July 14, 2021

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 Annual Report for the financial year 2020-21

Pursuant to Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of S H Kelkar and Company Limited for the financial year 2020-21.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H KELKAR AND COMPANY LIMITED

Deepti Chandratre
Company Secretary & Compliance Officer

Encl: As above

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CIN No. L74999MH1955PLC009593

Progressing Together.
Growing Together.

S H KELKAR AND COMPANY LIMITED
ANNUAL REPORT **2020-21**

Contents

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Message from the Whole-Time Director & Group CEO

Dear Shareholders,

I am happy to share that in a challenging year, with just 11 productive months, we succeeded in posting a healthy performance. Amid an extremely challenging macro-environment, we reported our highest ever PAT (before extraordinary items & before CFF addition) during the year. Aided by strong recovery in the domestic market and a good demand uptick in the global markets, we also surpassed our sales of FY 2019-20 to achieve our targeted growth of 12% (on a like-for-like basis). What is notable about this performance is that we were able to hold our ground even though the COVID-induced lockdown led to a complete washout of one month of business operations.

As we move forward in the face of what appears to be a bigger challenge in the form of the second COVID wave, we remain committed to employee safety and welfare, in line with our **`Safety First'** proposition.

FY 2020-21 tested our mettle in many ways but we remained steadfast in the face of hard times and stayed on course to sustain our growth momentum. The collective efforts of our people, backed by our technological expertise, enabled us to quickly and efficiently align our business model with the overwhelming external transformations triggered by the COVID outbreak. The culture of business discipline that we have actively nurtured across the organisation further pushed the excellence levels across functions. It helped us realise the vision we had mapped last year, to build on a Resilient Present for a Resurgent Future, even amid the unprecedented pandemic situation.

Several decisive factors propelled our strategic journey during the year, contributing to our positive performance.

- The proactive steps and COVID safety initiatives we took to protect the lives of our people and safeguard their interests and well-being, kept them motivated and imbued them with a `can-do' spirit, which inspired them to take ownership of your Company's visionary goals
- Our unwavering focus on augmenting our operational and cost efficiencies, through optimisation and rationalisation, further steered our efforts to deliver sustainable growth and value for all our stakeholders. Our strategic shift from a largely fixed to a predominantly variable cost structure was also instrumental in pushing growth
- We continued to pursue a healthy product mix, with new and more relevant offerings, which helped us maintain profitability margins at healthy levels
- We moved with agility and efficacy to address raw material supply challenges and supply chain concerns through various proactive measures. Our prudent inventory management philosophy helped in efficient management of the moderate inflation in our raw materials during the year
- Geographical diversification, with a strong presence in several countries including the Middle East and the South East Asia, helped us maintain business continuity across regions
- Restructuring of roles ensured more effective management of functions during the year, while our long-standing reputation and strong customer relations facilitated continued business growth and revenue generation
- We completed the full acquisition of Creative Flavours & Fragrances (CFF) in July 2020. This has enabled us to entirely transform the business complexion of Keva and broaden the ambit of the Group's fragrance business

COVID RESPONSE

The extraordinary circumstances catalysed by the pandemic necessitated an exceptional response during the year. Protecting lives and livelihood became our top-most priority and we moved with agility to launch a multitude of health and safety measures for our people and the communities around which we operate. We were clear that in order to operate, it was imperative for us to keep our people safe. This ethos helped in keeping the people motivated and ready to take on any challenge and when operations resumed post the lockdown, it also inspired them to put in their best to support the Company in bringing business back on track.


Keva's unit in Mulund, Mumbai

We went the extra mile to support the people in the extremely difficult environment that prevailed particularly during the lockdown period. From arranging safe transport, to housing them safely in our factories, we took all possible measures to minimise the risks to our employees amid the pandemic. Robust safety protocols were put in place and strictly implemented at the plants and other places of work. Immunity-boosting supplements were distributed not just to our staff members but also to our contractors.

As we move forward in the face of what appears to be a bigger challenge in the form of the second COVID wave, we remain committed to employee safety and welfare, in line with our `Safety First' proposition. We are now fully people-ready and while continuing to ensure their total protection, we are moving expeditiously to get the majority of our employees and their family members vaccinated.

KEY FINANCIAL HIGHLIGHTS

Despite the revenue losses suffered in the first one month of the year, we posted good financial performance across all the key metrics of growth during the year. Better product mix and higher operating leverage and traction in domestic fragrance business resulted in improved profitability performance, while a stable raw material environment and a series of ongoing cost optimisation measures further enhanced margins. Creative Flavours and Fragrances SpA (CFF), our wholly-owned subsidiary, also delivered steady performance during the year. The global markets did see some downturn, causing sales to plunge but the business normalised at the back of our targeted interventions.

Your Company showed growth across the key metrics of performance, with revenue from operations growing 19%, to ₹ 1,315.1 crore, as against ₹ 1,105.1 crore in the previous fiscal. On a like-to-like basis, revenue growth was 3.1%, at ₹ 1,139.8 crore. While EBITDA stood at ₹ 259.4 crore as against ₹ 166.0 crore (up by 56.2%), EBITDA margin for FY 2020-21 was 19.3% against 14.8% in FY 2019-20. Reported PAT stood at ₹ 144 crore, as against ₹ 35.9 crore in the previous fiscal. PAT, excluding exceptional gain and loss, showed a stupendous YoY growth of 84.4%, to touch ₹ 131.2 crore in FY 2020-21, as against ₹ 71.2 crore in FY 2019-20.

I am also happy to share that the Board of Directors has recommended a dividend of ₹ 0.75 per equity share, which is in addition to an interim dividend of ₹ 1 per share announced in November 2020.

MAJOR OPERATIONAL HIGHLIGHTS

As the operating environment moved towards normalisation after the first quarter, we saw an improvement in the traction as more order enquiries started coming in. Client engagements and business wins were robust across domestic and international markets after the initial demand depression in the first couple of months of the fiscal.

Mr. Kedar Vaze
Whole-time Director & Group CEO

Mr. Ramesh Vaze
Chairman of Board

Rationalisation of R&D, along with incremental improvements in yield, customer distribution and market share, also led to sustained growth. To further boost business efficiencies and enhance customer experience, we strengthened our digital and technological framework during the year, to make it more seamless and efficacious. Our investments in both, the back-end and front-end digital infrastructure, yielded rich benefits in the form of new customer wins and supply chain efficiencies.

As part of our consistent 3I 3C focus, we made another acquisition in Italy. Keva's wholly-owned subsidiaries, Keva Italy and CFF, entered into an agreement for acquisition of 70% equity stake of Nova Fragranze S.r.l. (Nova). Nova, an Italy-based company specialising in fragrance development and marketing, gives us greater access to premium customers in the high-end product segments of hair care and beauty care.

I am also happy to share that Keva has become the exclusive distributor for Isobionics Santalol in India. The new fragrance ingredient is the first joint product from BASF and Isobionics and is now available for the Indian market through SHK.

In terms of segmental operations, the Fragrance division witnessed normalisation in demand and improved business wins, resulting in healthy volume off-take in the domestic market, particularly in the second half of the fiscal. New wins from the existing large and mid-size FMCG customers in the domestic markets further assisted growth. These wins were propelled by the strong demand environment on FMCG consumption in both domestic as well as the international markets of Middle East, North Africa region and South-East Asia.

The Flavours division too, continued traction with existing and new customers, both in the domestic and global markets, resulting in improved performance.

WAY FORWARD

While the concerns triggered by the second and a potential third wave of COVID, in India and some international markets, have clouded the horizon in the short-term, we are confident of our overall long-term prospects. We are fairly optimistic that, driven by our focussed initiatives and targeted interventions, we shall continue to deliver healthy growth going forward. The consumer consumption is largely expected to remain on an upward trajectory despite the problems in both the domestic and international markets and we are well-positioned to harness the demand opportunity.

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As the lines between the fragrance and flavours sectors continue to blur, we find ourselves ideally placed to leverage our strategy of more value addition and product differentiation to tap the market opportunity. The fact that we are an established player in both these sectors gives us good headroom for growth in the market. We also have a significant pipeline of innovation, while our geographically diversified market presence gives us quick access to a large number of untapped customers, especially in the overseas market.

In the coming quarters, we are looking at further augmenting our digital and technology edge to make the most of the emerging future trends in Artificial Intelligence (AI) and White Biotechnology, both of which are fast gaining momentum as new-age tools for ground-breaking developments in the fragrance and flavours industry.

We shall further strengthen our 3I 3C strategy, going forward, with continued investments in India and Italy and proactive efforts to expand into the Indonesian market. Having already established ourselves as a strong player in the Italian market, we are looking to expand our footprint to other European countries by using our offices in the Netherlands and Italy in combination. We are looking mainly at geographic expansion in the low penetrated markets, while pursuing innovation and value-added products, such as health and wellness through Ayurveda offerings, to expand our business with existing clients in India. MNC global clients will be a major target area for our expansion plans and in the domestic market, it will be our concerted endeavour to grow our offerings in terms of the wallet share.

Given the shift in consumer desire for more personalised and customised products amid the increasing popularity of e-commerce in the transformed business environment, we shall move towards more regionalisation and customisation. Our deep understanding of market trends and consumer aspirations will drive our growth on this front.

At the same time, we shall continue to expand our CSR ambit to reach out to the vulnerable sections of the communities in our neighbourhood with COVID-support measures. We shall further expand the initiatives we launched during FY 2020-21 to help various individuals, trusts and other organisations working on the ground with the COVID-affected people. Our plan is to double down on our CSR/social upliftment investments in the coming months, as we scale up our community outreach amid the continuing pandemic crisis.

SIGNING OFF…

In conclusion, I would like to thank every stakeholder, from the employees and the management, to our business channel partners and shareholders, for their continued support in these difficult times. You made it possible for us to not just survive but to sustain growth amid the unprecedented COVID crisis. I am confident that your trust and co-operation will continue to inspire us to scale new horizons in our quest to raise the bar of performance, as we expand across segments and geographies, across the world, while remaining rooted in the legacy of our Indian ethos.

Kedar Vaze
Whole-time Director & Group CEO

Management Discussion & Analysis

Keva's manufacturing unit in Vapi, Gujarat

GLOBAL ECONOMIC OVERVIEW

The year 2020 was a challenging period with lockdowns of most global economies posing a threat of deep recession. However, sizeable, swift and unprecedented fiscal, monetary and regulatory responses by most Governments helped to maintain disposable income for households, protect cash flow for firms, and support credit provision. Coupled with China's quick recovery and better than expected GDP outturns in large advanced economies, the global contraction for 2020 is estimated at 3.3%. Massive vaccination drives and additional policy support in few large economies have raised hopes of a turnaround in 2021 with growth expectations of 6% followed by 4.4% in 2022. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers and structural characteristics entering the crisis. Strong multilateral cooperation is required to bring the pandemic under control everywhere. Such efforts include bolstering funding to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines and facilitating access to therapeutics at affordable prices for all.

The softening of the pandemic in early 2021 is expected to give way to rising momentum in the latter half of the year as vaccines and therapies become more readily available, allowing contact-intensive activities to strengthen. Advanced economies contracted 4.7% in 2020 but are expected to grow at 5.1% in 2021. Emerging markets witnessed lower economic impact than advanced economies in 2020 at 2.2% contraction and higher expected growth at 6.7% in 2021. The sizeable fiscal support announced for 2021 in some countries, including most recently in the United States and Japan, together with the unlocking of Next Generation EU funds, will help lift economic activity among advanced economies with favourable spillovers to trading partners. With growing vaccine availability, improved therapies, testing and tracing, local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022. Some regions and countries will witness lower local transmissions sooner than others depending on country-specific circumstances.

Source: IMF, World Economic Outlook - April 2021

> As per IMARC research, the global flavours and fragrances market reached a value of US$ 31.7 billion in 2020 as compared to US$ 29.8 billion in 2019.

INDIAN ECONOMIC OVERVIEW

India was amongst the few countries that went into a nation-wide lockdown post the pandemic and after that, the economy unlocked in phases. Mobility restrictions and social distancing led to unparalleled supply-chain disruptions and consumer demand fallout. In the second half of FY 2020-21, restrictions on inter-state movements were lifted to ensure mobility of goods, thereby easing supply-side pressures. This is also reflected in the industrial activity pick-up. Stronger car sales, rising finished steel production and diesel consumption, higher goods and services tax revenue collections and improvement in the availability of finance from banks and internal sources suggest that even though economic activities are still below the pre-COVID levels, pent-up demand and festivities have added to buoyancy in economic activity.

The provisional estimates of National Income for FY 2020-21 by the National Statistics Office indicate real GDP contraction at 7.3% for FY 2020-21 distorted on account of significant growth of subsidies. A sharp recovery in GDP growth was witnessed in Q3 FY 2020-21 at 0.4% as compared to the steepest ever 24.4% contraction in Q1, and 7.3% contraction in Q2. The recovery in economic activity and improved investor sentiments are a result of impactful reforms undertaken by the Government since March 2020. In order to boost the economy, the Government has initiated several investment-focussed spending programmes like the National Infrastructure Pipeline, demand-driven capex, and the Centre's Production-Linked Incentive (PLI) scheme.

As a result of recovering investor sentiment, recovery in manufacturing and construction activities, investment-focussed Government spending and massive vaccination drive undertaken by the Government, India's GDP growth is likely to rebound to 8.3% in FY 2021-22 supported by strong fiscal and quasi-fiscal measures. The localised lockdowns in several states led by the unprecedented second wave of COVID-19 has impacted the recovery to some extent. Economic activity is expected to recover post the temporary collapse witnessed in the first quarter of FY 2021-22 led by pent-up demand similar to that seen post opening up of economy after the first wave.

Source: World Bank, CSO provisional estimates

THE GLOBAL FLAVOURS AND FRAGRANCES INDUSTRY

As per IMARC research, the global flavours and fragrances market reached a value of US$ 31.7 billion in 2020 as compared to US$ 29.8 billion in 2019. The growth was driven by changing food preferences especially of the younger population and the shift towards low-calorie foods and beverages. Fast-paced growth in the processed food and beverage industry catalysed by a rising global population and rapid urbanisation has been the major driving force for the global flavours and fragrances market. Further, rising incomes, changing lifestyles and increasing consciousness towards physical appearance which has boosted the market for personal care products has been, in turn, creating a strong demand for flavours and fragrances market. Other growth drivers include rapidly-growing emerging markets, rising demand for organic and natural products, growing young population, improved lifestyles, dual income families, rising need for convenience etc. Rising demand for packaged foods, beverages, home care, personal care, cosmetics, toiletries, pharmaceuticals, and nutraceuticals has been leading to the growth in demand for flavours and fragrances market as well. The latest trend in the market is increased innovation led by growing demand for convenience food products.

Keva's Herbal Extraction plant in Vapi, Gujarat

With about 86% of consumers choosing taste over other food attributes, flavours have become an inevitable ingredient in the food industry. The new trend in the flavours segment is the use of smokey flavours in food items like snack foods, meats, seasonings, sauces, cheeses, honey and salt. This is also observed in some trending food items like desserts, beverages, soups, confectionery and various other sweet and savoury items, which is changing the market dynamics. Additionally, key players in food flavours industry are also focussing on developing natural smoked flavours to cater to the rising demand for the same in the market. Such new emerging trends have also been giving substantial boost to the growth of the flavours market.

The rise in disposable income and changing 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 fragrance market.

The COVID-19 pandemic had serious impact on the industry during the initial few months of market lockdowns and supply chain disruptions. However, countries rapidly adjusted their systems with the crisis and prioritised agricultural and food sectors during the pandemic, leading to quick recovery of the flavour and fragrance industry sales.

The global flavour and fragrance market is extremely competitive and concentrated, with key players competing for major market share and small regional players catering to smaller regions. The key players are majorly based in North American and European regions, which are also the dominant markets. Expectations for growth recovery are highest from these markets basis their recovery from the economic downturn. High consumption of convenience and processed food and a fast-paced food and beverage industry are the major driving factors for the rapid growth of the flavours and fragrance industry in these markets. Foreign players from the flavour and fragrance industry are rapidly expanding their footprints in these regions to better cater to the innovative nutritional flavours satiating the increasing demand of consumers.

Source: https://www.mordorintelligence.com/industry-reports/flavour-and-fragrance-market

Outlook

The global flavours and fragrances market is poised to grow by US$ 10.98 billion during 2020-2024, approximately at 6% CAGR, according to Technavio. The rising demand for personal care products and food-related products, growing dietary supplements and nutraceuticals market and rising demand for natural flavours and fragrances are likely to drive growth of the global flavours and fragrances market. The changing taste and preferences of consumers and their willingness to try and experience new varieties are some of the factors that will increase the demand for flavours and fragrances among different end-users. Rapid rise of online sales and exponential growth in the pharmaceutical industry led by the COVID-19 pandemic further contribute to the rise in demand of flavours and fragrances. The market growth is driven by the increasing launch of new products by vendors. Successful new product launches help in increasing the revenue inflow of vendors and also provide multiple options to buyers driving overall growth of the market. Asia-Pacific (APAC) region is expected to offer several growth opportunities mainly due to the presence of a huge consumer base, rising working women population, growing demand for international cuisines and penetration of key vendors.

Source: https://www.businesswire.com/news/home/20200907005051/en/Global-Flavours-and-Fragrances-Market-Demand-with-COVID-19-Recovery-Analysis-2020-New-Product-Launches-to-Boost-Market-Growth-Technavio

Challenges

One of the major challenges for players in this industry is to address constantly changing flavour and fragrance demands from consumers. Although fragrance usage is on the rise, the availability of quality essential oils for fragrance creation is not sufficient to keep pace with the increasing demands. The COVID-19 pandemic presented several challenges to the industry due to disruption in manufacturing during lockdowns but the demand post lockdowns and the added importance to hygiene has boosted overall demand for fragrances and flavours. Detergents, deodorants, soaps and incense sticks continue to be very much in demand. Fine fragrances remained the worst-hit category as most of these are sold in the duty-free stores which have been shut owing to the pandemic.

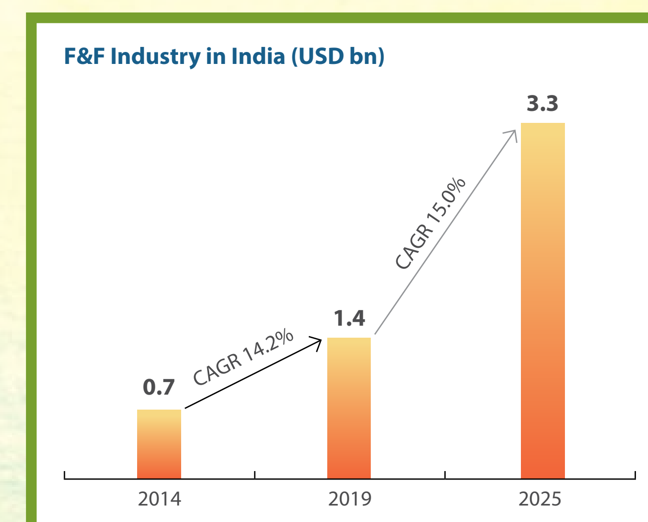
THE INDIAN FLAVOUR AND FRAGRANCE INDUSTRY

Owing to the sheer size of the population, India and China are the fastest growing consumption as well as production markets in the fragrance and flavour industry. The industry is an ancillary industry to fast moving consumer goods, food processing and pharmaceutical industries. Despite constituting less than 1% of a product's volume and under average of 5% of its total cost of production, fragrances and flavours are instrumental in creating a distinct product association with the consumers. Even though natural fragrances are perceived to be safe, healthier and therapeutic, synthetic ingredients continue to dominate the Indian market as they are cheaper, long-lasting, emit strong fragrance and offer greater freedom of creativity to manufacturers.

There are over 1,000 small, medium and large size enterprises operating in this industry, both in organised and unorganised sector, ranging from multinational companies, large Indian industrial houses to small-scale industrial units and local manufacturers. An estimated 70% of the organised market in India comprises international players while the remaining market is catered by domestic players. The market is fairly consolidated with the top 5 players accounting for 65% of the total market share. The market is dominated by MNC players, with 4 global majors featuring in the Top 5 along with Keva. Keva holds the position of being the largest Indian origin player which is most adaptable to evolving consumer needs. India is approximately 3% of the global fragrances and flavour market despite having 20% of the world population. The Indian F&F industry is valued at approximately US$ 1.4 billion in 2019 with exports forming almost 12% of the total production. The split between flavours and fragrances segments is almost 50:50. The growing demand for foods, cosmetics, personal care and household care products is expected to be the major driving factor for the growth of aroma chemicals market.

"There are over 1,000 small, medium and large size enterprises operating in this industry, both in organised and unorganised sector, ranging from multinational companies, large Indian industrial houses to small-scale industrial units and local manufacturers."

Source: https://jstinvestments.com/flavours-fragrances/#:~:text=The%20global%20Flavours%20and%20Fragrances,with%2020%25%20of%20the%20population



Outlook

The Indian fragrances and flavours industry is one of the fastest growing industries in the segment globally presenting tough competition to China in terms of exports. However, COVID-19 impacted the industry growth with fear of losing its ground to China as the latter continued operating in full swing. The extended lockdown disrupted the supply chain and as a result affected the production and exports. Estimated production loss for India's fragrance and flavour industry during the lockdown was 20-25% but it is expected to be compensated by the rise in demand post lockdown.

The Indian fragrance and flavour market is estimated to grow at 15% CAGR to reach US$ 3.3 billion during 2019-2025. India is a key destination for global players given the cost competitiveness, strong supply base for natural ingredients and an access to a large consumption market. Low rural penetration of FMCG products, growing aspirations of the middle class Indians, excessive and growing demand for personal care and processed foods, easy access to internet, growing young population which demands options and a rapidly evolving pharmaceutical market present tremendous growth opportunities for the fragrance and flavour industry.

Outlook for fragrance segment

There has been a tremendous rise in derived demand for fragrances with the increasing demand for fragranced personal care, laundry care and household care products. In addition, fragrances are present in a number of other commercial products such as tissues, candles, baby diapers, etc. Fragrances have also made their way into scented stationeries, and trash bags. Marketers sell products with fragrances as their main selling point with entire advertising campaigns revolving on the fragrance of a product. The consumer preference, too, has been towards more powerful and long-lasting fragrances. All these factors together bode well for the entire fragrance industry.

Many of the most ground breaking developments in the fragrance industry have emerged from the realm of artificial intelligence (AI). With continued technological advancements and new innovative applications of those technologies, perfumers are now able to create unique, digital fragrances, making AI the latest and upcoming trend in the fragrance industry.

Outlook for flavour segment

Rapidly rising incomes and urbanisation is spurring interest in convenient packaged foods and fast food. Packaged goods require high flavour loadings to prevent the loss of taste that occurs during large-scale manufacturing. The growth in food and beverage industry will continue to remain the key driver for flavour industry due to the widespread use of flavours in processed food, snacks, soft drinks, candy & confectioneries, meat and seafood products, sauces, condiments, etc. Expansion of fortified food and beverages will provide opportunities since flavours are required to cover up the off-tastes of vitamins, minerals, antioxidants and other added ingredients. Furthermore, efforts to reduce calories, salt and fat in foods will increase demand for flavours to improve the taste of those products. There has been rising interest in natural, organic food and beverages which is leading to increased demand of essential oils and natural extracts used in these product categories.

Keva's Flavours Laboratory at Mulund, Mumbai

FRAGRANCES – GROWTH DRIVERS	FLAVOURS – GROWTH DRIVERS
Rising brand awareness	Rise in the demand for unique flavours
Growth in use of personal care products	Growing popularity of exotic flavours
Rapidly emerging newer categories: stationery, toys, household care, fabric	Natural flavours emerging as the new favourite in all categories: food, oral care, etc.
Growing popularity of naturals segment	Evolving consumer palate due to growing awareness and availability of options
Increasing disposable income	Growing awareness of health and nutritional needs
Upscaling of lifestyle of the middle class population	Changing lifestyle of consumers
Increasing product affordability led by low-priced perfumes and deodorants	Increase in demand for convenience food

Opportunities

The Fragrances and Flavours Association of India (FAFAI) is soon expected to inaugurate a state-of-the-art R&D centre in Mumbai worth US$ 1,50,000 to further the growth of the domestic fragrance and flavour industry. Led by COVID-19 pandemic, the demand for personal care products, cleansing products and sanitisers is witnessing a spike, giving boost to the fragrance market.

Companies are strategizing ways to strengthen their presence and cater to increasing demand from tier II and tier III cities. In the fragrance market, companies are launching a range of affordable deodorants, perfumes, and colognes for consumers willing to spend on fragrances to stay well groomed.

Companies are exploring newer variants with different odour and taste, thereby creating product differentiation to spur consumption. As people are willing to experiment with new, more exotic flavours and fragrances rather than opting for basic ones, there has been a steady rise in innovation in the fragrance and flavour industry.

Consumers are becoming progressively health conscious and preferring natural products, providing ample opportunity for health and wellness food flavours like Blueberry, Grape, Aloe Vera, Pine bark, Soy, etc. The concept of natural and traditional Indian herb extracts is also gaining significance in fragrance markets.

Your Company remains committed to its target of becoming

US$ 1 billion business globally by the end of the decade

FINANCIAL PERFORMANCE ANALYSIS

In FY 2020-21, on a consolidated basis, total income stood at ₹ 1,345.40 crore as compared to ₹ 1,122.1 crore in FY 2019-20, up 19.9% led by healthy demand and enquiries with normalisation in business activities across both domestic and international markets. Robust business of the mid and large-sized FMCG customers amidst COVID-19 pandemic resulted in continued steady demand flow. In addition, Creative Flavours & Fragrances SpA (CFF), the Company's wholly-owned subsidiary, also delivered an encouraging performance supported by robust demand and volume off-take in the European markets. Excluding CFF contribution, on a like-to-like basis, revenues grew by 3% YoY, without adjusting for the period of disruption.

Keva's Centre of Excellence in Amsterdam, Netherlands

The Company's primary segment, fragrance contributed ~90% to total revenue registering 5% growth in India and 198.7% growth in Europe. The fragrance business in rest of the world degrew marginally by 0.4%. Flavours segment grew by 7% in India and by 319% in Europe and de-grew by 8.6% in rest of the world.

In FY 2020-21, EBITDA came in at ₹ 259.35 crore as compared to ₹ 165.98 crore in FY 2019-20 reflecting higher operating leverage led by prudent inventory management combined with sustainable cost optimisation measures. PAT stood at ₹ 143.98 crore in FY 2020-21as compared to ₹ 35.86 crore in FY 2019-20.

COVID-19 Pandemic

The spread of the COVID-19 pandemic and the resultant lockdowns in the country caused overall temporary disruption in manufacturing and business activities, more prominently in April and May, 2020. However, there was no material impact on orders even amidst lockdown as the Company caters to many FMCG companies whose business continued as normal. In fact, COVID-related categories like personal wash and fabric wash saw increased demand. Demand in both flavours and especially fragrances increased for categories like floor cleaners, sanitisers, soaps, immunity products etc. Globally, similar lockdowns and restrictions across the international markets led to slight slump in demand and sales during the beginning of the year.

In these extraordinary times, the Company's concerted efforts to maintain a strong financial and operating discipline enabled the Company to fulfil business commitments despite the operating constraints. The Company remained committed towards safety and well-being of all its employees and arranged for work-from-home arrangements for all the staff members wherever possible. The employees exhibited highest level of commitment, tenacity and patience and the Company with strong support and co-operation from its Union, managed to resume manufacturing operations. With requisite approvals from the concerned Government Authorities, the Company was able to maintain steady manufacturing through various strategies including work shifts for different employees from different areas, arranging for employee stays in the factory, running local buses for safe travel, getting appropriate tests done, etc. Across its manufacturing locations, the Company ensured strict adherence to all necessary precautions and maintained highest safety standards as advised by the Government Authorities.

Prioritising utmost safety at all times, the Company managed to surpass all previous production records, month after month, led by strong dedication and commitment from all employees. The Company boosted employee morale for exhibiting bravery amidst crisis. The Company also offered excellent benefits like extra wages, medicines, insurance, etc. thereby creating an amicable win-win situation. The Company's robust documentation, adherence to norms and empathetic response was highly appreciated by government authorities and locals alike.

A combination of improving economic indicators and the festive season strengthened demand and consumption across the country. The Company, thus, could sustain its growth momentum. While there is reasonable optimism, the economic and social impact of the second wave of COVID-19 needs to be closely monitored. In keeping with all safety and precautionary measures to mitigate the risk, the Company is continuously keeping a close watch on operations and processes such that it poses minimal risks for the spread of the disease. It has also made all requisite arrangements for employees to stay comfortably and safely within the factory premises to ensure factories and laboratory work at full capacity without any disruption.

