.09 | 0.79 | 0.47 | 29.35 | 9.69 | 1.82 | 0.53 | 12.04 | 17.31 | 18.40 |
| Electrical equipment and installations | 4.40 | 0.21 | (0.01) | 4.60 | 2.37 | 0.26 | (0.01) | 2.62 | 1.98 | 2.03 |
| Motor cars and vehicles | 1.44 | 0.64 | 0.08 | 2.16 | 0.79 | 0.20 | 0.09 | 1.08 | 1.08 | 0.65 |
| | **169.62** | **11.68** | **0.55** | **181.85** | **49.05** | **8.73** | **0.64** | **58.42** | **123.43** | **120.57** |

*Amount less than ₹0.01 crores

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

**Note :-**

1 The Company has adopted Ind AS 116 effective 1st April 2019. Consequently, the motor cars acquired under finance lease agreements has been reclassified from 'Property, Plant & Equipment' to 'Right of Use assets'.

2. As at 31st March 2023, property, plant and equipment have been hypothecated against corporate guarantee issued by the Company towards loan availed by its subsidiary Keva Europe B. V.

3. Title deeds of all immovable property are in the name of the Company except for few title deeds of certain building are in the process of perfection of title. Details of such buildings for current year as well as previous year are as follows:

| Description of item of property | Gross carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, Director or relative/employee of promoter/ director | Property held | Reason for not being held in the name of the Company |
|---|---|---|---|---|---|
| Building | 15.67 | Saiba Industries Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT) | No | From 01/04/2019, appointed date as per the approved scheme | The Title deeds pending to be transferred in the name of the Company with registrar. |
| Building | 1.75 | Rasiklal Hemani Agencies Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT) | No | From 01/04/2019, appointed date as per the approved scheme | The Title deeds pending to be transferred in the name of the Company with registrar. |
| | **17.42** | | | | |

## 4B Capital Work-in-progress

(₹ in crores)

| | For the year ended | |
|---|---|---|
| | **31 March 2023** | **31 March 2022** |
| Opening balance | - | 1.32 |
| Addition during the year | 3.72 | - |
| Capitalised during the year | - | (1.32) |
| **Closing balance** | **3.72** | **-** |

## 4C Capital work-in-progress ageing schedule as on 31 March 2023

(₹ in crores)

| Particulas | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|
| Projects in progress | 3.72 | - | - | - | 3.72 |
| | **3.72** | **-** | **-** | **-** | **3.72** |

Note :
There is no capital work in progress pertaining to projects as of March 31, 2023 and March 31, 2022 whose completion is overdue or has exceeded its cost compared to original plan.



# Notes to the standalone financial statements

**for the year ended 31 March 2023**

## 5A Right of use asset

The Company's leasing arrangements are in respect of buildings. These leasing arrangements are renewable on a periodic basis by mutual consent on mutually acceptable terms.

**Right-of-use assets**

(₹ in crores)

| | **Total** |
|---|---|
| **Cost** | |
| As at 1 April 2022 | 42.44 |
| Additions | 1.42 |
| Disposals | 0.48 |
| **Balance at 31 March 2023** | **43.38** |
| **Accumulated depreciation and impairment** | |
| As at 1 April 2022 | 18.59 |
| Amortisation | 6.78 |
| Eliminated on disposals of assets | 0.42 |
| **Balance at 31 March 2023** | **24.95** |
| **Carrying amounts** | |
| As at 1 April 2022 | 23.85 |
| **Balance at 31 March 2023** | **18.43** |
| **Cost** | |
| As at 1 April 2021 | 26.70 |
| Additions | 15.74 |
| Disposals | - |
| **Balance at 31 March 2022** | **42.44** |
| **Accumulated depreciation and impairment** | |
| As at 1 April 2021 | 12.02 |
| Amortisation | 6.57 |
| Eliminated on disposals of assets | - |
| **Balance at 31 March 2022** | **18.59** |
| **Carrying amounts** | |
| As at 1 April 2021 | 14.68 |
| **Balance at 31 March 2022** | **23.85** |

**Breakdown of lease expenses**

(₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Short-term lease expense | 1.06 | 1.12 |
| Interest on lease liability | 1.73 | 1.43 |
| **Closing balance** | **2.79** | **2.55** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

**Cash outflow on leases** (₹ in crores)

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Repayment of lease liabilities | 6.35 | 6.50 |
| Interest on lease liabilities | 1.73 | 1.43 |
| Short-term lease expense | 1.06 | 1.12 |
| **Total cash outflow on leases** | **9.14** | **9.05** |

**Note :-**
Average lease term of right of use asset is 5 years.

## 5B Operating leases

**Leases as lessor**
The Company leases out its certain property, plant and equipments on operating lease basis, as they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets. Rental income recognised by the Company during FY 22-23 was ₹ 6.18 crores (previous year ₹ 5.00 crores) of which ₹ 3.93 crores relating to sub lease (previous year ₹ 3.59 crores). The following table sets out maturity analysis of lease payments to be received after the reporting date.

**Future minimum lease payments**
The future minimum lease payments to be received under non-cancellable operating leases are as follows:

(₹ in crores)

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Receivable within one year | 5.09 | 5.19 |
| Receivable between one year and five years | 10.45 | 11.37 |
| | **15.54** | **16.56** |

## 6 Investment property

(₹ in crores)

| | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| Block of asset | As at 1 April 2022 | Additions during the year | Disposals during the year | As at 31 March 2023 | As at 1 April 2022 | Charge for the year | Disposals during the year | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Buildings | 14.72 | - | (14.72) | - | 2.29 | 0.23 | (2.52) | - | - | 12.43 |
| | **14.72** | **-** | **(14.72)** | **-** | **2.29** | **0.23** | **(2.52)** | **-** | **-** | **12.43** |

(₹ in crores)

| | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| Block of asset | As at 1 April 2021 | Additions during the year | Disposals during the year | As at 31 March 2022 | As at 1 April 2021 | Charge for the year | Disposals during the year | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Buildings | 14.72 | - | - | 14.72 | 1.82 | 0.47 | - | 2.29 | 12.43 | 12.90 |
| | **14.72** | **-** | **-** | **14.72** | **1.82** | **0.47** | **-** | **2.29** | **12.43** | **12.90** |



# Notes to the standalone financial statements
for the year ended 31 March 2023

**Notes:**
1. Buildings is classified as Investment property by the Company in accordance with IND AS-40 "Investment Property".
2. The property rental income earned by the Company from its investment property all of which is leased out under operating leased amount to ₹ 0.38 Crore ( previous year ₹ 0.75 Crore). Direct operating expenses arising on the investment property all of which generated rental income in the year amounted to ₹ 0.06 Crore (previous year ₹ 0.11 Crore).
3. Fair value of Investment Property was ₹ 22.88 crores as on 31 March 2022.
4. On September 30, 2022, the Company recognised profit of ₹ 7.70 crores upon sale of its investment property for a consideration of ₹ 19.90 crores determined basis independent valuer's report.

## 7 Goodwill

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at the beginning | 9.59 | 9.59 |
| Business acquisition during the year | - | - |
| **Balance at the end** | **9.59** | **9.59** |

**Impairment testing of Goodwill**
For the purposes of impairment testing, goodwill is allocated to the cash generating unit (CGU) which represent the lowest level within the Company at which goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments. The aggregate carrying amounts of goodwill recognised on account of merger:

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Saiba Industries Private Limited | 7.56 | 7.56 |
| Rasiklal Hemani Agencies Private Limited | 2.03 | 2.03 |
| | **9.59** | **9.59** |

The recoverable amount of a CGU is based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. Value in use for CGU Saiba Industries Private Limited also factors the fairvalue of underlying building (refer note 4).

Operating margins and growth rates for the 5 year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using appropriate discount rate. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

# Notes to the standalone financial statements
**for the year ended 31 March 2023**

| Particulars | Discount rate | | Terminal value growth rate | | Sales growth rate | |
|---|---|---|---|---|---|---|
| | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 | 31 March 2023 | 31 March 2022 |
| Saiba Industries Private Limited | 14.18% | 12.83% | 1.00% | 1.00% | 3.00% | 3.00% |
| Rasiklal Hemani Agencies Private Limited | 14.18% | 12.83% | 1.00% | 1.00% | 3.00% | 3.00% |

With regard to assessment of recoverable value, no reasonalably possible change in any of the above key assumptions would cost the carrying amount of the CGU's to exceed their recoverable amount.

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. Company has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

## 8A Other intangible assets

(₹ in crores)

| Block of asset | Gross Block | | | | Accumulated Amortisation | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions during the year | Disposals during the year | As at 31 March 2023 | As at 1 April 2022 | Charge for the year | As at 31 March 2023 | As at 31 March 2023 | As at 31 March 2022 |
| Computer software | 10.34 | 0.45 | - | 10.79 | 8.98 | 0.60 | 9.58 | 1.21 | 1.36 |
| Technical know-how | 78.52 | - | - | 78.52 | 28.62 | 7.85 | 36.47 | 42.05 | 49.90 |
| Formulation* | 12.16 | - | - | 12.16 | 9.03 | 1.65 | 10.68 | 1.48 | 3.13 |
| Non compete fees | 0.17 | - | - | 0.17 | 0.14 | 0.03 | 0.17 | - | 0.03 |
| Patents & Trademarks | 0.47 | 0.19 | - | 0.66 | 0.09 | 0.09 | 0.18 | 0.48 | 0.38 |
| | **101.66** | **0.64** | **-** | **102.30** | **46.86** | **10.22** | **57.08** | **45.22** | **54.80** |

**Other intangible assets (previous year)**

(₹ in crores)

| Block of asset | Gross Block | | | | Accumulated Amortisation | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions during the year | Disposals during the year | As at 31 March 2022 | As at 1 April 2021 | Charge for the year | As at 31 March 2022 | As at 31 March 2022 | As at 31 March 2021 |
| Computer software | 9.35 | 0.99 | - | 10.34 | 8.10 | 0.88 | 8.98 | 1.36 | 1.25 |
| Technical know-how | 78.52 | - | - | 78.52 | 20.85 | 7.77 | 28.62 | 49.90 | 57.67 |
| Formulation* | 11.17 | 0.99 | - | 12.16 | 5.85 | 3.18 | 9.03 | 3.13 | 5.32 |
| Non compete fees | 0.17 | - | - | 0.17 | 0.11 | 0.03 | 0.14 | 0.03 | 0.06 |
| Patents & Trademarks | 0.19 | 0.28 | - | 0.47 | 0.04 | 0.05 | 0.09 | 0.38 | 0.15 |
| | **99.40** | **2.26** | **-** | **101.66** | **34.95** | **11.91** | **46.86** | **54.80** | **64.45** |

*Includes internally generated assets

# Notes to the standalone financial statements
**for the year ended 31 March 2023**

## 8B Intangible assets under-development

(₹ in crores)

| | For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Opening balance | 2.60 | 15.40 |
| Addition during the year | 1.48 | 0.51 |
| Capitalised during the year | (0.05) | (1.16) |
| Written off during the year | - | (12.15) |
| **Closing balance** | **4.03** | **2.60** |

## 8C Ageing of Intangible assets under development schedule

| | As at 31 March 2023 | | | | |
|---|---|---|---|---|---|
| Particulars | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| Projects in progress | 1.43 | 0.60 | 1.30 | 0.70 | 4.03 |
| **Total** | **1.43** | **0.60** | **1.30** | **0.70** | **4.03** |

| | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| Particulars | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| Projects in progress | 0.50 | 1.41 | 0.32 | 0.38 | 2.61 |
| **Total** | **0.50** | **1.41** | **0.32** | **0.38** | **2.61** |

**Note : 8**

There are no projects as of 31 March 2023 and 31 March 2022, under Intangible Assets under Development whose completion is overdue or has exceeded its cost compared to original plan.

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

## 9 Non-current investments

(₹ in crores)

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **A) Investment in subsidiaries** | | | | |
| Unquoted equity shares at cost | | | | |
| Investment in subsidiary companies | | | | |
| Keva Fragrances Private Limited (face value ₹ 100 per share) | 7,43,251 | 7,43,251 | 55.45 | 55.45 |
| Keva Flavours Private Limited (face value ₹ 100 per share) | 21,500 | 21,500 | 25.20 | 25.20 |
| Keva UK Ltd. (face value GBP 1 per share) (refer note b below) | - | 9,85,600 | - | 71.19 |
| Keva Fragrance Industries Pte Ltd., Singapore (face value Singapore Dollar 1 per share) | 16,32,926 | 16,32,926 | 7.86 | 7.86 |
| Keva Europe BV (face value Euro 1 per share) | 1,30,01,000 | 80,01,000 | 107.79 | 67.59 |
| Creative Flavours & Fragrances SpA (face value Euro 1 per share) (refer note a and b) | 10,20,000 | 10,20,000 | 93.30 | 93.30 |
| Keva Ventures Private Limited ( face value ₹ 10 per share) | 10,00,000 | 10,00,000 | 1.00 | 1.00 |
| **Total (A)** | | | **290.60** | **321.59** |
| **B) Other investments** | | | | |
| Unquoted equity shares at cost | | | | |
| Equity shares, designated at FVTPL | | | | |
| Hico Products Limited. (face value ₹ 10 per share) (refer note c) | 19,250 | 19,250 | - | - |
| **Total (B)** | | | - | - |
| **Total (A) + (B)** | | | **290.60** | **321.59** |

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| The aggregate book value of unquoted non-current investments are as follows: | | |
| Aggregate value of unquoted investments | 290.60 | 321.59 |
| Aggregate amount of impairment in value of investments | - | - |

a. Investment in Creative Flavours and Fragrances SpA have been hypothecated against corporate guarantee issued by the Company towards loan availed by its subsidiary Keva Europe B. V.

b. On September 02, 2022, the Company had sold investment in it's foreign wholly owned subsidiary Keva UK Limited to its another foreign wholly owned subsidiary Keva Europe B.V. through Share Purchase Agreement (SPA) at a consideration of ₹ 41.00 crores (Euro 5.1 million) arrived at basis Net Assets Value (NAV) method. The said transaction was executed in order to consolidate the Company's Europe operation and simplify entity structure. The resulting loss on sale of investment of ₹ 30.19 crores have been shown under exceptional items



# Notes to the standalone financial statements

**for the year ended 31 March 2023**

c. The shares have been suspended from trading and the Hico Products Limited is under liquidation. The Investment has been provided in the books of the Company and the market value is considered Nil.