Robust recovery in the domestic macro-economic environment and positive indications of strengthening consumption raises hope of strong recovery. The Company's client engagements, especially the domestic FMCG players, continue to remain strong with steady wins across categories helping the Company to sustain growth momentum. The Company is confident of robust growth potential and opportunities across the domestic FMCG space as well as in the international markets over the medium to longer term. Once the macro situation normalises, growth is bound to accelerate. Cost-optimisation strategies, working capital measures, sustained production trend, healthy balance sheet and long-lasting strong relationships with all its stakeholders, are its success mantras to sustainably outpace industry.

Business Segment 1 - Fragrances

Fragrance segment remains the primary revenue contributor with ~90% share in FY 2020-21. 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 leverages the expertise of its specialised perfumers team combined with international innovation experience and Indian capabilities to craft innovative complex compounds and ingredients.

The Company is a leader in the Indian fragrance industry constantly growing ahead of the market led by its rich 9 decades experience, long-lasting customer and vendor relationships, deep understanding of consumer preference, wide range of over 9,000 products, highly professional and motivated team of 19 perfumers, 26 scientists and six state-of-the-art manufacturing facilities in India and abroad.

Integration of Creative Flavours & Fragrances (CFF)

CFF, a leading fragrance company located close to Milan (Italy), has established itself as the fragrance supplier of choice for several Italian brands in fine fragrances, personal care and home care categories. It has 80 employees including creative teams (perfumers, evaluators, marketing, laboratory technicians) and operational and administrative teams (manufacturing, warehouses, finance, human resources). The production is highly automated, almost to extent of 95%, with several dosing robots suited to different batch sizes. CFF manufactures fragrance batches of 1kg to 10 tonnes with an annual capacity of 5,000 tonnes.

The perfumers of CFF create fragrances based on briefs received from the customers. The request can also be met with fragrances coming from a large collection of several thousands of fragrances. Additionally, the Company has a contract manufacturing activity for major consumer goods multinationals. Robust quality assurance system ensures superior product quality. The dosing robots provide high accuracy with no defaults.

Revenue contribution is dominated by Italy (75%) catered to by a local sales team and some regional agents. European countries and Middle East contribute 20% and 5% respectively, serviced through a network of agents. The fragrances are mainly used in homecare products (42%) like air fresheners or cleaners, in fabric care products (22%) like laundry fragrance boosters or softeners, in beauty care products (22%) like shampoos or personal wash and in fine fragrance (5%).

Keva has unique raw materials, allowing CFF perfumers to create memorable signature fragrances. High standard management processes and software of Keva deployed to CFF will allow better control and efficiency. The strategy is to consolidate CFF market share in Italy and to expand to select targeted areas in Europe. The Amsterdam Centre of Excellence, focussed on luxury products (fine fragrance and high-end beauty care products), will allow Keva to penetrate new types of customers in Europe with fragrances designed and manufactured in Europe.

Key Macro Highlights

- The segment revenue increased 20.6% YoY aided by demand normalisation in the second half of the year and improved business resulting in healthy volume growth in the domestic business
- While fine fragrances business faced pressure due to international travel restrictions, other segments like fabric care, personal wash, sanitisers, floor cleaners witnessed increased traction as importance of health and hygiene products grew led by COVID-19 pandemic
- Robust sales from wholly-owned subsidiary, Creative Flavours & Fragrances SpA (CFF), further contributed to growth. CFF delivered a steady performance in its core fragrance division driven by increasing demand and volume offtake in the Italian and other European markets
- There was a temporary global surge in raw material prices. However, the Company was able to foresee the transitory raw material volatility environment and proactively built up inventory levels. Prudent inventory management enabled the Company to maintain gross margin performance
- Operational expenses have been kept in control with precise management of working capital and payables
- Operating leverage enabled to increase throughput from the same manufacturing facility

DOMESTIC SALES

Highlights of FY 2020-21

- Domestic sales grew by 5% despite losing one full month of sales due to COVID-19 nationwide lockdown
- New wins from existing large and mid-size FMCG customers in the domestic markets aided growth
- With robust inventory management, the Company was able to maintain margin amidst challenging raw material scenario
- Became the exclusive distributor for Isobionics Santalol in India. The new fragrance ingredient is the first joint product from BASF and Isobionics and is an alternative to sandalwood oil and is produced on a bio-technological basis from renewable raw materials

Outlook

The market is witnessing good traction of new product development with a slew of new launches seen around health soaps, sanitisers, and specific health-benefit products. The Company is working with existing and new clients to cater to these growing needs. The Company has an edge over competitors, given its strong leadership in the FMCG category. With a strong domestic portfolio, state-of-the-art manufacturing capabilities, robust inventory management and strong supply chain, the Company is well poised to capture new growth levers.

For its bio-technology innovation in the ingredients portfolio, the Company's R&D efforts are progressing in the right direction and the Company is establishing supply chain links for effective production. The Company is constantly working on prototype development and exploring new applications as well.

The Company is fully equipped to handle second or third wave-led restrictions and ensuring that all factories and laboratory work at full capacity without any disruption. All requisite arrangements are in place for employees to stay comfortably and safely within the factory premises.

EUROPE AND REST OF THE WORLD

Highlights of FY 2020-21

With CFF delivering strong performance driven by robust volume off-take in the European markets, sales in Europe grew by 198.7%, post full consolidation of CFF into Keva from August 2020. Sales, in rest of the world, however, saw a marginal decline of 0.4%.

The Company established business relationships with new clients in new geographies. The Company sees good headroom from growth in the existing geographies as well where is striving to grow aggressively. New wins included extension of encapsulated fragrances technology to SEA markets.

The Company effectively moved several operations to work-from-home and with effective planning, business was managed smoothly.

In the SAMEA markets, the Company managed to meet revenue targets despite challenging environment given its strong dominance in the medium to small scale clients. Even amongst the large corporates, the Company has good business relationships. While growth was led by fabric care, personal wash, home care and health and hygiene products, fine fragrance category gained good traction in the second half of the year. The Company saw good traction in Bangladesh and Sri Lankan markets.

The European region saw a decline in the demand for fine fragrances, particularly in premium personal and beauty care segments where brands slowed down new launches. The demand was highly concentrated towards sanitisation category. Early signs of recovery were seen in the second half of the year in the luxury fine fragrances. The other sub-segments under fine fragrance segment like mass, internet sales, niche brands saw decent rise in demand.

Outlook

Emergence of new categories gives Company to grow in the existing markets. Also the Company is constantly looking to expand geographical footprint to aid international business growth.

Given low penetration levels in the SAMEA market, the Company has huge scope for organic growth. The Company has chalked out a three-year plan for SAMEA region to grow across clientele – both big and small with focus on customisation. Future growth is expected to be driven by health and hygiene products and naturals segment. Regionally Certifications (Halal) are gaining increasing importance and become essential part of product offerings. Consumers continue to demand long-lasting fragrance experience which will further increase the opportunity in encapsulation across functional products.

In Europe, consumers are increasingly looking for sustainable and natural products. Also there is growing popularity of e-commerce. Given Keva's strong brand equity, small and large customers in this region approach the Company for various fragrance needs. Keva is the preferred fragrance brand even amongst fine fragrance companies. The Company is working with several fine fragrance players for a range of products to be launched in the coming year. Business processes in Europe have been reviewed in order to achieve better efficiency in manufacturing and creation. From FY 2021-22, CFF will act as the basis for growth in Europe, from a strong customer base in Italy, to become the leader on the Italian market.

The Company will focus on identified core categories for future growth leveraging the Company's creativity, competence and innovative spirit. In-house encapsulation technology, new captive fragrance ingredients and other innovations are expected to continue to create points of differentiation. The aim is to create a good balance in product portfolio across premium offerings and value for money solutions to ensure adequate profitability.

Business Segment 2 – Flavours

With strong brand equity due to superior quality FSSAI approved innovative products, Keva is a leading manufacturer in flavour segment in India catering to various sectors like beverages, dairy products, confectioneries, bakery products, savoury, pharmaceuticals, nutraceuticals etc. The health and wellness and naturals segment are currently the high growth categories. The Company boasts of world-class state-of-the-art manufacturing facilities and well-equipped laboratory. The Company closely monitors market trends basis which its skilled team of 6 flavourists innovate flavours to strengthen its leadership in the segments. The team has created several flavours in the naturals category catering to the food science space.

Scale with agility

The Company's superior product quality is a reflection of US FDA registration and Halal certification, which qualify its robust quality management system. With high clarity of purpose and process design, the highly agile team curates new flavours. Use of advanced planning techniques, variable capacities and strong relationships with reputed logistics companies enables the Company to promptly modify production and ensure high efficiency in logistics.

Products and applications

The Company, which has a rich legacy in the flavours space, has developed a variety of flavours broadly categorised into natural, nature-identical and artificial available in dry, mix, liquid and encapsulated forms. Based on ever-evolving consumer trends, the Company has developed products for different categories like shakes and smoothies in the dairy segment, fruit-based and health drinks in beverages, confectionery, bakery and pharmaceuticals.

DOMESTIC SALES

Highlights of FY 2020-21

- Domestic revenue grew 7%, led by continued good traction with existing and new customers
- Healthy product mix resulted in improvement in operating margins
- Launched new product offerings which saw strong acceptance in the markets
- Launched a new product called Ayush Kwath, an immunity booster which saw good traction amidst COVID-19 pandemic
- Food industry has been witnessing strong growth with high uptick on processed food and food deliveries aiding the growth of flavours industry
- Launched immunity boosters for the online retail market based on its newly developed Ayurvedic (immunity-boosting flavour) extracts following the Ayush guidelines formulation
- Granules segment with 7-8 products targeting a few companies saw good response
- Good traction seen in nutraceuticals and health supplements like protein powders and protein bars launched in the health and wellness segment
- Launched natural flavours on Amazon and Flipkart under Keva brand name witnessing huge monthly orders
- Natural flavours in the home use segment saw good uptick on Amazon
- Started own e-commerce portal, kevaflavours.com which received good initial consumer response
- Started separate B2B e-commerce portal on the website and increasing awareness through social media and digital marketing
- With start-ups buying huge quantities of natural flavours from distributors, the Company revisited and refurbished the natural flavours list in the distribution market
- Witnessed wins in new categories and in key accounts in granules in bakery and milkshake markets

Outlook

The flavours market in India is nascent with low penetration. Several categories in the segment are witnessing rapid growth and the Company is looking to create a meaningful presence in the rapidly growing markets like food. The Company is increasing its focus on savoury market with seasonings which has witnessed good consumer response, and on encapsulated powder market which has a lot of scope for growth.

The demand in naturals segment and health and wellness segment is rapidly growing from both start-ups and established manufacturers. The market is small but growing at a very rapid pace. The Company has a big range available in the market and is upbeat about future growth prospects.

The demand of flavours in home use segment has seen significant growth led by baking and home cooking becoming more popular with self-cooking being preferred over ordering food amidst COVID-19 pandemic. The Company has a strong pipeline of products and are also increasing focus on providing customised solutions to key clients.

The expert team is working on promoting use of artificial intelligence (AI) to speed up the process of innovating novel flavours. This is expected to be a game changer in the field of flavours in the coming decade.

> "The Company is increasing its focus on savoury market with seasonings which has witnessed good consumer response and on encapsulated powder market which has a lot of scope for growth"

The Company has completely geared itself for the restrictions that may be imposed owing to future infection waves of COVID-19.

EUROPE AND REST OF THE WORLD

Highlights of FY 2020-21

- In Europe, the flavours business grew by 319%. However, the segment witnessed a decline of 8.6% in rest of the world
- Witnessed strong traction with both new and existing clients
- Made flavours compliant with certain new regulations in Europe. All flavours going into export market through Middle East and Europe are completely compliant with local regulations

Outlook

The Company foresees good growth prospects in international markets especially in the food space. However, in case of specific downturn led by successive COVID-19 waves, increased travel restrictions and stunted growth in hospitality segment may impact growth. The Company is closely monitoring these events.

QUALITY MANAGEMENT AND KNOWLEDGE CAPITAL

Quality management

Overview

- The Company has been awarded USFDA registration and several certifications including FSSAI, ISO 9001:2008, ISO 14001:2015, FSSC 22000 and ISO 22000:2005
- ISO 9001, ISO 14001 and ISO 45001 certifications awarded to the ingredients and extraction facility at Vapi
- FSSAI license granted to the extraction facility at Vapi
- Mahad facility awarded the ISO certifications for Quality, Environment Management System and the OHSAS (Safety) Management System
- Awarded stringent certifications like HACCP for food safety, Integrated Management System for environment and occupational safety
- Higher efficiency levels led by SAP-enabled processes
- Testing laboratory is equipped with latest technologically advanced plant and machinery including gas chromatographs, density meters, automatic polarimeters, tintometers, flash-point testers, microbiological testing, etc.
- Safe working environment with strict adherence to rigorous HSE (Health, Safety and Environment) policy
- All facilities have effluent treatment plants in close proximity in keeping with clean environment policies
- Keva's Vashivali plant is a Zero Liquid Discharge unit
- Strict adherence to world standard quality control practices

Outlook

The Company is committed to comply with highest quality standards and comply with all requisite regulatory compliances to deliver best-in-class products both in domestic and international markets. Globally consumers are looking for greener, safer and more sustainable products. With its state-of-the-art research facility in India having all requisite certifications, the Company is looking to gain both mindshare and wallet share of these environmentally conscious customers. Department of Scientific and Industrial Research (DSIR) acknowledged the Company for its innovative molecules developed in-house in its R&D centre.

Knowledge capital

- Human capital is a key resource for the Company
- Campus hiring and lateral hiring are effective tools used for attracting high-quality talent pool
- Management training programmes enable the Company to groom high potential employees for internal career progression
- LEAD programme is an effective HR tool to ensure skill development of the existing talent pool
- Amidst rising mental health issues, the Ear2Hear', Employee Assistance Programme (EAP), extends consultation on personal issues - professionally and confidentially, to employees and their family members

Keva's manufacturing unit at Vashivali, Raigad

To accelerate career growth holistic, an exclusive program aimed to invest substantially in employees, PACT – Promise of Accountability, Commitment and Teamwork, was effectively used. PACT offered differentiated engagement plans, conducive work habitats with short-term and medium-term international exposure and learning opportunities to keep employee morale high.

Outlook

With boundaries between flavours and fragrances increasingly blurring, the Company is continuously striving to groom its talent line in this direction. While employees are encouraged to ramp up production, the Company has maintained its ethos of putting people first. Amidst pandemic, the Company maintained complete safety of all its employees and provided them with a safe and conducive work environment.

RISK IDENTIFICATION AND MITIGATION

Global risk: With presence in multiple countries across the world, the Company is vulnerable to get impacted by macro-economic developments in any/all of these countries.

Mitigation: To keep a check on global risk, the Company has a dedicated expert team that suggests appropriate business continuity plans and measures in response to various developments taking place in the countries in which it has business exposure.

Redundancy risk: Market trends rapidly evolve with changing times. It is imperative for the Company to adapt to changing consumer needs and accordingly innovate flavours and fragrances and stay ahead of the competition.

Mitigation: The strong in-house team of professional perfumers and flavourists and dedicated budget for R&D, are reflective of the Company's commitment to innovation-led growth avoiding any risk arising from redundancy.

Supply risk: Inadequate supply or unavailability of one or more of the 1,500+ raw materials that are used in the Company's business operations may lead to production delays and impact brand equity.

Mitigation: With its rich legacy in the fragrance and flavours segment, the Company has established long-lasting relationship with suppliers and long-term contracts for raw materials ensuring adequate inventory at all times. Further, strong inventory management system enables to wade away supply risk.

Regulatory risk: Changing regulatory compliances or flouting of any rule or regulation knowingly/unknowingly poses significant risk business continuity and sustainability.

Mitigation: Robust internal financial control systems along with a stringent online statutory compliance management system, ensure timely review of systems. A team of internal auditors, further supported by external auditors ensure strict compliance of all regulations. In addition, the Audit Committee of the Board closely monitors the robustness of various systems helping the Company to avoid regulatory risk.

Foreign currency risk: With operations spread to over 50 countries, the Company is exposed to cross-currency volatility.

Mitigation: Appropriate and effective hedging techniques by the forex team enable the Company to minimise exposure to cross-currency fluctuations.

> "The Company is committed to comply with highest quality standards and comply with all requisite regulatory compliances to deliver best-in-class products both in domestic and international markets."

Receivables risk: The Company faces risk of high incidence of bad debts as it enters into long duration export receivable cycles.

Mitigation: Thoughtful and acute screening of trade partners following stringent and well planned processes enables the Company to minimise risk arising from default in receivables. The Company further de-risks through adequate credit insurance.

Revenue concentration risk: High revenue contribution from a single client or a few large clients increases dependency on performance of these clients reducing robustness of business.

Mitigation: The Company not only caters to large clients but also has long-lasting relationships with several small and medium sized clients taking the total clientele to over 4,100 de-risking business continuity due to over dependence.

Business sustainability risk: Business continuity may be at risk if the operational responsibilities are managed by a few key personnel.

Mitigation: The Company's key management positions are held by experts from downstream industries who work independently. Robust employee succession programmes, periodic training modules for critical employees and strong emphasis on in-house talent upgradation ensures operational responsibilities are well shared by an expert team and not concentrated in the hands of a few.

Competition risk: The Company faces immense competition from both domestic and international players given the high growth prospects of both the flavours and fragrance industries.

Mitigation: Long legacy, strong brand equity, unparalleled bond with all stakeholders, undivided focus on R&D and innovation gives a strong edge to the Company over competition.

Concentration risk: Dependence of selected downstream sectors can risk business profitability in the event the sector faces unforeseen challenges.

Mitigation: Through both its fragrance and flavours divisions the Company caters to a wide variety of sectors including personal care, air care, skin & hair care, beverages and fine fragrances. The Company modifies its exposure to various sectors depending on the growth prospects.

Significant Changes in Key Financial Ratios

Sr. No.	Particulars	2021	2020	Reason for Change
1	EBITDA Margin (%)	17.68	11.66	Change in product mix and reduction in operating costs led to higher profitability in current year
2	Net Profit Margin (%)	10.54	4.48	Change in product mix and reduction in operating costs as well as interest cost led to higher profitability in current year
3	Interest Coverage Ratio (times)	16.89	4.67	Better profitability, lower interest costs due to lower average borrowings during the year as against previous year resulted in improvement in interest coverage ratio
4	Current Ratio	1.21	1.15	No major variation
5	Debt Equity Ratio	0.10	0.12	No major variation
6	Return on Net Worth	12.55	5.61	Better profitability resulted in improvement in return on net worth
7	Debtors Turnover Ratio	3.79	4.87	Delay in collections due to pandemic situation lead to higher average receivables and resulted in reduction in Debtors Turnover Ratio

Corporate Social Responsibility

Magic Bus - Urban Rapid Recovery Programme

COVID-19 has touched us all. We cannot let our guard down. We have to keep our resolute up and do whatever we can to defeat this virus that has wreaked havoc on the country.

Amidst an unparalleled global economic crisis, the Company rose to the challenge with impactful CSR contributions. As people who were vulnerable before the pandemic faced more risks to their health, stability, housing and wellbeing, the Company in collaboration with several NGOs, stepped in to help provide relief measures to this vulnerable class of people. Keva thrived to extend support in various ways to communities, healthcare and frontline workers as well as further the various initiatives by the Central and State governments. Financial contribution was made to PM CARES Fund and Chief Minister Relief Fund.

Keva partnered with Magic Bus Foundation in its livelihood enhancement programme called Urban Rapid Recovery Programme. The programme aimed at ensuring that the youth and out-of-work adults were engaged with the employment exchange and were successfully placed in work or training. This initiative, undertaken after the first wave of pandemic settled, was the need of the hour to ensure the sufferings of the under-privileged were soothed to some extent.

During the nationwide lockdown, in partnership with Roti Bank, Keva strived to provide meals to over 75,000 daily wage workers and migrant labourers.

Near Ratnagiri, Keva provided medical equipment and consumables to B.K.L. Walawalkar Hospital & Rural Medical College to step up testing at its laboratory to facilitate ease of testing for the affected people in and around Ratnagiri and Sindhudurg districts in Maharashtra.

Other than providing safe harbour to several employees within the factory premises, Keva contributed to the formation of Dedicated COVID Health Centre (DCHC) aimed at providing required medical assistance and care to several industrial employees as well as societies in Mahad, Maharashtra.

In view of the ongoing health crisis, Keva donated PPE kits, 3 ply masks, N-95 masks to the Municipal Corporate of Greater Mumbai to protect our frontline warriors who are tirelessly working on-ground to provide relief to COVID-19 patients.

The Company also continued to work towards society upliftment and other causes that it has been associated with in the past. Keva extended support to education infrastructure and facilities to uplift lives of people in and around its plants. The Company continues to work towards minimal carbon impact on the environment through supporting Environment Sustainability of its projects. To aid rural and community development, the Company worked towards building toilet blocks, bus stops etc. Keva also supported vocational skill enhancement and sports training and aided research projects in partnership with IIT Bombay.

Roti Bank - Meal Distribution

BOARD'S REPORT

Dear Shareholders,

Your Directors take pleasure in presenting their 65th 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 2021.

In compliance with the applicable provisions of Companies Act, 2013 (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 (Listing Regulations), this report covers the financial performance and other developments during the financial year 2020-21 and upto the date of the Board Meeting held on 27 May 2021 to approve this report in respect of SHK on a standalone basis as well as SHK on a consolidated basis comprising of SHK, its subsidiaries and joint ventures. Consolidated SHK has been referred to as "Keva" in this report.

FINANCIAL HIGHLIGHTS & BUSINESS REVIEW

Financial Highlights:

(₹ in Crores)

Particulars	Standalone			Consolidated		
	2020-21	2019-20	Growth %	2020-21	2019-20	Growth %
Sales	756.13	712.85	6.07	1315.13	1,105.08	19.01
Other operating income	4.88	5.97	(18.25)	6.83	9.15	(25.36)
EBITDA	133.68	83.12	60.82	259.35	165.98	56.25
Royalty Expense	15.72	16.47	(4.55)	0.29	-	-
Finance Costs	6.28	11.74	(46.51)	17.07	24.7	(30.89)
Depreciation	27.63	28.29	(2.33)	61.51	51.5	19.44
Profit before Tax (PBT) before exceptional items	99.77	43.09	131.54	180.77	89.78	101.35
Share of profit in equity accounted investee	-	-	-	0.24	1.16	(79.31)
Profit before Tax (PBT) after exceptional items	99.77	43.09	131.54	193.51	54.48	255.19
Taxation	20.06	11.17	79.59	49.53	18.62	166.00
Profit after Tax (PAT)	79.71	31.92	149.72	143.98	35.86	301.51

Notes:

1. The standalone financial statements for FY 2019-20 have been re-cast to reflect the impact of merger of the Company's wholly-owned subsidiaries, Saiba Industries Private Limited, Keva Chemicals Private Limited and Rasiklal Hemani Agencies Private Limited with the Company.
2. With the completion of acquisition of 100% equity stake in Creative Flavours & Fragrances SpA (CFF) in FY 2020-21, CFF has been de-recognised as joint venture and recognised as wholly-owned subsidiary effective 01 August 2020 and thus, its financials have been fully consolidated in the Company's consolidated financial statements from 01 August 2020 onwards.

Business Review:

With a strong parentage and long standing presence of nearly 100 years in the Fragrance & Flavour Industry, Keva continues to be a leading innovator of sensorial experiences, co-creating unique products that consumers taste, smell or feel in fine fragrances and cosmetics, detergents and household goods, food and beverages. Keva's flavour and fragrance compounds combine a number of ingredients to produce proprietary formulae created by its flavourists and perfumers.

The Directors are pleased to inform that Keva delivered a healthy business performance in FY 2020-21. The normalization in demand enquiries across both domestic as well as international markets during the last quarter of the year boosted the performance of the year which was otherwise affected on account of pandemic-related disruptions in the first quarter of the year. The Company saw improved client engagements and new wins across the domestic FMCG space towards the end of the year.

On a consolidated basis, the total revenues from operations during FY 2020-21 grew by 19% on a year-on-year basis i.e. from ₹ 1,105.1 crore during the previous year to ₹ 1,315.1 crore in FY 2020-21. On a like-for-like basis, revenues grew by 3% year-on-year, without adjusting for the period of disruption. On the profitability front, Keva's prudent inventory management in addition to better product mix enabled it to maintain margins at a healthy level despite the global supply chain and raw material inflation issues, particularly in the second half of the fiscal. Keva's gross margins during the year stood at 43% and EBITDA margins were at 19%. EBITDA was higher by 56.2%.

In the last eight quarters, Keva has consistently delivered steady gross margins within the range of 42% to 44%. This indicates the financial efficiency and stability of Keva's business model. Profit after tax (PAT) during the year stood at ₹ 143.98 crore. Excluding exceptional gain and loss in FY 2020-21 and FY 2019-20, respectively, PAT in FY 2020-21 stood at ₹ 131.2 crore as against ₹ 71.2 crore in the previous year, higher by 84% year-on-year. Keva was able to significantly lower its net debt by ₹ 112 crore during the last quarter of the year owing to robust collections, strong cash flows and normalizing inventory. It translated to a healthy debt to equity ratio of 0.4X.

On a standalone basis, the Company achieved a topline growth of 6%. EBITDA stood at ₹ 133.68 Cr and the net profit was ₹ 79.71 Cr.

The fragrance division delivered an improved performance with fragrance business reporting a healthy growth of 20.6% in revenues. The Company saw improved wins from existing and new large and mid-sized FMCG customers in the domestic markets. In addition, normalisation in demand across domestic and international markets assisted growth. Higher operating leverage resulted in improved profitability.

The flavours division reported a stable performance during the year with an improvement of 4.5% in revenues. The division witnessed steady offtake in domestic and European markets. Margins during the year remained at healthy levels.

Keva has become the exclusive distributor for Santalol - Isobionics' product in India. The new fragrance ingredient is the first joint product from BASF and Isobionics and is now available for the Indian market through the Company. The new fragrance ingredient is an alternative to sandalwood oil and is produced by a biotechnological basis from renewable raw materials.

COVID-19 and government steps to reduce the spread and address the impact of COVID-19 have had and continue to have a profound impact in recent times on the way people live, work, interact and shop and have significantly impacted and may continue to impact economic activity around the world. During 2020-21, many of the countries in which Keva manufactures, markets and sells its products experienced unprecedented "stay at home" orders, travel or movement restrictions and other government actions to reduce the spread and address the impact of COVID-19 and have implemented varying policies to resume economic activity. Since Keva's flavours and fragrances formed a crucial ingredient to various FMCG products (such as soaps, sanitizers, hand-wash and other personal hygiene products, home cleaners, food products) which had been deemed essential for the health and well-being of people, Keva had, in most instances, been able to continue operating its business during the year. In doing so, the health, safety and well-being of its employees had been and remained Keva's first priority.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's business in India and abroad, risk management systems and other material developments during the year under review.

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 of corporate governance requirements as stipulated under the Listing Regulations form an integral part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

Your Company strives to create value for all stakeholders whilst growing responsibly and sustainably. A detailed information on the initiatives of the Company as enunciated in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 is provided in the Business Responsibility Report, a copy of which will be available on the Company's website www.keva.co.in. For Business Responsibility Report as stipulated under Regulation 34 of the Listing Regulations, kindly refer to Business Responsibility Report section which forms part of this Annual Report.

DIVIDEND

Your Directors are pleased to recommend a final dividend of 7.5% i.e. 75 Paise per equity share on 14,13,20,801 fully paid-up equity shares of face value of ₹10/- each, in addition to an interim dividend of 10% i.e. Re. 1 per equity share declared on 11 November 2020, aggregating to a total dividend payout of 17.5% i.e. ₹ 1.75 per equity share for FY 2020-21.

The list of unpaid dividend declared upto the financial year 2019-20 and in November 2020 is available on Company's website www.keva.co.in. Shareholders are requested to check the said list and if any dividend due to them remains unpaid in the said list, can approach the Company for release of their unpaid dividend.

TRANSFER TO GENERAL RESERVE

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, there was no unpaid/unclaimed dividend that was required to be transferred to the Investor Education and Protection Fund (IEPF) Authority of the Central Government of India.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company for the financial year 2020-21, are prepared in compliance with applicable provisions of the Companies Act, 2013, 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 / joint venture companies, as approved by their respective Board of Directors.

SUBSIDIARIES AND JOINT VENTURES

As on 31 March 2021, the Company had subsidiaries and joint ventures in India, United Kingdom, the Netherlands, Italy, Singapore, China and Indonesia as mentioned hereunder:

- Keva Fragrances Pvt. Ltd.
- Keva Flavours Pvt. Ltd.
- Creative Flavours & Fragrances S.p.A, Italy
- Keva UK Ltd., United Kingdom
- Keva Europe BV, the Netherlands
- Keva Fragrance Industries Pte. Ltd., Singapore
- V N Creative Chemicals Pvt. Ltd. *(step-down subsidiary)*
- Tanishka Fragrance Encapsulation Technologies LLP *(step-down subsidiary) (under process of strike-off)*
- PFW Aroma Ingredients B.V., the Netherlands *(step-down subsidiary)*
- PT SHKKEVA Indonesia, Indonesia *(step-down subsidiary)*
- Anhui Ruibang Aroma Company Ltd, China *(step-down subsidiary)*
- Keva Italy Srl *(step-down subsidiary)*
- Purandar Fine Chemicals Pvt. Ltd. *(Joint Venture)*

A statement containing the salient features of the financial statements of the subsidiaries in the prescribed format AOC-1 is appended as Annexure A to this Report. The financial statements of the subsidiaries are available on the website of the Company viz. www.keva.co.in.

Financial and operational performance of the subsidiaries and joint ventures is given hereunder:

Keva Fragrances Private Limited:

Keva Fragrances Private Limited is involved in the business of manufacture and exports of fragrances, flavours and aroma ingredients. Keva Fragrances Private Limited registered total revenue from operations of ₹ 485.32 Crores in financial year 2020-21 as against ₹ 409.25 Crores in financial year 2019-20 and profit of ₹ 55.30 Crores in financial year 2020-21 as against loss of ₹ 11.79 Crores in financial year 2019-20. Increase in revenues from both EOU unit as well as Vapi unit in the current year contributed to revenue growth. Margins improved due to change in product mix during the current year coupled with lower employee cost and amortisation expenses.

Keva Flavours Private Limited:

Keva Flavours Private Limited develops flavours that underpin food and beverage brands in India. Keva Flavours Private Limited registered a total revenue from operations of ₹ 191.58 crores in financial year 2020-21 as against ₹ 136.91 crores in financial year 2019-20. The increase in revenue was mainly on account of sale of F&F blends which also resulted in improvement of bottom line. The subsidiary registered a profit of ₹ 2.43 crores in financial year 2020-21 as against a loss of ₹ 1.20 crores in financial year 2019-20 due to.

VN Creative Chemicals Private Limited:

During the year under review, VN Creative Chemicals Private Limited registered an operating revenue of ₹ 96.82 crores as against ₹ 124.04 crores during the previous year. It incurred a loss of ₹ 1.22 crores as against a profit of ₹ 8.54 crores during the previous year. The sales of one of the products dropped marginally (by 19 tons aprrox) during the year. Further, the COVID-19-triggered drop in average selling price led to decline in revenues thereby affecting the bottom line during the year.

Tanishka Fragrance Encapsulation Technologies LLP:

The Company, through Keva Chemicals Pvt. Ltd., step-down subsidiary of the Company, had acquired Fragrance Encapsulation Technology from Tanishka Fragrance Encapsulation Technologies LLP ("TFET LLP") in April 2017. During the year under review, TFET LLP had voluntarily applied for strike-off of its name from the Register of LLPs. The LLP shall be considered to have been struck off with effect from date of publication of an order to that effect in the Official Gazette which is awaited as on date. The LLP shall be deemed to have closed and would no longer be in existence once its name has been struck off from the Register of LLPs.

Purandar Fine Chemicals Private Limited:

During the year under review, Purandar Fine Chemicals Pvt. Ltd. registered a total revenue of ₹ 6.15 crores as against ₹ 3.60 crores during the previous year and a profit after tax of ₹ 0.36 crores as against profit after tax of ₹ 0.18 crores during the previous year. The increase in revenues and profit was mainly on account of surge in demand for one of the fragrance ingredients being manufactured by this subsidiary.

Keva Fragrance Industries Pte. Ltd.:

Keva Fragrance Industries Pte. Ltd. was incorporated in Singapore to spearhead Keva's market access and growth plans of South East Asia. It is also a sourcing hub for Keva group and houses a fabric care centre of excellence of the Group. During the year under review, Keva Fragrance Industries Pte. Ltd. registered an operating revenue of ₹ 133.20 Crores as against ₹ 154.53 Crores during the previous year and a profit of ₹ 7.29 Crores as against a profit of ₹ 2.82 Crores during the previous year.

PT SHKKeva Indonesia:

PT SHKKeva Indonesia is a company incorporated in Indonesia and is involved in the business of trading and distribution of perfumery compounds. During the year under review, PT SHKKeva Indonesia registered an operating revenue of ₹ 12.86 Crores as against ₹ 27.29 Crores during the previous year and a loss of ₹ 7.38 Crores as against a profit of ₹ 0.18 Crores during the previous year.

Anhui Ruibang Aroma Company Ltd:

Headquartered in Fuyang, Anhui is a leading aroma ingredient Company in China. During the year, Anhui registered an operating revenue of ₹ 11.03 crores as against ₹ 34.92 crores last year and a loss of ₹ 1.94 crores as against a profit of ₹ 0.51 crores during the previous year. The lockdown in China on account of COVID-19 pandemic affected the production leading to a decline in revenues to some extent which in turn affected the bottom line.

Keva Europe BV:

Keva Europe B.V. is a wholly owned subsidiary of S H Kelkar and Company Limited incorporated in the Netherlands. Keva Europe B.V. has been acting as a holding company for Keva's operations in the Europe. It also carries on discovery and research activities in relation to fragrances, flavours and aroma ingredients. During the year under review, Keva Europe BV, registered a profit of ₹ 3.68 crores during the year as against a loss of ₹ 1.40 crores during the previous year.

Creative Flavours & Fragrances S.p.A:

Creative Flavours & Fragrances S.p.A (CFF) is a leading fragrance company in Italy serving the whole of Europe. The financial year of CFF was changed last year to align the same with the financial year of the parent company – SHK. Accordingly, the financial year of CFF for FY 2020-21 comprised of a period of 15 months from January 01, 2020 to March 31, 2021. During the year under review, CFF registered an operating revenue of ₹ 325.75 crores (including revenue from contract manufacturing approx ₹ 115.12 Crore) as against ₹ 242.55 crores during the previous year and a profit of ₹ 14.65 crores as against ₹ 3.87 crores during the previous year. It may be noted that with the completion of acquisition of 100% equity stake in CFF in FY 2020-21, CFF has been de-recognised as joint venture and recognised as wholly owned subsidiary effective 01 August 2020 and thus, its financials have been fully consolidated in the Company's consolidated financial statements from 01 August 2020 onwards.

Keva Italy Srl

The Company has incorporated Keva Italy Srl in Italy through its wholly owned subsidiary Keva Europe BV on 22 November 2019. During the year under review, Keva Italy Srl, registered a profit of ₹ 0.86 crores.

Keva UK Limited:

Keva UK Limited is a company incorporated in London and is authorised by its constitutional documents to manage the investment of your Company in the Netherlands - PFW Aroma Ingredients B.V. Keva UK Limited did not carry any business during the year. During the year under review, Keva UK Limited did not register any revenue. Profit was ₹ 0.06 Crores as against loss of ₹ 0.38 lakhs during the previous year.

PFW Aroma Ingredients B.V.:

PFW Aroma Ingredients B.V. is a company incorporated in the Netherlands and is involved in the business of aroma ingredients. During the year under review, PFW Aroma Ingredients B.V. registered an operating revenue of ₹ 108.43 Crores as against ₹ 131.94 Crores during the previous year and profit of ₹ 0.05 Crores as against a loss of ₹ 22.15 Crores during the previous year. The sales of one of the key products dropped marginally during the year. Further, the COVID-19-triggered drop in average selling price led to decline in revenues thereby affecting the bottom line during the year.

ACQUISITIONS

As the Members are aware, the Company, through its wholly owned subsidiary Keva Fragrance Industries Pte. Ltd, Singapore (Keva Singapore) had entered into an agreement for acquisition of 90% equity stake of Anhui Ruibang Aroma Company Ltd. (Anhui) in FY 2018-19 of which 66.7% equity stake was acquired during the same year. The Board is pleased to inform that Keva Singapore has acquired balance 23.3% equity stake in Anhui during the year.

The acquisition has given Keva access to alternate tonalid manufacturing facility thereby ensuring no supply disruptions to customers. It has also enabled Keva to consolidate its market position for tonalid.

The Board would also like to inform that Keva Italy S.r.l. ("Keva Italy"), Italy and Creative Flavours & Fragrances S.p.A. ("CFF"), Italy, subsidiaries of the Company, have acquired aggregate 70% equity stake of Nova Fragranze S.r.l. ("Nova"), Italy, the effective date of acquisition being April 01, 2021. Keva Italy and CFF have acquired 28% and 42% stake respectively of Nova.

Incorporated in year 1992, Nova is an Italy-based company specialized in the fragrance development and marketing with focus on premium customers and high-end products, particularly in hair care and beauty care. This is a value accretive and synergistic inorganic growth opportunity for Keva and is in sync with Keva's growth strategy to expand addressable market in Italy and Europe.

SCHEME OF MERGER BY ABSORPTION

On 11 September 2020, the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench has approved the Scheme of Merger by Absorption of the Company's wholly-owned subsidiaries, Saiba Industries Private Limited, Keva Chemicals Private Limited and Rasiklal Hemani Agencies Private Limited, with itself. The Scheme became effective on 20 October 2020. The Appointed Date of merger is 1 April 2019.

SHARE CAPITAL

There has been no change in the capital structure during the year under review. The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity during the year. No buy-back of shares was carried out during the year.

PUBLIC DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

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 Companies Act, 2013 are given in the notes to the Financial Statements.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions are placed before the Audit Committee for its approval. During the year under review, the Audit Committee approved transactions through the omnibus mode in accordance with the provisions of the Act and Listing Regulations. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as Annexure B to this Report.

DIRECTORS

In terms of applicable provisions of the Act and the Articles of Association of the Company, Mr. Amit Dalmia will retire by rotation in the forthcoming Annual General Meeting and will be considered for re-appointment because of his eligibility. Brief resume and other details of Mr. Amit Dalmia, who is proposed to be re-appointed as a Director of your Company, have been furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Ms. Alpana Parida ceased to be an Independent Director of the Company with effect from closure of business hours of December 08, 2020 pursuant to completion of her tenure as per the provisions of the Act and relevant provisions of the Listing Regulations. The Board places on record its appreciation for the guidance and support provided by Ms. Parida during her tenure with the Company.

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 Companies Act, 2013. The Independent Directors have been familiarised with the Company, their roles, rights and responsibilities in the Company etc. The details of the Familiarization Programme 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 Companies Act, 2013. 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 Listing Regulations and are independent of the management.

BOARD MEETINGS

During the year, 7 (seven) Board Meetings were convened and held on 26.05.2020, 30.06.2020, 12.08.2020, 11.11.2020, 08.12.2020, 10.02.2021 and 11.03.2021. 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 Companies Act, 2013 and Listing Regulations.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company meet without the presence of the Managing Director or 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 11 March 2021.

COMMITTEES OF THE BOARD

The Company has constituted various Board level committees in accordance with the requirements of Companies Act, 2013. The Board has the following committees as under:

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship 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 Companies Act, 2013 read with Rules issued thereunder and the Corporate Governance requirements as prescribed by 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 and provide necessary report to the Board for further evaluation of the Board; c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The guiding principles of the policy are to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and senior management of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- 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.

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 policy may be accessed on the website of the Company at www.keva.co.in.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel in the Company as per Section 2(51) and 203 of the Companies Act, 2013 as on 31 March 2021 are as follows:

- Mr. Kedar Vaze - Whole Time Director and Group Chief Executive Officer
- Mr. Shrikant Mate - Executive Vice President and Group Chief Financial Officer
- Ms. Deepti Chandratre - Company Secretary & GM – Legal

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith 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 this 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 system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS

The term of B S R & Co. LLP [holding Registration No. 101248W/W-100022 with the Institute of Chartered Accountants of India (ICAI)] as the Statutory Auditors of the Company shall be concluding with the conclusion of the ensuing Annual General Meeting of the Company. The firm has audited the financial statements of the Company for the year under review.

Pursuant Section 139 of the Companies Act, 2013 and the rules made thereunder which mandates rotation of statutory auditors, the Board of Directors, at its meeting held on March 11, 2021, has approved the appointment of M/s Deloitte Haskins & Sells LLP (Firm Registration Number - 117366W/W-100018) as the Statutory Auditors of the Company for a period of five years from the conclusion of 65th Annual General Meeting (i.e. ensuing Annual General Meeting) of the Company till the conclusion of 70th Annual General Meeting, subject to the approval of the members of the Company.

Deloitte Haskins & Sells, Mumbai has been converted to a Limited Liability Partnership (LLP), with the name Deloitte Haskins & Sells LLP with effect from 20 November 2013. DHS LLP is registered with the Institute of Chartered Accountants of India (Registration No. 117366W/W-100018). It has significant experience in serving some of the largest and most respected companies and business houses in India. Its Audit & Assurance team has over 2,400 professionals. DHS LLP has national presence with offices in 11 cities. Its experience as an audit firm is commensurate with the requirements as regards the size and competencies necessary for rendering auditing services to the Company.

The Auditors' Report on the financial statements of the Company forms part of the Annual Report. The same is unqualified and when read with notes on financial statements, is self- explanatory, and hence, does not call for any further comments under Section 134 of the Companies Act, 2013.

COST AUDITORS

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Kishore Bhatia & Associates, Cost Accountants, have been appointed as the Cost Auditors of the company for financial year 2021-22. In accordance with the provisions of Section 148 of the Act read with Companies (Audit & Auditors) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained by the Company. Further, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by members at the ensuing annual general meeting.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Mehta & Mehta, Practising Company Secretaries, were appointed to conduct Secretarial Audit of your Company during FY 2020-21.

The Secretarial Audit Report for the financial year ended 31 March 2021 is annexed herewith as Annexure C to this Report. The Secretarial Audit Report contained an observation regarding slight delay in intimation of outcome of board meeting of the Company held on 26 May 2020 to the stock exchanges required to be done in accordance with Regulation 30 read with the relevant Schedule of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In this regard, the Company would like to clarify that due to the nation-wide/state-wide lockdown on account of the COVID-19 pandemic, a force majeure event, the secretarial team was working remotely when the meeting took place. The Company was not geared up then to face the challenges working remotely would pose since it was new way of conducting business meetings and proceedings and the systems in this regard had not fully stabilized in the initial phase of lockdown. The Company faced logistical challenges such as arranging digital signatures, scanning, network issues while uploading etc. which led to a slight delay of about 15-20 minutes in the intimation of the outcome of the aforementioned board meeting to Stock Exchanges.

INTERNAL CONTROL SYSTEMS

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 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

Your Company is committed to protect the interests of its customers, stakeholders, investors, shareholders, employees and each person or entity with whom it is associated. Towards this goal, your Company consistently seeks to strengthen its internal processes and evaluates innovative ways to blunt the risk impact.

Keva has a well-defined risk management framework in place and a robust organizational structure for managing and reporting risks. There is an overarching risk management policy in place that was reviewed and approved by the Board. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Company has implemented Vigil Mechanism through Whistle Blower Policy and Fraud Risk Management Policy. The Whistle Blower Policy provides a robust framework for dealing with genuine concerns and grievances as also adequate safeguards against victimisation of persons who use such mechanism. The Audit Committee periodically reviews the status of complaints received under this policy on a quarterly basis.

The Whistle Blower Policy may be accessed on the website of the Company at www.keva.co.in. During the year under review, no protected disclosure from any Whistle Blower was received by the designated 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 aims at providing a workplace that enables employees to work without gender bias and sexual harassment. To achieve this objective, the Company has in place, a gender neutral policy on prevention of sexual harassment at workplace and framework for employees to report sexual harassment cases at 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, no complaints with allegations of sexual harassment were reported.

STOCK APPRECIATION RIGHTS SCHEME

In terms of SEBI (Share based Employee) Benefits Regulations, 2014, 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 of your Company.

Your Company had lent ₹ 75 Crore to SH Kelkar Employee Benefit Trust ("Trust") for making secondary acquisition of equity shares, subject to statutory ceilings. As on 31 March 2021, Trust held 33,06,429 equity shares representing 2.3% of the paid-up share capital of the Company.

The disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, and Section 62 1(b) read with Rule 12(9) of the Companies (Share Capital & Debentures) Rules, 2014 are set out in Annexure D.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been a firm believer that each and every individual including an artificial person owes something to the society at large. Your Company adopted a comprehensive CSR Policy that defines the framework for your Company's CSR Programme. The CSR Policy may be accessed on the Company's website at the link: www.keva.co.in.

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

During the year, the Company has spent ₹ 1.49 Crore on CSR activities. The Annual Report on CSR activities is annexed herewith marked as Annexure E.

CONSERVATION OF ENERGY

Though the Company's operations involve low energy consumption, the Company has always been conscious of the need to conserve energy. Energy conservation measures have been undertaken across all units of Keva. They comprise process improvements, instrument replacements, and installation of energy efficient equipment, among others.

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

- Replacement of reciprocating compressor by new energy efficient noiseless screw compressor
- 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
- Use of PNG fuel in canteens instead of LPG
- Installation of solar power generation units at Mulund and Vashivali Units
- Installation of Energy Efficient LED lights in place of conventional lights
- Introduction of auto on-off system of exhaust fan in lift rooms
- 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

- Installation of synchronization panel for using solar power during MSEB power failure

The capital expenditure on energy conservation during the year under review was not substantial.

ENVIRONMENT, HEALTH AND SAFETY

The biggest challenge to operations in 2020 was the pandemic. We moved with speed and learnt to operate in a COVID-19 environment, where we had to take this as one of the risks without losing focus. The health and safety of employees has always been Keva's number one priority. Since the onset of the pandemic, your Company closely followed public health guidance and established safety protocols for its offices, manufacturing facilities and customer-facing interactions. Keva further enhanced its safety standards and expanded health and wellness programs.

A process was put in place to manage risks related to COVID-19 by day-to-day health monitoring of all employees and sanitising the workplace with the highest standard. Providing employees with personal protection kits comprising of masks, sanitizers and immunity boosters has helped build their confidence to restart work safely. Social distancing measures go beyond plant boundaries and all transport vehicles adhere to stipulated needs outlined by the government.

Systematic and structured efforts continue to be made towards natural resource conservation by continuously improving resource-use efficiencies and enhancing the positive environmental footprint. Keva has been progressively adopting environmental protocols, adhering to leading certification and abiding to applicable environmental legislations.

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

Various EHS initiatives taken by Keva are as under:

- Improvement carried out in Rain water Harvesting system at Vashivali Unit which led to 50% reduction in raw water consumption
- Improvement carried out in boiler oil pre-heating system which saved 5.5 ton FO per annum.
- Robotic firefighting systems installed at Mahad
- Implementation of online incident reporting system at Mulund Unit. Accident Incident Management System (AIMS) is an integrated online application system for capturing records of accidents and incidents at Corporate office and Plant locations.
- Installation of foodie machines at Mulund and Vashivali Units which convert waste food into manure.
- Installation of Reverse Osmosis Plant and Multi Effect Evaporator
- Production of recycled paper at Vashivali Unit from plant wastes and use of the same within the organization.
- 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-up was organized for the employees

Various measures being taken by the Company to ensure health and safety of its employees in light of COVID- 19 pandemic are as under:

- Daily disinfection of units
- Thermal screening during entry and exit.
- Provision of hand sanitizers at workplace
- Tie-up with hospitals authorized to treat the COVID-19 Patients.
- Distribution of masks, sanitisers, immunity boosters and multi-vitamin tablets to employees across Keva's facilities.
- Assisting with hospitalization of employees working from home in case of contraction of the dreadful disease by them.

INNOVATION

Keva's forte in all these years has been unwavering consumer focus and a relentless zest for innovation. Your Company is constantly expanding the boundaries on innovation – both internal and external. It had run an internal idea generation contest successfully involving employees from various functions last year. The ideas presented have garnered great interest from the stakeholders.

Keva's Creative Centres at Amsterdam, Jakarta, Mumbai, Singapore and Milan (CFF) are continuously striving for innovative creations through research activities. Keva has also established a Food Innovation Centre in Mumbai. Keva's robust Discovery & R&D teams focus on the development of novel molecules, technologies and sensory solutions.

Expenditure on R & D and creative development during the year under review was ₹ 30.82 Crores on standalone basis and ₹ 41.87 Crores on consolidated basis.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earned in terms of actual inflows during the financial year 2020-21 was ₹ 17.26 Crores as against ₹ 21.70 Crores in financial year 2019-20 on a standalone basis. The foreign exchange outgo in terms of actual outflows during the financial year 2020-21 was ₹ 83.32 Crores as against ₹ 106.76 Crores in financial year 2019-20 on a standalone basis.

The foreign exchange earned in terms of actual inflows during the financial year 2020-21 was ₹ 598.65 Crores as against ₹ 534.37 Crores in financial year 2019-20 on a consolidated basis. The foreign exchange outgo in terms of actual outflows during the financial year 2020-21 was ₹ 555.51 Crores as against ₹ 505.46 Crores in financial year 2019-20 on a consolidated basis.

HUMAN RESOURCES

Keva's diverse team of skilled, accountable and engaged employees play a critical role for the sustainable growth of the organisation. The Company's HR management philosophy revolves around empowering the employees to make them more productive, efficient and integral to the organisation. Keva aims to strike a balance between the achievement of business goals and nurturing the talent pool available to strengthen the organisation's competitive advantage. Keva maintains a collaborative, inclusive, non-discriminative and safe work culture and provides equal opportunities to all employees.

Keva endeavors to constantly improve employee learning and development activities. The training needs and performance gaps identified during the appraisal process serve as the basis for formulating training and development programmes for employees. Apart from classroom and on-the-job trainings, your Company also focuses on virtual e-learning trainings for a wider coverage on different topics while enabling employees to learn at their own pace and place.

During the year, Keva pivoted its human resource focus to provide an enabling, supportive and safe environment for its employees in this period of significant change, uncertainty and stress.

Keva's employees worked relentlessly during the pandemic to ensure that the business kept on going despite the challenges being faced as a result of the pandemic. Keva recognized the efforts of those employees - 'Agents of Perseverance' - who had risen to the occasion during these testing times and enabled Keva to keep marching ahead and demonstrated exceptional positive attitude and made significant contribution to the business by way of an online recognition programme for the said purpose.

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees as required under section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure F to this Report. Details of employee remuneration as required under provisions of section 197 of the Companies Act, 2013 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 Companies Act, 2013, the report and accounts 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

At Keva, we believe that the interests of our employees and those of the Company are inseparable. With this principle in mind, Keva engages with its employee unions. On almost all the occasions, a negotiated settlement/ understanding is reached in a win-win manner. During the year, your Company has continued to maintain amicable industrial relations. Your Directors place on record their appreciation for employees' display of high level of commitment, co-operation and incessant support during the unprecedented times of COVID-19 pandemic.

INFORMATION TECHNOLOGY

Your Company sees technology not just as a tool for increasing efficiency but also as an important source of competitive advantage. It has consistently invested significant resources in developing a strong IT and communication infrastructure which encompasses all key business and administrative functions as well as project sites.

The Company's robust IT infrastructure includes a Centralised ERP system based on SAP covering business functions across finance, inventory management, procurement and logistics; Qlikview for data analysis; Cupid and BMango – customer project management applications, Success Factors – 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; and K4C (Keva4Customer) for overseeing sales projects on real time basis.

ANNUAL RETURN

In accordance with the requirements of Section 92(3) of the Companies Act, 2013, the annual return of the Company in respect of FY 2020-21 has been hosted on the website of the Company on weblink https://www.keva.co.in/sites/default/files/investor-pdf/SHK%20 Form%20MGT-7_31.03.2021.pdf.

CONFIRMATIONS

There has been no change in the nature of business of the Company during the Financial Year 2020-21.

During the Financial Year 2020-21, there were no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of the Company and its operations in future.

There have been no instances of frauds reported by the auditors under Section 143(12) of the Companies Act, 2013 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 2021 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.

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

The Board of Directors would like to express its sincere thanks to the shareholders and investors of the Company for the trust reposed in the Company over the past several years. Your Directors would also like to thank the central government, state governments, financial institutions, banks, customers, employees, dealers, vendors and ancillary undertakings for their co-operation and assistance. The Board would like to reiterate its commitment to continue to build the organization into a truly world-class enterprise in all aspects.

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

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Mumbai
27 May 2021

Annexure A

FORM AOC-1

For the year ended 31 March 2021

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]

(₹ in Crores)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	Keva Fragrances Private Limited	Keva Flavours Private Limited	Keva UK Limited	Keva Fragrance Industries Pte Ltd	PFW Aroma Ingredients BV	PT SHKKEVA Indonesia	VN Creative Chemicals Private Limited	Creative Flavours & Fragrances S.p.A	Anhui Ruibang Aroma Co. Ltd	Purandar Fine Chemicals Pvt Ltd	Keva Europe B.V.	Keva Italy Srl
Financial Period ended	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021
Exchange rate (year ended) (₹)	-	-	100.95	54.42	86.10	0.0050	-	86.10	9.49	-	86.10	86.10
Exchange rate (Average Rate) (₹)	-	-	96.99	54.34	86.56	0.0051	-	86.56	9.68	-	86.56	86.56
Share Capital	7.43	0.22	7.21	7.85	0.12	18.14	0.01	17.22	28.29	0.01	67.58	0.09
Reserves & Surplus	383.00	43.79	21.30	14.18	34.48	(19.47)	15.10	14.57	(0.64)	0.76	3.43	3.83
Total assets	687.67	155.02	29.08	248.15	118.17	18.71	129.78	198.32	28.02	1.85	244.67	214.83
Total liabilities	297.24	111.01	0.58	226.13	83.57	20.04	114.67	166.53	0.37	1.08	173.66	210.91
Investment	10.97	-	26.42	54.50	-	-	-	-	-	-	0.09	140.73
Turnover	458.66	191.53	-	133.20	108.43	12.86	96.25	325.75	11.03	6.15	-	-
Profit / (loss) before taxation	75.00	3.94	0.06	8.43	0.08	(5.83)	(2.19)	20.42	(1.94)	0.57	4.19	0.86
Provision for taxation	19.70	1.51	-	1.14	0.03	1.55	(0.96)	5.77	-	0.21	0.51	-
Profit / (loss) after taxation	55.30	2.43	0.06	7.29	0.05	(7.38)	(1.22)	14.65	(1.94)	0.36	3.68	0.86
% of shareholding*	100	100	100	100	100	100	100	100	90	50	100	100

* Representing aggregate % of shares held by the Company and /or its subsidiaries

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN:00511325

Place: Mumbai
Date: 27 May 2021

Annexure B

FORM AOC -2

For the year ended 31 March 2021

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Details of contracts or arrangements or transactions not at Arm's length basis: Nil

Details of contracts or arrangements or transactions at Arm's length basis:

(₹ in Crores)

Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount
Sale of goods				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	97.38
Keva Flavours Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	125.61
Keva Aromatics Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	9.17
Creative Flavours & Fragrances SPA	Subsidiary	ongoing	As per Transfer Pricing Guidelines	*0.00
Purchase of goods				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	100.06
Keva Flavours Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	2.51
Purandar Fine Chemicals Private Limited	Joint Venture	ongoing	As per Transfer Pricing Guidelines	0.54
Keva Fragrance Industries Pte. Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	31.36
Keva Biotech Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	-
VN Creative Chemicals Private Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	3.46
Keva Aromatics Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	8.73
Creative Flavours & Fragrances Spa	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.52
Evolutis India Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	*0.00
Rent income				
Keva Fragrances Private Limited	Subsidiary	3 Years	As per Agreement	3.15
Keva Flavours Private Limited	Subsidiary	3 Years	As per Agreement	0.71
BSG ITSoft Private Limited	Common Directors	3 Years	As per Agreement	0.53
Interest income				
Keva Flavours Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.04
V N Creative Chemicals Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.18
Techincal know how income				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.74
V N Creative Chemicals Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	2.68
Interest expense				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	2.27
Commission on guarantee given				
PFW Aroma Ingredients BV	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.22
Keva Flavours Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.23
Keva Fragrance Industries Pte. Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.71
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.43
Keva Europe BV	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.57
V N Creative Chemicals Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.20

(₹ in Crores)

Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount
Other services reimbursement received (netted off against respective expenses)				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.47
Keva Flavours Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.22
Recharge cost paid				
Keva Europe BV	Subsidiary	ongoing	As per Transfer Pricing Guidelines	29.43
Discovery and Research cost paid				
PFW Aroma Ingredients BV	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.23
Rent Paid				
Keva Constructions Private Limited	Common Director	3 Years	As per Agreement	4.81
Keva Fragrance Industries Pte. Ltd.	Subsidiary	5 years	As per Agreement	0.15
Job Work Charges paid				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.49
Royalty expense				
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	15.72
Reimbursement (for expenses incurred by Related party on behalf of us)				
Keva Constructions Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.09
Reimbursement (for expenses incurred by company on behalf of related party)				
Keva Fragrance Industries Pte. Ltd.	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.06
Keva Fragrances Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.24
Keva Flavours Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.42
PFW Aroma Ingredients BV	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.04
V N Creative Chemicals Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.45
Fixed assets and Intangible assets purchased				
Evolutis India Private Limited	Common Director	one-time	As per Transfer Pricing Guidelines	0.05
BSG ITSoft Private Limited	Common Director	one-time	As per Transfer Pricing Guidelines	0.83
Fixed assets sold				
Keva Fragrances Private Limited	Subsidiary	one-time	As per Transfer Pricing Guidelines	*0.00
Keva Europe B V	Subsidiary	one-time	As per Transfer Pricing Guidelines	5.94

* less than ₹ 0.01 Cr

	Ramesh Vaze	**Kedar Vaze**
Place: Mumbai	Director & Chairman of Board	Director & Group Chief Executive Officer
Date: 27 May 2021	DIN: 00509751	DIN:00511325

Annexure C

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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,

Members

S H Kelkar and Company Limited,

Devkaran Mansion,

36 Mangaldas Road,

Mumbai - 400002.