## 10 Other financial assets

(unsecured, considered good)

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022\ |
| **To other than related parties** | | | | |
| Term deposits with banks with remaining maturity of more than 12 months | 0.30 | 0.30 | - | - |
| Interest receivable on Income tax refund | 1.78 | - | - | 1.47 |
| Interest accrued on fixed deposits | - | - | 0.03 | - |
| **Security deposits** | | | | |
| - considered good | 1.66 | 1.58 | - | - |
| - considered doubtful | 0.24 | 0.24 | - | - |
| | **1.90** | **1.82** | **-** | **-** |
| Less: Loss Allowance for bad and doubtful deposits | (0.24) | (0.24) | - | - |
| | **1.66** | **1.58** | **-** | **-** |
| **To related parties ( refer note 45)** | | | | |
| Other receivables ( expense cross charge) | - | - | 4.58 | 2.72 |
| Interest accrued on loan to subsidiaries | - | - | *0.00 | - |
| Dividend receivable | - | - | - | 0.81 |
| | **3.74** | **1.88** | **4.61** | **5.00** |

## 11 Other assets

(unsecured, considered good)

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022\ |
| **Capital advances** | | | | |
| - considered good | 0.24 | 0.80 | - | - |
| - considered doubtful | 0.55 | 0.55 | - | - |
| | **0.79** | **1.35** | **-** | **-** |
| Less: Loss allowance for bad and doubtful advances | (0.55) | (0.55) | - | - |
| | **0.24** | **0.80** | **-** | **-** |
| **Advances other than capital advances** | | | | |
| To other than related parties | | | | |
| Advance to suppliers | - | - | 6.16 | 0.36 |
| Prepaid expenses | 0.07 | - | 8.44 | 4.35 |
| Balances with government authorities | 0.47 | 0.47 | 0.43 | 0.93 |
| VAT/Sales tax refund receivable | 0.07 | 0.07 | - | - |
| **To related parties** | | | | |
| Advance to suppliers ( refer note 45) | - | - | - | 1.78 |
| | **0.85** | **1.34** | **15.03** | **7.42** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

## 12 Inventories

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Raw materials | 269.93 | 186.63 |
| Raw materials in transit | 5.94 | 2.77 |
| Packing materials | 2.54 | 8.54 |
| Work-in-progress | 68.94 | 49.97 |
| Finished goods | 9.06 | 10.05 |
| | **356.41** | **257.96** |

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value.

The write-down of inventories to net realisable value during the year amounted to ₹ 1.10 crores (31 March 2022: ₹ 0.51 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the Standalone Statement of Profit and Loss.

Sanctioned Borrowings Limits are secured by way of hypothecation of Inventories both in hand and transit (refer note 21).

## 13 Current investments

| | Number of units | | | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Quoted mutual funds** | | | | |
| Mutual funds at FVTPL | | | | |
| Axis Overnight Fund Regular Growth | 1,69,128.88 | - | 20.00 | - |
| | | | **20.00** | **-** |
| **The aggregate book value and market value of quoted current investments are as follows:** | | | | |
| Aggregate book value of quoted investments | | | 20.00 | - |
| Aggregate amount of impairment in value of investments | | | - | - |

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 39.

## 14 Trade receivables (Unsecured unless otherwise stated)

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Trade receivables considered good- Unsecured (refer note (a) below) | 143.09 | 163.28 |
| Less: Allowance for expected credit loss | (0.71) | (1.01) |
| **Trade receivables which have significant increase in credit risk** | | |
| Trade receivables - credit impaired | 1.35 | 1.08 |
| Less: Allowance for credit impairment | (1.35) | (1.08) |
| | **142.38** | **162.27** |





# Notes to the standalone financial statements
for the year ended 31 March 2023

(a) Trade receivables considered good- Unsecured as at 31 March 2023 include ₹ 27.50 crores (31 March 2022: ₹ 52.99 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

(b) The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low refer note 39D(i).

(c) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 39D(i).

(d) Sanctioned Borrowings Limits are secured by way of hypothecation of book debts and other receivables (refer note 21).

## 15 Cash and cash equivalents

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Balances with banks in:** | | |
| - current accounts | 5.99 | 9.17 |
| - exchange earners foreign currency account | 1.27 | 0.60 |
| Cash on hand | 0.05 | 0.14 |
| | **7.31** | **9.91** |

## 16 Other bank balances

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Current account of Company's employee benefit trust (refer note 49) | 1.37 | 1.77 |
| Unclaimed dividend accounts | 0.02 | 0.02 |
| | **1.39** | **1.79** |

## 17 Loans
(unsecured, considered good)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **To other than related parties** | | | | |
| Advances to employee(s | - | - | 3.19 | 2.87 |
| **To related parties** | | | | |
| Loans to subsidiaries* | 9.91 | - | - | - |
| | 9.91 | - | **3.19** | **2.87** |

*Details of loans given to companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner

| | | |
|---|---|---|
| Keva Ventures Private Limited | 9.91 | - |
| | **9.91** | **-** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

## 18 Equity share capital

(₹ in crores)

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **Authorised** | | | | |
| Equity shares of ₹10 each | 15,93,14,500 | 15,93,14,500 | 159.31 | 159.31 |
| Preference shares of ₹ 10 each | 1,19,35,500 | 1,19,35,500 | 11.94 | 11.94 |
| | | | **171.25** | **171.25** |
| **Issued, subscribed and paid up** | | | | |
| Equity shares of ₹ 10 each, fully paid-up | 13,84,20,801 | 13,84,20,801 | 138.42 | 138.42 |
| | | | **138.42** | **138.42** |

**a Reconciliation of number of shares outstanding at the beginning and end of the reporting year:**

(₹ in crores)

| | Number of shares | | Amount | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| **i) Equity share of ₹10 (Previous year ₹10) each fully paid-up** | | | | |
| Outstanding at the beginning of the year | 13,84,20,801 | 14,13,20,801 | 138.42 | 141.32 |
| Shares extinguished on buy-back (refer note e) | - | (29,00,000) | - | (2.90) |
| **Outstanding at the end of the year** | **13,84,20,801** | **13,84,20,801** | **138.42** | **138.42** |

**b Terms of / Rights attached to each classes of shares**

***Terms of / Rights attached to Equity shares***

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**c Shareholders holding more than 5% shares in the Company is set out below:**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of Shares | % | Number of Shares | % |
| **Equity shares of ₹10 (Previous year ₹10) each, fully paid-up** | | | | |
| Ramesh Vinayak Vaze Family Trust | 2,70,00,100 | 19.51% | 2,70,00,100 | 19.51% |
| Kedar Ramesh Vaze | 1,71,93,055 | 12.42% | 1,69,38,055 | 12.24% |
| KNP Industries Pte. Limited | 1,48,76,223 | 10.75% | 1,48,76,223 | 10.75% |
| Firmenich Aromatics Production (India) Private Limited | 1,41,17,948 | 10.20% | 1,41,17,953 | 10.20% |
| Keva Constructions Private Limited | 73,93,689 | 5.34% | 85,03,689 | 6.14% |

**d Shares held by promoters and promoter group in the Company at end of the year:**

| | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Number of Shares | % of total shares | % change during the year | Number of Shares | % of total shares | % change during the year |
| **With Promoter** | | | | | | |
| Kedar Ramesh Vaze | 1,71,93,055 | 12.42% | 0.18% | 1,69,38,055 | 12.24% | 0.03% |
| Prabha Ramesh Vaze | 17,97,309 | 1.30% | 0.00% | 17,97,309 | 1.30% | (2.18%) |
| Ramesh Vinayak Vaze | 14,48,980 | 1.05% | 0.00% | 14,48,980 | 1.05% | (17.29%) |
| **With promoter group** | | | | | | |
| Anagha Sandeep Nene | 14,70,464 | 1.06% | 0.00% | 14,70,464 | 1.06% | (0.01%) |
| Nandan Kedar Vaze | 12,58,098 | 0.91% | 0.00% | 12,58,098 | 0.91% | (0.02%) |
| Parth Kedar Vaze | 12,58,098 | 0.91% | 0.00% | 12,58,098 | 0.91% | (0.02%) |
| Neha Kedar Karmarkar | 7,30,875 | 0.53% | 0.00% | 7,30,875 | 0.53% | (0.01%) |
| Nishant Kedar Karmarkar | 7,30,875 | 0.53% | 0.00% | 7,30,875 | 0.53% | (0.01%) |
| Sumedha Kedar Karmarkar | 150 | 0.00% | 0.00% | 150 | 0.00% | 0.00% |
| Nihar Sandeep Nene | 0 | 0.00% | 0.00% | 0 | 0.00% | 0.00% |
| Ramesh Vinayak Vaze Family Trust | 2,70,00,100 | 19.51% | 0.00% | 2,70,00,100 | 19.51% | 19.51% |
| KNP Industries Pte. Limited | 1,48,76,223 | 10.75% | 0.00% | 1,48,76,223 | 10.75% | (0.03%) |
| Keva Constructions Private Limited | 73,93,689 | 5.34% | (0.80%) | 85,03,689 | 6.14% | (0.01%) |
| Vinayak Ganesh Vaze Charities | 19,26,995 | 1.39% | 0.00% | 19,26,995 | 1.39% | (0.04%) |
| SKK Industries Private Limited | 14,78,550 | 1.07% | 0.00% | 14,78,550 | 1.07% | (0.01%) |
| ASN Investment Advisors Private Limited | 14,70,366 | 1.06% | 0.00% | 14,70,366 | 1.06% | (0.01%) |
| Kedar Ramesh Vaze Family Trust | 100 | 0.00% | 0.00% | 100 | 0.00% | 0.00% |
| Keva Investment Partners (refer note f) | 11,43,742 | 0.83% | 0.80% | 33,742 | 0.02% | 0.00% |

e The Company during the previous year ended March 31, 2022 bought back 29,00,000 equity shares for an aggregate amount of ₹ 60.90 crores, being 2.05% of the total paid-up equity share capital at ₹ 210 per equity share. The equity shares bought back were extinguished on 12 January 2022.

f Keva Investment Partners acquired 4,19,939 equity shares through the market on 29 March 2023 and 31 March 2023. These shares were in pool with the clearing members. As a result, the Benpos dated 31 March 2023, did not reflect the change in holding under the Promoter & Promoter Group category. After taking into consideration the said transaction, Keva Investment Partners' actual shareholding as on 31 March 2023, is 15,63,681 Equity Shares, representing 1.23% of the total paid up capital of the Company and the total shareholding of Promoter & Promoter Group is 8,15,97,608 equity shares representing 58.95% of the total paid up capital of the Company.

g There are no shares issued consideration other than cash as at 31 March 2023. (Nil as at 31 March 2022).

# Notes to the standalone financial statements

for the year ended 31 March 2023

## 19 Other equity

**A. Reserves**

(₹ in crores)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| Capital redemption reserve | i. | 6.20 | 6.20 |
| Securities premium | ii. | 80.42 | 80.42 |
| General reserve | iii. | 49.56 | 49.56 |
| Treasury shares | iv. | (71.09) | (71.09) |
| Other reserves | v. | 8.76 | 8.76 |
| STARs reserves | vi. | (0.03) | (0.27) |
| Retained earnings | vii. | 430.62 | 389.28 |
| | | **504.44** | **462.86** |

Please refer statement of change in equity for details

**B. Notes to Reserves**

**Capital redemption reserve**

Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

**Securities premium**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

**General reserve**

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

**Treasury shares**

The Company has formed S H Kelkar Employee Benefit Trust (EBT) for implementation of the shcemes that are notified or may be notified from time to time by the Company under the plan providing share based payments to its employees. EBT purchases shares of the Company out of funds borrowed from the Company. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

**STARs reserves**

The profit/loss on sale of treasury shares and dividend earned on the same by the trust is recognised in STARs reserves.

**Other reserves**

The Company had received a private equity investment in the form of equity shares and preference shares. Such amounts received were classified as financial liability with reference to the terms and conditions attached with such investment. On completion of the initial public offering, the private equity investor's rights were contractually extinguished and consequently, the liability was derecognised on such date, with corresponding credit to equity share capital and other relevant components of equity (including related gain on extinguishment).

**Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any INDAS transition adjustments, transfers to general reserve, dividends or other distributions paid to shareholders.







# Notes to the standalone financial statements

for the year ended 31 March 2023



**C. Dividends**

The following dividends were declared and paid by the Company during the years ended:

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Final equity dividend of 2020-2021 paid at ₹ 0.75 per equity share | - | 10.60 |
| Final equity dividend of 2021-2022 paid at ₹ 0.75 per equity share | 10.38 | - |
| | **10.38** | **10.60** |

Board of Directors in their meeting held on 30 May 2023 have recommended a final dividend of ₹2.00 per equity share [31 March 2022 : ₹0.75] subject to the approval at the annual general meeting.

## 20 Lease Liabilities

(₹ in crores)

| | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| Lease Liabilities (refer note 'a' below) | 13.79 | 19.41 | 7.03 | 6.39 |
| | **13.79** | **19.41** | **7.03** | **6.39** |

a) Lease liabilities has been recognised and accounted in accordance with INDAS 116. refer note 3.13 (accounting policy) and note 5A.