We have conducted the 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 conducts / 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, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 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 thereunder;

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

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

(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) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (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, 2009 (during the period under review not applicable to the Company); and

(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:

a) Secretarial Standards issued by the Institute of Company Secretaries of India.

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above subject to the following observations.

- ***As informed by the Management of the Company, due to the nation-wide/state-wide lockdown on account of the COVID-19 pandemic, a force majeure event, the secretarial team was working remotely. The Company and the secretarial team faced logistical challenges such as arranging digital signatures, scanning, network issues while uploading etc. which led to a delay of about 15-20 minutes in the intimation to Stock Exchange(s) with respect to outcome of the Meeting of the Board of Directors held on May 26, 2020, beyond 30 minutes from the conclusion of the said meeting, as required under Regulation 30 read with the relevant Schedule of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***

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 notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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 decision is carried through while the dissenting members' views are captured and recorded as part of 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.

- The Board of Directors at its meeting held on November 11, 2020 declared an interim dividend at the rate of 10% i.e. Re. 1 per share on 14,13,20,801 equity shares of the Company, aggregating to ₹ 14,13,20,801/- (Rupees Fourteen Crore Thirteen Lakhs Twenty Thousand Eight Hundred and One Only)

Note: Due to lockdown under COVID-19, Certification on this Form MR-3 is done on the basis of documents made available to us in electronic form by the Secretarial Team of the Company and such documents will be verified physically after the lockdown is lifted.

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

Dipti Mehta
Partner
FCS No: 3776
CP No.: 23905
UDIN: F003667C000381803

Place: Mumbai
Date: 27 May 2021

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,

SH 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) 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)

Dipti Mehta
Partner
FCS No: 3776
CP No.: 23905
UDIN: F003667C000381803

Place: Mumbai
Date: 27 May 2021

Annexure D
Details related to STAR
SH 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	1-Nov-17
			The SH 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 exerceise. 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 SH 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 SBEB Regulations.
	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 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.		NA

4	STARsmovement during the year	
	Particulars	
	Number of STARs outstanding at the beginning of the year	21,30,026
	Number of STARs granted during the year	11,76,403*
	Number of STARs ~~forfeited~~/lapsed during the year	22,94,429
	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	10,12,000
	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	*
	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 untill 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	
	Name of the Trust	SH 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	**Shares held by the Trust**	
	Number of shares held at the beginning of the year	33,06,429
	Acquired during the year	-
	Acquisition (total) as a percentage of paid up equity capital as at the end of the previous financial year	2.3
	Sold during the year	-
	Transferred to the employees during the year	-
	Held at the end of the year	**33,06,429**

*Due to sensitivity of information, only number of STARs has been provided.

Annexure E

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

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 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. Environment Sustainability –

- Promote the green concept to reduce the environmental impact.
- Energy conservation vouch for a greener tomorrow.
- Create a green belt through plantation program.

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.

2. Composition of CSR Committee:

Sl. 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	Non-Executive Director	1	1
2.	Mrs. Prabha Vaze	Non-Executive Director	1	1
3.	Mr. Shrikant Oka*	Independent Director	1	-

*Mr. Shrikant Oka was appointed as the member of the Committee with effect from 09 December 2020.

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://www.keva.co.in/board-committees

CSR Policy:
https://www.keva.co.in/investors-categories/policies

CSR projects:
https://www.keva.co.in/investors-categories/corporate-social-responsibility

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Not Applicable

6. Average net profit of the company as per section 135(5):

₹ 68.09 crore

(a) Two percent of average net profit of the company as per section 135(5): ₹ 1.36 crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil

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

(d) Total CSR obligation for the financial year (7a+7b- 7c). : ₹ 1.45 crore*

*Including CSR obligation of the Rasiklal Hemani Agencies Private Limited, wholly owned subsidiary which got merged into the Company during the year.

8. (a) 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)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1.49	NA	NA	NA	NA	NA

NA – Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No).	Location of the project		Amount spent for the project (₹ in crore)	Mode of implementation Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Promotion of Sports (Olympic Sports) by sponsoring right talent from College	Promotion of Olympic Sports	Yes	Maharashtra	Mumbai	0.05	No	V G Vaze College	Awaited
2.	Providing basic education facility through Balwadis (pre-school) run at 12 centres & Guardianship of 15 students	Promoting Education	Yes	Maharashtra	Raigad & Thane (Karjat and Murbad)	0.10	No	Shabari Seva Samiti	CSR00002483
3.	Supporting education infrastructure and facilities to the students of Shri Mahavira Jaina Vidyalaya Trust	Promoting Education	No	Gujarat	Vadodara	0.09	No	Shri Mahavira Jaina Vidyalaya Education Foundation	Awaited
4.	Supporting Environment Sustainability projects through Enterprise Social Commitment Plan	Environmental sustainability	Yes	Gujarat	Vapi (Koparli & Salvav)	0.04	Yes	NA	NA
5.	Infrastructure School Development – refurbishing of classrooms	Promoting education	Yes	Maharashtra	Raigad (Mohopada)	0.13	Yes	NA	NA
6.	Infrastructure Development Project – setting up of 2 Bus Stops & reconditioning of existing Bus stops for students and community who are required to go to school, market and nearby city by bus	Rural development	Yes	Maharashtra	Raigad (Vashivali)	0.08	Yes	NA	NA
7.	Infrastructure Development Project – Toilet Block at Rasayani	Rural development	Yes	Maharashtra	Raigad (Rasayani)	0.07	Yes	NA	NA

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No).	(5) Location of the project		(6) Amount spent for the project (₹ in crore)	(7) Mode of implementation on Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
8.	Provision of water cooler and water purifier for the villagers	Rural development/ Making available safe drinking water	Yes	Maharashtra	Raigad (Khalapur)	0.005	Yes	NA	NA
9.	Meal distribution to 75,000 daily wage workers and migrant labour during lockdown on account COVID – 19 pandemic	COVID-19/ Eradicating hunger	Yes	Maharashtra	Mumbai	0.15	No	Roti Bank Foundation	CSR00006332
10.	Urban Rapid Recovery Program post COVID	COVID-19 / Livelihood enhancement	Yes	Maharashtra	Mumbai	0.25	No	Magic Bus India Foundation	CSR00001330
11.	Setting up of Dedicated Covid Health Centre (DCHC) to take care of industrial employees as well as society	COVID-19/ promoting health care	Yes	Maharashtra	Raigad (Mahad)	0.08	No	Mahad Manufacturing Association	Awaited
12.	Provision of equipments & consumables required for COVID-19 testing laboratory at B.K.L. Walawalkar Hospital & Rural Medical College	COVID-19/ promoting health care	Yes	Maharashtra	Ratnagiri	0.03	No	Shri Vithalrao Joshi Charities Trust	CSR00006248
13.	Distribution of PPE Kitsl 3 ply masks, N-95 masks and nitrile gloves	COVID-19/ promoting health care	Yes	Maharashtra	Mumbai	0.004	Yes	NA	NA
14.	Community Development	Livelihood enhancement	Yes	Maharashtra	Thane	0.05	No	Lion's Club	Awaited
15.	Providing infrastructure towards the development of chemical processes for synthesis of bioactive molecules and related natural products in association with IIT Bombay	Promoting Education and Employability	Yes	Maharashtra	Mumbai	0.09	No	IIT Bombay	Awaited
16.	Engagement of NEEM trainees	Promoting employment enhancing vocation skills	Yes	Maharashtra	Raigad (Vashivali)	0.28	Yes	NA	NA
	Total					1.49			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 1.49 crore

(g) Excess amount for set off, if any: ₹ 0.04 crore

(₹ in Crores)

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	1.45*
(ii)	Total amount spent for the Financial Year	1.49
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.04
(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)]	0.04

*This amount includes CSR obligation of the Rasiklal Hemani Agencies Private Limited, wholly owned subsidiary which got merged into the Company during the year.

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable

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

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

Mumbai
27 May 2021

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Annexure F

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars			
i)	The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	a)	Mr. Ramesh Vaze – Non-Executive Director & Chairman of Board	19.26:1
		b)	Mr. Kedar Vaze – Wholetime Director & Group Chief Executive Officer	39.59:1
ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year.	a)	Mr. Ramesh Vaze – Non-Executive Director & Chairman of Board	27.35%
		b)	Mr. Kedar Vaze – Wholetime Director & Group Chief Executive Officer	18.95%
		c)	Mr. Shrikant Mate – Executive Vice President & Group Chief Financial Officer	65.31%
		d)	Ms. Deepti Chandratre – Company Secretary & GM Legal	12.00%
iii)	The percentage increase in the median remuneration of employees in the financial year.	3.55%		
iv)	The number of permanent employees on the rolls of the company.	562 (standalone basis) 1,047 (consolidated basis)		
v)	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 4.00%. 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. Workers' average increment was 2.27% (Normal slab change increase)		
vi)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.			

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 dealings with 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.

THE BOARD OF DIRECTORS

Composition

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors, representing a blend of professionalism, knowledge and experience. The size and composition of the Board meet 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 as also direct, supervise and control the performance of the Company. The Board currently comprises of nine Directors out of which eight Directors (89%) are Non-Executive Directors. The Company has five Independent Directors who comprise 56% 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 Ms. Prabha Vaze and father of Mr. Kedar Vaze. Mr. Ramesh Vaze and Ms. Prabha Vaze are parents of Mr. Kedar Vaze. None of the other directors is related to any other director 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.

The composition of the Board, attendance at the last Annual General Meeting (AGM), number of other directorships, memberships/ chairmanships of the Committees of other companies as on 31 March 2021 in the Company are as follows:

Name of the Director	DIN	Category	Attendance at last AGM	Number of Other Directorships*	Committee Positions of the Board of other companies^	
					Chairman	Member
Mr. Ramesh Vaze	00509751	Non-Executive Chairman/Promoter	Yes	3	-	-
Ms. Prabha Vaze	00509817	Non-Executive/Promoter	Yes	3	-	-
Mr. Kedar Vaze	00511325	Whole-time Director & CEO/ Promoter	Yes	3	-	-
Mr. Amit Dalmia	05313886	Non-Executive/Non-Independent	Yes	1	-	1
Mr. Dalip Sehgal	00217255	Non-Executive/Independent	Yes	1	-	1
Mr. Jairaj Purandare	00159886	Non-Executive/Independent	Yes	2	-	2
Ms. Sangeeta Singh	06920906	Non-Executive/Independent	Yes	6	-	5
Mr. Shrikant Oka	08135918	Non-Executive/Independent	Yes	-	-	-
Mr. Mark Elliott	08594890	Non-Executive/Independent	Yes	-	-	-

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

^For the purpose of considering the limit of committee memberships and chairmanships of a Director, Audit Committee and Stakeholders' Relationship Committee of public limited companies have been considered.

Details of directorship of listed entities as on 31 March 2021 including category of directorship are as follows:

Name of the Director	Name of the listed entity	Category of directorship
Mr. Ramesh Vaze	S H Kelkar and Company Limited	Non – Executive Non - Independent Chairman
Ms. Prabha Vaze	S H Kelkar and Company Limited	Non – Executive Non - Independent Director
Mr. Kedar Vaze	S H Kelkar and Company Limited	Whole- time Director
Mr. Amit Dalmia	S H Kelkar and Company Limited	Non – Executive Non - Independent Director
	Mphasis Limited	Non – Executive Non – Independent Director
Mr. Mark Elliott	S H Kelkar and Company Limited	Non – Executive Independent Director
Mr. Dalip Sehgal	S H Kelkar and Company Limited	Non – Executive Independent Director
	Safari Industries (India) Limited	Non – Executive Independent Director
Mr. Jairaj Purandare	S H Kelkar and Company Limited	Non – Executive Independent Director
	HDFC Asset Management Company Limited	Non – Executive Independent Director
Ms. Sangeeta Singh	S H Kelkar and Company Limited	Non – Executive Independent Director
	Alkem Laboratories Limited	Non – Executive Independent Director
	Accelya Kale Solutions Limited	Non – Executive Independent Director
	Laxmi Organic Industries Limited	Non – Executive Independent Director
Mr. Shrikant Oka	S H Kelkar and Company Limited	Non – Executive Independent Director

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 Directors 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.

Number of Board Meetings

During the year under review, 7 (seven) Board Meetings were held on 26.05.2020, 30.06.2020, 12.08.2020, 11.11.2020, 08.12.2020, 10.02.2021 and 11.03.2021. The intervening gap between any two consecutive meetings did not exceed 120 days.

Details of Directors' attendance at Board Meetings during the year are as follows:

Name of the Director	Details of Board Meetings	
	Held	Attended
Mr. Ramesh Vaze	7	7
Ms. Prabha Vaze	7	7
Mr. Kedar Vaze	7	7
Mr. Amit Dalmia	7	6
Mr. Dalip Sehgal	7	7
Ms. Alpana Parida*	5	5
Mr. Jairaj Purandare	7	7
Ms. Sangeeta Singh	7	7
Mr. Shrikant Oka	7	7
Mr. Mark Elliott	7	7

*Ceased to be a director on 08 December 2020.

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 one to three years from the date of their appointment. Three Independent Directors are serving second term pursuant to their re-appointment in the year 2019-20. Two Independent Directors are serving first term and shall be eligible for re-appointment for a further term of upto five years on passing of a special resolution by the Company.

The Company has issued formal letters of appointment to all the Independent Directors. Terms and conditions of appointment of independent directors are hosted on the website of the Company on weblink https://www.keva.co.in/appointment-of-independent-director. In the opinion of the Board, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

During financial year 2020-21, none of the Independent Directors resigned from the Company before the expiry of his/her tenure. Ms. Alpana Parida ceased to be a Director of the Company with effect from closure of business hours of 08 December 2020 due to completion of her tenure as per the provisions of the Act and relevant provisions of the Listing Regulations.

One Independent Directors' meeting was convened on 11 March 2021, to review the performance of the Non-Independent Directors including the Chairman and performance of the Board as a whole. 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 focus, Board's strategy and risk management 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, understanding of role and responsibilities, business of the Company along with the environment. For evaluation of Independent Directors' performance, the questionnaire additionally covered various aspects like ability to bring independent judgment during board deliberations, ability to uphold ethical standards of integrity and probity to name a few.

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 was 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 the web link: https://www.keva.co.in/investors-categories/details-familiarization-programmes.

Details of skills/expertise/competence of the Board of directors

The Board comprises 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 the appropriate experience and have the following skills/area of expertise/competencies:

- Business Operations (Mr. Ramesh Vaze, Ms. Prabha Vaze, Mr. Kedar Vaze, Mr. Dalip Sehgal, Mr. Mark Elliott, Mr. Amit Dalmia)
- Consumer sales/marketing (Mr. Ramesh Vaze, Mr. Kedar Vaze, Mr. Dalip Sehgal, Mr. Mark Elliott)
- Finance (Mr. Jairaj Purandare, Mr. Amit Dalmia)
- Legal, Corporate Governance, Regulatory (Mr. Shrikant Oka, Mr. Kedar Vaze)
- Human Resources/People Management (Ms. Sangeeta Singh)
- Knowledge of F&F and FMCG sector (Mr. Ramesh Vaze, Mr. Kedar Vaze, Mr. Dalip Sehgal)
- Strategy and business development (Mr. Ramesh Vaze, Mr. Kedar Vaze, Mr. Amit Dalmia, Mr. Dalip Sehgal and Mr. Mark Elliott)
- Corporate Social Responsibility (Ms. Prabha Vaze)

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 listed entity as well as steps taken by the listed entity to rectify instances of non-compliances. The Board has formulated a Risk Management Policy for the group.

All Board and Committee meetings agenda papers are disseminated electronically thereby eliminating circulation of printed agenda papers. Board Meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and supporting material are circulated in advance before each meeting to all the Directors for facilitating effective discussion and decision-making.

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 2021.

Code of Conduct

Your Company is committed to ensure that its business is conducted, in all respects and all the times, according to rigorous ethical, professional and legal standards, which prevail from time to time, in the industrial sector in which Company conducts its normal 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 Web link: https://www.keva.co.in/investors-categories/policies. All the Board Members, Senior Management Personnel and all employees up to two levels below CEO of the Company have affirmed compliance with the Code. A declaration signed by the Group CEO to this effect is enclosed at the end of this Report.

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 as 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
- Evaluates the performance of the Managing Director or Whole-time Director and determines the Executive compensation
- 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 on weblink https://www.keva.co.in/investors-categories/policies.

Details of remuneration paid to Directors for the Financial Year 2020-21 along with their respective shareholding in the Company are as under:

(Currency : Indian Rupees 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 2021
Mr. Ramesh Vaze@	-	-	-	1.49	0.08	1.57	2,59,15,024
Ms. Prabha Vaze	-	-	-	-	0.08	0.08	49,15,489
Mr. Kedar Vaze@	1.45	0.18	0.26	1.01	-	2.90	1,72,54,614
Mr. Amit Dalmia	-	-	-	-	-	-	-
Mr. Shrikant Oka	-	-	-	-	0.15	0.15	-
Mr. Dalip Sehgal	-	-	-	-	0.15	0.15	-
Ms. Alpana Parida^	-	-	-	-	0.09	0.09	-
Mr. Jairaj Purandare	-	-	-	-	0.14	0.14	-
Ms. Sangeeta Singh	-	-	-	-	0.15	0.15	-
Mr. Mark Elliott	-	-	-	-	0.07	0.07	-

*Sitting fees include payments for Board appointed committee meetings also.

@Mr. Ramesh Vaze has received commission from 01 September 2020 upto 31 March 2021 in capacity as Non-Executive Director and Chairman of Board of Directors pursuant to the approval of shareholders. Mr. Kedar Vaze has received commission from 01 September 2020 upto 31 March 2021 as part of his remuneration alongwith salary pursuant to the approval of shareholders.

^Ceased to be a director on closure of business hours of 08 December 2020.

Perquisites include performance linked incentives which are payable to the Whole-time Director(s) as employee(s) of the Company as per Company policy. Non-Executive Directors are remunerated by way of sitting fees. The Chairman of the Board is remunerated by way of commission. During the FY 2020-21, the Company did not advance any loan to any of its Directors.

The Company's Board consisted of one Executive Director as on 31 March 2021 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 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 within the limits approved by the members are approved by the NRC and Board.

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 4 committees of the Board – Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship 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 discussions/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 the Web Link: https://www.keva.co.in/board-committees.

AUDIT COMMITTEE

Constitution

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 on 25 May 2018.

As on 31 March 2021, the Audit Committee comprised of the following members of which five are Non-Executive Directors (including four Independent Directors) and one is an Executive Director:

- Mr. Jairaj Purandare – Independent Director, Chairman
- Mr. Dalip Sehgal – Independent Director, Member
- Ms. Sangeeta Singh – Independent Director, Member
- Mr. Kedar Vaze – Executive Director, Member
- Mr. Amit Dalmia – Non-Executive Director, Member
- Mr. Shrikant Oka – Independent Director, Member

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 the Chief Financial Officer and representative of Internal Auditors and Statutory Auditors and any other such executives to be present at the meetings of the Committee.

Meetings and Attendance

The Committee met 6 (six) times during the year on 26.05.2020, 30.06.2020, 12.08.2020, 11.11.2020, 08.12.2020 and 10.02.2021. The gap between two Meetings did not exceed 120 days. The attendance at the Meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mr. Jairaj Purandare	6	6
Mr. Dalip Sehgal	6	6
Mr. Shrikant Oka	6	6
Ms. Sangeeta Singh	6	6
Mr. Kedar Vaze	6	6
Mr. Amit Dalmia	6	4

The Chairman of the Committee was present at the last Annual General Meeting of the Company held on 01 September 2020.

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 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; and

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

NOMINATION AND REMUNERATION COMMITTEE

Composition

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 08 December 2020.

As on 31 March 2021, the Nomination and Remuneration Committee comprised of the following members, all of them being Non-Executive Directors:

- Ms. Sangeeta Singh – Independent Director, Chairperson
- Mr. Jairaj Purandare – Independent Director, Member
- Mr. Amit Dalmia – Non-Executive Director, Member

The Company Secretary is the Secretary to the Committee.

Ms. Alpana Parida ceased to be a member of the Committee on closure of business hours of 08 December 2020.

Meetings and Attendance

The Committee met 2 (two) times during the year on 30.06.2020 and 11.03.2021. The attendance at the meetings was as under:

Committee Members	No. of Meetings held	No. of Meetings attended
Ms. Sangeeta Singh	2	2
Ms. Alpana Parida*	1	1
Mr. Amit Dalmia	2	2
Mr. Jairaj Purandare^	1	1

*Ms. Alpana Parida ceased to be a member of the Committee on closure of business hours of 08 December 2020.

^Mr. Jairaj Purandare was appointed as a member of the Committee with effect from 09 December 2020.

The Chairperson of the Committee was present at the last Annual General Meeting of the Company held on 01 September 2020.

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee, *inter alia*, include 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; and

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition

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 2021, the CSR Committee comprised of the following members, all of which were Non-Executive Directors:

- Mr. Ramesh Vaze – Non-Executive Director, Chairman
- Ms. Prabha Vaze – Non-Executive Director, Member
- Mr. Shrikant Oka – Independent Director, Member

The Company Secretary is the Secretary to the Committee.

Ms. Alpana Parida ceased to be a member of the Committee on closure on business hours of 08 December 2020 and Mr. Shrikant Oka was appointed as a member of the Committee with effect from 09 December 2020.

Meetings and Attendance

The Committee met once during the year on 26.05.2020 and was attended by all the Committee Members.

Terms of Reference

The terms of reference of the CSR Committee, *inter alia*, include 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 at its meeting held on 08 December 2020.

As on 31 March 2021, the Stakeholders' Relationship Committee comprises of the following members, all of them being Non-Executive Directors:

- Mr. Dalip Sehgal – Independent Director, Chairman
- Mr. Jairaj Purandare – Independent Director, Member
- Mr. Shrikant Oka – Non-Executive Director, Member

Ms. Alpana Parida ceased to be a member of the Committee on closure of business hours of 08 December 2020 and Mr. Jairaj Purandare was appointed as a member of the Committee with effect from 09 December 2020.

Ms. Deepti Chandratre, Company Secretary & GM – Legal is the Compliance Officer of the Company. She is also the Secretary to the Committee.

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 Committee met twice during the year on 12.08.2020 and 11.11.2020. The attendance at the meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mr. Dalip Sehgal	2	2
Ms. Alpana Parida^	2	2
Mr. Shrikant Oka	2	2
Mr. Jairaj Purandare*	-	-

^Ms. Alpana Parida stepped down as the member of the Committee on closure of business hours of 08 December 2020.

*Mr. Jairaj Purandare was appointed as the member of the Committee with effect from 09 December 2020.

Terms of Reference

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 2020-21:

1 complaint was received from shareholder/investors during the financial year ended 31 March 2021 and the same was resolved.

DISCLOSURES

General Body Meetings

Annual General Meetings

Year	Venue	Date	Time	Special Resolutions passed
2017-18	Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai – 400 080	09 August 2018	5.00 p.m.	NIL
2018-19	Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai – 400 080	09 August 2019	4.30 p.m.	NIL
2019-20	Through Video Conferencing and Other Audio Visual Means	01 September 2020	4.00 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 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

Postal Ballot

During the year ended 31 March 2021, no resolution was passed by postal ballot. Hence, disclosure under this section is not applicable.

Means of Communication

Quarterly and annual financial results of the Company as also consolidated financial results of the group are usually published in Financial Express, an English financial daily and Mumbai Lakshdeep, a vernacular newspaper. All official news releases and financial results are communicated by the Company through its corporate website www.keva.co.in. Presentations made to Institutional Investors/analysts are also hosted on the website for wider dissemination. Transcripts of earnings call are also available on the website of the company.

The Annual Report, Quarterly Results, Shareholding Pattern, Press Releases, Intimation of Board Meetings and Issuance of shares and other relevant details of the Company are posted through BSE Listing Centre and NSE Electronic Application Processing System (NEAPS) portals for the information of investors.

Considering the Covid-19 pandemic, SEBI vide its circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 had provided relaxation from publication of advertisements in the newspapers for all the events scheduled by the company till 30 June 2020. In view of the above relaxation, the Company had not published results for Q1 FY 2020-21 in newspapers.

General Shareholder Information

Annual General Meeting

Date and Time – 10 August 2021 at 4.00 p.m. (through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting)

Financial Year : 01 April to 31 March

Financial Reporting for:

Quarter ending 30 June 2021 : Second week of August, 2021

Half-year ending 30 September 2021 : Second week of November, 2021

Quarter ending 31 December 2021 : Second week of February, 2022

Year ending 31 March 2022 : Second week of May, 2022

Note: The above dates are indicative.

Record Date : 03 August 2021

Date of Dividend Payment : on or after 11 August 2021

Corporate Identity Number : L74999MH1955PLC009593

ISIN : INE500L01026

Registrar & Transfer Agent : Link Intime India Pvt. Ltd.

Plant Locations of the Group : Vashivali, Mulund, Vapi, Mahad, Anhui (China) and Milan (Italy).

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 year 2020-21 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 2020	90.90	64.95	65.35	33717.62	90.60	65.00	65.30	9859.90
May 2020	63.70	47.60	55.00	32424.10	63.90	47.50	55.00	9580.30
June 2020	76.25	55.90	63.50	34915.80	76.20	56.00	63.30	10302.10
July 2020	80.50	62.60	71.65	37606.89	80.70	62.55	71.60	11073.45
August 2020	90.95	70.95	79.20	38628.29	90.80	71.05	79.25	11387.50
September 2020	87.75	76.30	83.50	38067.93	88.00	76.00	83.40	11247.55
October 2020	95.95	82.10	85.25	39614.07	96.00	82.05	85.25	11642.40
November 2020	138.35	82.90	130.35	44149.72	138.50	83.00	130.35	12968.95
December 2020	141.25	104.00	120.50	47751.33	141.60	106.70	120.50	13981.75
January 2021	141.30	115.00	121.15	46285.77	141.40	117.05	121.05	13634.60
February 2021	129.95	116.00	117.90	49099.99	130.00	115.60	117.85	14529.15
March 2021	125.80	103.65	111.75	49509.15	125.80	106.00	111.45	14690.70

Stock Performance

The performance of the Company's shares relative to the BSE Sensitive Index 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 and Dematerialisation of Shares

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Entire paid-up Equity Share Capital is held in a dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31 March 2021. The market lot of the Share of your Company is one Share, as the trading in the Equity Share of your Company is permitted only in dematerialised form. Non-Promoters' holding is around 41.43% and the stock is liquid.

Distribution of Shareholding as on 31 March 2021

Category of Shares	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
0*	1	0.00	0	0.00
1 - 500	33402	86.83	3733101	2.64
501 - 1000	2414	6.28	1958861	1.39
1001 - 2000	1188	3.09	1827736	1.29
2001 - 3000	465	1.21	1195471	0.85
3001 - 4000	198	0.51	707240	0.50
4001 - 5000	214	0.56	1010401	0.71
5001 - 10000	288	0.75	2134732	1.51
10001 and above	298	0.77	128753259	91.11
Total	**38468**	**100.00**	**14,13,20,801**	**100.00**

* Belong to promoter group

Shareholding Pattern as on 31 March 2021

Category of Shareholder	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Promoter & Promoter Group	22^	0.05	82767792^	58.57
Public	38445^	99.95	55246580^	39.09
Shares held by Employee Trust	1	0.00*	3306429	2.34
Total	**38468**	**100.00**	**14,13,20,801**	**100.00**

* less than 0.01%

^ 975 equity shares held by a promoter had been incorrectly categorized by the promoter's DP under public category. The same have been re-categorized under promoter category subsequent to the submission of shareholding pattern for the quarter ended 31 March 2021. The table above reflects the correct position of shareholding of promoter & promoter group and public.

Outstanding GDRs/ADRs/Warrants or Any Convertible Instruments, Conversion Date

The Company has no outstanding GDRs/ADRs/Warrants/Convertible instruments as on 31 March 2021.

Details of public funding obtained in the previous three years

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

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company has not raised funds through preferential allotment or qualified institutions placement during the year.

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, 2021
2015-16	Interim	10 March 2016	14 May 2023	16,812.00
2016-17	Final	10 August 2017	13 October 2024	65,626.75
2017-18	Final	09 August 2018	12 October 2025	56,595.00
2019-20	Interim	18 March 2020	22 May 2027	24,719.95
2020-21	Interim	11 November 2020	15 January 2028	57,305.00

Reconciliation of Share Capital Audit

Audits were carried out by the practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL. The reports for the same were submitted to BSE and NSE. The audit confirms that the total issued/paid-up and listed capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

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 at:

Link Intime India Private Limited

Address: C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai- 400083

Tel. No.: +91 22 49186000

Fax No.: +91 22 49186060

Email: rnt.helpdesk@linkintime.co.in

for all matters relating to transfer/dematerialisation of shares, payment of dividend and any other query relating to Equity Shares of your Company.