## 21 Borrowings

(₹ in crores)

| | Current | |
|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 |
| **Loans repayable on demand** | | |
| Loan from subsidiary (refer note 'a') | 74.65 | 21.10 |
| | **74.65** | **21.10** |

**Notes :**

a) Loan from Keva Fragrances Private Limited, a subsidiary is repayable on demand and carry interest at bank repo rate + 1.5% p.a. (wef from 1st October 2022). The interest rate was 7% p.a. until 1st October 2022 (PY 7% p.a.).

b) The Company has sanctioned working capital loans from banks which are repayable on demand with interest computed on a monthly basis on the actual amount utilised. Working capital loans from banks (including the sanctioned limits) are secured by way of hypothecation of inventories both on hand and in transit and book debts, and other receivables both present and future. The Company has filed / submitted the statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) with such banks and these statements are in agreement with the unaudited books of account of the Company of the respective quarters ended on 30th June 2022, 30th September, 2022, 31st December 2022, and 31st March, 2023.

# Notes to the standalone financial statements
for the year ended 31 March 2023

## 22 Other non-current financial liabilities

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Security deposits | - | 1.09 |
| Employee benefits payable | 0.44 | 0.21 |
| | **0.44** | **1.30** |

## 23 Current provisions

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Provision for employee benefits (refer note 38)** | | |
| Compensated absences | 8.56 | 7.48 |
| | **8.56** | **7.48** |

## 24 Trade payables

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Dues to micro and small enterprises (refer note 42) | 8.62 | 5.46 |
| Other trade payables | 280.14 | 320.46 |
| | **288.76** | **325.92** |

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 39(c)(ii).

**Aging schedule as on 31 March 2023** (₹ in crores)

| Particulars | Not Due | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|---|
| Undisputed – micro and small enterprises | 7.13 | 1.47 | *0.00 | 0.02 | - | 8.62 |
| Undisputed – Others | 90.52 | 188.23 | 1.06 | 0.19 | 0.14 | 280.14 |
| | **97.65** | **189.70** | **1.06** | **0.21** | **0.14** | **288.76** |

*Amount less than Rs 0.01 crores

**Aging schedule as on 31 March 2022** (₹ in crores)

| Particulars | Not Due | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
|---|---|---|---|---|---|---|
| Undisputed – micro and small enterprises | 5.17 | 0.26 | 0.03 | - | - | 5.46 |
| Undisputed – Others | 83.86 | 236.23 | 0.13 | 0.02 | 0.22 | 320.46 |
| **Total** | **89.03** | **236.49** | **0.16** | **0.02** | **0.22** | **325.92** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

## 25 Other financial liabilities - current

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Interest accrued under MSMED Act, 2006 (refer note 42) | 0.80 | 0.65 |
| Employee benefits payable | 11.11 | 9.40 |
| Security deposits | - | 0.15 |
| Derivative liability- Foreign currency forward contract | 0.49 | - |
| Unclaimed dividend account** | 0.02 | 0.02 |
| Other payables | | |
| For capital goods | 0.30 | 0.40 |
| Payable to related parties | | |
| Interest on Inter-corporate deposits (refer note 44) | 2.29 | 1.70 |
| | **15.01** | **12.32** |

## 26 Other current liabilities

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Advances received from customers | 8.03 | 2.61 |
| Statutory dues payable | | |
| Tax deducted at source | 1.42 | 1.85 |
| GST | 5.81 | 0.41 |
| Provident fund (refer note 38) | 4.33 | 2.22 |
| ESIC | *0.00 | *0.00 |
| Profession tax | 0.02 | 0.01 |
| VAT/CST tax | - | 0.17 |
| | **19.61** | **7.27** |

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
*Amount less than ₹0.01 crores

## 27 Revenue from operations

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Sale of products** | | |
| Gross sales (Refer Note 44) | 882.57 | 812.86 |
| Less: Discounts | 14.27 | 10.60 |
| **Net Sales (revenue from contracts with customers)** | **868.30** | **802.26** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Other operating revenue** | | |
| Sale of scrap | 1.65 | 1.30 |
| Techincal Knowhow | 2.29 | 3.33 |
| Rental income (including from property subleases) | 6.18 | - |
| Management fees | 1.20 | - |
| Export Incentive | 0.05 | - |
| | **11.37** | **4.63** |
| **Total revenue from operations** | **879.67** | **806.89** |

## 28 Other income

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Interest income under the effective interest method on:** | | |
| -Deposits with banks, at amortised cost | 0.03 | 0.02 |
| -Loans to subsidiary, at amortised cost | 0.18 | 0.43 |
| Interest received on tax refund | 0.38 | 0.19 |
| Net gain on sale of property, plant and equipment, investment property and intangible assets | 7.65 | 0.05 |
| Rental income (including from property subleases) | - | 5.00 |
| Dividend income from subsidiaries | 0.84 | 0.95 |
| Guarantee commission income | 2.95 | 2.75 |
| Gain on sale of investment, designated at FVTPL | 0.96 | 0.05 |
| Reversal of loss allowances on trade receivables | - | 1.90 |
| Other liabilities written back | 0.70 | 1.23 |
| Miscellaneous income | 0.08 | 0.12 |
| **Total Other income** | **13.77** | **12.69** |

## 29 Cost of materials consumed

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Opening stock** | | |
| - Raw materials | 189.40 | 132.10 |
| - Packing materials | 8.54 | 1.95 |
| | **197.94** | **134.05** |



# Notes to the standalone financial statements
for the year ended 31 March 2023

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Add: Purchases** | | |
| - Raw materials | 649.41 | 585.05 |
| - Packing materials | 15.89 | 21.90 |
| | **665.30** | **606.95** |
| **Less: Closing Stock** | | |
| - Raw materials | 275.87 | 189.40 |
| - Packing materials | 2.54 | 8.54 |
| | **278.41** | **197.94** |
| **Materials consumed** | | |
| - Raw materials | 562.94 | 527.75 |
| - Packing materials | 21.89 | 15.31 |
| **Total cost of materials consumed** | **584.83** | **543.06** |

## 30 Changes in inventories of finished goods and work in progress

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Opening Stock :** | | |
| Finished goods | 10.05 | 8.95 |
| Work-in-progress | 49.97 | 32.10 |
| **Closing Stock:** | | |
| Finished goods | 9.06 | 10.05 |
| Work-in-progress | 68.94 | 49.97 |
| **Changes in inventories:** | | |
| Finished goods | 0.99 | (1.10) |
| Work-in-progress | (18.97) | (17.87) |
| **Changes in inventories of finished goods and work in progress** | **(17.98)** | **(18.97)** |

## 31 Employee benefits expense

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Salaries, wages and bonus | 66.17 | 69.81 |
| Contribution to provident and other funds (refer note 38) | 9.74 | 7.20 |
| Compensated absences (refer note 38) | 2.43 | 1.40 |
| Staff welfare expenses | 6.46 | 5.83 |
| | **84.80** | **84.24** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

## 32 Finance costs

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Interest expense under effective interest method on:** | | |
| Working capital loans | 0.57 | 0.18 |
| Intercorporate loans | 2.50 | 2.09 |
| Lease liabilities (refer note 5A) | 1.73 | 1.43 |
| Interest on dues to micro and small enterprises | 0.15 | 0.18 |
| Interest on delayed payment of Income tax | - | 0.03 |
| | **4.95** | **3.91** |

## 33 Depreciation and amortisation

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 4A) | 10.09 | 8.73 |
| Depreciation of investment properties (refer note 6) | 0.23 | 0.47 |
| Amortisation of intangible assets (refer note 8A) | 10.22 | 11.91 |
| Amortisation of Right of use assets (refer note 5A) | 6.78 | 6.57 |
| | **27.32** | **27.68** |

## 34 Other expenses

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Stores and spares consumed | 2.24 | 2.04 |
| Repairs and maintenance expenses | | |
| - Buildings | 1.17 | 1.30 |
| - Plant and machinery | 0.66 | 0.54 |
| - Others | 4.08 | 3.28 |
| Rent (refer note 5A) | 1.06 | 1.12 |
| Rates and taxes | 1.91 | 1.60 |
| Insurance | 1.65 | 1.54 |
| Power and fuel | 5.80 | 4.93 |
| Selling and distribution expenses | 12.06 | 8.61 |
| Freight, forwarding and delivery | 8.01 | 9.34 |
| Legal and professional charges | 13.15 | 25.55 |
| Corporate social responsibility expense (refer note 46) | 1.36 | 1.24 |





Notes to the standalone financial statements
for the year ended 31 March 2023

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Reversal of loss allowances on trade receivables | (0.03) | - |
| Bad debts written off | - | 0.01 |
| Royalty expense | 18.70 | 17.41 |
| Director sitting fees and commission | 2.11 | 2.50 |
| Exchange rate difference on translation (net) | (0.07) | 0.13 |
| Loss on financials assets at FVTPL | 0.49 | - |
| Intangible asset under development written off | - | 12.15 |
| Information technology expenses | 3.76 | 3.96 |
| Works operation and other expenses (refer details below (a+b)) | 24.63 | 16.31 |
| | **102.74** | **113.56** |
| **Payment to auditors** | | |
| Statutory audit | 0.49 | 0.39 |
| Tax audit | 0.03 | 0.03 |
| Other matters | 0.12 | 0.06 |
| Total (a) | **0.64** | **0.48** |
| **Payment to erstwhile auditors** | | |
| Statutory audit | - | 0.13 |
| Tax audit | - | *0.00 |
| Other matters | - | *0.00 |
| Total (b) | - | **0.13** |

*Amount less than ₹ 0.01 crores

## 35 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

(₹ in crores)

| | | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| **Profit attributable to equity shareholders (basic and diluted)** | | | |
| Profit for the year attributable to equity shareholders | **(A)** | 52.17 | 42.49 |
| **Weighted average number of equity shares for basic and diluted earnings per share** | | | |
| Number of equity shares at beginning of the year | | 13,84,20,801 | 14,13,20,801 |
| Equity shares held in controlled trust | | (32,45,768) | (32,45,768) |
| Buy back of equity shares | | - | (29,00,000) |
| **Number of equity shares outstanding at the end of the year** | | 13,51,75,033 | 13,51,75,033 |
| **Weighted average number of equity shares for the year** | **(B)** | 13,51,75,033 | 13,73,94,646 |
| **Basic earnings per share of face value of ₹ 10 each** | **(A)/(B)** | 3.86 | 3.09 |
| **Diluted earnings per share of face value of ₹ 10 each** | **(A)/(B)** | **3.86** | **3.09** |

## 36 Tax expense

**(a) Amounts recognised in Standalone balance sheet**

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Non current tax assets (net of provision ₹ 69.31 crores (31 March 2022 : ₹ 80.37 crores )) | 19.98 | 19.63 |
| Current tax liabilities (net of advance tax ₹ 67.43 crores (31 March 2022 : ₹ 41.84 crores )) | 5.56 | 4.81 |

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off tax assets and tax liabilities and they relate to income taxes levied by the same tax authority.

**(b) Amounts recognised in Standalone Statement of Profit and Loss**

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Current tax** | | |
| Current year | 26.34 | 19.09 |
| Previous years | (0.37) | 6.35 |
| | **25.97** | **25.44** |
| **Deferred income tax liability / (asset) net** | | |
| Current year | (1.55) | (1.83) |
| **Deferred tax expense** | **(1.55)** | **(1.83)** |
| **Tax expense for the year** | **24.42** | **23.61** |



# Notes to the standalone financial statements

**for the year ended 31 March 2023**

**(c) Amounts recognised in other comprehensive income**

(₹ in crores)

| | For the year ended 31 March 2023 | | | For the year ended 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurements of the defined benefit plans | (0.60) | 0.15 | (0.45) | (0.52) | 0.13 | (0.39) |
| | **(0.60)** | **0.15** | **(0.45)** | **(0.52)** | **0.13** | **(0.39)** |

**(d) Reconciliation of effective tax rate**

(₹ in crores)

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Profit before tax** | **76.59** | **66.10** |
| Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 25.17%) | 19.28 | 16.64 |
| **Tax effect of:** | | |
| Income exempt from tax | (0.21) | (0.24) |
| Non-deductible tax expenses | 5.73 | 0.86 |
| Tax pertaining to prior years (net) | (0.37) | 6.35 |
| | **24.42** | **23.61** |

## 37 Deferred Tax

**Significant component of deferred tax assets and liabilities for the year ended 31 March 2023 as follows :**

(₹ in crores)

| | Opening balance 1 April 2022 | Recognised in profit or loss | Recognised in / reclassified from other comprehensive income | Closing Balance 31 March 2023 |
|---|---|---|---|---|
| **Deffered tax asset** | | | | |
| Trade receivables | 0.91 | (0.01) | - | 0.90 |
| Provisions | 2.47 | 0.81 | 0.15 | 3.43 |
| **Total** | **3.38** | **0.80** | **0.15** | **4.33** |
| **Deffered tax Liability** | | | | |
| Property, plant and equipment, intangible assets, intangible assets under development and leases | (14.46) | 0.75 | - | (13.71) |
| **Total** | **(14.46)** | **0.75** | **-** | **(13.71)** |
| **Net deferred tax assets / (liabilities)** | **(11.08)** | **1.55** | **0.15** | **(9.38)** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

**Significant component of deferred tax assets and liabilities for the year ended 31 March 2022 as follows :**

(₹ in crores)

| | Opening balance 1 April 2021 | Recognised in profit or loss | Recognised in / reclassified from other comprehensive income | Closing Balance 31 March 2022 |
|---|---|---|---|---|
| **Deffered tax asset** | | | | |
| Trade receivables | 1.07 | (0.16) | - | 0.91 |
| Provisions | 2.90 | (0.56) | 0.13 | 2.47 |
| **Total** | **3.97** | **(0.72)** | **0.13** | **3.38** |
| **Deffered tax Liability** | | | | |
| Property, plant and equipment, intangible assets, intangible assets under development and leases | (17.02) | 2.56 | - | (14.46) |
| **Total** | **(17.02)** | **2.56** | **-** | **(14.46)** |
| **Net deferred tax assets / (liabilities)** | **(13.05)** | **1.84** | **0.13** | **(11.08)** |

## 38 Employee benefits

**(i) Defined Contribution Plans**

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

**Contribution to defined contribution plans, recognised are charged off for the year as under :**

(₹ in crores)

| Particlars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Employer's contribution to Superannuation Fund | 1.46 | 1.51 |
| Employer's contribution towards National Pension Scheme | 0.15 | - |
| Employer's Contribution to ESIC | *0.00 | 0.01 |
| Employer's Contribution to Maharashtra Labour Welfare Fund | *0.00 | *0.00 |

Note: The Company has formed its own trust for managing superannuation fund of its employees as per the permission granted by the respective authority.
* Amount less than ₹ 0.01 crore

**(ii) Defined Benefit Plans**

**Gratuity:**

The Employees Gratuity Fund Scheme is managed by "S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund". The fund has the form of trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

The contribution to the fund is made by the Company based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Company on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

These plans typically expose the Company to actuarial risk such as: investment risk, interest rate risk, longevity risk and salary risk.





# Notes to the standalone financial statements
for the year ended 31 March 2023

**Investment risk:**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

**Interest risk:**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan's assets.

**Longevity Risk:**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk:**

The Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company expects to pay ₹ 1.18 crore (previous year ₹ 1.17 crore) in contributions to its defined benefit plans in 2023-24.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

**A. Reconciliation of the net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Reconciliation of present value of defined benefit obligation** | | |
| Balance at the beginning of the year | 14.25 | 13.20 |
| Current service cost | 1.16 | 1.01 |
| Interest cost | 1.03 | 0.92 |
| Benefits paid | (2.14) | (1.29) |
| Demographic assumptions | | (0.01) |
| - financial assumptions | (0.39) | (0.30) |
| - experience adjustments | 0.45 | 0.72 |
| **Balance at the end of the year** | **14.36** | **14.25** |
| **Reconciliation of present value of plan assets** | | |
| Balance at the beginning of the year | 14.25 | 13.23 |
| Interest income | 1.03 | 0.93 |
| **Remeasurements :** | | |
| Return on plan assets, excluding amount included in interest (expense)/income | (0.55) | (0.12) |
| Employer contributions | 1.77 | 1.50 |
| Benefits paid | (2.14) | (1.29) |
| **Balance at the end of the year** | **14.36** | **14.25** |
| Net defined benefit (asset)/ liability | - | - |

# Notes to the standalone financial statements

for the year ended 31 March 2023

**B. Plan assets**

**Plan assets comprise the following**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Investment** | | |
| Investment in Government Securities | 3% | 3% |
| Bank Special Deposit | 1% | 1% |
| Investment in other securities | 16% | 16% |
| Corporate Bonds | 34% | 34% |
| State Government Bonds | 46% | 46% |
| | **100%** | **100%** |

**C. The components of defined benefit plan expense are as follows:**

(₹ in crores)

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Recognised in Standalone Statement of Profit and Loss** | | |
| Current service cost | 1.16 | 1.01 |
| Interest cost | 1.03 | 0.92 |
| Interest income | (1.03) | (0.93) |
| **Total** | **1.16** | **1.00** |
| **Recognised in other comprehensive income** | | |
| Remeasurement of net defined benefit liability/(asset) | 0.05 | 0.40 |
| Return on Plan Assets, Excluding Interest Income | 0.55 | 0.12 |
| **Total** | **0.60** | **0.52** |

**D. Defined benefit obligations**

**i. Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Expected return on plan assets | 7.56% | 7.25% |
| Discount rate | 7.56% | 7.25% |
| Salary escalation rate | 5.00% | 5.00% |
| Attrition rate | 2.00% | 2.00% |
| Mortality rate during employment | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |
| Mortality rate after employment | N.A. | N.A. |

As at 31 March 2023, the weighted average duration of the define benefit obligation was 10 years (previous year 10 years)





# Notes to the standalone financial statements

for the year ended 31 March 2023

**ii. 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.

(₹ in crores)

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (1.16) | 1.34 | (1.16) | 1.34 |
| Rate of salary increase (1% movement) | 1.17 | (1.08) | 1.19 | (1.09) |
| Rate of employee turnover (1% movement) | 0.29 | (0.33) | 0.26 | (0.29) |

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

**Maturity profile of the defined benefit obligation**

(₹ in crores)

| Particulars | Up to 1 year | Between 1-2 years | Between 2-5 years | 6 to 10 years | Over 10 years |
|---|---|---|---|---|---|
| 31 March 2023 | | | | | |
| Defined benefit obligations (Gratuity) | 0.93 | 0.65 | 3.15 | 6.49 | 3.14 |
| Total | 0.93 | 0.65 | 3.15 | 6.49 | 3.14 |
| **31 March 2022** | | | | | |
| Defined benefit obligations (Gratuity) | 1.36 | 0.50 | 2.68 | 6.16 | 3.55 |
| **Total** | **1.36** | **0.50** | **2.68** | **6.16** | **3.55** |

**Provident fund (Managed by the Trust set up by the Company)**

The Company manages the Provident Fund plan through a Provident Fund Trust setup by the Company, 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 contributed ₹ 4.90 crores (2021-22: ₹ 4.68 crores) to the Provident Fund Trust. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual returned 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 the shortfall has been recorded in the financial statement:

# Notes to the standalone financial statements

for the year ended 31 March 2023

**The details of fund and plan assets position are given below:**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---:|---:|
| Plan assets at the year end, at fair value | 70.05 | 67.80 |
| Present value of benefit obligation at year end | 69.62 | 67.67 |
| Capital short fall liability | - | - |

Amount of ₹ 2.06 crores (previous year Nil ) towards provident fund is recognised as an expense and included in “Employee benefits expense” in the Statement of Profit and Loss during the year and corresponding liability is recognised and included in "other current liability" in the balance sheet as on 31 March 2023.

**Plan assets comprise the following**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---:|---:|
| **Investment** | | |
| Investment in Government Securities | 48% | 47% |
| Bank Special Deposit | 1% | 1% |
| Investment in other securities | 7% | 7% |
| Corporate Bonds | 4% | 5% |
| Debt Securities | 40% | 40% |
| | **100%** | **100%** |

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---:|---:|
| Discount rate (%) | 7.56% | 7.25% |
| Guaranteed Interest Rate (%) | 8.15% | 8.10% |
| Expected average remaining working lives of employees (Years) | 14 | 15 |

**Other long term employee benefit plans**
**Compensated absences:**
Amount of ₹ 2.43 crores (previous year ₹ 1.40 crores) towards compensated absences is recognised as an expense and included in “Employee benefits expense” in the Statement of Profit and Loss during the year.

## 39 Financial instruments – Fair values and risk management

**A. Accounting classification and fair values**

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





# Notes to the standalone financial statements

for the year ended 31 March 2023

(₹ in crores)

| 31 March 2023 | Carrying amount | | | Fair value | | | |
|---|---:|---:|---:|---:|---:|---:|---:|
| | Mandatorily at FVTPL | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | |
| **Non current financial assets** | | | | | | | |
| Loans | - | 9.91 | 9.91 | - | - | - | - |
| Others | - | 3.74 | 3.74 | - | - | - | - |
| **Current financial assets** | | | | | | | |
| Cash and cash equivalents | - | 7.31 | 7.31 | - | - | - | - |
| Current investments | 20.00 | - | 20.00 | 20.00 | - | - | 20.00 |
| Other bank balances | - | 1.39 | 1.39 | - | - | - | - |
| Loans | - | 3.19 | 3.19 | - | - | - | - |
| Trade receivables | - | 142.38 | 142.38 | - | - | - | - |
| Other financial assets | - | 4.61 | 4.61 | - | - | - | |
| | **20.00** | **172.53** | **192.53** | **20.00** | **-** | **-** | **20.00** |
| **Financial liabilities** | | | | | | | |
| **Non current financial liabilities** | | | | | | | |
| Lease Liabilities | | 13.79 | 13.79 | - | - | - | - |
| Others | - | 0.44 | 0.44 | - | - | - | - |
| **Current financial liabilities** | | | | | | | |
| Borrowings | - | 74.65 | 74.65 | - | - | - | - |
| Lease Liabilities | | 7.03 | 7.03 | - | - | - | - |
| Trade payables | - | 288.76 | 288.76 | - | - | - | - |
| Derivatives | 0.49 | - | 0.49 | - | 0.49 | - | 0.49 |
| Other financial liabilities | - | 14.52 | 14.52 | - | - | - | - |
| | **0.49** | **399.19** | **399.68** | **-** | **0.49** | **-** | **0.49** |

(₹ in crores)

| 31 March 2022 | Carrying amount | | | Fair value | | | |
|---|---:|---:|---:|---:|---:|---:|---:|
| | Mandatorily at FVTPL | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | |
| **Non current financial assets** | | | | | | | |
| Others | - | 1.88 | 1.88 | - | - | - | - |
| **Current financial assets** | | | | | | | |
| Cash and cash equivalents | - | 9.91 | 9.91 | - | - | - | - |
| Other bank balances | - | 1.79 | 1.79 | - | - | - | - |
| Loans | - | 2.87 | 2.87 | - | - | - | - |
| Trade receivables | - | 162.27 | 162.27 | - | - | - | - |
| Other financial assets | - | 5.00 | 5.00 | - | - | - | |
| | **-** | **183.72** | **183.72** | **-** | **-** | **-** | **-** |

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

(₹ in crores)

| 31 March 2022 | Carrying amount | | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| | Mandatorily at FVTPL | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities** | | | | | | | |
| **Non current financial liabilities** | | | | | | | |
| Lease Liabilities | - | 19.41 | 19.41 | | | | |
| Others | - | 1.30 | 1.30 | - | - | - | - |
| **Current financial liabilities** | | | | | | | |
| Borrowings | - | 21.10 | 21.10 | - | - | - | - |
| Lease Liabilities | - | 6.39 | 6.39 | | | | |
| Trade payables | - | 325.92 | 325.92 | - | - | - | - |
| Other financial liabilities | - | 12.32 | 12.32 | - | - | - | - |
| | **-** | **386.44** | **386.44** | **-** | **-** | **-** | **-** |

**B. Measurement of fair values**

The above table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main items in this category are investments in certain unquoted equity.

**C. Offsetting**

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2023:

(₹ in crores)

| | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Gross amount recognised | Gross amount recognised as set off in the balance sheet | Net amount presented in the balance sheet | Gross amount recognised | Gross amount recognised as set off in the balance sheet | Net amount presented in the balance sheet |
| **Financial assets** | | | | | | |
| (a) Trade receivables | 151.89 | (9.51) | 142.38 | 173.97 | (11.70) | 162.27 |
| (b) Other financial assets | 6.07 | (1.46) | 4.61 | 6.32 | (1.32) | 5.00 |
| **Total** | **157.96** | **(10.97)** | **146.99** | **180.30** | **(13.03)** | **167.27** |
| **Financial liabilities** | | | | | | |
| (a) Trade payables | 299.73 | (10.97) | 288.76 | 338.95 | (13.03) | 325.92 |
| **Total** | **299.73** | **(10.97)** | **288.76** | **338.95** | **(13.03)** | **325.92** |

Notes to the standalone financial statements
for the year ended 31 March 2023

**D. Risk management framework**

In the course of its business, the Company is exposed primarily to credit risk, liquidity risk and market risk like fluctuations in foreign currency exchange rates, interest rates and equity prices, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which covers the credit risk and other risks associated with the financial assets and liabilities such as interest rate risks. The risk management policy is approved by the board of directors. The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**i. Credit risk**

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

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experience over the past 3 years. Trade receivables are in default (credit impaired), if the payment are more than 730 days past due.

**The maximum exposure to credit risk for trade and other receivables was as follows :**

(₹ in crores)

| | Carrying amount | |
|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 |
| India | 140.28 | 154.82 |
| Other regions | 4.15 | 9.54 |
| **Total Trade receivables** | **144.44** | **164.36** |
| **Total other receivables** | **11.24** | **9.45** |

# Notes to the standalone financial statements
for the year ended 31 March 2023

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2023**

(₹ in crores)

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivables considered good | 95.46 | 45.93 | 1.54 | 0.17 | - | - | 143.09 |
| Undisputed trade receivables -credit impaired | - | - | - | - | 0.25 | 1.10 | 1.35 |
| **TOTAL (A)** | **95.46** | **45.93** | **1.54** | **0.17** | **0.25** | **1.10** | **144.44** |
| Allowance for expected credit loss | | | | | | | 0.71 |
| Allowance for credit impairment | | | | | | | 1.35 |
| **TOTAL (B)** | | | | | | | **2.06** |
| **TOTAL [(A)- (B)]** | | | | | | | **142.38** |

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2022**

(₹ in crores)

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivables considered good | 88.88 | 73.08 | 0.96 | 0.36 | - | - | 163.28 |
| Undisputed trade receivables -credit impaired | - | - | - | - | 0.42 | 0.66 | 1.08 |
| **TOTAL (A)** | **88.88** | **73.08** | **0.96** | **0.36** | **0.42** | **0.66** | **164.36** |
| Allowance for expected credit loss | | | | | | | 1.01 |
| Allowance for credit impairment | | | | | | | 1.08 |
| **TOTAL (B)** | | | | | | | **2.09** |
| **TOTAL [(A)- (B)]** | | | | | | | **162.27** |

**The movement in the allowance for impairment in respect of trade receivables measured at an amount equal to lifetime expected credit losses during the year was as follows.**

(₹ in crores)

| | For Trade receivable | For Other receivable |
|---|---|---|
| **Balance as at 31 March 2021** | **3.98** | **0.18** |
| Impairment (gain) / loss recognised | (1.90) | 0.61 |
| **Balance as at 31 March 2022** | **2.09** | **0.79** |
| Impairment (gain) recognised | (0.03) | - |
| **Balance as at 31 March 2023** | **2.06** | **0.79** |

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 7.32 crores at 31 March 2023 (31 March 2022: ₹ 9.91 crores). The cash and cash equivalents are held with banks with good credit rating.

**Other bank balances**

The Company held other bank balance of ₹ 1.39 crores at 31 March 2023 (31 March 2022: ₹ 1.79 crores).