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

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

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

Deepti Chandratre

Company Secretary & GM – Legal

S H Kelkar and Company Limited

Address: Lal Bahadur Shastri Marg, near Balrajeshwar Temple, Mulund (West), Mumbai - 400 080

Tel. No: +91 22 2164 9163

Fax No.: +91 22 2164 9766

Email: investors@keva.co.in

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

Other Disclosures

A. ***Policy for determining material subsidiaries:***

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations. The Company amended the policy of determining material subsidiaries in line with the recent amendments to the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.keva.co.in/investors-categories/policies. In the Financial Year 2020-21, the Company had six material subsidiaries viz. Keva Fragrances Pvt. Ltd. ('KFG'), Keva Flavours Pvt Ltd, VN Creative Chemicals Pvt Ltd, Keva Fragrance Industries Pte Ltd, Singapore, PFW Aroma Ingredients BV, the Netherlands and Creative Flavours & Fragrances SpA (CFF), Italy. SpA (CFF), Italy. KFG's and CFF's income was more than twenty percent of the consolidated income of the Company in the previous financial year. Mr. Mark Elliott was appointed on board of CFF. Also, Ms. Sangeeta Singh acts as an independent director on the Board of Keva Fragrances Pvt. Ltd.

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.

B. ***Policy on Materiality of Related Party Transactions and dealing with 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. Your Company has amended the policy with effect from 01 April 2019 in line with the recent amendments to the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.keva.co.in/investors-categories/policies.

C. ***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 the Web link: https://www.keva.co.in/investors-categories/policies.

D. ***Disclosure of transactions with Related Parties***

Details of related party transactions are presented in notes to Accounts in the Annual Report. As a matter of good corporate governance, the Audit Committee and Board grants omnibus approval of related party transactions. Such omnibus approvals are valid for a period not exceeding one year. Fresh approvals are obtained after the expiry of one year.

E. ***Fees paid to Statutory Auditors***

A total fee of ₹ 0.78 crore was paid by the Company and its subsidiaries, on a consolidated basis, for all services to B S R & Co. LLP, Statutory Auditors and all entities in the network firm/ network entity of which they are part, details of which are as under:

(Currency : ₹ in crores)

Company	Nature of Service	Amount
S H Kelkar and Company Limited	Statutory Audit	0.48
	Other (Tax Audit, Corporate Governance Certificate, other certification)	0.11
Keva Fragrances Private Limited	Statutory Audit	0.11
	Other (Tax Audit, certification)	0.02
VN Creative Chemicals Private Limited	Statutory Audit	0.05
	Other (Tax Audit)	0.01
Total		**0.78**

F. ***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 the Web link: https://www.keva.co.in/investors-categories/policies. No personnel has been denied access to the Whistle Officer / CEO / Chairman of the Audit Committee.

G. ***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.

H. ***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 the https://www.keva.co.in/investors-categories/policies.

I. ***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 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 and other provisions of the Act.

J. ***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.

K. ***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 Audit report is submitted to the Stock Exchanges and is placed before the Board at its meetings.

L. *Compliance with Mandatory Requirements*

Your Company has complied with all the mandatory requirements relating to Corporate Governance under the Listing Regulations. 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.

M. *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 2021. 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.
- The Company has separate position of Chairman and the Chief Executive Officer.

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

Please refer Board's Report for details.

O. *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.

P. *Disclosure of commodity price risks and commodity hedging activities*

Details of the same are mentioned in the Notes to Accounts in the Annual Report.

Q. *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.

R. The Company has complied with 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.

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

Mumbai
27 May 2021

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Annexure to Report on Corporate Governance

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 2021.

27 May 2021
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 2021 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,

Mumbai
27 May 2021

Shrikant Mate
EVP & Group Chief Financial Officer

Kedar Vaze
Director & Group Chief Executive Officer

Independent Auditors' Certificate on compliance with the Corporate Governance requirements under SEBI (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 agreement dated 1 October 2019 and addendum to the engagement letter dated 25 May 2021.

2. We have examined the compliance of conditions of Corporate Governance by S H Kelkar and Company Limited ('the Company') for the year ended 31 March 2021 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2021.

6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.

   Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

9. We state that such 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.

Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

Balajirao Pothana
Partner
Membership No: 122632
UDIN: 21122632AAAAAZ9476

Mumbai
27 May 2021

BUSINESS RESPONSIBILITY REPORT

Inclusive development is an integral part of social reform process and a foundation pillar for a better tomorrow. Keva has always contributed towards achieving the larger objective of inclusive development and believed it to be an integral part of good corporate governance. Pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Directors present the Business Responsibility Report of the Company for the financial year ended on 31 March 2021 forming part of the Annual Report. In keeping with the guiding principles of integrated reporting, we have provided cross-references to the reported data within the main sections of this Annual Report for all aspects that are material to us and to our stakeholders.

GENERAL INFORMATION:

1.	Corporate Identity Number (CIN) of the Company:	L74999MH1955PLC009593
2.	Name of the Company:	S H Kelkar and Company Limited
3.	Address of the Registered Office:	Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400002
4.	Website:	www.keva.co.in
5.	E-mail id:	investors@keva.co.in
6.	Financial Year reported:	2020-21
7.	Sector(s) the Company is engaged in (industrial activity code-wise)	Code 201* - Manufacture of organic and inorganic chemical compounds n.e.c.
8.	Key products / services:	Fragrances and Flavours
9.	Locations where business activities are undertaken by the Company:	The Company's businesses and operations are spread across the country and abroad. Details of plant locations are provided in the section, 'General Shareholder Information' in the Corporate Governance Report.
10.	Markets served by the Company:	The Company's products and services have a national presence and several products are exported through its subsidiary/ies.
11.	Subsidiary companies and their BR initiatives:	The Company had 1 joint venture and 11 subsidiaries, including 8 subsidiaries outside India as on 31 March 2021. The subsidiaries contribute to the sustainability initiatives of the Company.
12.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	The Business Responsibility policies are applicable to the management and all the employees of the Company. In due course of time, the Company intends to take its sustainability policies and initiatives beyond the boundaries of its manufacturing facilities and spread awareness amongst the relevant stakeholders.

*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

FINANCIAL DETAILS:

1.	Paid up Capital (As on 31.03.2021):	₹ 141.32 Crores
2.	Total Turnover:	₹ 756.13 Crores
3.	Total Profit after taxes:	₹ 79.71 Crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 1.49 Crores
5.	As percentage of Profit after taxes:	1.87%
6.	List of CSR activities in which expenditure has been incurred:	Please refer Annexure E to the Board's Report.

BR INFORMATION:

1.	a.	Details of the Director/Directors responsible for implementation of the BR policy/policies:	
	-	DIN:	00511325
	-	Name:	Mr. Kedar Vaze
	-	Designation:	Director & CEO
	b.	Details of the BR head:	
	-	DIN:	00511325
	-	Name:	Mr. Kedar Vaze
	-	Designation:	Director & CEO
	-	Telephone number:	022 - 21677700
	-	e-mail id:	investors@keva.co.in

2. Principle wise (as per NGV's) BR Policy/ Policies:

Principle 1: Ethics, Transparency and Accountability [P1]

Principle 2: Product Lifecycle Sustainability [P2]

Principle 3: Employee Well-being [P3]

Principle 4: Stakeholder Engagement [P4]

Principle 5: Human Rights [P5]

Principle 6: Protection of Environment [P6]

Principle 7: Responsible Advocacy [P7]

Principle 8: Inclusive Growth and Equitable Development [P8]

Principle 9: Customer Value [P9]

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have Principle-wise policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has the policy been formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Does the policy conform to any national /international standards? If yes, specify?	The policies are based on the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs.								
Has the policy being approved by the Board? If yes, has it been signed by the MD/owner/CEO/appropriate Board Director?	All the policies have been approved by the Board and have been signed by the CEO.								
Does the company have a specified committee of the Board / Director/Official to oversee the implementation of the policy?	The Board has appointed Mr. Kedar Vaze, Director & CEO, to oversee policy implementation.								
Indicate the link for the policy to be viewed online?	www.keva.co.in/policies								
Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies are available on www.keva.co.in/policies for information of the internal and external stakeholders.								
Does the company have an in-house structure to implement the policy/ policies?	Yes								
Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. The Company's policies and procedures are supported by internal risk controls.								

3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company? Within 3 months, 3-6 months, Annually, More than 1 year	The CEO periodically assesses the BR performance of the Company for ensuring the effectiveness and relevance of BR initiatives.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes its Business Responsibility Report annually alongwith the Annual Report. The Business Responsibility Report for financial year 2020-21 forms part of the Company's Annual Report for financial year 2020-21 and can be accessed at www.keva.co.in.

PRINCIPLE-WISE PERFORMANCE:

Principle 1 – Ethics, Transparency and Accountability:

In its endeavour to sustain highest standards of businesses, Keva has been adopting global best practices of governance beyond legal compliance.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others?

   The Policy on Ethics, Transparency and Accountability along with the Code of Conduct is based upon the principles of Fairness, Ethics and Corporate Governance. The Company expects all the employees to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct. Vigil Mechanism and Whistle Blower Policy ensure that highest standards of personal and professional integrity are maintained within the organisation. The Code is applicable to employees of the Company. The Company has adopted a Fraud Risk Management Policy to provide a mechanism for employees for reporting actual or suspected, fraud. The Company has also in place Policy for prevention of Sexual Harassment at Workplace to maintain a work environment free from any form of conduct which can be considered as harassing, coercive or disruptive.

2. How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the Management?

The particulars of stakeholder complaints received and resolved during the year are as under:

Nature / Stakeholder	Complaints Received during FY 2020-21	Complaints Resolved during FY 2020-21	Complaints Resolved (%)
Investor complaints	-	-	NA
Customer complaints	190	183	96.32*
Sexual Harassment complaint	-	-	NA

* Remaining 7 cases were resolved before the date of this report. No cases were pending as on date of this report.

Principle 2 – Product Life Cycle Sustainability:

Keva endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods etc.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

   Keva procures three products derived from White Biotechnology process for use in the production of its fragrances. These products are biotech natural fragrance ingredients and totally renewable and cost-effective. Keva is an exclusive distributor for Santalol - Isobionics' product in India. The new fragrance ingredient which is the first joint product from BASF and Isobionics, is an alternative to sandalwood oil and is produced by a biotechnological basis from renewable raw materials.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   Keva recognises the impact of its operations on the environment and adopts strategies to ensure optimum utilisation of resources in all its processes. To channelise its endeavours, Keva consciously tracks usage of resources – water, energy and raw materials, throughout its operations. With a diverse portfolio of products and complex production processes, calculating environmental performance per product poses unique challenges.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   Keva has crafted extensive strategies to ensure that sustainable methods are put in place in the procurement process for its products. The Company officials engage with the farmers across the countries to encourage cultivation of aromatic oils. These officials impart knowhow of best agriculture practices to the farmers. The Company offers aromatic plants for cultivation to such farmers with guarantee of buy back for oils from them thereby contributing to sustainable sourcing.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   About 56% of material from third party suppliers is sourced locally from within the boundary of India. Out of this 16% is sourced from small and medium enterprises. Keva works in collaboration with Sukruta Rural Employment Foundation, an NGO that works for the drought stricken Jat Taluka, in the district of Sangli, Maharashtra for manufacturing Neem oil. Through this initiative, Keva has been able to provide the women of Jat taluka a source of livelihood that does not require them to migrate to long distances and can be done in the non-harvesting season. The neem project has led to significant improvements in their lives that range from upliftment of economic conditions to better lifestyle changes.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

   Keva makes concerted efforts on limiting waste in its production processes across its units. All units of Keva comply with guidelines issued by the Pollution Control Boards, especially on waste water treatment. The Company recycles 100% of Industrial Effluents and Sewage after treatment. Hazardous wastes are given to Approved Transport Storage and Disposal Facility ("TSDF") for disposal. The Company re-uses about 25% of its non-hazardous waste and the balance is sold to authorised parties. E-waste is given to Authorised E-waste Disposal vendors for disposal. Foodie Machines have been installed at the units which convert Canteen and Garden waste into manure.

Principle 3 – Employee well-being:

Keva has always been a people-centered organisation. People, its core strength, are the basis of its robust foundation that is built over years of its existence. Keva has adopted an approach of shared growth, whereby it gives equal importance to empowering and nurturing its employees to achieve greater heights along with the Company's growth. The passion and fervor showcased by its employees, several of whom have been associated with the organisation since decades and the pride they take in their association with Keva, is the highest testimony of the trust and confidence placed by the employees in the Company.

1.	Total number of employees	562
2.	Total number of employees hired on temporary / contractual /casual basis	-
3.	Number of permanent women employees	101
4.	Number of permanent employees with disabilities	2
5.	Do you have an employee association that is recognized by management?	Yes
6.	What percentage of your permanent employees is members of this recognized employee association?	32.38%

*Standalone entity data

7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
Child labour/forced labour/ involuntary labour	Nil	Not Applicable
Sexual harassment	Nil	Not Applicable
Discriminatory employment	Nil	Not Applicable

8. What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?

Particulars	%
Permanent Employees	64.40
Permanent Women Employees	3.96
Casual/ Temporary/ Contractual Employees	82.86
Employees with disabilities	-

Since many employees were working from home during the year owing to the COVID-19 pandemic and restrictions imposed by the Statutory Authorities in respect thereof, safety and skill-upgradation training was given to the employees who had been attending office / units in person.

Principle 4 – Stakeholder Engagement:

At Keva, we understand that our long-term success in the business will be driven by our stakeholders, both internal and external. We, therefore, value our relationship and try to engage with our stakeholders on a regular basis through various channels.

1. Has the Company mapped its internal and external stakeholders?

   The organisation has mapped its internal and external stakeholders which include employees, customers, NGOs and communities, business partners, suppliers, investors, government, regulators, peers and industry ecosystem. The Company has always ensured value creation, safety, skill up-gradation, enhanced living standards and better experience for its partners including employees, contract workers, distributors, suppliers through its good governance and employee friendly policies and practices.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

   Identification of the disadvantaged, vulnerable and marginalised stakeholders is an on-going process. The disadvantaged and vulnerable stakeholders identified by the Company include differently-abled employees, women and rural communities in the vicinity of its plants.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

   The Company has employed two visually challenged persons who have been working in Technology & Application Function. The initiatives undertaken for disadvantaged, vulnerable and marginalized stakeholders are elaborated in Annual Report on Corporate Social Responsibility activities for financial year 2020-21 which forms Annexure E to the Board's Report.

Principle 5 – Human Rights:

Respect for fundamental human rights, regardless of whether they are company employees or external parties is one of Keva's core principles. Keva's Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of fundamental human rights, as enshrined in the Constitution of India and the Universal Declaration of the Human Rights of the United Nations.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   Currently, the policy of the Company on human rights covers only the Company. The Group does not employ any forced labour and child labour and is committed to promoting the general equality among the employees.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   During the financial year 2020-21, the Company did not receive any complaint with regard to violation of human rights.

Principle 6 – Protection of Environment:

Keva strives to preserve environmental sustainability at all levels of operations – in its own practice and as a participant in the community.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group /Joint Ventures / Suppliers / Contractors / NGOs /others?

   The environmental management at the Company level is driven through a robust Environment, Health and Safety Policy. The Policy is applicable to all employees of the Company including full-time, partial and contractual employees.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc?

   Yes, Keva has undertaken various initiatives of diverse nature in order to leverage and incorporate clean energy into its operations. In Keva's quest of becoming more energy efficient, the Company has replaced fluorescent lamps with CFL at its Vashivali and Mulund Units. The Company, at its manufacturing plants at Mulund and Vashivali, have utilized the roof space of the infrastructure for the installation of solar panels for generation of electricity upto 460 and 120 KW per day, respectively. Your Company uses PNG instead of LPG in its canteens. The Company has full-fledged Effluent Treatment plants, in its all locations and treat all effluents generated in respective processes. Your Company has installed Reverse Osmosis Plant of capacity 240 KL per day and Multiple Effect Evaporator of capacity 24 KL per day at Vashivali Unit thus making it Zero Liquid Discharge Unit. The Company has installed Foodie Machines of 75 Kg per day capacity, for converting canteen and garden waste into manure at Mulund and Vashivali Units. Your Company has planted approx 9,500 trees at Vashivali. The Company has constructed a Green House at Vashivali Unit for nurturing saplings of plants from which essential oils are extracted which shall be given to the farmers for plantation. STP treated water instead of fresh water is used for gardening. RO permeate and WTP backwash water are re-used in Units for cooling tower feed water. Jet pressure pump is used for blending vessel cleaning.

3. Does the Company identify and assess potential environmental risks?

   Identification of environmental risks is an essential component of the organization's risk management framework. The Company has adopted dynamic environmental and safety management systems in all its plants. The evolving systems provide crucial inputs in identification and assessment of the potential risks related to environment and health and safety. Improving energy efficiency in the existing plants and its processes is also one of the key focus areas for the Company.

4. Does the Company have any project related to Clean Development Mechanism? If yes, whether any environmental compliance report is filed?

   While the Company has so far not registered any project related to Clean Development Mechanism, it is continuously endeavouring to identify opportunities to contribute in this regard.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.?

   Various initiatives have been undertaken by your Company towards conservation of energy/utilising alternate sources of energy viz. Installation of Energy Efficient LED lights in place of conventional lights, commission of rooftop solar panels, close monitoring of lighting system by providing dedicated team to avoid unwanted lighting power, insulation to FO tank, installation of Reverse Osmosis Plant to reuse the treated water from RO for cooling tower and gardening purpose, installation of Multiple Effect Evaporator, implementation of tertiary treatment system for Effluent treatment plant to reduce COD load in discharge, incorporation of Variable Frequency Drives wherever feasible.

Light sensors have been installed for all street lights. Reciprocating compressor has been replaced by new energy efficient noiseless screw compressor. Motion sensors have been put up near wash rooms. Solar day light reflector has been installed for better illumination on the shop floor.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   The Company has stringent internal controls for ensuring compliance to all guidelines and standards set by Central and State Pollution Control Boards. The Company aims at surpassing the minimum standards at every manufacturing stage. Investment in innovative solutions that can support in reducing the environmental footprint of the organization are given a priority.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   As at the end of the Financial Year 2020-21, there were no show cause / legal notices received from CPCB / SPCB which are pending resolution.

Principle 7 – Responsible Advocacy:

Keva, being a contributor in the social and economic development of the communities in which it operates, advocates policies that promote sustainability and value creation for all stakeholders.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

   Keva, being leading F&F company in India, actively participates in various industry and business associations. The Company is a member of several industrial and trade bodies namely:

   - IFRA (International Fragrance Association)
   - FAFAI (Fragrance and Flavours Association of India)
   - European Federation of Essential Oils
   - National Safety Council (NSC)
   - Mulund Kurla MARG (Mutual Aid Response Group)
   - Quality Circle Forum Of India
   - Patalganga & Rasayani Industries Association
   - Bombay Chamber of Commerce & Industry
   - Indian Chemical Council
   - CHEMEXIL
   - Maharashtra Economic Development Council
   - International Federation of Essential Oils and Aroma Trades

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

   The Company regularly nominates its representatives for scheduled Environment, Health and Safety trainings organised by NSC. The Company regularly participates in on-site and off-site mock drills organized by DISH and MARG.

Principle 8 – Inclusive Growth and Equitable Development:

As a responsible corporate citizen, the Company focusses on ethical and transparent business practices with inclusive community development lying at the core of its social initiatives. The Company is committed to enhancing relationships with its key stakeholders and creating a positive impact on the society through its corporate social responsibility (CSR) initiatives.

1. Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Inclusive growth is at the core of the Company's community development strategy. The Company undertakes the initiatives through the CSR committee of the Board as per the CSR policy of the Company. The Company's CSR Policy has been formulated in a manner that safeguards the interest of all our stakeholders and is driven by our core value of inclusion. The CSR projects are in accordance with Schedule VII of the Companies Act, 2013 and rules made thereunder.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

   The CSR projects are carried out by the Company either directly or by partnering with like-minded NGOs and government organizations. Details of CSR initiatives are available in the Annual Report on Corporate Social Responsibility activities for financial year 2020-21 which forms Annexure E to the Board's Report.

3. Have you done any impact assessment of your initiative?

   With a view to enhance the effectiveness of the CSR projects and initiatives, feedback is obtained on regular basis from the concerned stakeholders, including the target beneficiaries of the CSR projects. Feedback is collated and appropriately analysed to understand the efficacy of the projects in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. What is your company's direct contribution to community development projects?

   During the year, the Company spent ₹ 1.49 Crore towards various community development projects. Details of CSR projects are available in the Annual Report on Corporate Social Responsibility activities for financial year 2020-21 which forms Annexure E to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

   All the business locations of the Company continuously engage with communities surrounding their operations through focussed interactions. This is done to gauge the needs, priorities and expectations of the local community. Initiatives are thus designed and delivered in a transparent manner in line with inputs from the community itself.

Principle 9 – Customer Value:

Customer satisfaction, loyalty and customer retention are vital for long-term success and expansion of business. Keva places customers at the very centre of its business strategy and recognizes that the customers deserve products of the best quality that are compliant with all applicable national and international standards.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   Keva values its consumers and their grievances are taken with utmost seriousness. 3.68% of the customer complaints / consumer cases received during Financial Year 2020-21 were pending as on 31 March 2021.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

   Yes, the Company displays such product information on its packaging as is mandated by law.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?

   No cases were filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, feedback forms, etc. On analysing the feedback received from customers, it was noted that 84% of the customers were highly satisfied with the Company.

For and on behalf of the Board of Directors of

S H KELKAR AND COMPANY LIMITED

CIN: L74999MH1955PLC009593

	Ramesh Vaze	**Kedar Vaze**
Mumbai	Director & Chairman of Board	Director & Group Chief Executive Officer
27 May 2021	DIN: 00509751	DIN: 00511325

Independent Auditors' Report

To the Members of

S H Kelkar and Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of S H Kelkar and Company Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 other auditors on separate financial statements of such subsidiaries and joint venture as were audited by the other auditors, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our 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.

Description of Key Audit Matter

Loss allowance on trade receivables (refer note 2.4 (d) to the consolidated financial statements)

The key audit matter	How the matter was addressed in our audit
The Group generates revenue from sales of its products to customers in fragrance segment and in different jurisdictions within India. The carrying amount of trade receivables represents 19.73 % of the total assets of the Group. There are significant large number of customers, including traders and distributors. The Group assesses the expected credit loss (ECL) allowance for these customers resulting from possible defaults over the expected life of the receivables. These are generally expected to be recognized before a trade receivable becomes past due.	Our audit procedures in respect of loss allowance on trade receivables included the following: • Testing the design, implementation and operating effectiveness of key controls over processes of credit control, collection of trade receivables and estimation of expected credit losses; • Assessing the Group's accounting policy for making loss allowances on trade receivables with reference to the requirements of the applicable accounting standards; • Using our IT specialists to assess and obtain comfort over ageing report of days past due;
The Group measures ECL on trade receivables based on a provision matrix that involves significant judgements and estimates, including: - historical default rate/ payment trend of the customers; and - relevant current customer specific conditions; - adjustment for forward-looking information at the reporting date Considering the significant balance of trade receivables, profile of the customers and the judgement involved in its estimation, this is identified as a key audit matter.	• Assessed the reasonableness of estimate of expected credit losses through the following: - Evaluating the completeness and accuracy of the key data used by the Group for computing ECL on trade receivables; - Challenging assumptions such as the basis of adjustment for forward-looking information based on current economic conditions; and • Circulating and Obtaining independent customers confirmations on the outstanding invoices on sample (using statistical sampling) basis. Agreed the confirmation obtained from customer with balance in the books along with applicable reconciling items. Alternative procedures were performed, where confirmations not received.

Impairment testing for Goodwill on consolidation (refer note 2.4 (e) to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
The Group has significant intangible assets, including Goodwill arising from the acquisition of businesses. The Group performs an annual impairment review of Goodwill. In performing such impairment assessment, the Group compares the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill has been allocated with its respective recoverable value, to determine whether any impairment loss should be recognised. The Group's process of assessment of impairment of goodwill is complex as it involves significant judgement in determining the appropriate allocation of the goodwill to different cash generating units and assumptions used to estimate the recoverable amount including estimates of revenue growth rate, gross margins, terminal growth rate and the discount rate. Considering the complexity, the magnitude of potential impact and the judgement necessary to estimate the amount of impairment, this is identified as a key audit matter	Our audit procedures in respect of impairment of goodwill included the following: • Testing the design, implementation and operating effectiveness of key controls over the impairment assessment of Goodwill; • Assessing the reasonableness of the impairment by: - evaluating with the help of our valuation specialists, the appropriateness of the valuation methodology and - Challenging the underlying key assumptions such as discount rate, revenue growth rate, gross margins and terminal growth rates with reference to our understanding of their business and industry, current developments and future-plan of the business as approved by the Board of directors of the respective entities; and - Performing the sensitivity of the outcome of impairment assessment to changes in key assumptions.

Acquisitions Accounting (refer to note 2.4 (c) to the Consolidated Financial Statements)

The key audit matter	How the matter was addressed in our audit
During the year, the Group acquired controlling stake in a joint venture, Creative Flavours and Fragrances (CFF), thereby consolidating it as a subsidiary from the date of acquisition of control. The above acquisition has been recognised as a business combination achieved in stages as per the requirements of Ind AS 103 - Business Combinations.	Our audit procedures in respect of acquisitions accounting included the following: • Evaluating the Sale and purchase agreements (SPA) to understand the key terms and conditions of the acquisition; • Assessing the appropriateness of the PPA, including valuation methodology for each category of assets and liabilities by; – Evaluating the competence, qualification and objectivity of the Group's valuation expert;

The key audit matter	How the matter was addressed in our audit
The above acquisition accounting requires – remeasurement of previously held equity interest at its acquisition-date fair value – recognition of identifiable assets (including intangible assets), liabilities and contingent liabilities acquired at fair value by carrying out Purchase Price Allocation (PPA) as of the acquisition date – recognition of resultant Goodwill/ bargain gain PPA involves significant management judgement and estimate mainly related to the identification of intangible assets and using various valuation models determine fair values of identifiable assets and liabilities. This requires Group's judgement in respect of estimates of future cash flows and associated discount rates, for which Group involved an external valuation expert. Given the complexity and judgement involved in performing the PPA this is considered to be a key audit matter	– Examining and challenging the Group's valuation expert with the help of our valuation specialists for: • appropriateness of identification of intangible assets by corroborating this identification based on our discussion with management and understanding of the business; • reasonableness of the valuation methodologies applied in the PPA; and • appropriateness of key assumptions used such as cash flow projections, discount rates and growth rates with reference to our understanding of the business.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, 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.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and 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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and joint venture are responsible for assessing the ability of each company 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 Management and Board of Directors either intends to liquidate the Company 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 of its joint venture is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities 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 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 such entities or 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 financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company 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 auditors' 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 nine subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 1,243.37 crores as at 31 March 2021, total revenues (before consolidation adjustments) of ₹ 635.17 crores and net cash flows (before consolidation adjustments) amounting to ₹ 18.40 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 profit (and other comprehensive income) (before consolidation adjustments) of ₹ 0.23 crores for the year ended 31 March 2021, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the audit reports of the other auditors.

One of the subsidiary, located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by the other auditors under generally accepted auditing standards applicable in their country. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our conclusion in so far as it relates to subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, 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.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and a joint venture as were audited by other auditors, as noted in the 'Other Matters' paragraph, 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 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 changes in equity and the consolidated statement of cash flows 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 Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture, none of the directors of the Group companies and joint venture, incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and a joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and a joint venture, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group and its joint venture. Refer Note 38 to the consolidated financial statements.

ii. The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and its joint venture incorporated in India during the year ended 31 March 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

C. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and a joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and joint venture, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Balajirao Pothana
Partner
Membership No: 122632
UDIN: 21122632AAAAAX5945

Mumbai
27 May 2021

Annexure A to the Independent Auditors' report on the consolidated financial statements of S H Kelkar and Company Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of S H Kelkar and Company Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, 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 were 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 the internal controls 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 consolidated 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 relevant subsidiary companies 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 with Reference to Consolidated Financial Statements

A company's internal financial controls 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 controls 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls 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.