# Notes to the standalone financial statements
for the year ended 31 March 2023

**Investments**

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

**ii. Liquidity risk**

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

**Exposure to liquidity risk**

The table below provide undiscounted contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2023 :-

(₹ in crores)

| Financial liabilities | Carrying amount | Total | Contractual cash flows | | |
|---|---|---|---|---|---|
| | | | Upto 1 year | 1-5 years | More than 5 years |
| Lease liabilities - non current | 13.79 | 15.90 | - | 13.75 | 2.15 |
| Others - non current | 0.44 | 0.44 | - | 0.44 | - |
| Borrowings and interest thereon | 76.94 | 76.94 | 76.94 | - | - |
| Other financial liabilities | 12.23 | 12.23 | 12.23 | - | - |
| Lease Liabilities -current | 7.03 | 8.12 | 8.12 | | |
| Trade payables | 288.76 | 288.76 | 288.76 | - | - |
| Derivative financial liabilities | 0.49 | 0.49 | - | 0.49 | - |
| | **399.68** | **520.04** | **503.21** | **14.68** | **2.15** |

The table below provide undisclosed contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2022 :-

(₹ in crores)

| Financial liabilities | Carrying amount | Total | Contractual cash flows | | |
|---|---|---|---|---|---|
| | | | Upto 1 year | 1-5 years | More than 5 years |
| Lease liabilities - non current | 19.41 | 22.55 | - | 18.79 | 3.76 |
| Others - non current | 1.30 | 1.30 | - | 1.30 | - |
| Borrowings and interest thereon | 22.80 | 22.80 | 22.80 | | |
| Lease liabilities - current | 6.39 | 8.12 | 8.12 | | |
| Other financial liabilities | 10.62 | 10.62 | 10.62 | - | - |
| Trade payables | 325.92 | 325.92 | 325.92 | - | - |
| | **386.44** | **391.31** | **367.46** | **20.09** | **3.76** |

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to non derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The Company has entered into forward contract, mainly to manage exposure on investment in foreign currency.

# Notes to the standalone financial statements
for the year ended 31 March 2023

**iii Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of Market risk management is to manage and control market risk exposure with in acceptable parameters, while optimising the return. Martket risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

**(a) Currency risk**

The Company is exposed to currency risk in respect of transaction in foreign currency. The functional currency of the Company is primarily the local currency in which it operates.The currencies in which these transaction are primarily denominated are Indian Rupee. The Company uses forward exchange contracts to hedge its foreign currency risk.

**Exposure to currency risk**

The foreign currency financial assets and financial liabilities valued in ₹ as at 31 March 2023 and 31 March 2022 are as below:

(₹ in crores)

| | As at 31 March 2023 | | | | |
|---|---|---|---|---|---|
| | USD | EUR | GBP | CHF | Others* |
| Financial assets | 4.67 | 5.10 | 0.01 | - | 0.00 |
| Financial liabilities | (29.47) | (1.93) | (0.27) | (0.32) | - |
| Derivatives (net settled) | 117.16 | - | - | - | - |
| **Net Exposure** | **92.36** | **3.17** | **(0.26)** | **(0.32)** | **0.00** |

(₹ in crores)

| | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | USD | EUR | GBP | CHF | Others* |
| Financial assets | 9.76 | 2.51 | - | - | - |
| Financial liabilities | (28.94) | (14.44) | - | (0.39) | (0.00) |
| **Net Exposure** | **(19.18)** | **(11.93)** | **-** | **(0.39)** | **(0.00)** |

*Others includes AED, THB, HKD and LKR.

**Foreign currency exposure**

| | 31 March 2023 | | | 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | No of contracts outstanding | Foreign currency in Million | Indian rupees in crores | No of contracts outstanding | Foreign currency in Million | Indian rupees in crores |
| Foreign exchange forward contracts | 1 | 14.25 | 117.16 | - | - | - |

**Sensitivity analysis**

The Company is mainly exposed to changes in USD and Euro. A reasonably possible strengthening (weakening) of the Indian Rupee against USD and Euro at 31 March 2023 and 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.



# Notes to the standalone financial statements
for the year ended 31 March 2023

(₹ in crores)

| | Profit or loss and Equity | | | |
|---|---|---|---|---|
| | 31 March 2023 | | 31 March 2022 | |
| Effect in ₹ | Strengthening | Weakening | Strengthening | Weakening |
| USD (3% movement ) | (2.77) | 2.77 | 0.58 | (0.58) |
| EUR (3% movement ) | (0.10) | 0.10 | 0.36 | (0.36) |
| | **(2.87)** | **2.87** | **0.93** | **(0.93)** |

**(b) Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

(₹ in crores)

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Fixed-rate instruments** | | |
| Financial assets | 0.30 | 0.30 |
| Financial liabilities | - | (21.10) |
| | **0.30** | **(20.80)** |
| **Variable-rate instruments** | | |
| Financial assets | - | - |
| Financial liabilities | (74.65) | - |
| | **(74.65)** | **-** |

**Fair value sensitivity analysis for fixed-rate instruments**

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

**Cash flow sensitivity analysis for variable-rate instruments**

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

| Particulars | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | Profit or loss and Equity | | Profit or loss and Equity | |
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| Variable- rate instruments | (0.75) | 0.75 | - | - |

# Notes to the standalone financial statements

for the year ended 31 March 2023

## 40 Capital Management

For the purpose Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safequard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2023, the Company has only one class of equity shares, short term debts and finance lease obligations. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances and current investments.

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Current borrowings | 74.65 | 21.10 |
| **Gross debt** | **74.65** | **21.10** |
| Less - Cash and cash equivalents (including other bank balance) | 8.70 | 11.70 |
| **Adjusted net debt** | **65.95** | **9.40** |
| Total equity | 642.86 | 601.28 |
| Adjusted net debt to equity ratio | **0.10** | **0.02** |

## 41 Contingent liabilities and commitments

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Contingent liabilities** | | |
| **a. Direct and Indirect taxes** | | |
| Income Taxes | 55.08 | 67.34 |
| Custom duty | 0.11 | 0.11 |
| Service Taxes | 11.33 | 11.33 |
| Sales Tax | - | 0.06 |
| **b. Corporate Guarantee** | | |
| Corporate guarantees given for loans taken by subsidiary companies | 549.24 | 550.99 |
| **Commitments** | | |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets | 1.34 | 1.87 |



# Notes to the standalone financial statements

for the year ended 31 March 2023

## 42 Dues to micro and small suppliers

(₹ in crores)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| 1. The amounts remaining unpaid to micro and small suppliers as at the end of the year | | |
| - Principal | 8.62 | 5.46 |
| - Interest on the above | 0.80 | 0.65 |
| 2. The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 | - | - |
| 3. The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year | 12.77 | 11.96 |
| 4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | 0.15 | 0.18 |
| 5. The amount of interest accrued and remaining unpaid at the end of each accounting year | 0.80 | 0.65 |
| 6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006 | 0.80 | 0.65 |

## 43 Segment reporting

**A. Basis for segmentation**

The Company is operating in the manufacture of fragrances. The Company has only one reportable business segment which is manufacture of fragrances.

**B. Geographical information**

As the Company has identified its geographical segments as Domestic and Overseas based on location of customers.

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **I Revenue** | | |
| India | 853.92 | 787.26 |
| Europe | 13.95 | 15.33 |
| Others | 14.70 | 10.27 |
| **Total Revenue** | **882.57** | **812.86** |
| **II Non-current Assets *** | | |
| India | 210.25 | 226.70 |
| Europe | - | - |
| Others | - | - |
| | **210.25** | **226.70** |

*Non-current assets includes property plant and equipments, Capital work in progress, Right of use asset, Investment property, Goodwill, Other intangible asset and Intangible asset under development.

# Notes to the standalone financial statements
for the year ended 31 March 2023

## 44 Dislosure under Ind AS 115 - Revenue from contracts with customers
**The Company is engaged into manufacturing of Industiral Fragrances.**
**Revenue from contracts with customers: Sale of products (Transferred at point in time)**
**Disaggregation of revenue**

(₹ in crores)

| | Fragrance For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| **Manufacturing** | | |
| India | 853.92 | 787.26 |
| South east asia | 0.28 | 0.08 |
| Europe | 13.95 | 15.33 |
| Middle East and Africa | 13.34 | 8.58 |
| Others | 1.08 | 1.60 |
| **Total Sales** | **882.57** | **812.86** |

## 45 Related party disclosures
The note provides the information about the Group's structure including the details of the subsidiaries and the parent.

i) **List of Related parties**
Subsidiaries and Joint ventures

| Name of the related party | Relationship | Country of incorporation | Ownership interest 31 March 2023 | Ownership interest 31 March 2022 |
|---|---|---|---|---|
| Keva Flavours Private Limited | Subsidiary | India | 100% | 100% |
| Keva Fragrances Private Limited | Subsidiary | India | 100% | 100% |
| Keva Fragrance Industries Pte.Ltd. | Subsidiary | Singapore | 100% | 100% |
| Keva Europe B.V | Subsidiary | Netherlands | 100% | 100% |
| Keva Ventures Private Limited | Subsidiary | India | 100% | 100% |
| Creative Flavours & Fragrances SpA (Subsidiary of Keva Italy Srl) | Subsidiary of Step Down Subsidiary | Italy | 100% | 100% |
| Keva UK Limited (Subsidiary of Keva Europe B.V w.e.f. 12 September 2022) | Step down subsidiary | United Kingdom | 100% | 100% |
| PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited became subsidiary of Keva Europe BV and subsequently merged on 20 March 2023) | Step down subsidiary | Netherlands | - | 100% |
| PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd.) | Step down subsidiary | Indonesia | 100% | 100% |
| V N Creative Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited) (merged with Keva Fragrances Private Limited with appointed date - 01 April 2022 and effective date - 30 May 2023) | Step down subsidiary | India | - | 100% |
| Anhui Ruibang Aroma Co Ltd (Subsidiary of Keva Fragrance Industries Pte.Ltd) | Step down subsidiary | China | 90.0% | 90% |
| Keva Italy S.r.l (Subsidiary of Keva Europe B. V.) | Step down subsidiary | Italy | 100% | 100% |
| Amikeva Private Limited (Subsidiary of Keva Ventures Private Limited) | Step down subsidiary | India | 70.48% | 100.0% |
| Provier Beheer B.V. | Step down subsidiary | Netherlands | 81% | 62.0% |
| Holland Aromatics B.V. | Step down subsidiary | Netherlands | 81% | 62.0% |
| Nova Fragranze Srl (Subsidiary of Creative Flavours & Fragrance SpA merged with Creative Flavours & Fragrance SpA on 28 February 2023) | Step down subsidiary | Italy | - | 70.0% |
| NuTaste Food and Drink Labs Private Limited (Subsidiary of Keva Flavours Private Limited) (w.e.f. 03 January 2022) | Step down subsidiary | India | 86.96% | 100.0% |
| CFF Labs Srl (Subsidiary of Creative Flavours & Fragrance SpA merged with Creative Flavours & Fragrance SpA on 28 February 2023) | Step down subsidiary | Italy | - | 100% |
| CFF Commerciale Srl (Subsidiary of Creative Flavours & Fragrance SpA merged with Creative Flavours & Fragrance SpA on 28 February 2023) | Step down subsidiary | Italy | - | 100% |
| Purandar Fine Chemicals Private Limited (Joint venture of Keva Fragrances Private Limited and ceased to be joint venture as on 31 March 2023) | Joint venture | India | - | 50% |

**Other related parties**

| Relationship | Name of the related party |
|---|---|
| a) **Key Management Personnel (KMP) and Executive Directors** | Kedar Vaze, Director & Group Chief Executive Officer |
| | Rohit Saraogi (Group Chief Financial Officer) (Company Secretary and Compliance Officer) from 25 May 2022 |
| | Deepti Chandratre (Company Secretary) upto 30 April 2022 |

# Notes to the standalone financial statements
for the year ended 31 March 2023

| Relationship | Name of the related party |
|---|---|
| **b) Enterprises owned or controlled by key management personnel or their relatives** | Keva Aromatics Private Limited |
| | Keva Constructions Private Limited |
| | Keva Properties Private Limited |
| | Keva Biotech Private Limited |
| | Keva Investment Partners |
| | KNP Industries Private. Limited |
| | KNP Industries Pte. Limited |
| | Evolutis India Private Limited |
| | BSG ITSoft Private Limited |
| | ASN Investment Advisors Private Limited |
| | Keva Industries Private Limited |
| | Artisanal Innovations Private Limited |
| | RVV Nutritious Private Limited |
| | SKK Industries Private Limited |
| | Sandu Homes LLP |
| | Ramesh Vinayak Vaze Family Trust |
| | Kedar RameshVaze Family Trust |
| | Vinayak Ganesh Vaze Charities |
| | KNP Med Solutions Private Limited (w.e.f. 20 April .2021) |
| | KNP Retail Private Limited (w.e.f. 19 May 2021) |
| **c) Other entities where significant influence exist:** | |
| i) Post employment-benefit plan entity: | S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund |
| ii) Others : | S. H. Kelkar & Co Ltd Employees Provident Fund |
| | S. H. Kelkar & Co Ltd Employees Superannuation Fund |
| **d) Relatives of Key Management Personnel** | Anagha Sandeep Nene |
| | Sumedha Kedar Karmarkar |
| | Nandan Kedar Vaze |
| | Parth Kedar Vaze |
| **e) Non-executive directors** | Ramesh Vaze (Chairman) |
| | Prabha Vaze |
| | Deepak Raj Bindra (from 15 December 2021) |
| | Sangeeta Singh |
| | Amit Dalmia (upto 17 May 2022) |
| | Shrikant Oka |
| | Mark Elliott |
| | Vasant Gujarathi (from 20 February 2022) |
| | Neela Bhattacherjee (from 25 May 2022) |
| | Jairaj Purandare (upto 19 February 2022) |
| | Dalip Sehgal (upto 8 December 2022) |





# Notes to the standalone financial statements
for the year ended 31 March 2023

## 45 Related party disclosures

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2023:

| | Subsidiaries | Joint ventures | Post employment-benefit plan entity | Enterprises owned or controlled by key management personnel or their relatives | Key Management Personnel, Executive Directors and Relatives of KMP | Total |
|---|---|---|---|---|---|---|
| **(A) Transactions** | | | | | | |
| Purchase of products | 209.36 | 0.60 | - | 46.05 | - | 256.01 |
| Sale of products | 245.13 | - | - | 0.05 | - | 245.18 |
| Services received | 22.19 | - | - | 5.76 | - | 27.95 |
| Services rendered | 20.77 | - | - | - | - | 20.77 |
| Interest income | 0.18 | - | - | - | - | 0.18 |
| Interest expense | 2.50 | - | - | - | - | 2.50 |
| Dividend income | 0.84 | - | - | - | - | 0.84 |
| Dividend expense | - | - | - | 4.15 | 1.80 | 5.95 |
| Commission to Directors | - | - | - | - | 1.14 | 1.14 |
| Sitting fees | - | - | - | - | 0.97 | 0.97 |
| Contributions during the year | - | - | 7.39 | - | - | 7.39 |
| Purchase of property, plant and equipment | 0.27 | - | - | - | - | 0.27 |
| Sale of property, plant and equipment | - | - | - | 20.15 | - | 20.15 |
| Finance given (including loans and equity) | 53.64 | - | - | - | - | 53.64 |
| Finance given, taken back (including loans and equity) | 3.53 | - | - | - | - | 3.53 |
| Finance taken (including loans and equity) | 89.40 | - | - | - | - | 89.40 |
| Finance taken, paid back (including loans and equity) | 35.85 | - | - | - | - | 35.85 |
| **(B) Balances** | | | | | - | |
| Amount receivable in respect of Loans and interest thereon | 9.91 | - | - | - | - | 9.91 |
| Amounts payable in respect of loans and interest thereon | 76.94 | - | - | - | - | 76.94 |
| Advances received for supplies and services | 2.51 | - | - | - | - | 2.51 |
| Trade and other receivables | 27.46 | - | - | 0.04 | - | 27.50 |
| Trade payables | 156.65 | - | - | 7.30 | - | 163.95 |
| Other current financial liabilities | 4.56 | - | 0.77 | - | - | 5.33 |

# Notes to the standalone financial statements
for the year ended 31 March 2023

**The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2022:**

(₹ in crores)

| | Subsidiaries | Joint ventures | Post employment-benefit plan entity | Enterprises owned or controlled by key management personnel or their relatives | Key Management Personnel, Executive Directors and Relatives of KMP | Total |
|---|---|---|---|---|---|---|
| **(A) Transactions** | | | | | | |
| Purchase of products | 251.77 | 0.60 | - | 40.87 | - | 293.24 |
| Sale of products | 221.95 | 0.11 | - | - | - | 222.06 |
| Services received | 32.32 | - | - | 5.43 | - | 37.75 |
| Services rendered | 14.98 | - | - | 0.75 | - | 15.73 |
| Interest income | 0.43 | - | - | - | - | 0.43 |
| Interest expense | 2.09 | - | - | - | - | 2.09 |
| Dividend income | 0.95 | - | - | - | - | 0.95 |
| Dividend expense | - | - | - | 2.17 | 3.92 | 6.09 |
| Commission to Directors | - | - | - | - | 1.58 | 1.58 |
| Sitting fees | - | - | - | - | 0.92 | 0.92 |
| Purchase of property, plant and equipment | 0.98 | - | - | - | - | 0.98 |
| Sale of property, plant and equipment | 0.03 | - | - | - | - | 0.03 |
| Finance given (including loans and equity) | 1.00 | - | - | 1.78 | - | 2.78 |
| Finance given, taken back (including loans and equity) | 14.00 | - | - | - | - | 14.00 |
| Finance taken, paid back (including loans and equity) | 35.85 | - | - | - | - | 35.85 |
| **(B) Balances** | | | | | | |
| Amounts payable in respect of loans and interest thereon | 22.99 | - | - | - | - | 22.99 |
| Trade and other receivables | 52.90 | 0.09 | - | - | - | 52.99 |
| Trade payables | 248.96 | - | - | 0.59 | - | 249.55 |
| Other current financial liabilities | 3.53 | - | 0.70 | - | - | 4.23 |

| | Year ended March 31,2023 | Year ended March 31,2022 |
|---|---|---|
| **(C) Compensation of Key management personnel :** | | |
| Short-term benefits | 3.73 | 5.34 |
| Post-employement benefits | 0.35 | 0.24 |

## 46 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Company. The funds are utilised during the year on the activities which are specified in Schedule VII of the Companies Act 2013. The utilisation is done by way of direct contribution towards various activities. Gross amount required to be spent by the Company during the year: ₹ 1.27 crores (previous year: ₹ 1.24 crores).



# Notes to the standalone financial statements
for the year ended 31 March 2023

The areas of CSR activities and contributions made thereto are as follows:

**Amount spent during the year on ;**

(₹ in crores)

| | For the year ended | |
|---|---|---|
| | 31 March 2023 | 31 March 2022 |
| Promotion of education | 0.96 | 0.82 |
| Distress/Disaster Relief (Covid 19) | - | 0.20 |
| Development of infrastructure in rural area | - | 0.22 |
| Empowering women through farming activity | 0.40 | - |
| **Total** | **1.36** | **1.24** |

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

## 47 Disclosures required by schedule V regulation 34(3) of SEBI (Listing Obligations And Disclosure Requirements) regulations, 2015 and section 186 (4) of the Companies Act, 2013

**a) Amount of loans / advances in nature of loans outstanding from subsidiaries as at 31 March, 2023, on a standalone basis.**

(₹ in crores)

| Name of party | Relationship | Opening balance (excluding accrued interest) | Loan given | Loan repaid/ adjusted | Closing balance (excluding accrued interest) | Maximum balance outstanding during the year 31 March 2023 |
|---|---|---|---|---|---|---|
| **Keva Ventures Private Limited** (Unsecured loans given @ month end bank repo rate + 1.5% spread (wef 01 October 2022) until 01 October 2022 7% p.a. for the purpose of financial support to subsidiary for investment in business which is repayable in 3 years) | Wholly Owned Subsidiary Company | - | 13.44 | (3.53) | 9.91 | 13.44 |

**Amount of loans / advances in nature of loans outstanding from subsidiaries as at 31 March, 2022, on a standalone basis.**

(₹ in crores)

| Name of party | Relationship | Opening balance (excluding accrued interest) | Loan given | Loan repaid/ adjusted | Closing balance (excluding accrued interest) | Maximum balance outstanding during the year 31 March 2023 |
|---|---|---|---|---|---|---|
| **V N Creative Chemicals Private Limited** (Unsecured loans given @ 7% p.a. (wef 07 December 2020) until 7 December 2020 9% p.a. for the purpose of financial support to subsidiary for capex which is repayable on demand) | Wholly Owned Subsidiary Company | 14.00 | - | (14.00) | - | 14.00 |

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

**b) Details of guarantees given:**

The Company has provided following corporate guarantees for the loans taken by certain subsidiary companies as set out below:

(₹ in crores)

| Name of the entity | For the year ended 31 March 2023 | | | | |
|---|---|---|---|---|---|
| | Opening balance | Corporate gurantee given | Corporate gurantee revoked | Non cash changes | Closing Balance |
| Keva Fragrances Private Limited | 100.10 | - | (0.10) | - | 100.00 |
| PFW Aroma Ingredients B. V. | 42.01 | - | (42.01) | - | - |
| Keva Fragrance Industries Pte. Ltd. | 151.52 | 41.11 | - | 12.92 | 205.55 |
| Keva Flavours Private Limited | 22.10 | - | (7.10) | - | 15.00 |
| V N Creative Chemicals Private Limited | - | - | - | 15.00 | 15.00 |
| Keva Europe B V | 235.26 | - | (37.22) | 15.65 | 213.69 |
| | **550.99** | **41.11** | **(86.43)** | **43.57** | **549.24** |

(₹ in crores)

| Name of the entity | For the year ended 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Opening balance | Corporate gurantee given | Corporate gurantee revoked | Non cash changes | Closing Balance |
| Keva Fragrances Private Limited | 85.00 | 15.10 | - | - | 100.10 |
| PFW Aroma Ingredients B. V. | 43.05 | - | - | (1.04) | 42.01 |
| Keva Fragrance Industries Pte. Ltd. | 147.01 | - | - | 4.51 | 151.52 |
| Keva Flavours Private Limited | 45.00 | 0.10 | (23.00) | - | 22.10 |
| V N Creative Chemicals Private Limited | 40.00 | - | (40.00) | - | - |
| Keva Europe B V | 154.98 | 84.02 | - | (3.74) | 235.26 |
| | **515.04** | **99.22** | **(63.00)** | **(0.27)** | **550.99** |

**c) Details of investments made:**

| Entity | For the year ended 31 March 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Opening | | Investment made | | Sale of Investment | | Closing | |
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount |
| Keva UK Limited | 9,85,600 | 71.19 | - | - | (9,85,600) | (71.19) | - | |
| Keva BV Europe | 80,01,000 | 67.59 | 50,00,000 | 40.20 | - | - | 1,30,01,000 | 107.79 |

| Entity | For the year ended 31 March 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Opening | | Investment made | | Sale of Investment | | Closing | |
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount |
| Keva Venture Private Limited | - | - | 10,00,000 | 1.00 | - | - | 10,00,000 | 1.00 |



# Notes to the standalone financial statements

**for the year ended 31 March 2023**

## 48 Ratios

| Sr No. | Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 | % Variance | Reason for Change |
|---|---|---|---|---|---|
| 1 | Current Ratio (number of times) [Current Assets / Current Liabilities] | 1.31 | 1.16 | 13.10% | No major variation |
| 2 | Debt Equity Ratio (number of times) [Total Debt / Shareholder's Equity] | 0.12 | 0.04 | 230.91% | Increase in short term borrowings lead to increase in Debt Equity ratio |
| 3 | Debt service coverage ratio (number of times) [Earnings available for debt service / Debt Service] | 1.52 | 1.50 | 1.55% | No major variation |
| 4 | Return on Equity (%) [Net Profits after taxes – Preference Dividend (if any) / Average Shareholder's Equity] | 8.39% | 6.87% | 22.00% | Increase in revenue by 8% and marginal reduction in operating costs lead to increase in profitability in current year, |
| 5 | Inventory turnover ratio (number of times) [Cost of goods sold / Average Inventory] | 1.85 | 2.42 | (23.76%) | The inventory turnover ratio decreased as a result of the strategic inventory increase. |
| 6 | Trade receivables turnover ratio (number of times) [Net sales / Average Accounts Receivable] | 5.70 | 4.43 | 28.54% | Trade receivables turnover ratio has grown as a result of an improvement in days receivable. |
| 7 | Trade payables turnover ratio (number of times) [Net Purchases / Average Trade Payables] | 2.16 | 2.03 | 6.55% | not applicable |
| 8 | Net capital turnover ratio (number of times) [Net Sales / Working Capital] | 6.62 | 12.95 | (48.89%) | The current year's increase in strategic inventory purchases and stocking has resulted in a decline in the net capital turnover ratio. |
| 9 | Net profit ratio (%) [Net Profit / Net Sales] | 6.01% | 5.30% | 13.44% | No major variation |
| 10 | Return on capital employed (%) [Earning before interest and taxes / Capital Employed] | 10.98% | 10.83% | 1.42% | No major variation |

**Notes :**

1. Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.
2. Debt service = Interest & Lease Payments + Principal Repayment
3. Average inventory = (Opening inventory balance + Closing inventory balance) / 2
4. Average trade receivables = (Opening trade receivables balance + Closing trade receivables balance) / 2
5. Average trade payables = (Opening trade payables balance + Closing trade payables balance) / 2
6. Working capital = Current assets - Current liabilities
7. Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability

## 49 Consolidation of Trust

The Company had formed S H Kelkar Employee Benefit Trust (Trust) through its trustees Barclays Wealth Trustees(India) Private Limited.

The Trust has been formed for administering and implementing S H Kelkar Stock Appreciation Rights Scheme 2017 ('the Scheme') of the Company which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017

For the purpose of the Scheme, the Trust will purchase Shares out of funds borrowed from the Company which will be sold on the secondary market. The appreciation amount received by the Trustee on sale of shares be transferred to the Beneficiaries upon fulfilment of certain terms and conditions of the Scheme.

The Company treats the Trust as its extension and the shares held by the Trust are treated as treasury shares.

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

The Consolidation of the Trust financials statements with that of the Company does not in any manner affect the independence of the trustees where the rights and obligations are regulated by the trust deed.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity.

**i The sources and application of funds of the Trust Consolidated as at 31 March, 2023 were as follows:**

(₹ in crores)

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Sources of Funds** | | |
| Corpus | *0.00 | *0.00 |
| Reserves and Surplus | (26.39) | (21.27) |
| **Secured Loan** | | |
| Loan from the company | 75.00 | 75.00 |
| **Total** | **48.61** | **53.73** |
| **Application of Funds** | | |
| Investments | 71.09 | 71.09 |
| **Current Assets, Loans and Advances (A)** | | |
| Cash and Cash Equivalents | 1.37 | 1.77 |
| Loans and Advances | 0.29 | 0.21 |
| **Less: Current Liabilities and Provisions (B)** | | |
| Current Liabilities | 23.85 | 19.13 |
| Provisions | 0.29 | 0.21 |
| **Net Current Assets (A- B)** | **(22.48)** | **(17.36)** |
| **Total** | **48.61** | **53.73** |

* Amount less than ₹ 0.01 crore

**ii Impact on the Company's profit and loss post the Trust consolidation for the year ended 31 March 2023**

(₹ in crores)

| Particlars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Expenditure** | | |
| Management fees | 0.04 | 0.04 |
| Audit Fees | *0.00 | *0.00 |
| **Impact on profit before tax** | **0.04** | **0.04** |

* Amount less than ₹ 0.01 crore

Other items adjusted owing to the Trust consolidation include:

# Notes to the standalone financial statements

**for the year ended 31 March 2023**

**(a) Treasury shares**

Upon consolidation, the investment in the Company's equity shares made by Trust is debited to the Company's Equity as treasury shares amounting to ₹ 71.09 crores as at 31 March, 2023 ( previous year ₹ 71.09 crores). Further, the Trust during previous year participated in the Company's buy-back of equity shares and consequently, sold 60,661 equity shares, aggregating to ₹ 1.87 crores. Accrodingly, the adjustment pertaining to participation in buy-back, including the corresponding profit/ loss on the sale of equity shares has been recorded in the Company's equity.