Other Matters

Our aforesaid reports 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 three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Balajirao Pothana
Partner
Membership No: 122632
UDIN: 21122632AAAAAX5945

Mumbai
27 May 2021

Consolidated Balance sheet

as at 31 March 2021

(Currency : Indian ₹ in crores)

	Note	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	**333.21**	327.13
Capital work-in-progress	4	**7.88**	2.78
Right of use asset	36	**50.07**	46.12
Investment Property	5	**12.90**	13.37
Goodwill	6A	**204.40**	40.23
Intangible assets	6B	**140.77**	45.64
Intangible assets under development		**19.97**	15.00
Equity Accounted Investee	7	**1.29**	97.00
Financial assets			
Investments*	8	**0.02**	*0.00
Loans	9	**6.19**	2.96
Other financial assets	10	**1.36**	2.31
Deferred tax assets (net)	35	**24.08**	32.57
Tax assets (net)	34	**36.57**	40.04
Other assets	11	**15.76**	16.52
Total non-current assets		**854.47**	681.67
Current assets			
Inventories	12	**429.41**	336.96
Financial assets			
Trade receivables	13	**374.50**	317.39
Cash and cash equivalents	14	**136.53**	62.55
Other bank balances	15	**2.64**	3.00
Loans	9	**8.30**	6.57
Other financial assets	10	**3.03**	2.32
Other assets	11	**61.18**	51.91
Total current assets		**1,015.59**	780.71
Assets Held for Sale	**53**	**28.01**	27.54
TOTAL ASSETS		**1,898.07**	1,489.92
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**141.32**	141.32
Other equity	17	**810.29**	682.65
Equity attributable to owners of the Company		**951.61**	823.97
Non-controlling interests		**2.96**	10.58
Total equity		**954.57**	834.55
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	**331.58**	54.40
Other financial liabilities	19	**1.63**	1.09
Provisions	20	**0.58**	0.78
Deferred tax liabilities (net)	35	**36.18**	23.63
Total non-current liabilities		**369.96**	79.90
Current liabilities			
Financial liabilities			
Borrowings	21	**161.32**	288.09
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	22	**9.98**	7.79
- total outstanding dues of creditors other than micro enterprises and small enterprises	22	**237.33**	165.32
Other financial liabilities	23	**52.90**	52.96
Other liabilities	24	**31.36**	14.35
Provisions	20	**13.37**	10.81
Current tax liabilities (net)	34	**67.29**	36.15
Total current liabilities		**573.54**	575.47
Total Liabilities		**943.50**	655.37
TOTAL EQUITY AND LIABILITIES		**1,898.07**	1,489.92
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-56		

*Amount less than ₹ 0.01 crore

As per our report of even date attached.

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

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Mumbai
27 May 2021

Consolidated statement of profit and loss

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	Note	Year ended 31 March 2021	Year ended March 31, 2020
Income			
Revenue from operations	25	**1,321.95**	1,114.23
Other income	26	**23.46**	7.83
Total income		**1,345.40**	1,122.06
Expenses			
Cost of materials consumed	27	**749.48**	551.98
Purchase of traded goods		**-**	76.27
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	**0.89**	2.72
Employee benefits expense	29	**150.03**	137.68
Finance costs	30	**17.07**	24.70
Depreciation and amortisation expense	31	**61.51**	51.50
Other expenses	32	**185.66**	187.43
Total expenses		**1,164.64**	1,032.28
Consolidated Profit before share of profit in equity accounted investee (net of tax), exceptional items and tax		**180.77**	89.78
Share of profit in equity accounted investee (net of tax)		**0.24**	1.16
Consolidated Profit before exceptional items and tax		**181.01**	90.94
Exceptional items			
- Exceptional gain	48	**12.50**	-
- Exceptional (loss)	53	**-**	(36.46)
Consolidated profit before tax		**193.51**	54.48
Tax expense			
Current tax			
- for current year	34	**45.46**	21.73
- for earlier years		**0.84**	(1.76)
Deferred tax charge			
- for current year	34	**3.23**	(1.29)
- for earlier years		**-**	(0.06)
Consolidated profit for the year		**143.98**	35.86
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability (asset)		**0.66**	0.15
Income tax related to items that will not be reclassified to profit or loss		**(0.16)**	(0.03)
Items that will be reclassified subsequently to profit or loss			
Exchange differences in translating the financial statements of a foreign operation		**(3.75)**	1.77
Consolidated other comprehensive income for the year, net of income tax		**(3.26)**	1.89
Total consolidated comprehensive income for the year		**140.72**	37.75
Profit attributable to:			
Owners of the Company		**144.70**	35.69
Non-controlling interests		**(0.72)**	0.17
Other comprehensive income attributable to:			
Owners of the Company		**(3.26)**	1.89
Non-controlling interests		**-**	-
Total comprehensive income attributable to:			
Owners of the Company		**141.44**	37.58
Non-controlling interests		**(0.72)**	0.17
Earnings per equity share (Nominal value of ₹10 each, fully paid-up)	33		
Basic earnings per share (₹)		**10.48**	2.56
Diluted earnings per share (₹)		**10.48**	2.56
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-56		

*Amount less than ₹ 0.01 crore

As per our report of even date attached.

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

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Mumbai
27 May 2021

Consolidated statement of changes in equity

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

(a) Equity share capital

	31 March 2021	31 March 2020
Opening balance as at	141.32	144.62
Changes in equity share capital during the year (refer note 16)	-	(3.30)
Closing balance as at	**141.32**	141.32

(b) Other equity

	Attributable to the equity holders of the Company								Treasury Shares	Total	Non-Controlling Interests	Total Equity
	Reserves & Surplus							Items of OCI				
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained earnings	STARs reserves	Other reserves	Foreign Currency Translation Reserve				
Balance at 01 April 2020	**17.07**	**157.70**	**3.30**	**107.86**	**441.93**	**(0.25)**	**8.77**	**19.22**	**(72.95)**	**682.65**	**10.58**	**693.23**
Total comprehensive income for the year ended 31 March 2020												
Consolidated profit for the year	-	-	-	-	**144.70**	-	-	-	-	**144.70**	**(0.72)**	**143.98**
Items of OCI for the year, net of tax										-		
Remeasurements of defined benefit liability	-	-	-	-	**0.49**	-	-	-	-	**0.49**	-	**0.49**
Exchange differences in translating the financial statements of a foreign operation	-	-	-	-	-		-	**(3.75)**	-	**(3.75)**		**(3.75)**
Total comprehensive income for the year	-	-	-	-	**145.19**	-	-	**(3.75)**	-	**141.44**	**(0.72)**	**140.72**
Transaction with the owners of the Company, recorded directly in equity												
Contributions and distributions												
Dividends	-	-	-	-	**(14.13)**	**0.33**	-	-	-	**(13.80)**	-	**(13.80)**
Dividend Distribution Tax (DDT)	-	-	-	-			-	-	-	-	-	-
Others												
Acquisition of Anhui Ruibang additional stake	-	-	-	-	-	-	-	-	-	-	**(6.90)**	**(6.90)**
Balance at 31 March 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**
Balance at 01 April 2019	17.07	213.80	-	111.16	425.50	0.23	8.77	17.15	(74.95)	718.73	10.81	729.54
Total comprehensive income for the year ended 31 March 2020												
Consolidated profit for the year	-	-	-	-	35.69	-	-	-	-	35.69	0.17	35.86
Ind AS 116 Leases					(3.19)	-	-			(3.19)		(3.19)
Items of OCI for the year, net of tax												
Remeasurements of defined benefit liability	-	-	-	-	0.12	-	-	-	-	0.12	-	0.12

Consolidated statement of changes in equity

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	Attributable to the equity holders of the Company								Treasury Shares	Total	Non-Controlling Interests	Total Equity
	Reserves & Surplus							Items of OCI				
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained earnings	STARs reserves	Other reserves	Foreign Currency Translation Reserve				
Exchange differences in translating the financial statements of a foreign operation	-	-	-	-	-	-	-	2.07	-	2.07	(0.40)	1.67
Total comprehensive income for the year	-	-	-	-	32.62	-	-	2.07	-	34.69	(0.23)	34.45
Transaction with the owners of the Company, recorded directly in equity												
Utiilised for buy-back of equity shares		(56.10)	3.30	(3.30)	-	-	-	-	-	(56.10)	-	(56.10)
Contributions and distributions												
Dividends	-	-	-	-	(13.43)	0.31		-	-	(13.12)	-	(13.12)
Dividend Distribution Tax (DDT)	-	-	-	-	(2.76)	-	-	-	-	(2.76)	-	(2.76)
Others												
Shares extinguised on buyback	-	-	-	-	-	-	-	-	2.00	2.00	-	2.00
Loss on participation in buy back by trust						(0.79)				(0.79)		(0.79)
Balance at 31 March 2020	**17.07**	**157.70**	**3.30**	**107.86**	**441.93**	**(0.25)**	**8.77**	**19.22**	**(72.95)**	**682.65**	**10.58**	**693.23**

Significant accounting policies	1-3
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-56

*Amount less than ₹ 0.01 crore
As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Consolidated Statement of Cash Flow

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

		31 March, 2021	31 March, 2020
A.	**Cash flows from operating activities**		
	Profit before tax from continuing operations	**193.51**	53.32
	Adjustments for :		
	Depreciation and amortization	**61.51**	51.50
	Exceptional Item	**(12.50)**	26.69
	Interest income	**(1.30)**	(0.37)
	(Profit)/loss on sale of investment	**-**	(0.33)
	(Profit)/loss on sale of property, plant and equipment	**(0.44)**	(0.18)
	Rent income	**(1.15)**	(1.28)
	Interest expense	**17.07**	24.70
	Loss allowance on trade receivables	**7.03**	10.73
	Gain on write back of financial Liabilities measured at amortised cost	**(3.31)**	(0.64)
	Bad Debts written off	**0.50**	0.23
	Intangible assets under development written off	**14.42**	22.18
	Unrealised (gain) / loss on foreign exchange (net)	**1.61**	(3.29)
	(Gain)/ Loss on Derivative contract	**(3.64)**	2.22
	Share of profit in equity accounted investee (net of tax)	**(0.24)**	-
	Operating profit before working capital changes	**273.07**	185.48
	Changes in working capital		
	(Increase)/ decrease in trade and other receivables	**(12.78)**	(29.99)
	(Increase) / decrease in loans and advances	**(1.39)**	(5.41)
	(Increase)/ decrease in inventories	**(69.34)**	31.44
	(Increase) / Decrease in other current assets	**2.81**	9.17
	(Increase) / Decrease in Non current assets	**-**	3.31
	Increase /(decrease) in trade and other payables	**14.24**	38.14
	Increase / (decrease) in Provision	**0.95**	0.64
	Net change in working capital	**(65.51)**	47.30
	Cash flows generated from operating activities before taxes	**207.56**	232.78
	Direct taxes paid	**(12.40)**	(27.60)
	Net cash flows generated from operating activities (A)	**195.16**	205.18
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)	**(33.77)**	(44.71)
	Proceeds from sale of property, plant and equipment	**3.55**	0.18
	Proceeds from sale of mutual funds	**-**	77.53
	Investment in mutual funds	**-**	(76.00)
	Loan Given	**(2.07)**	
	Increase / (decrease) in non-current deposits with bank	**0.46**	(0.47)
	Rent income	**1.15**	1.28
	Payrments for acquisition of controlling stake in joint venture	**(119.47)**	-
	Interest received	**1.28**	1.83
	Net cash flows (used in) investing activities (B)	**(148.87)**	(40.36)
C.	**Cash flows from financing activities**		
	Proceeds from term loan	**220.25**	81.90
	Repayment of term loans	**(5.20)**	(134.84)
	Proceeds of working capital loans	**1.31**	734.09
	Repayment of working capital loans	**(66.91)**	(768.29)
	Repayment of lease liabilities	**(24.22)**	(8.18)
	Payment of butback of shares - share capital	**-**	(3.30)
	Payment for buyback of shares - securities premium	**-**	(56.10)
	Proceeds on participation in buy-back by Employee Benefit Trust	**-**	1.14

Consolidated Statement of Cash Flow

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

		31 March, 2021	31 March, 2020
	Dividend received on treasury shares	**0.33**	-
	Dividend Paid, including Tax thereon	**(14.13)**	(16.19)
	Increase/(Decrease) in Non Controlling interest	**(6.91)**	-
	Interest paid	**(16.92)**	(26.44)
	Net cash flows generated from financing activities (C)	**87.60**	(196.21)
D.	**Net increase/ (decrease) in cash and cash equivalents (A + B + C)**	**133.88**	(31.39)
E.	**Cash and cash equivalents (beginning of the year)**	**(33.07)**	(0.52)
F.	**Effect of exchange rate changes on cash and cash equivalents**	**1.28**	(1.16)
G.	**Cash and cash equivalents at the end of the year (D+E+F)**	**102.09**	(33.07)
	Cash and cash equivalents (end of the year)		
	Balances with banks in -		
	current accounts	**114.30**	51.49
	exchange earners foreign currency account	**22.05**	10.85
	Cash on hand	**0.18**	0.21
	Bank overdraft	**(34.45)**	(95.62)
	Total Cash and cash equivalents	**102.09**	(33.07)
	Notes:		
1.	**Debt reconciliation statement in accordance with Ind AS 7**		
	Opening balances		
	Long-term borrowing	**22.82**	77.59
	Short-term borrowing	**192.47**	226.88
	Lease liabilities	**54.32**	52.93
	Cash flows		
	Long-term borrowing	**215.05**	(52.94)
	Short-term borrowing	**(65.60)**	(34.41)
	Lease liabilities	**(24.22)**	(8.18)
	Pursuant to acquisition	**66.20**	-
	Non-cash changes		
	Foreign exchange movement	**(3.69)**	(1.83)
	Net movement in leases (Addition/ (Reversal)	**25.89**	9.57
	Closing balances		
	Long-term borrowing	**300.38**	22.82
	Short-term borrowing	**126.87**	192.47
	Lease liabilities	**55.99**	54.32

2. The above Cash flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (Ind AS 7) - "Cash Flow Statements"

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)

The notes referred to above and other notes form an integral part of the consolidated financial statements.

*Amount less than ₹ 0.01 crore
As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

1 Company and Group overview

S H Kelkar and Company Limited ('SHK' or 'the Holding 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 Holding Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These Consolidated financial statements comprise the Holding Company 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 the consolidated financial statements

2.1 Statement of compliance

The accompanying 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 2021 have been proposed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 27 May 2021.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is also the Holding 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

The consolidated financial statements have been prepared on a historical cost basis, 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.

2.4 Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviews on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 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.

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 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated statement of profit and loss:

a. **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 judgment. 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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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 values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group and its joint venture have ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3 Significant accounting policies

3.1 Revenue

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group and its joint venture expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Rental income

Rental income, included under other 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.

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 there is reasonable assurance to be received.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are not translated.

In respect of foreign branch, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

Foreign currency exchange differences are recognised in the consolidated statement of profit and loss, except exchange difference arising from the translation of the following items which are recognised in OCI:

On Consolidation the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average rate during the year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit and loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefit obligation are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave. A liability is recognised for the amount expected to be paid if the Group and its joint venture have 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 Group and its joint venture contributions to Employee State Insurance and Labour Welfare Fund are recognised in the consolidated 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 consolidated Statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

The Group and its joint venture also makes specified monthly contribution towards employee provident fund in India for certain class of employees. The Group and its joint venture such contribution is considered as defined contribution plan and is recognised as expenses in the consolidated Statement of Profit and loss during the year. The Group and its joint venture contribution towards defined contribution benefit plan is accrued in compliance with the domestic laws of the country in which the consolidated foreign entities operate.

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.

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 venture 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 Holding Company and for other entities it is managed by LIC of India.

Provident fund trust

Eligible employees of the Holding Company receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the Holding Company. Both the employee and the Holding Company 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

The Group and its joint venture's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the consolidated balance sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the consolidated statement of profit and loss.

Other long-term employee benefits also include long-term incentive plan provided to eligible employees. Vesting of the long-term incentive would be contingent on achievement of certain performance conditions. The obligation for the long-term incentive plan is calculated arithmetically as a percentage of fixed salary.

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.

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's 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 enacted or substantively enacted by the reporting date.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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 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. 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 & development- 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
Electirc 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.

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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.

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 5.

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	5 years
- 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.

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A financial asset is initially measured at fair value other than trade receivables and contract assets which are measured at transaction price plus, for an item not at fair value through profit and loss(FVPTL), transaction cost that are directly attributable to its acquisition or issue.

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

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recognised in the consolidated statement of profit and loss. Other net gains and losses are recognised in OCI. On 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.

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 derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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.

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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

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use asset 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 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 statement of profit and loss.

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.

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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.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

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 recoveable 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 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's cash management.

3.16 Employee Stock Appreciation Rights Scheme:

Liability for the Holding Company's Employee Stock Appreciation Rights (STARs), granted pursuant to the Holding Company'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 Holding Company on 01 November, 2017, shall be measured, initially and

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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 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 Recent accounting pronouncement

Standards issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.
- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency are specified under the head 'additional information' in the notes forming part of the standalone financial statements. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law

3.20 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;

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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 holding company, 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 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 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 holding Company 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 Holding Company and the joint venture which are included in the consolidated financial statements are set out in Note no. 47 (I).

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4. Property, Plant and Equipment

Block of asset	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2020	Additions during the year	Business Acquisition during the year	Translation impact	Disposals during the year	As at 31 March 2021	As at 1 April 2020	Charge for during the year	Translation impact	Disposals during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Freehold land	15.44	-	-	1.01	-	16.45	-	-	-	-	-	16.45	15.44
Leasehold Land	0.08	-	-	-	-	0.08	0.02	0.01	-	-	0.03	0.05	0.06
Leasehold improvements	17.86	-	4.65	(0.16)	0.30	22.05	5.75	2.56	(0.01)	1.71	6.59	15.46	12.11
Buildings	146.46	0.42	-	0.29	1.83	145.34	19.35	4.53	0.15	0.31	23.72	121.62	127.11
Research and development - equipments	13.09	0.59	-	-	0.64	13.04	4.87	1.16	-	0.16	5.87	7.17	8.22
Factory building and sheds	25.49	-	-	-	-	25.49	5.40	(2.05)	-	-	3.35	22.14	20.09
Office equipment	5.51	0.62	0.07	0.03	0.37	5.86	2.19	0.77	(0.02)	0.19	2.75	3.11	3.32
Furniture and fixtures	12.32	0.18	0.69	0.02	0.97	12.24	5.01	1.88	(0.05)	0.25	6.59	5.66	7.31
Electrical equipment and installations	12.51	0.32	-	-	-	12.83	4.19	1.07	-	*0.00	5.26	7.57	8.32
Plant and machinery	160.44	2.17	21.43	(1.20)	2.44	180.39	36.35	14.10	(1.61)	*0.91	47.93	132.47	124.09
Motor cars and vehicles	1.18	0.25	0.13	(0.01)	0.06	1.49	0.64	0.15	-	0.01	0.78	0.71	0.54
Computers and printers	2.98	0.38	0.43	(0.04)	0.23	3.52	2.46	0.52	(0.07)	0.20	2.71	0.81	0.52
- Office equipments	-	-	-	-	-	-		-	-	-	-	-	-
- Motor cars	-	-	-	-	-	-		-	-	-	-	-	-
Asset held for Sale	27.54	-	-	0.48	-	28.02		-	-	(0.01)	0.01	28.01	27.54
	425.46	4.93	27.40	(0.59)	6.84	450.36	86.23	24.71	(1.61)	3.73	105.60	333.21	327.13

1. Capital Work-in-progress	31 March 2021	31 March 2020
Opening Balance	2.78	15.42
Additions during the year	6.20	3.00
Capitalised during the year	1.10	15.64
Closing Balance	7.88	2.78

2. Group adopted Ind AS 116 effective 1st April 2019. Consequently, the office equipments and motor cars acquired under finance lease agreements has been reclassified from 'Property, Plant & Equipment' to 'Right of Use assets'.
3. Group has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.
4. Group has not recognised any impairment loss during the current year (31 March 2020 - ₹ Nil).
5. Property, plant and equipment of the Holding Company have been hypothecated against corporate guarantee issued by the company towards loan availed by its foreign subsidiary ('Nil' in previous year). (refer note 18)

*Amount in less than ₹ 0.01 crores

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4. Property, Plant and Equipment

Block of asset	Gross Block								Accumulated Depreciation							Net Block	
	As at 1 April 2019	Additions during the year	Transition impact of Ind AS 116	Assets transferred to assets held for sale (refer note 53)	Disposals during the year	Adjustment/ Regrouping	Translation difference	As at 31 March 2020	As at 1 April 2019	Charge for the year	Transition impact of Ind AS 116	Assets transferred to assets held for sale (refer note 53)	Disposals during the year	Translation difference	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold land	30.94	-	-	2.53	-	(12.97)	-	15.44	-	-	-	-	-	-	-	15.44	30.94
Leasehold land	0.08	-	-	-	-	-	-	0.08	0.01	0.01	-	-	-	-	0.02	0.06	0.07
Leasehold improvements	15.74	2.88	-	-	(0.76)	-	-	17.86	4.17	2.33	-	-	(0.75)	-	5.75	12.11	11.57
Buildings	132.69	3.43	-	5.48	-	12.97	2.85	146.46	17.48	4.14	-	1.98	-	(0.29)	19.35	127.11	115.21
Research and development - equipments	11.82	1.27	-	-	-	-	-	13.09	3.72	2.01	-	-	(0.86)	-	4.87	8.22	8.10
Factory building and sheds	25.49	-	-	-	-	-	-	25.49	4.53	0.87	-	-	-	-	5.40	20.09	20.96
Office equipment	3.54	2.42	-	0.43	(0.02)	-	-	5.51	1.72	0.74	-	0.25	(0.02)	-	2.19	3.32	1.82
Furniture and fixtures	10.44	2.43	-	0.53	(0.02)	-	-	12.32	4.54	1.02	-	0.53	(0.02)	-	5.01	7.31	5.90
Electrical equipment and installations	10.94	1.57	-		-	-	-	12.51	3.12	1.07	-		-	-	4.19	8.32	7.82
Plant and machinery	217.95	10.63	-	68.24	(1.20)	-	1.30	160.44	53.29	14.37	-	30.66	(0.33)	(0.32)	36.35	124.09	164.66
Motor cars and vehicles	1.33	0.08	-	0.23	-	-	-	1.18	0.24	0.63	-	0.23		-	0.64	0.54	1.09
Computers and printers	3.81	0.42	-	1.17	(0.08)	-	-	2.98	2.83	0.72	-	1.01	(0.08)	-	2.46	0.52	0.98
Assets under lease																	
- Motor cars	1.13	-	(1.13)	-	-	-	-	-	0.83	-	(0.83)	-	-	-	-	-	0.30
- Office equipments	0.34	-	(0.34)	-	-	-	-	-	0.34	-	(0.34)	-	-	-	-	-	-
	466.24	25.13	(1.47)	78.61	(2.08)	-	4.15	413.36	96.82	27.91	(1.17)	34.66	(2.06)	(0.61)	86.23	327.13	369.42

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

5 Investment property

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2020	Additions during the year	Disposals during the year	As at 31 March 2021	As at 1 April 2020	Charge for the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Buildings	**14.72**	**-**	**-**	**14.72**	**1.35**	**0.47**	**1.82**	**12.90**	**13.37**
	14.72	**-**	**-**	**14.72**	**1.35**	**0.47**	**1.82**	**12.90**	**13.37**

5 Investment property *(previous year)*

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2019 (Restated)	Additions during the year	Disposals during the year	As at 31 March 2020	As at 1 April 2019	Charge for the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Buildings	14.72	-	-	14.72	0.89	0.46	1.35	13.37	13.83
	14.72	-	-	14.72	0.89	0.46	1.35	13.37	13.83

Notes:

1. Buildings are classified as Investment property by the Group in accordance with Ind AS - 40 "Investment Property".
2. Fair value of Investment Property is ₹ 21.23 crores (31 March, 2020 : ₹ 20.20 crores).

Fair Value

The fair value of investment property has been determined using external property rates available in the market. The fair value measurement for all of the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The fair value of the investment property have been derived using the Direct Comparison Method.The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

6 Intangible assets

Block of asset	Gross Block							Accumulated Amortisation				Net Block		
	As at 1 April 2020	Additions during the year	Additions Internally generated	Additions subsidiary/ business acquisition	Disposals during the year	Translation difference	As at 31 March 2021	As at 1 April 2020	Charge for the year	Disposals during the year	Translation difference	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
A Goodwill	**40.23**	**-**	**-**	**163.01**	**-**	**1.16**	**204.40**	**-**	**-**	**-**	**-**	**-**	**204.40**	**40.23**
B Others														
Computer software	**13.50**	**1.36**	**-**	**0.28**	**-**	**0.35**	**15.49**	**10.71**	**3.28**	**-**	**-**	**13.99**	**1.50**	**2.79**
Land Rights	**5.66**	**-**	**-**	**-**	**-**	**-**	**5.66**		**0.15**	**-**	**-**	**0.15**	**5.51**	**5.66**
Formulation	**41.04**	**-**	**1.51**	**48.25**	**-**	**(0.42)**	**90.38**	**18.91**	**14.90**	**-**	**-**	**33.81**	**56.57**	**22.13**
Licences	**10.01**	**-**		**-**	**-**	**-**	**10.01**	**0.58**	**1.59**	**-**	**-**	**2.17**	**7.84**	**9.43**
Patents & Trademarks	**3.93**	**-**	**-**	**61.66**	**-**	**-**	**65.59**		**0.55**	**-**	**-**	**0.55**	**65.04**	**3.93**
Non compete fees	**1.26**	**-**	**-**	**2.90**	**-**	**-**	**4.16**	**0.82**	**0.25**	**-**	**-**	**1.07**	**3.09**	**0.44**
Brand	**2.00**	**-**	**-**	**-**	**-**	**-**	**2.00**	**1.30**	**0.40**	**-**	**-**	**1.70**	**0.30**	**0.70**
Concept Development	**-**	**-**	**-**	**0.61**	**-**	**(0.16)**	**0.45**		**0.05**	**-**	**-**	**0.05**	**0.40**	
Customer Relationship	**2.77**	**-**	**-**	**0.18**	**-**	**(0.01)**	**2.94**	**2.20**	**0.21**	**-**	**-**	**2.41**	**0.53**	**0.57**
	80.17	**1.36**	**1.51**	**113.88**	**-**	**(0.24)**	**196.68**	**34.53**	**21.39**	**-**	**-**	**55.92**	**140.77**	**45.64**

6 Other intangible assets *(previous year)*

Block of asset	Gross Block							Accumulated Amortisation				Net Block		
	As at 1 April 2019	Additions during the year	Additions Internally generated	Additions subsidiary/ business acquisition	Disposals during the year	Translation difference	As at 31 March 2020	As at 1 April 2019	Charge for the year	Disposals during the year	Translation difference	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
A Goodwill	39.84	-	-	-	-	0.39	40.23	-	-	-	-	-	40.23	39.84
B Others														
Computer software	13.08	0.42	-	-	-	-	13.50	9.06	1.65	-	-	10.71	2.79	4.02
Land Rights	6.27	-	-	-	-	(0.61)	5.66	-	-	-	-	-	5.66	6.27
Formulation	28.81	9.82	4.61	-	2.20	-	41.04	13.23	6.28	0.60	-	18.91	22.13	15.58
Licenses	10.41	-	-	-	0.40	-	10.01	0.36	0.33	0.11	-	0.58	9.43	10.05
Customer Relationship	2.77	-	-	-	-	-	2.77	1.65	0.55	-	-	2.20	0.57	1.12
Patents & Trademarks	-	3.93	-	-	-	-	3.93	-	-	-	-	-	3.93	-
Brand	2.00	-	-	-	-	-	2.00	0.90	0.40	-	-	1.30	0.70	1.10
Non compete fees	1.26	-	-	-	-	-	1.26	0.54	0.28	-	-	0.82	0.44	0.72
	64.60	14.17	4.61	-	2.60	(0.61)	80.17	25.74	9.50	0.71	-	34.53	45.64	38.86

Note :

	31 March 2021	31 March 2020
1. Intangible assets under development		
Opening Balance	**15.00**	22.22
Additions during the year	**15.12**	19.65
Pursuant to CFF acquisition	**6.12**	-
Capitalised during the year	**(1.84)**	(4.69)
Impaired / written off during the year	**(14.43)**	(22.18)
Closing Balance	**19.97**	15.00

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

7 Equity Accounted Investee

	Number of shares / units		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Investment in Joint venture (unquoted)				
Creative Flavours & Fragrances SpA (face value Euro 1 per share) *	-	10,20,000	-	95.95
Purander Fine Chemicals Pvt.Ltd. (face value ₹ 10 per share)	**5,000**	5,000	**1.29**	1.05
			1.29	97.00

*Acquired balance stake in CFF and consolidated as a subsidiary wef 31st July 2020 (Refer Note 48)

8 Non-current investments

	Number of shares / units		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Equity shares designated at FVTPL				
Hico Products Ltd. (face value ₹ 10 per share) (Unquoted)**	**19,250**	19,250	**-**	-
Banco BPM Bank (Unquoted)	**307**	307	**0.02**	
Reliance Industries Limited (face value of ₹ 10 per share) (Quoted)	**16**	16	**0.00**	*0.00
			0.02	*0.00

The aggregate book value and market value of quoted non-current investments are as follows:

	31 March 2021	31 March 2020
Aggregate book value of quoted investments	***0.00**	*0.00
Aggregate market value of quoted investments	***0.00**	*0.00
Aggregate value of unquoted investments	**0.02**	-
Aggregate amount of impairment in the investments	**-**	-

*Amount less than ₹ 0.01 crore

**The shares have been suspended from trading and the entity is under liquidation. The Investment has been written off in the books of the holding Company and the market value is considered Nil.