**(b) Other Non Current Financial Assets and other Income**

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 75.00 crores as at 31 March, 2023 (previous year ₹ 75.00 crores) and interest income of ₹ 5.25 crores (previous year ₹ 5.25 crores) on the above loan is also eliminated.

**(c) Other Current Financial Assets**

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ 23.32 crores as at 31 March, 2023 (previous year ₹ 18.59 crores).

**(d) Details of STARs scheme**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Number of grant outstanding at the beginning of the year | - | 10,12,000 |
| Add : granted during the year | - | - |
| Less: lapsed during the year | - | 10,12,000 |
| Less: vested during the year | - | - |
| Less: exercised during the year | - | - |
| Number of grants at the end of the year | - | - |
| Expense recognised from above share base payment transactions | - | - |
| Carrying amount of Liability | - | - |

**(e) The fairvalue of the STAR'S was determine using the black-scholes model using the following inputs at the grant date and as at each reporting date**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Share price as at measurement date (₹ per share) | 99.50 | 143.55 |
| Expected volatility (%) | 37.19% | 37.87% |
| Dividend yield (%) | 1.76% | 1.22% |
| Risk-free interest rate (%) | 4.62% | 4.62% |

(f) No employee benefit expense recognised in current and previous year from the above stock appreciation rights.

(g) Given that the fall in price of the shares has rendered the scheme unattractive currently, the Company has not granted STARs to any of its employees.

# Notes to the standalone financial statements
**for the year ended 31 March 2023**

50 The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.

51 The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

52 The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

53 Utilisation of borrowed funds and share premium :

1. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

   a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

   b. Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

2. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

54 There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

55 The Company has not traded or invested in crypto currency or virtual currency during the year.

56 The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

57 The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended as at March 31, 2023 ( previous year there are no transactions, by the Company with struck off Companies)





# Notes to the standalone financial statements
**for the year ended 31 March 2023**

| Name of struck off Company | Nature of transactions with struck off Company | Amount of transactions | Balance outstanding | Relationship with the Struck off company |
|---|---|---|---|---|
| Sunflower Natural Perfume Private Limited | Sale of Products | 0.01 | - | External customer |
| Brilliant Star Market Research & Development Private Limited | Legal and professional fees | *0.00 | - | External vendor |

* Amount less than ₹ 0.01 crore

As per our report of even date attached.

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

**Mehul Parekh**
Partner
Membership No: 121513

Mumbai
30 May 2023

**For and on behalf of the Board of Directors**
**of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

**Ramesh Vaze**
Director & Chairman
DIN: 00509751

**Kedar Vaze**
Director & Group Chief Executive Officer
DIN: 00511325

**Prabha Vaze**
Director
DIN: 00509817

**Rohit Saraogi**
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
30 May 2023

Keva

## S H KELKAR AND COMPANY LIMITED

**Registered Office:** Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400 002
**Corporate Office:** Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080
**CIN**: L74999MH1955PLC009593
**Tel No:** +91 22 6606 7777; **Fax No:** +91 22 6606 7726
**Website:** www.keva.co.in; **Email ID:** investors@keva.co.in

# NOTICE

**NOTICE** is hereby given that the 67th Annual General Meeting of the Members of S H Kelkar and Company Limited (the "Company") will be held on Thursday, 10 August 2023 at 4:30 pm IST through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended 31 March 2023 alongwith the Report of Board of Directors and Auditors thereon.

2. To declare final dividend on equity shares for the financial year ended 31 March 2023.

3. To appoint a Director in place of Mrs. Prabha Vaze (DIN: 00509817), Non-Executive, Non-Independent Director, who retires by rotation and being eligible offers herself for re-appointment.

### SPECIAL BUSINESS

4. To pay remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   **"RESOLVED THAT** pursuant to the provisions of Section 188, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder read with Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and upon recommendation of the Nomination and Remuneration Committee, Audit Committee and the approval of the Board of Directors of the Company, the consent of the Members of the Company be and is hereby accorded for payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751), holding office of place of profit as Non-Executive Director and Chairman of the Board, for guiding the Company and mentoring the leadership team, for the period commencing from September 01, 2023 to August 31, 2024 at the rate of 1% of the standalone net profits of the Company and the said commission shall be paid in addition to the sitting fees for attending the meetings of the Board and its Committees subject to the total managerial remuneration not exceeding the limits prescribed under Section 197 (1) of the Act at any point in time.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary for the purpose of giving effect to this resolution."

5. To ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2023-24 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   **"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Kishore Bhatia & Associates, Cost Accountants, appointed by the Board of Directors on the recommendation of Audit Committee, as Cost Auditors to audit the cost records of the Company for the Financial Year 2023-24, be paid a remuneration of ₹ 2,20,000/- per annum plus applicable taxes and out-of-pocket expenses that may be incurred.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

**Rohit Saraogi**
Company Secretary
Membership No – A24225

Date: 30 May 2023
Place: Mumbai
Registered Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

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### NOTES

1. The Ministry of Corporate Affairs ("MCA") has vide General Circular Nos. 14/2020 dated 08 April 2020; 17/2020 dated 13 April 2020; 20/2020 dated 05 May 2020; 22/2020 dated 15 June 2020; 33/2020 dated 28 September 2020; 39/2020 dated 31 December 2020, 02/2021 dated 13 January 2021; 2/2022 dated 05 May 2022 and 10/2022 dated 28 December 2022 (collectively referred to as "MCA Circulars") and Securities Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 read with Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023 (collectively referred to as "SEBI Circulars") and other applicable circulars issued in this regard have permitted convening of the AGM through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the Members at a common venue. In accordance with the MCA Circulars, provisions of the Act and the Listing Regulations, the AGM of the Company is being held through VC / OAVM without physical presence of the Members. The deemed venue for the AGM shall be the Registered Office of the Company.

2. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("the Act") with respect to Item Nos. 4 to 5 forms part of this Notice. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings ("Secretarial Standards") in respect of Director seeking re-appointment at the Annual General Meeting ("AGM / Meeting") is furnished as 'Annexure to the Notice'.

3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OVAM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA Circulars and the SEBI Circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.

4. Pursuant to Section 113 of the Act, Institutional Investors and Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM, by e-mail before e-voting / attending AGM, to investors@keva.co.in. Institutional Shareholders (i.e other than individuals, HUF's, NRI's etc.) can also upload their Board Resolution /Power of Attorney/Authority Letter etc. by clicking on 'Upload Board Resolution/Authority Letter' displayed under 'e-voting' tab in their login .

5. In case of joint holders, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company would be entitled to vote at the meeting.

6. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

7. Members can login and join 30 (thirty) minutes prior to the scheduled time of Meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time. Members are allowed to participate on first come first serve basis, as participation through video conferencing is limited upto 1000 Members only. However, the participation of Members holding 2% or more, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. are not restricted on first come first serve basis.

8. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report of FY 2022-23 is being sent only through electronic mode to those Members whose email IDs are registered with the Company/ Depositories. Members may note that the Notice and Annual Report of FY 2022-23 will also be available on the Company's website www.keva.co.in, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and Notice of AGM shall be available on the website of CDSL www.evotingindia.com.

9. For receiving all communications (including Annual Report) from the Company electronically, Members are requested to register / update their email IDs with the relevant Depository Participant.

10. During the 67th AGM, Members may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act. Members desiring inspection of statutory registers and other relevant documents may send their request in writing to the Company at investors@keva.co.in.

11. The Register of Members of the Company will remain closed from **Friday, 04 August 2023 to Thursday, 10 August 2023** (both days inclusive) for Annual General Meeting and determining the entitlement of the Members to the Final Dividend for the Financial Year ended 31 March 2023.

    Subject to the provisions of the Act, Final Dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after **Friday, 11 August 2023** to those Members whose names appear on the Register of Members as on **Thursday, 03 August 2023**. The dividend will be payable on the basis of beneficial ownership as at the close of business hours on **Thursday, 03 August 2023** ("record date/cut-off date") as per the details furnished by the Depositories, viz. National Securities Depository Limited ("NSDL")/Central Depository Services (India) Limited ("CDSL") for the purpose as on that date.

12. Members are requested to intimate immediately the change of address or demise of any Member, if any, to the Company's Registrar and Transfer Agents to prevent frauds.

13. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.

14. The Company has uploaded the details of unpaid and unclaimed dividend lying with the Company on the website of the Company www.keva.co.in. Members who have not encashed their dividend warrants pertaining to earlier declared dividends are requested to lodge their claims to Link Intime India Pvt. Ltd., the Company's Registrar & Transfer Agent, at the earliest for obtaining payments thereof. Members are advised that no claim shall lie with respect to unclaimed dividend after it is transferred to the IEPF. Due dates for transfer of unclaimed/unpaid dividend to IEPF are mentioned in the Corporate Governance Report forming part of the Annual Report of the Company.

15. SEBI has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.

16. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the Listing Regulations, and the Secretarial Standards on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI") and in terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 in relation to e-voting facility provided by listed entities, the Company is pleased to offer facilities for remote e-voting (refer instructions at point no. 17) and voting during the AGM by electronic means (refer instructions at point no. 20) to all Members in proportion to their shareholding as at the close of business hours on **Thursday, 03 August 2023**. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the AGM by email and holds shares as on the cut-off date i.e. **Thursday, 03 August 2023**, may cast their vote and attend AGM as per the steps mentioned below. However, if such Member is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and Password for casting vote.

**17. The instructions for Members for e-voting are as under:**

i) The remote e-voting period begins on **Monday, 07 August 2023 (9:00 am)** and ends on **Wednesday, 09 August 2023 (5:00 pm)**. During this period, Members of the Company, holding shares as on the cut-off date i.e. **Thursday, 03 August 2023**, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

ii) Members who have cast their votes using remote e-voting facility prior to the AGM may attend the AGM but shall not be entitled to cast their votes again at the AGM.

iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

iv) Pursuant to aforementioned SEBI Circular, login method for e-voting and joining AGM for Individual Shareholders/ Members holding securities in Demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL Depository** | 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing User ID and Password. Option will be made available to reach e-voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL's website www.cdslindia.com and click on login icon & New System Myeasi Tab.<br>2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining AGM & voting during the AGM. Additionally, there are links provided to access the system of all e-voting service providers, so that the user can visit the e-voting service providers' website directly.<br>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.<br>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from e-voting link available on homepage of www.cdslindia.com. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting service providers. |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with **NSDL Depository** | **A. NSDL IDeAS facility**<br>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile.<br>2) Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section.<br>3) A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services under Value Added Services Section.<br>4) Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page.<br>5) Click on company name or e-voting service provider name - **CDSL** and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining AGM & voting during the AGM.<br>If you are not registered, follow the below steps:<br>1) Option to register is available at https://eservices.nsdl.com.<br>2) Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3) After registration, please follow steps given above in points 1-5.<br>**B. e-voting website of NSDL**<br>1) Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.<br>2) Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.<br>3) A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.<br>4) After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider - **CDSL** and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining AGM & voting during the AGM. |
| Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)** | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining AGM & voting during the AGM. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL** | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. **1800 22 55 33** |
| Individual Shareholders holding securities in Demat mode with **NSDL** | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: **1800 1020 990** and **1800 22 44 30** |





v) Login method for e-voting and joining AGM for shareholders other than individual shareholders:

a) Log on to the e-voting website: www.evotingindia.com.

b) Click on "Shareholders" module.

c) Enter your User ID

For CDSL: 16 digits beneficiary ID

For NSDL: 8 Character DP ID followed by 8 Digits Client ID

d) Enter the Image Verification as displayed and Click on Login.

e) If you had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

f) If you are a first time user, follow the steps given below:

| | |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department.<br>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number (EVSN) sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>If both the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field. |

g) After entering these details appropriately, click on "SUBMIT" tab.

h) Members will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used for voting on resolutions of any other company on which they are eligible to vote provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

i) Click on Electronic Voting Sequence Number ("EVSN") for S H Kelkar and Company Limited.

j) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES / NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.

k) Click on the "RESOLUTIONS FILE LINK", if you wish to view the entire Resolution details.

l) After selecting the resolution you have decided to vote, now click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

m) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

n) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

o) If you have forgotten the changed password then enter the User ID, Image Verification Code and click on Forgot Password & enter the details as prompted by the system.

**Additional Facility for Non–Individual Members and Custodians – for remote e-voting only:**

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same. The authorization in respect of Representative(s) of the Corporation shall be received by the scrutinizer/Company before close of e-voting.
- Alternatively, Non-Individual Members are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Company at the email address viz. investors@keva.co.in, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**18. Process for those Members whose email IDs are not registered with the Depositories for obtaining login credentials for e-voting for the resolution proposed in this Notice:**

Please provide Demat Account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, Client Master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Link Intime India Pvt. Ltd., the Company's Registrar & Transfer Agent at rnt.helpdesk@linkintime.co.in. The Company/ Registrar & Share Transfer Agent shall co-ordinate with CDSL and provide the login credentials to the above-mentioned Shareholders.