9 Loans *(unsecured)*

	Non-current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
To other than related parties				
Security deposits				
- considered good	**6.19**	2.96	**2.31**	3.28
- considered doubtful	**0.18**	0.18	**-**	-
	6.37	3.14	**2.31**	3.28
Loss Allowance for bad and doubtful loans	**0.18**	0.18	**-**	-
	6.19	2.96	**2.31**	3.28
Loans to employees (considered good)	**-**	-	**2.92**	2.29
Loan to Others (considered good)	**-**	-	**2.57**	0.50
	-	-		
To related parties				
Loans to related parties (considered good)	**-**	-	**0.50**	0.50
	6.19	2.96	**8.30**	6.57

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(Currency : Indian ₹ in crores)

* Details of Loans 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

	31 March 2021	31 March 2020
Purandar Fine Chemicals Private Limited (refer note 46)	**0.50**	0.50

10 Other financial assets *(unsecured, considered good)*

	Non-current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
To other than related parties				
Term deposits with banks with remaining maturity more than 12 months**	**1.36**	1.46	**-**	-
Interest receivable from Income tax	**-**	-	**1.28**	1.47
Interest accrued and due on fixed deposits	**-**	-	**0.05**	0.02
Derivatives Assets - Foreign currency forward exchange contracts	**-**	-	**1.67**	-
Other receivables	**-**	0.85	**0.03**	0.83
	1.36	2.31	**3.03**	2.32

** Bank deposits of ₹ 1.36 crores (March 2020 : ₹ 1.46 crores) are lien with bank for tax matters.

11 Other assets *(unsecured, considered good)*

	Non-current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
To other than related parties				
Capital advances	**2.40**	0.56	**0.11**	0.33
Prepaid expenses	**-**	0.05	**7.94**	5.53
Balances with government authorities	**13.31**	13.72	**36.53**	24.89
VAT/Sales tax refund receivable	**0.06**	2.19	**2.34**	0.61
Others	**-**	-	**0.30**	0.26
Gratuity	**-**	-	**0.11**	-
Advance to suppliers	**-**	-	**7.81**	20.03
To related parties				
Advance to suppliers**	**-**	-	**6.03**	0.26
	15.76	16.52	**61.17**	51.91

** Details of Advance to suppliers from companies/ body corporates in which a director of the Company is a Director or firms in which a Director of company is a Partner.

	31 March 2021	31 March 2020
Keva Aromatics Private Limited	**6.03**	0.14
Keva Constructions Private Limited	**-**	0.12
	6.03	0.26

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

12 Inventories

	31 March 2021	31 March 2020
Raw materials	**285.99**	193.63
Raw materials in transit	**3.70**	8.49
Packing materials	**5.82**	9.84
Work-in-progress	**87.00**	65.70
Finished goods	**46.92**	59.30
	429.41	336.96

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 ₹ 1.30 crores (31 March 2020: ₹ 2.30 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 or loss.

Borrowings are secured by way of hypothecation of Inventories both in hand and transit.

13 Trade receivables *(unsecured)*

	31 March 2021	31 March 2020
- Considered good**	**394.57**	331.16
- Significant increase in credit risk	**-**	-
- Credit impaired	**6.36**	4.20
Loss allowance*	**(26.43)**	(17.97)
Net trade receivables	**374.50**	317.39

*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 44.

Borrowings are secured by way of hypothecation of book debts and other receivables (refer note 21).

** Trade receivables (unsecured, considered good) as at 31st March 2021 include ₹ 11.11 crores (31st March 2020: ₹ 0.15 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

	31 March 2021	31 March 2020
Keva Aromatics Private Limited	**10.92**	0.09
Purandar Fine Chemicals Pvt.Ltd.	**0.19**	0.15
	11.11	0.15

14 Cash and cash equivalents

	31 March 2021	31 March 2020
Balance with banks in:		
- current accounts	**114.29**	51.49
- exchange earners foreign currency account	**22.05**	10.85
Cash on hand	**0.18**	0.21
Cash and cash equivalents in the balance sheet	**136.53**	62.55
Bank overdrafts used for cash management purposes	**(34.45)**	(95.62)
Cash and cash equivalents in the statement of cash flows	**102.08**	(33.07)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

15 Other bank balances

	31 March 2021	31 March 2020
Bank deposits due to mature within 12 months of the reporting date**	**1.83**	1.84
Current account of Holding Company's employee benefit trust (refer note 52)	**0.79**	1.15
Unclaimed dividend accounts	**0.01**	0.01
	2.64	3.00

**Bank deposits of ₹ 1.83 crores (31 March 2020 : ₹ 1.84 crores) are pledged with bank for guarantees issued.

16 Share capital

	Number of shares		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Authorised				
Equity shares of ₹10 each	**159,314,500**	154,064,500	**159.31**	154.06
Preference shares of ₹ 10 each	**11,935,500**	11,935,500	**11.94**	11.94
			171.25	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	**141,320,801**	141,320,801	**141.32**	141.32
			141.32	141.32

a Reconciliation of number of shares outstanding at the beginning and end of the year :

	Number of shares		Amount	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
i) Equity share of ₹ 10 (Previous year ₹ 10) each fully paid-up				
Outstanding at the beginning of the year	**141,320,801**	144,620,801	**141.32**	144.62
Shares extinguished on buy-back	**-**	(3,300,000)	**-**	(3.30)
Outstanding at the end of the year	**141,320,801**	141,320,801	**141.32**	141.32

b Terms / Rights attached to each classes of shares

Terms / Rights attached to Equity shares

The Holding Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding 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 Holding 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 Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

c **Shareholders holding more than 5% shares in the company is set out below:**

	31 March 2021		31 March 2020	
	Number of Shares	%	Number of Shares	%
Equity shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	**14,439,269**	**10.22%**	14,439,269	10.22%
Ramesh V. Vaze	**25,915,024**	**18.34%**	25,749,524	18.22%
KNP Industries Pte. Ltd.	**15,229,000**	**10.78%**	15,229,000	10.78%
Kedar R.Vaze	**17,254,614**	**12.21%**	13,935,100	9.86%
Keva Constructions Private Limited	**8,691,139**	**6.15%**	10,691,139	7.57%
Stiching Depositary Apg Emerging Markets Equity Pool	**579,022**	**0.41%**	7,907,541	5.60%
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	**-**	**-**	8,373,212	5.92%

d The Holding Company during 2019-20 bought back 33,00,000 equity shares for an aggregate amount of ₹ 59.40 crores, being 2.28% of the total paid-up equity share capital at ₹ 180 per equity share. The equity shares bought back were extinguished on 13 August 2019.

e There are no shares reserved for issue under options as at 31 March 2021 (Nil as at 31 March 2020).

17 Other equity

Other reserves	Note	31 March 2021	31 March 2020
Capital reserve	i.	**17.07**	17.07
Capital redemption reserve	ii.	**3.30**	3.30
Securities premium	iii.	**157.70**	157.70
Other reserves	iv.	**8.77**	8.77
General reserve	v.	**107.86**	107.86
Foreign currency translation reserve	vi.	**15.47**	19.22
Treasury Shares	vii.	**(72.95)**	(72.95)
STARs Shares	viii.	**0.08**	(0.25)
Retained Earnings	ix.	**572.99**	441.93
		810.29	682.65

A. Notes:

		31 March 2021	31 March 2020
i.	***Capital reserve***		
	Opening balance	**17.07**	17.07
	Movement during the year	**-**	-
	Closing balance	**17.07**	17.07

Notes to the Consolidated Financial Statements

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(Currency : Indian ₹ in crores)

		31 March 2021	31 March 2020
ii.	***Capital redemption reserve***		
	Opening balance	**3.30**	*0.00
	Transfer from general reserve pursuant to buy-back	**-**	3.30
	Closing balance	**3.30**	3.30
iii.	***Securities premium***		
	Opening balance	**157.70**	213.80
	Utilisation on buy back of equity shares	**-**	(56.10)
	Closing balance	**157.70**	157.70
iv.	***Other reserves***		
	Opening balance	**8.77**	8.77
	Movement during the year	**-**	-
	Closing balance	**8.77**	8.77
v.	***General reserve***		
	Opening balance	**107.86**	111.16
	Transfer to capital redemption reserve pursuant to buy-back	**-**	(3.30)
	Closing balance	**107.86**	107.86
vi.	***Foreign currency translation reserve***		
	Opening balance	**19.22**	17.15
	Add: change during the year	**(3.75)**	2.07
	Closing balance	**15.47**	19.22
vii.	***Treasury shares***		
	Opening balance	**(72.95)**	(74.95)
	Less : Participation in buy back of equity shares by the Trust	**-**	2.00
	Closing balance	**(72.95)**	(72.95)
viii.	***STARs shares***		
	Opening balance	**(0.25)**	0.23
	Add: Income of the S H Kelkar Employee Trust (EBT) for the year	**0.33**	0.31
	Less: Loss on participation in buy back by trust	**-**	(0.79)
	Closing balance	**0.08**	(0.25)
ix.	***Retained earnigs***		
	Opening Balance	**441.93**	425.50
	Add: Total comprehensive income for the year	**145.19**	35.81
	Less: Dividend paid (including DDT)	**(14.13)**	(16.19)
	Less: Imapact on transition to Ind AS 116	**-**	(3.19)
	Closing Balance	**572.99**	441.93

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(Currency : Indian ₹ in crores)

B. Nature and purpose of 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).

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 and STARs reserves

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.

viii. STARs reserves

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 Ind AS transition adjustments, transfers to general reserve, dividends or other distributions paid to shareholders.

Dividends

The following dividends were declared and paid by the Company during the years ended:

	31 March 2021	31 March 2020
Interim equity dividend of 2020-2021 paid at ₹ 1.00 per equity share	**14.13**	13.43
Dividend distribution tax on the equity dividend paid above	**-**	2.76
	14.13	16.19

Board of Directors in its meeting held on 27 May 2021 has recommended a final dividend of ₹ 0.75 per equity share (31 March 2020 : ₹ Nil) subject to the approval at the annual general meeting.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

18 Non-current Borrowings

	31 March 2021	31 March 2020
Secured		
Term loans from bank (refer note 'a' below)	**211.60**	-
Loans from others (refer note 'd' below)	**75.77**	-
Unsecured		
Lease Liabilities (refer note 'c' below)	**55.99**	54.32
Term loans from bank (refer note 'b' below)	**13.01**	22.82
	356.37	77.14
Less: Amount included under 'other current financial liabilities'		
Term loans from bank	**(6.01)**	(10.62)
Lease Liabilities	**(18.78)**	(12.12)
	331.58	54.40

Terms of repayment and security

a) Term Loan from banks ₹ 211.60 crores (Euro 24.58 mn) include loans from bank taken by foreign subsidiary companies in Euro Currency. A long-term loan availed for an amount of ₹ 56.62 crores (Euro 6.58 mn) with applicable interest rate of 3 month Eurobor + (1.45 % to 2.95%) for appropriate tenor. Further Term Loan of ₹ 154.98 crores. (Euro 18 mn) is backed by the Standby Letter of credit (SBLC) from the holding company. The SBLC issued is hypothecated against the current and future movable and immovable Property, Plant & Equipment of the holding company and the 51% equity shares held in Creative Flavours & Fragrances SpA . The rate of interest would be Euribor + 160 bps p.a. during the tenor of the credit facility (Euribor would be floating).

b) Term Loan from banks includes loan by a subsidiary company in ₹ Currency. It is a long-term loan availed for an amount of ₹ 28 Crores, having current outstanding as ₹ 13 Crores (including current maturity of ₹ 6.01 crores, disclosed under note 24). This loan is repayable in 16 equal quarterly installments after moratorium of 12 months for each Tranche i.e. from 20 June 2019. The loan is backed by way of Corporate Guarantee from holding company. Applicable Interest Rate is MCLR plus applicable Margin. Applicable Margin will be mutually agreed between bank and borrower. Current Rate of Interest is 7.00% p.a.

c) Lease liabilities has been recognised and accounted in accordance with Ind AS 116. refer note 3.13 (accounting policy) and note 36.

d) Loan from others comprises of 5 year loan payable on the completion of the tenor. It carries interest of 5% p.a. payable every six months till the end of the tenor.

19 Other non-current financial liabilities

	31 March 2021	31 March 2020
Security deposits	**1.63**	1.09
	1.63	1.09

20 Provisions

	Non-current		Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Provision for employee benefits				
Gratuity (refer note 42)	**0.22**	0.48	**-**	0.27
Compensated absences	**0.36**	0.30	**13.37**	10.54
	0.58	0.78	**13.37**	10.81

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

21 Current Borrowings

	31 March 2021	31 March 2020
Secured		
Loans repayable on demand		
Working capital loans (refer note 'a')	**34.82**	73.73
Bank over draft (refer note 'a')	**34.45**	95.62
Unsecured		
Working capital loan (refer note 'c')	**43.05**	41.74
Pre-shipment loans (refer note 'b')	**49.00**	77.00
	161.32	288.09

a) Working capital demand loan and Bank Overdraft from banks by a foreign subsidiary company of USD 94,24,912 equivalent to ₹ 69.27 crores (31 March 2020: USD 15,832,508.63 equivalent to ₹ 119.35 crores and EUR 9,69,952.50 equivalent to ₹ 7.54 Crores) carries interest @ Libor + 125 basis points and is secured by way of hypothecation of stock in trade, primary charge on book debts and corporate guarantee of holding company. Further Working capital loans and bank overdraft from banks by a holding company and an Indian Subsidiary of ₹ 50 crores in previous year, carry interest ranging between 7.85% p.a. to 9.55% , computed on a monthly basis on the actual amount utilised, and are repayable on demand. 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) Pre-shipment loans from bank by an Indian Subsidiary ₹ 49 crores (previous year : ₹ 77 crores) carries interest at MCLR + 3%. 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 Holding Company.

c) Debt with Bank taken by a foreign subsidiary company is a credit facility of total EUR 5,000,000 (31 March 2020 : EUR 5,000,000) equivalent to ₹ 43.05 crores (31 March 2020 : ₹ 41.74 crores) to finance working capital. The interest rate for this was 1-month Euribor plus 1.5%. The loan was backed by way of Corporate Guarantee from holding company.

22 Trade payables

	31 March 2021	31 March 2020
Dues to Micro and small enterprises (refer note 39)	**9.98**	7.79
Due to others	**237.31**	165.32
	247.29	173.11

23 Other current financial liabilities

	31 March 2021	31 March 2020
Current maturities of long-term debt (refer note 18)	**6.01**	10.62
Current maturities of lease liabilities	**18.78**	12.12
Interest accrued and due under MSMED Act, 2006	**0.74**	0.89
Security deposit	**0.15**	23.41
Derivative liability- foreign currency forward exchange contract	**-**	1.97
Employee benefits payable	**25.57**	0.66
Unclaimed dividend account	**0.01**	0.01
Other payables		
For capital goods	**1.64**	3.28
	52.90	52.96

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

24 Other current liabilities

	31 March 2021	31 March 2020
Advances received from customers	**6.33**	7.07
Other payables		
- For statutory dues*	**25.03**	7.28
	31.36	14.35

* Statutory dues include 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 there are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

25 Revenue from operations

	31 March 2021	31 March 2020
Sale of products (refer note 51)		
Gross sales	**1,268.57**	1,112.68
Sales Contract Manufacturing	**55.11**	-
	1,323.68	1,112.68
Less: Discounts	**8.56**	7.60
Net sales (revenue from contracts with customers)	**1,315.13**	1,105.08
Other operating revenue		
Sale of Scrap	**1.64**	2.41
Export incentives	**5.19**	6.74
	6.83	9.15
Total revenue from operations	**1,321.95**	1,114.23

26 Other income

	31 March 2021	31 March 2020
Interest income under effective interest method on:		
Deposits with banks, at amortised cost	**0.35**	0.21
Loans and other deposits, at amortised cost	**0.95**	0.16
Interest received on income tax refund	**3.31**	-
Rental income	**1.15**	1.28
Gain on derivative contracts, mandatorily at FVTPL	**3.64**	-
Gain on write back of financial Liabilities measured at amortised cost	**0.24**	0.64
Miscellaneous income	**6.78**	2.81
Net foreign exchange gain	**6.60**	1.84
Gain on sale of investment, designated at FVTPL	**-**	0.33
Net gain on sale of property, plant & equipement	**0.44**	0.57
Total other income	**23.46**	7.83

27 Cost of materials consumed

	31 March 2021	31 March 2020
Opening stock:		
- Raw materials	**202.13**	238.52
- Packing materials	**9.84**	7.70

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	31 March 2021	31 March 2020
Add: Pursuant to CFF acquisition (refer note [48])		
- Raw materials	**12.07**	-
- Packing materials	**1.25**	-
Add: Purchases		
- Raw materials	**798.88**	495.87
- Packing materials	**20.81**	21.86
Less: closing stock		
- Raw materials	**289.69**	202.13
- Packing materials	**5.82**	9.84
Materials consumed		
- Raw materials	**723.39**	532.27
- Packing materials	**26.09**	19.72
Cost of materials consumed	**749.48**	551.98

28 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	31 March 2021	31 March 2020
Opening Stock:		
Finished goods	**59.30**	49.07
Stock-in-trade	**-**	2.17
Work-in-progress	**65.70**	76.48
Add: Pursuant to CFF acquisition (refer note [48])		
Finished goods	**8.10**	-
Stock-in-trade	**-**	-
Work-in-progress	**1.69**	-
Closing Stock:		
Finished goods	**46.92**	59.30
Stock-in-trade	**-**	-
Work-in-progress	**87.00**	65.70
Changes in inventories:		
Finished goods	**20.49**	(5.99)
Stock-in-trade	**-**	2.17
Work-in-progress	**(19.60)**	6.55
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**0.89**	2.72

29 Employee benefits expense

	31 March 2021	31 March 2020
Salaries, wages and bonus	**132.90**	128.55
Contribution to provident fund and other funds	**19.31**	12.96
Compensated absences	**1.56**	2.74
Staff welfare expense	**8.01**	6.69
	161.77	150.94
Less: Transferred to intangible assets under development	**(11.74)**	(13.26)
Employee benefits expense	**150.03**	137.68

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

30 Finance costs

	31 March 2021	31 March 2020
Interest expense under effective interest method on:		
Term loans	**2.67**	3.85
Working capital loans	**6.25**	14.42
Buyers credit	**0.36**	-
Lease liabilities	**1.46**	2.19
Interest on dues to micro and small enterprises	**0.23**	0.23
Interest on delayed payment of Income tax	**0.23**	-
Other finance costs	**5.88**	4.01
Finance costs	**17.07**	24.70

31 Depreciation and amortisation

	31 March 2021	31 March 2020
Depreciation of property, plant and equipment	**24.71**	27.91
Depreciation of investment property	**0.47**	0.46
Amortisation of intangible assets	**21.39**	9.50
Depreciation of Right of use assets	**14.95**	13.63
	61.51	51.50

32 Other expenses

	31 March 2021	31 March 2020
Commission and brokerage	**15.48**	11.31
Power and fuel	**22.42**	25.18
Selling and promotion expenses	**10.05**	6.18
Freight and forwarding	**22.38**	18.86
Legal and professional charges	**23.62**	20.36
Travelling and conveyance	**4.45**	12.26
Research and development	**1.48**	0.82
Repairs and maintenance:		
- Buildings	**2.61**	1.66
- Plant and machinery	**2.71**	2.11
- Others	**2.42**	4.59
Security charges	**3.28**	3.80
Rent	**5.17**	4.62
Rates and taxes	**4.60**	3.30
Bank charges	**3.19**	1.05
Insurance	**3.27**	2.78
Stationery and printing expenses	**0.76**	1.15
Training expenses	**0.18**	0.71
Pollution control expenses	**1.25**	1.14
Stores and spares consumed	**4.60**	6.33
Intangible asset under development written off	**14.42**	22.18
Corporate social responsibility expense	**1.65**	2.11
Loss allowance on trade receivables	**7.03**	10.72
Bad debts written off	**0.50**	0.23

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	31 March 2021	31 March 2020
Payment to auditors	**1.83**	1.40
Postage and telephone expenses	**1.42**	1.41
Directors Commission Expenses	**4.00**	1.17
Directors sitting fees	**1.84**	0.67
Contract labour charges	**5.93**	7.91
Sales support service	**-**	0.39
Loss on sale of Property Plant and equipment	**0.28**	0.39
Loss on derivative contracts, mandatorily at FVTPL	**-**	2.22
Information technology Expenses	**4.27**	4.42
Cleaning and housekeeping expenses	**3.10**	2.91
Miscellaneous expenses	**8.85**	7.48
	189.04	193.83
Less: Transferred to intangible assets under development	**(3.38)**	(6.40)
	185.66	187.43

Entities	Auditor	Statutory Audit Fees	Tax Audit Fees	Consolidation & Other Cost	Total
S H Kelkar and Company Limited	B S R & Co LLP	0.48	0.04	0.07	0.59
Keva Fragrances Private Limited	B S R & Co LLP	0.11	0.01	0.01	0.13
V N Creative Chemicals Private Limited	B S R & Co LLP	0.05	0.01	-	0.06
Domestic & Foreign Subsidiary	Others	1.05	-	-	1.05
Total		**1.69**	**0.06**	**0.08**	**1.83**

33 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Holding 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 Holding 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.

		31 March 2021	31 March 2020
Consolidated Profit attributable to equity shareholders (basic and diluted)			
Consolidated profit for the year attributable to equity shareholders	**(A)**	**144.70**	35.69
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		**14,13,20,801**	14,46,20,801
Equity shares held in controlled trust		**(33,06,429)**	(33,06,429)
Buy back of equity shares		**-**	(32,32,766)
Number of equity shares outstanding at the end of the year		**13,80,14,372**	13,80,81,606
Weighted average number of equity shares for the year	**(B)**	**13,80,14,372**	13,95,22,045
Basic earnings per share of face value of ₹ 10 each	**(A) / (B)**	**10.48**	2.56
Diluted earnings per share of face value of ₹ 10 each	**(A) / (B)**	**10.48**	2.56

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

34 Tax expense

(a) Amounts recognised in consolidated balance sheet

	31 March 2021	31 March 2020
Current tax assets (net of provision)	**36.57**	40.04
Current tax liabilities (net of advance tax)	**67.29**	36.15

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

	31 March 2021	31 March 2020
Current tax		
Current year	**45.46**	21.73
Earlier years	**0.84**	(1.76)
Current tax expense	**46.29**	19.97
Deferred income tax liability / (asset), net		
Current year	**3.23**	(1.29)
Earlier years	**-**	(0.06)
Deferred tax expense	**3.23**	(1.35)
Tax expense for the year	**49.52**	18.62

(c) Amounts recognised in other comprehensive income

	31 March 2021			31 March 2020		
	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	**0.66**	**(0.16)**	**0.49**	0.15	(0.03)	0.12
Items that will be reclassified to profit or loss						
Exchange differences in translating the financial statements of a foreign operation	**(3.65)**	**-**	**(3.65)**	1.77	-	1.77
	(3.00)	**(0.16)**	**(3.16)**	1.92	(0.03)	1.89

(d) Reconciliation of effective tax rate

	31 March 2021	31 March 2020
Profit before tax	**193.51**	53.32
Tax using the Holding Company's domestic tax rate (current and previous year 25.17%)	**48.64**	13.42
Tax effect of:		
Differences in tax rates of subsidiaries	**0.16**	0.20
Non-deductible tax expenses	**1.63**	1.34
Change in rate on deferred tax	**(0.34)**	3.44
MAT credit write off	**0.35**	-
Tax impact of earlier years	**(0.84)**	0.06
Others	**(0.08)**	0.15
	49.52	18.62

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

35 Deferred Tax

(a) Amounts recognised in consolidated balance sheet

	31 March 2021	31 March 2020
Deferred tax assets (net)	**24.08**	32.57
Deferred tax liabilities (net)	**36.18**	23.63

(b) Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax assets (liabilities)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Property, plant and equipment, intangible assets and intangible assets under development	**-**	-	**(35.76)**	(17.56)	**(35.76)**	(17.56)
Others	**7.98**	7.79	**-**	-	**7.98**	7.79
Derivatives	**-**	-	**(0.42)**	(0.27)	**(0.42)**	(0.27)
Inventories	**-**	0.50	**-**	-	**-**	0.50
Lease Liabilities	**0.12**	0.04	**-**	-	**0.12**	0.04
Business loss	**14.30**	16.10	**-**	-	**14.30**	16.10
MAT credit entitlement	**1.69**	2.04	**-**	-	**1.69**	2.04
Investments	**-**	0.29	**-**	-	**-**	0.29
Net deferred tax assets (liabilites)	**24.08**	26.77	**(36.18)**	(17.82)	**(12.10)**	8.94

(c) Movement in deferred tax balances

	31 March 2021						
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Acquired on business acquisition (refer note 48)	Net deferred tax asset (liability)	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment, intangible assets and intangible assets under development	**(17.56)**	**(0.55)**	**-**	**(17.66)**	**(35.76)**	**-**	**(35.76)**
Others	**7.79**	**0.35**	**(0.16)**	**-**	**7.98**	**7.98**	**-**
Derivatives	**(0.27)**	**(0.15)**	**-**	**-**	**(0.42)**	**-**	**(0.42)**
Inventories	**0.50**	**(0.50)**	**-**	**-**	**-**	**-**	**-**
Lease Liabilities	**0.04**	**0.08**	**-**	**-**	**0.12**	**0.12**	**-**
Business Loss	**16.10**	**(1.80)**	**-**	**-**	**14.30**	**14.30**	**-**
MAT Credit	**2.04**	**(0.35)**	**-**	**-**	**1.69**	**1.69**	**-**
Investments	**0.29**	**(0.29)**	**-**	**-**	**-**	**-**	**-**
Tax assets (liabilities)	**8.94**	**(3.21)**	**(0.16)**	**(17.66)**	**(12.10)**	**24.08**	**(36.18)**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

(c) Movement in deferred tax balances

	31 March 2020						
	Net balance 1 April 2029	Recognised in profit or loss	Recognised in OCI	Translation Differences	Net deferred tax asset (liability)	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment, intangible assets and intangible assets under development	(11.08)	(6.48)	-	-	(17.56)	-	(17.56)
Others	8.14	(0.35)	(0.03)	-	7.79	7.79	-
Derivatives	-	(0.27)	-	-	(0.27)	-	(0.27)
Inventories	-	0.50	-	-	0.50	0.50	-
Lease Liabilities	-	0.04	-	-	0.04	0.04	-
Business loss	9.03	7.07	-	-	16.10	16.10	-
MAT credit	1.50	0.54	-	-	2.04	2.04	-
Investments	-	0.29	-	-	0.29	0.29	-
Tax assets (liabilities)	7.59	1.35	(0.03)	-	8.94	26.77	(17.82)

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.

(d) 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 company, they 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 company were able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 2.73 crores.

Tax losses carried forward (₹ crores)

	31 March 2021	Expiry date
Year 2019	**4.23**	Mar 24
Year 2020	**6.67**	Mar 26

36 Leases

The Group's leasing arrangements are in respect of Building, office equipments and motor cars. These leasing arrangements are renewable on a periodic basis by mutual consent on mutually acceptable terms.

Right-of-use assets

	Buildings	Office equipments	Motor cars	Total
Cost				
As at 1 April 2020	59.53	0.35	0.36	60.24
Additions	39.73	-	-	39.73
Disposals	10.82	-	-	10.82
Balance at 31 March 2021	**88.44**	**0.35**	**0.36**	**89.16**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	Buildings	Office equipments	Motor cars	Total
Accumulated depreciation and impairment				
As at 1 April 2020	13.44	0.35	0.33	14.12
Depreciation	14.92	-	0.03	14.95
Impairment loss	10.06	-	-	10.06
Disposals	0.05	-	-	0.05
Balance at 31 March 2021	**38.37**	**0.35**	**0.36**	**39.09**

	Buildings	Office equipments	Motor cars	Total
Carrying amounts				
As at 1 April 2020	46.09	-	0.03	46.12
Balance at 31 March 2021	**50.06**	**-**	**0.00**	**50.07**

Details with respect to Breakdown of leases recognised in statement of profit and loss, included in Note Cash flow on leases below.