**19. The details of the process and manner for participating in AGM through VC/OAVM are explained herein below:**

i) Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.

ii) Members are encouraged to join the Meeting through Laptops / I-Pads for better experience.

iii) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.

iv) Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v) Members who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request on or before **Wednesday, 02 August 2023** mentioning their name, demat account number/folio number, email ID, mobile number at investors@keva.co.in. The Members who do not wish to speak during the AGM but have queries may send their queries on or before **Wednesday, 02 August 2023** mentioning their name, demat account number/folio number, email ID, mobile number at investors@keva.co.in. These queries will be replied to by the Company suitably by email.

vi) Only those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the Meeting. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.





**20. The instructions for shareholders for e-voting during the AGM are as under:**

i) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

ii) Only those Members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting facility and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

iii) If any votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the AGM through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the Meeting is available only to the Members attending the Meeting.

iv) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote again at the AGM.

21. If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on toll free no. 1800 22 55 33.

**22. Details of Scrutinizer and result of e-voting:**

i) The Company has appointed Mr. Sachin Sharma (Membership No. A46900/CP. No. 20423), Designated Partner, M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. A23841/CP. No. 22407), Designated Partner, M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai or failing him Mr. Vishwanath (Membership No. A14521/CP. No. 25099), Designated Partner, M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

ii) The Scrutinizer shall submit his report to the Chairman of the Meeting or any person authorised by him within 48 hours of the conclusion of the AGM. The Results declared along with the report of Scrutiniser shall be placed on the website of the Company www.keva.co.in and on website of CDSL immediately after declaration of results by the Chairman or person authorised by him in this behalf. The Company shall simultaneously submit the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

iii) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM.

**23. Details of Tax on Dividend:**

Members may note that the Income Tax Act, 1961 (IT Act), as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Members. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making payment of the final dividend. In order to enable us to determine the appropriate TDS rate, as applicable, Members are requested to submit the necessary documents in accordance with the provisions of the IT Act.

**A. For Resident Members:**

i) Tax shall be deducted at source under Section 194 of the IT Act at 10% on the amount of Dividend declared and paid by the Company during FY 2023-24, subject to submission of valid and operative PAN by the Member. If valid and operative PAN is not submitted, TDS shall be deducted at 20% as per Section 206AA of the IT Act.

ii) However, no TDS shall be deducted on the Dividend payable to a Resident Individual Member, if the total dividend to be received during the FY 2023-24 does not exceed ₹ 5,000/-. Please note that this includes the future dividends, if any, which may be declared by the Board of Directors during the FY 2023-24.

iii) In cases where the Resident Member submits Form 15G (applicable to any person other than a Company or a Firm)/ Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met, no tax at source shall be deducted.

iv) In the case of Resident Non-Individual Members viz. Insurance Companies, Mutual Funds, Alternative Investment Funds and Other Resident Non-Individual Members, the Members are requested to submit the relevant forms, declarations, and documents in order to enable us to determine the appropriate TDS rate, as applicable.

**B. For Non-Resident Members:**

i) Taxes are required to be withheld pursuant to the provisions of Section 195 and other applicable provisions of the IT Act, as per the rates applicable, from time to time. The withholding tax rate on the amount of Dividend payable shall be 20% plus applicable surcharge and cess, or as may be notified by the Government of India, from time to time.

ii) As per the IT Act, Non-Resident Members have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the said Members. The Non-Resident Members shall provide the necessary duly certified documents to avail the available benefits under the provisions of DTAA viz. Copy of Valid and Operative PAN card allotted by the authorities in India or details prescribed under Rule 37BC of the Income Tax Rules, 1962; Copy of Tax Residency Certificate for the FY 2023-24 obtained from the revenue authorities of the country of tax residence; Self-declaration in Form 10F; Self-declaration by the Member(s) for having no permanent establishment in India in accordance with the applicable tax treaty; Self-declaration of beneficial ownership by the Members; Any other document(s) as may be prescribed under the provisions of the IT Act and/or required by the Company thereto, for lower withholding of taxes if applicable.

Apart from the above, since the TDS / Withholding rates are different for Resident and Non-Resident Members, if there is any change in your residential status, as per the provisions of the IT Act, you are requested to get your residential status updated in your Demat Account before the Record Date. To avail the benefit of non-deduction/lower deduction of tax at source, Members are requested to submit the relevant documents on https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before **Tuesday, 01 August 2023**.

**Disclaimer: The Details of Tax on Dividend as mentioned herein, sets out the summary of applicable material provisions in India pertaining to TDS on Dividend payment by the Company, and is subject to amendment(s), if any from time to time and does not purport to be a complete and/or detailed analysis or listing of all potential tax consequences and/ or applicability.**

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

**Rohit Saraogi**
Company Secretary
Membership No – A24225

Date: 30 May 2023
Place: Mumbai
Registered Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in





## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to Item No. 4 and 5 mentioned in the accompanying Notice:

**Item No 4:**

Pursuant to the Special Resolution passed by the Members of the Company by way of Postal Ballot conducted by the Company in June 2019, results of which were declared on 13 July 2019, Mr. Ramesh Vaze was re-designated as Non-Executive Chairman of the Board with effect from 01 September 2019.

The Board at its meeting held on 30 May 2023, as per recommendation of the Nomination and Remuneration Committee and Audit Committee, subject to the approval of Members, has approved payment of remuneration by way of commission to Mr. Ramesh Vaze at the rate of 1% of the standalone net profits of the Company during the year for the period commencing from September 01, 2023 to August 31, 2024 for continuing to guide the Company and mentoring the leadership team in his capacity as Non-Executive Chairman of the Board. Mr. Ramesh Vaze has been instrumental in driving SHK Group's ("Keva") efforts to become a leading F&F player in India as also popularizing Keva in international market as a reliable quality supplier of fragrances. Mr. Ramesh Vaze is also a Master Perfumer. With his vast knowledge and experience in the field of perfumery, Mr. Ramesh Vaze has been guiding and shall continue to guide the team of perfumers in expanding Keva's fragrance library. His experience, wisdom and network has been and would prove to be extremely valuable to the Company in future.

Payment of remuneration to non-executive directors upto 1% of the net profits of the company is permitted under provisions of Section 197 (1) of the Companies Act, 2013. However, Regulation 17 (6) (ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates a company to obtain consent of the members by way of Special Resolution if the remuneration payable to a single non-executive director in a year exceeds fifty per cent of the aggregate remuneration payable to all non-executive directors taken together. Accordingly, consent of the Members of the Company is being sought for the above commission proposed to be paid to Mr. Ramesh Vaze during the Financial Year 2023-24, which would be exceeding 50% of the total annual remuneration payable to all Non-Executive Directors.

In terms of the provisions of Section 197 and 198 of the Companies Act, 2013 read with relevant rules, Mr. Ramesh Vaze was paid a commission of ₹ 0.52 crore i.e. 1% of standalone net profit of the Company, during FY 2022-23.

Mr. Ramesh Vaze is interested in the resolution set out at Item No. 4 of the Notice as it pertains to remuneration payable to him. Mrs. Prabha Vaze – Non-Executive, Non-Independent Director and Mr. Kedar Vaze – Whole-time Director & Group CEO, who are related to Mr. Ramesh Vaze, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their directorship and their shareholding interest in the Company. Other relatives of Mr. Ramesh Vaze, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest in the Company, if any.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board of Directors recommends the Special Resolution as set out in Item No. 4 of the Notice for the approval of the Members.

**Item No. 5:**

Pursuant to Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014 the Company is required to have audit of its cost records and in this regard appoint a Cost Auditor to audit the cost records for applicable products of the Company.

On the recommendation of the Audit Committee, at its meeting held on 30 May 2023, the Board considered and approved the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor for the Financial Year 2023-24 at a remuneration of ₹ 2,20,000/- per annum plus applicable taxes and reimbursement of out-of-pocket expenses.

In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor should be ratified by the Members of the Company. Accordingly, approval of the Members is sought for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2023-24.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 5.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 5 of the Notice for the approval of the Members.

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

**Rohit Saraogi**
Company Secretary
Membership No – A24225

Date: 30 May 2023
Place: Mumbai
Registered Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in



## ANNEXURE TO THE NOTICE

**Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting**
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

| Name of Director | Mrs. Prabha Vaze |
|---|---|
| Category | Non-Executive, Non-Independent Director |
| DIN | 00509817 |
| Date of Birth and Age | 19 June 1946, 76 years |
| Qualification | Bachelor of Science from University of Mumbai |
| Nature of Expertise/Experience | Business Development and Management Skills |
| Brief Resume | Appended at the end of this table |
| First Appointment on the Board | 29 October 1980 |
| Terms & Conditions of Appointment/ Re-appointment | Appointment as a Non-Executive, Non-Independent Director liable to retire by rotation |
| Details of Remuneration sought to be paid | Sitting Fees |
| Last Drawn remuneration | ₹ 8,00,000 |
| No. of shares held in S H Kelkar and Company Limited as at 31 March 2023 | 17,97,309 |
| Relationship with Directors /Manager/KMP | Spouse of Mr. Ramesh Vaze & Mother of Mr. Kedar Vaze |
| No. of Board meetings attended out of 7 (seven) meetings held during the year | 7 (seven) |
| Directorship Details | **Listed Company:**<br>S H Kelkar and Company Limited<br>**Private / Public Companies:**<br>Keva Biotech Pvt Ltd<br>Keva Fragrances Pvt Ltd<br>Keva Flavours Pvt Ltd<br>Keva Aromatics Pvt Ltd<br>Keva Properties Pvt Ltd<br>ASN Investment Advisors Pvt Limited<br>SKK Industries Pvt Limited<br>Keva Constructions Pvt Ltd<br>Keva Industries Pvt Ltd<br>Keva Ventures Pvt Ltd |
| Listed entities from which the person has resigned in the past 3 years | Nil |
| Committee Positions | Member of Corporate Social Responsibility Committee of S H Kelkar and Company Limited |
| Skills and capabilities required for the role and the manner in which the proposed person meets such requirements (Applicable in case of appointment of Independent Directors) | Not Applicable |

### Brief Profile of Mrs. Prabha Vaze:

Mrs. Prabha Vaze is a Non-Executive, Non-Independent Director of our Company. She holds a degree of Bachelor of Science from University of Mumbai. She has a rich experience of over 40 years in the Company. She is actively involved in various CSR (Corporate Social Responsibility) activities of Keva group.

Mrs. Prabha Vaze is also one of the 2 (two) women directors currently on the Board of the Company who brings in gender diversity to the Board.

# NOTES

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Ramesh Vaze**
Chairman & Non-Executive Director

**Mr. Kedar Vaze**
Whole-Time Director & Group CEO

**Ms. Prabha Vaze**
Non-Executive Director

**Mr. Amit Dalmia**
Non-Executive Director
(upto 17 May 2022)

**Mr. Dalip Sehgal**
Independent Director
(upto 8 December 2022)

**Mr. Deepak Raj Bindra**
Independent Director

**Mr. Mark Elliott**
Independent Director

**Ms. Sangeeta Singh**
Independent Director
(upto 18 February 2023)

**Mr. Shrikant Oka**
Independent Director

**Mr. Vasant Gujarathi**
Independent Director
(from 20 February 2022)

**Ms. Neela Bhattacherjee**
Independent Director
(from 25 May 2022)

## GROUP CFO, CS & COMPLIANCE OFFICER

**Mr. Rohit Saraogi**
(CS & Compliance Officer from 25 May 2022)

## AUDIT COMMITTEE

**Mr. Vasant Gujarathi (C)**

**Mr. Dalip Sehgal**
(upto 8 December 2022)

**Ms. Sangeeta Singh**
(upto 18 February 2023)

**Mr. Shrikant Oka**

**Mr. Kedar Vaze**

**Mr. Amit Dalmia**
(upto 17 May 2022)

**Ms. Neela Bhattacherjee**
(from 19 February 2023)

## NOMINATION AND REMUNERATION COMMITTEE

**Ms. Sangeeta Singh (C)**
(upto 18 February 2023)

**Ms. Neela Bhattacherjee (C)**
(Chairperson from 19 February 2023)

**Mr. Deepak Raj Bindra**

**Mr. Amit Dalmia**
(upto 17 May 2022)

**Mr. Vasant Gujarathi**
(from 19 February 2023)

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

**Mr. Ramesh Vaze (C)**

**Ms. Prabha Vaze**

**Mr. Shrikant Oka**

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

**Mr. Dalip Sehgal (C)**
(upto 8 December 2022)

**Mr. Vasant Gujarathi (C)**
(from 9 December 2023)

**Mr. Deepak Raj Bindra**

**Mr. Shrikant Oka**

## RISK MANAGEMENT COMMITTEE

**Mr. Shrikant Oka (C)**
**Mr. Vasant Gujarathi**
**Mr. Kedar Vaze**
**Mr. Rohit Saraogi**
**Mr. Amit Gulati**
(upto 31 December 2022)
[(C) – Chairperson]

## AUDITORS

**Deloitte Haskins & Sells LLP**
**Chartered Accountants**

## SUBSIDIARIES

**Domestic**
Keva Fragrances Pvt. Ltd.
Keva Flavours Pvt. Ltd.
Keva Ventures Pvt. Ltd.
NuTaste Food & Drink Labs Pvt. Ltd.
Amikeva Private Limited

**Overseas**
Keva UK Ltd.
*(England)*

Keva Fragrance Industries Pte. Ltd.
*(Singapore)*

PT SHKKEVA Indonesia
*(Indonesia)*

Anhui Ruibang Aroma Company Ltd
*(China)*

Keva Europe B.V.
*(The Netherlands)*

Creative Flavours & Fragrances S.p.A.
*(Italy)*

Keva Italy Srl
*(Italy)*

Provier Beher B.V.
*(The Netherlands)*

Holland Aromatics BV
*(The Netherlands)*

## REGISTERED OFFICE

Devkaran Mansion,
36, Mangaldas Road,
Mumbai – 400002

## CORPORATE OFFICE

S H Kelkar and Company Limited
LBS Marg, Mulund (West),
Mumbai – 400080

## WEBSITE

www.keva.co.in

S H Kelkar and Company Limited
Devkaran Mansion, 36, Mangaldas Road,
Mumbai - 400 002

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