Cash outflow on leases

	31 March 2021	31 March 2020
Repayment of lease liabilities	**24.22**	8.18
Interest on lease liabilities	**1.46**	4.25
Short-term lease expense	**5.17**	4.62
Total cash outflow on leases	**30.86**	17.05

Impact of changes in accounting policies

The following table provides the extract of impacts of adopting Ind AS 116 on the financial statements

i. Statement of financial position

	Impact of changes in accounting policies
	1 April 2019
Opening	Adjustments
Right-of-use assets	49.74
Total assets	**49.74**
Lease liabilities	52.93
Total liabilities	**52.93**
Retained earnings	3.19
Total equity	**3.19**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Right-of-use assets

	Buildings	Office equipments	Motor cars	Total
Cost				
As at 1 April 2019 (on transition to Ind AS116)	49.74	0.35	1.26	51.35
Additions	10.21	-	-	10.21
Disposals	0.42	-	0.90	1.32
Balance at 31 March 2020	**59.53**	**0.35**	**0.36**	**60.24**

	Buildings	Office equipments	Motor cars	Total
Accumulated depreciation and impairment				
As at 1 April 2019 (on transition to Ind AS116)	0.05	0.34	0.86	1.25
Depreciation	13.39	0.01	0.24	13.63
Impairment loss	-	-	-	-
Disposals	-	-	0.77	0.77
Balance at 31 March 2020	**13.44**	**0.35**	**0.33**	**14.12**

	Buildings	Office equipments	Motor cars	Total
Carrying amounts				
As at 1 April 2019	49.69	0.01	0.40	50.10
Balance at 31 March 2020	**46.09**	**-**	**0.03**	**46.12**

37 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 20-21 was ₹ 1.2 crores (previous year ₹ 1.3 crores). The following table sets out maturity analysis of lease payments to be received after the reporting date.

i ***Future minimum lease payments***

The future minimum lease payments to be received under non-cancellable operating leases are as follows:

	31 March 2021	31 March 2020
Receivable within one year		
Receivable between one year and five years	**1.31**	5.24
Receivable after more than five years	**2.72**	7.80
	-	-
	4.03	13.04

38 Contingent liabilities and commitments (to the extent not provided for)

A. Contingent liabilities

	31 March 2021	31 March 2020
a. Direct and indirect taxes		
Income taxes	**16.26**	84.12
Excise duty & Service taxes	**12.07**	11.61
Sales tax	**1.16**	1.18
Custom Duty	**1.13**	1.22
GST	**0.79**	0.88

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

B. Commitments

	31 March 2021	31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	**2.67**	2.26

39 Dues to micro and small suppliers

	31 March 2021	31 March 2020
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	**9.98**	7.79
- Interest	**0.74**	0.89
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	**13.92**	9.87
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	**0.23**	0.22
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.74**	0.89
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	**0.74**	0.89

40 Transfer pricing

The Group's management is of the opinion that its international transactions for the year ended 31 March 2020 are at arm's length as per the independent accountants report. Management continues to believe that its international transactions post 31 March 2020 are at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision of taxation.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

41 Disclosures as required under Schedule III to the Companies Act 2013 with respect to consolidated financial statements

31 March 2021

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	**66.50%**	**634.47**	**55.00%**	**79.24**	**(10.20%)**	**0.33**	**56.50%**	**79.58**
	Subsidiaries								
	Indian								
1	Keva Flavours Private Limited	**4.60%**	**44.01**	**1.70%**	**2.43**	**(0.30%)**	**0.01**	**1.70%**	**2.44**
2	Keva Fragrances Private Limited	**40.90%**	**390.67**	**41.10%**	**59.21**	**(4.50%)**	**0.15**	**42.20%**	**59.36**
3	VN Creative Chemicals Pvt Ltd (Subsidiary of Keva Fragrances Pvt.Ltd.)	**1.60%**	**15.11**	**(0.90%)**	**(1.23)**	**0.00%**	**0.00**	**(0.90%)**	**(1.23)**
	Foreign								
1	Keva UK Limited	**3.00%**	**28.49**	**0.00%**	**0.06**	**(21.10%)**	**0.69**	**0.50%**	**0.75**
2	Keva Europe B.V.	**7.40%**	**71.01**	**2.60%**	**3.68**	**(38.00%)**	**1.24**	**3.50%**	**4.92**
3	Keva Fragrance Industries Pte.Ltd.	**2.30%**	**22.02**	**5.10%**	**7.29**	**(44.00%)**	**1.43**	**6.20%**	**8.72**
4	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	**3.60%**	**34.59**	**0.00%**	**0.05**	**(36.40%)**	**1.19**	**0.90%**	**1.24**
5	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	**(0.10%)**	**(1.33)**	**(5.10%)**	**(7.38)**	**(17.80%)**	**0.58**	**(4.80%)**	**(6.80)**
6	Anhui Ruibang Aroma Co. Ltd.	**2.60%**	**24.69**	**(0.90%)**	**(1.23)**	**43.80%**	**(1.43)**	**(1.90%)**	**(2.65)**
7	Keva Italy S.r.l	**0.40%**	**3.92**	**0.60%**	**0.86**	**(91.30%)**	**2.98**	**2.70%**	**3.83**
8	Creative Flavours & Fragrances SpA	**3.70%**	**34.97**	**7.60%**	**10.88**	**100.40%**	**(3.27)**	**5.40%**	**7.60**
	Joint Venture (Investment as per the equity method)								
	Indian								
1	Purandar Fine Chemicals Pvt. Ltd.	**0.00%**	**-**	**0.20%**	**0.24**	**0.00%**	**-**	**0.20%**	**0.24**
	Non-controlling interest								
	Foreign								
	Anhui Ruibang Aroma Co. Ltd.	**0.30%**	**2.96**	**(0.50%)**	**(0.72)**	**0.00%**	**-**	**(0.50%)**	**(0.72)**
	Total Eliminations	**(36.80%)**	**(351.01)**	**(6.50%)**	**(9.41)**	**0.00%**	**-**	**(6.70%)**	**(9.41)**
	Exchange differences on translation of foreign operations	**0.00%**	**-**	**0.00%**	**-**	**219.50%**	**(7.15)**	**(5.10%)**	**(7.15)**
	Total	**100%**	**954.57**	**100%**	**143.98**	**100%**	**(3.26)**	**100%**	**140.73**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

41 Disclosures as required under Schedule III to the Companies Act 2013 with respect to consolidated financial statements (Continued)

31 March 2020

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	65.90%	550.14	79.00%	28.33	7.60%	0.14	75.40%	28.47
	Subsidiaries								
	Indian								
1	Keva Flavours Private Limited	5.00%	41.57	(3.30%)	(1.20)	2.40%	0.05	(3.00%)	(1.15)
2	Keva Fragrances Private Limited	41.80%	349.11	101.00%	36.22	(5.30%)	(0.10)	95.70%	36.12
3	Saiba Industries Private Limited	1.20%	9.89	0.40%	0.14	0.00%	-	0.40%	0.14
4	Rasiklal Hemani Agencies Private Limited	5.30%	44.02	8.60%	3.07	(0.10%)	(0.00)	8.10%	3.06
5	Keva Chemicals Private Limited	0.50%	3.94	1.80%	0.65	0.00%	-	1.70%	0.65
6	VN Creative Chemicals Pvt Ltd (Subsidiary of Keva Fragrances Pvt.Ltd.)	2.00%	16.33	23.80%	8.54	0.00%	-	22.60%	8.54
7	Tanishka Fragrance Encapsulation Tech LLP (Subsidiary of Keva Chemicals Pvt.Ltd.)	0.00%	(0.00)	0.00%	(0.00)	0.00%	-	0.00%	*0.00
	Foreign								
1	Keva UK Limited	3.30%	27.75	0.00%	(0.00)	45.40%	0.86	2.30%	0.86
2	Keva Europe B.V.	(0.20%)	(1.54)	(3.80%)	(1.37)	(5.00%)	(0.09)	(3.90%)	(1.47)
3	Keva Fragrance Industries Pte.Ltd.	1.60%	13.30	7.90%	2.82	(23.40%)	(0.44)	6.30%	2.38
4	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	4.50%	37.56	(61.80%)	(22.15)	144.10%	2.73	(51.40%)	(19.42)
5	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	0.70%	5.62	0.50%	0.17	(16.70%)	(0.32)	(0.40%)	(0.14)
6	Anhui Ruibang Aroma Co. Ltd.	2.40%	20.44	0.90%	0.34	(60.80%)	(1.15)	(2.20%)	(0.81)
7	Keva Italy S.r.l	0.00%	0.06	-0.10%	(0.02)	0.00%	-	(0.10%)	(0.02)
	Joint Venture (Investment as per the equity method)								
	Foreign								
1	Creative Flavours & Fragrances SpA	0.00%	-	2.90%	1.05	0.00%	-	2.80%	1.05
	Indian								
2	Purandar Fine Chemicals Pvt. Ltd.	0.00%	-	0.30%	0.11	0.00%	-	0.30%	0.11
	Non-controlling interest								
	Foreign								
	Anhui Ruibang Aroma Co. Ltd.	1.30%	10.58	0.50%	0.17	0.00%	-	0.40%	0.17
	Total Eliminations	(35.30%)	(294.20)	(58.60%)	(20.99)	0.00%	-	(55.60%)	(20.99)
	Exchange differences on translation of foreign operations	0.00%	-	0.00%	-	11.80%	0.22	0.60%	0.22
	Total	100%	834.55	100%	35.86	100%	1.89	100%	37.75

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

42 Employee benefits

The Group contributes to the following post-employment defined benefit plans:

(i) Defined Contribution Plans:

The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group 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 :

Particulars	31 March 2021	31 March 2020
Group's contribution to Provident Fund/social security	**1.38**	2.16
Group's contribution towards foreign defined contribution plan in accordance with local laws	**1.26**	1.62
Group's contribution to Superannuation Fund	**1.58**	1.46
Group's Contribution to ESIC	**0.05**	0.08
Group's Contribution to Maharashtra Labour Welfare Fund	***0.00**	*0.00

*Amount less than ₹ 0.01 crore

(ii) Defined Benefit Plan:

Gratuity:

The employees gratuity fund scheme for the Holding Company 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.

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 ₹ 1.19 crore in contributions to its defined benefit plans in 2021-22.

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 2021. 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Opening balance	**16.68**	16.12	**15.93**	14.45	**0.75**	1.67
Included in profit or loss						
Current service cost	**1.39**	1.43	**-**	-	**1.39**	1.43
Interest cost (income)	**1.18**	1.24	**1.21**	1.18	**(0.03)**	0.07
Included in OCI						
Remeasurement loss (gain):	**-**	-	**-**	-	**-**	-
Demographic assumptions	**-**	-	**-**	-	**-**	-
Financial assumptions	**(0.12)**	(1.17)	**-**	-	**(0.12)**	(1.17)
Experience adjustment	**(0.65)**	0.49	**-**	-	**(0.65)**	0.49
Return on plan assets excluding interest income	**-**	-	**(0.11)**	(0.52)	**0.11**	0.52
Contributions paid by the employer	**-**	-	**1.25**	2.29	**(1.25)**	(2.29)
Benefits paid	**(1.24)**	(1.44)	**(1.24)**	(1.46)	**-**	0.02
Closing balance	**17.25**	16.68	**17.03**	15.93	**0.22**	0.75

B. Plan assets

Plan assets comprise the following

	31 March 2021	31 March 2020
Investment		
Investment in Government Securities	**4%**	4%
Bank Special Deposit	**2%**	2%
Investment in other securities	**11%**	12%
Corporate Bonds	**35%**	35%
State Government Bonds	**48%**	47%
	100%	100%

C. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
Discount rate	**7.65% - 7.94%**	7.65% - 7.94%
Salary escalation rate	**6% - 10%**	6% - 10%
Rate of Return on Plan Assets	**7.83% - 7.94%**	7.83% - 7.94%

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 2021, the weighted average duration of the define benefit obligation was 10 years (previous year 11 years).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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:

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**(0.75)**	**2.35**	(0.72)	2.33
Future salary growth (1% movement)	**1.38**	**(0.68)**	1.35	(0.65)
Rate of Employee Turnover (1% movement)	**0.27**	**(0.30)**	0.26	(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.

D. Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years	Total
31 March 2021						
Defined benefit obligations (Gratuity)	2.12	0.61	2.77	7.43	4.33	17.25
Total	**2.12**	**0.61**	**2.77**	**7.43**	**4.33**	**17.25**
31 March 2020						
Defined benefit obligations (Gratuity)	1.53	1.04	2.94	6.65	4.52	16.68
Total	**1.53**	**1.04**	**2.94**	**6.65**	**4.52**	**16.68**

II. Provident fund (Managed by the Trust set up by the holding Company)

The Holding Company manages the Provident Fund plan through a Provident Fund Trust setup by the Holding 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 Holding Company has contributed ₹ 4.33 crores (2019-20: ₹ 5.03 crores) to the Provident Fund Trust. The Holding 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 Holding Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall:

B. Defined benefit plans

The detail of fund and plan assets position are given below:

Particulars	31 March 2021	31 March 2020
Plan assets at the period end, at fair value	**61.81**	54.49
Present value of benefit obligation at period end	**62.00**	55.34
Capital short-fall liability	**0.19**	0.85

Amount of ₹ 0.19 crores (previous year ₹ 0.85 crores) 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 31 March 2021.

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Plan assets comprise the following

	31 March 2021	31 March 2020
Investment		
Investment in Government Securities	**56%**	52%
Bank Special Deposit	**1%**	1%
Investment in other securities	**4%**	9%
Corporate Bonds	**8%**	10%
Debt Securities	**31%**	28%
	100%	100%

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach

Particulars	31 March 2021	31 March 2020
Discount rate (%)	**6.85%**	6.93%
Guaranteed interest rate (%)	**8.50%**	8.50%
Expected average remaining working lives of employees (Years)	**15**	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 ₹ 1.56 crores (previous year ₹ 2.74 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.

43 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 makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2021, 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.

	31 March 2021	31 March 2020
Non-current borrowings (including lease liabilites)	**331.58**	54.40
Current borrowings	**161.32**	288.09
Current maturity of long term debt	**6.01**	10.62
Current maturity of lease liabilities	**18.78**	12.12
Gross debt	**517.69**	365.23
Less - Cash and cash equivalents	**136.53**	62.55
Adjusted net debt	**381.16**	302.68
Total equity attributable to owner's of the Company	**951.61**	823.97
Adjusted net debt to equity ratio	**0.40**	0.37

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

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44 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.

31 March 2021	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	***0.00**	**0.02**	**0.02**	***0.00**	**-**	**-**	***0.00**
Loans	**-**	**6.19**	**6.19**	**-**	**-**	**-**	**-**
Other financial assets	**-**	**1.36**	**1.36**	**-**	**-**	**-**	**-**
Current financial assets							
Cash and cash equivalents	**-**	**136.53**	**136.53**	**-**	**-**	**-**	**-**
Other bank balances	**-**	**2.64**	**2.64**	**-**	**-**	**-**	**-**
Loans	**-**	**8.30**	**8.30**	**-**	**-**	**-**	**-**
Other financial assets	**-**	**3.03**	**3.03**	**-**	**-**	**-**	**-**
Trade receivables	**-**	**374.50**	**374.50**	**-**	**-**	**-**	**-**
	-	**532.57**	**532.57**	**-**	**-**	**-**	**-**
Financial liabilities							
Non current financial liabilities							
Long term borrowings	**-**	**331.58**	**331.58**	**-**	**-**	**-**	**-**
Others	**-**	**1.63**	**1.63**	**-**	**-**	**-**	**-**
Current financial liabilities							
Short term borrowings	**-**	**161.32**	**161.32**	**-**	**-**	**-**	**-**
Trade payables	**-**	**247.30**	**247.30**	**-**	**-**	**-**	**-**
Other financial liabilities - current	**-**	**52.90**	**52.90**	**-**	**-**	**-**	**-**
	-	**794.73**	**794.73**	**-**	**-**	**-**	**-**

31 March 2020	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	*0.00	-	*0.00	*0.00	-	-	*0.00
Loans	-	2.96	2.96	-	-	-	-
Other financial assets	-	2.31	2.31	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	62.55	62.55	-	-	-	-
Other bank balances	-	3.00	3.00	-	-	-	-
Loans	-	6.57	6.57	-	-	-	-
Other financial assets	-	2.33	2.33	-	-	-	-
Trade receivables	-	317.39	317.39	-	-	-	-
	*0.00	397.11	397.11	*0.00	-	-	*0.00
Financial liabilities							
Non current financial liabilities							
Long term borrowings	-	54.40	54.40	-	-	-	-
Others	-	1.09	1.09	-	-	-	-
Current financial liabilities							
Short term borrowings	-	288.09	288.09	-	-	-	-
Trade payables	-	173.11	173.11	-	-	-	-
Other financial liabilities - current	1.97	50.99	52.96	-	1.97	-	1.97
	1.97	567.68	569.65	-	1.97	-	1.97

*Amount less than ₹ 0.01 crore

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B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

C. Financial risk management

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

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

i. Risk management framework

The Holding Company'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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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 quarterly. 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.

	Carrying amount	
	31 March 2021	**31 March 2020**
India	**229.04**	191.36
Other regions	**145.46**	126.03
	374.50	317.39
Total other receivables	**18.88**	14.17

Impairment

At 31 March 2021, the ageing of trade and other receivables that were not impaired was as follows.

	31 March 2021		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Neither past due nor impaired	**263.78**	**1.89%**	**4.98**
Past due not impaired			
Past due 0-180 days	**105.75**	**3.22%**	**3.41**
Past due 181-360 days	**13.10**	**30.69%**	**4.02**
Past due 361-540 days	**8.32**	**54.79%**	**4.56**
Past due 541-730 days	**3.62**	**85.55%**	**3.10**
More than 730 days	**6.36**	**100.00%**	**6.36**
	400.93		**26.43**

	31 March 2020		
	Carrying Amount	**Weighted Average Loss Rate**	**Loss Allowance**
Neither past due nor impaired	164.79	0.82%	1.35
Past due not impaired			
Past due 0-180 days	143.09	2.55%	3.65
Past due 181-360 days	15.80	24.99%	3.95
Past due 361-540 days	4.91	62.00%	3.04
Past due 541-730 days	2.56	72.16%	1.85
More than 730 days	4.20	98.11%	4.13
	335.36		17.97

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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 2019	7.02
Impairment loss/(gain) recognised	11.18
Amounts utilised	(0.23)
Balance as at 31 March 2020	17.97
Addition pursuant to business acquisition	1.43
Impairment loss/(gain) recognised	7.54
Amounts utilised	(0.50)
Balance as at 31 March 2021	**26.43**

For other receivable	Amount
Balance as at 31 March 2019	0.18
Impairment loss/(gain) recognised	-
Balance as at 31 March 2020	0.18
Impairment loss/(gain) recognised	-
Balance as at 31 March 2021	**0.18**

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 136.53 crores at 31 March 2021 (31 March 2020: ₹ 62.55 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 balance of ₹ 2.64 crores at 31 March 2021 (31 March 2020: ₹ 3.00 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

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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.

31 March 2021	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	**294.37**	**294.37**	**-**	**294.37**	**-**
Lease liabilities	**37.21**	**37.21**	**-**	**37.21**	**-**
Others	**1.63**	**1.63**	**-**	**-**	**1.63**
Current financial liabilities					
Current maturity of non-current borrowings	**6.01**	**6.01**	**6.01**	**-**	**-**
Current maturity of Lease liabilities	**18.78**	**18.78**	**18.78**	**-**	**-**
Other current financial liabilities	**28.11**	**28.11**	**28.11**	**-**	**-**
Trade payables	**247.30**	**247.30**	**247.30**	**-**	**-**
Short term borrowings	**161.32**	**161.32**	**161.32**	**-**	**-**

31 March 2020	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	12.20	12.20	-	12.20	-
Lease liabilities	42.20	42.20	-	42.20	-
Others	1.09	1.09	-	0.19	0.90
Current financial liabilities					
Current maturity of non current borrowings	10.62	10.62	10.62	-	-
Lease liabilities	12.12	12.12	12.12	-	-
Other current financial liabilities	26.28	26.28	26.28	-	-
Trade payables	173.11	173.11	173.11	-	-
Short term borrowings	288.09	288.09	288.09	-	-
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	-	88.47	88.47	-	-
- Inflow	1.97	86.50	86.50	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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 2021, 31 March 2020 are as below:

	Contractual cash flows				
	31 March 2021 USD	31 March 2021 EUR	31 March 2021 SGD	31 March 2021 CHF	31 March 2021 Others*
Financial assets	**142.76**	**1.28**	**1.42**	**-**	**-**
Financial liabilities	**(45.24)**	**(2.91)**	**(0.32)**	**(0.38)**	**(0.23)**
Derivatives (net settled)	**101.89**	**-**	**-**	**-**	**-**
Net statement of financial position exposure	**(4.37)**	**(1.63)**	**1.10**	**(0.38)**	**(0.23)**

	Contractual cash flows				
	31 March 2020 USD	31 March 2020 EUR	31 March 2020 SGD	31 March 2020 CHF	31 March 2010 Others*
Financial assets	129.90	6.57	0.71	-	-
Financial liabilities	(27.00)	(14.84)	(3.13)	(1.23)	(0.05)
Derivatives (net settled)	86.50	-	-	-	-
Net statement of financial position exposure	243.41	21.41	3.85	1.23	0.05

*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 2021	
	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade receivables)	**USD 14,023,988**	**101.89**

	31 March 2020	
	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade receivables)	USD 11,479,391	86.50

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

Effect in ₹	Profit or loss and Equity	
	Strengthening	Weakening
31 March 2021		
USD (3% movement)	**0.13**	**(0.13)**
EUR (3% movement)	**0.05**	**(0.05)**
SGD (3% movement)	**(0.03)**	**0.03**
CHF (2% movement)	**0.01**	**(0.01)**
	0.15	**(0.15)**

Effect in ₹	Profit or loss and Equity	
	Strengthening	Weakening
31 March 2020		
USD (3% movement)	(7.30)	7.30
EUR (3% movement)	(0.64)	0.64
SGD (3% movement)	(0.12)	0.12
CHF (2% movement)	(0.04)	0.04
	(8.10)	8.10

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 Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Nominal amount	
	31 March 2021	31 March 2020
Fixed-rate instruments		
Financial assets	**15.85**	11.00
Financial liabilities	**-**	205.83
	15.86	216.83
Variable-rate instruments		
Financial assets	**-**	-
Financial liabilities	**385.94**	183.91

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

₹	Profit or loss and Equity	
	100 bp increase	100 bp decrease
31 March 2021		
Variable-rate instruments	(3.86)	3.86
Cash flow sensitivity (net)	**(3.86)**	**3.86**
31 March 2020		
Variable-rate instruments	(1.84)	1.84
Cash flow sensitivity (net)	(1.84)	1.84

45 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

Year ended 31 March 2021		Reportable segments		
		Fragrance	Flavours	Total Segments
I.	**Segment revenue**			
	Total Sales	**1,831.63**	**115.55**	**1,947.18**
	Inter-segment	**(628.31)**	**(3.74)**	**(632.06)**
	Other operating income	**5.86**	**0.97**	**6.83**
	Sales/ Income from Operations	**1,209.17**	**112.79**	**1,321.95**
II.	**Segment Results**	**196.36**	**22.48**	**218.84**
III.	**Specified amounts included in segment results**			
	Depreciation and amortisation	**52.68**	**8.83**	**61.51**
	Share of profit in Joint venture	**0.24**	**-**	**0.24**
IV.	**Reconciliation of segment result with proft after tax**			
	Segment Results	**196.36**	**22.48**	**218.84**
	Add/ (Less):			
	Finance costs			**(17.07)**
	Interest income			**1.30**
	Financial assets measured at FVTPL			**-**
	Tax expense			**(49.53)**
	Other unallocable expenses net of unallocable income			**(9.56)**
	Consolidated profit after tax and share of profit from equity investment in joint venture as per consolidated statement of profit and loss			**143.98**
V.	**Segment Assets**	**1,696.51**	**123.43**	**1,819.94**
	Unallocated			**79.06**
VI.	**Segment Liabilities**	**302.41**	**26.07**	**328.48**
	Unallocated			**614.93**
VII	**Specified amounts included in segment assets above**			
	Equity accounted investees	**1.29**	**-**	**1.29**
	Capital Expenditure	**18.56**	**0.00**	**18.56**

Year ended 31 March 2020		Reportable segments		
		Fragrance	Flavours	Total Segments
I.	**Segment revenue**			
	Total Sales	1,569.92	110.04	1,679.96
	Inter-segment	(571.86)	(3.02)	(574.89)
	Other operating income	7.79	1.35	9.15
	Sales/ Income from Operations	1,005.85	108.38	1,114.23
II.	**Segment Results ***	119.14	15.03	134.17
III.	**Specified amounts included in segment results**			
	Depreciation and amortisation	42.23	9.26	51.50
IV.	**Reconciliation of segment result with proft after tax**			
	Segment Results	119.14	15.03	134.17
	Add/ (Less):			
	Finance costs			(24.70)
	Interest income			0.37
	Tax expense			(18.62)
	Other unallocable expenses net of unallocable income			(55.36)
	Consolidated profit after tax and share of profit from equity investment in joint venture as per consolidated statement of profit and loss			35.86
V.	**Segment Assets**	1,257.10	131.21	1,388.31
	Unallocated			101.61
VI.	**Segment Liabilities**	219.01	20.92	239.93
	Unallocated			415.44
VII	**Capital Expenditure**	41.18	3.53	44.71

* Including share of profit from equity investment in joint venture - Creative Flavours and Fragrances S.p.A. (CFF)

Notes to the Consolidated Financial Statements

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(Currency : Indian ₹ in crores)

C. Geographic information

The Group and its joint ventures has identified its geographical segments as Domestic and Overseas based on location of customers.

Geography		31 March 2021	31 March 2020
I	**Revenue**		
	India	**766.52**	682.50
	Others	**548.60**	422.58
	Total Revenue	**1,315.12**	1,105.08
II	**Non-current Assets ***		
	India	**570.04**	421.00
	Others	**312.45**	222.83
	Total Non-current Assets	**882.49**	643.83

*non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising from insurance contracts

D. Information about major customers

None of the customers as on 31 March 2021 and 31 March 2020 constituted 10% or more of the total revenue of the Group.

46 Related party disclosures

The note provides the information about the Group's strcture including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

List of Related parties

I. List of subsidiaries and joint venture

a) Name of the related party	Relationship	Country of incorporation	Ownership interest 31 March 2021	Ownership interest 31 March 2020
Keva Flavours Private Limited	Subsidiary	India	**100%**	100%
Keva Fragrances Private Limited	Subsidiary	India	**100%**	100%
Keva UK Limited	Subsidiary	United Kingdom	**100%**	100%
Keva Europe BV (wef 02 April 2019)	Subsidiary	Netherlands	**100%**	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	**100%**	100%
Creative Flavours & Fragrances SpA (Joint Venture - wef 15 January 2018 till 27 July 2020; Subsidiary wef 28 July 2020)	Subsidiary	Italy	**100%**	51%
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	Step down subsidiary	Netherlands	**100%**	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Step down subsidiary	Indonesia	**100%**	100%
V N Creative Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited)	Step down subsidiary	India	**100%**	100%
Anhui Ruibang Aroma Co. Ltd.(Subsidiary of Keva Fragrance Industries Pte.Ltd.) (wef 17 November 2020)	Step down subsidiary	China	**90%**	66.7%
Purandar Fine Chemicals Pvt. Ltd.	Joint venture	India	**50.0%**	50%
Keva Italy S.r.l (Subsidiary of Keva Europe B. V.) (wef 22 November 2019)	Step down subsidiary	Italy	**100%**	100%

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II. Other related parties

a)	Enterprises owned or controlled by key management personnel or their relatives	ASN Investment Advisors Private Limited
		Evolutis India Private Limited
		Keva Constructions Private Limited
		KNP Industries Pte. Limited
		Keva Aromatics Private Limited
		Keva Biotech Private Limited
		Purandar Fine Chemicals Private Limited
		BSG ITSoft Private Limited
		Ramesh Vinayak Vaze Family Trust
		Kedar Ramesh Vaze Family Trust
		SKK Industries Private Limited
		Keva Investment Partners
		Artisanal Innovations Pvt Ltd (w.e.f. 23.11.2020)
		RVV Nutritious Pvt Ltd (w.e.f. 17.08.2020)
		KNP Industries Pvt Ltd (w.e.f. 16.09.2020)
		Nutaste Food And Drink Labs Private Limited (formerly known as Fuerst Day Lawson (India) Pvt Ltd) w.e.f. 21/09/2020)
		Vinayak Ganesh Vaze Charities
b)	Key Management Personnel (KMP)	Ramesh V. Vaze (Managing Director, upto 31 August 2019)
		Kedar R. Vaze, (Director & Group Chief Executive Officer)
		Shrikant Mate (Group Chief Financial Officer)
		Deepti Chandratre (Company Secretary)
c)	Relatives of Key Management Personnel	Anagha Nene
		Ramesh Vaze
		Sumedha Karmarkar
		Prabha R. Vaze
		Nandan K Vaze
		Parth K Vaze
		Milena Rubene
		Angelina Vaze
d)	Non-executive directors (KMP)	Dalip Sehgal
		Alpana Parida (upto 08.12.2020)
		Jairaj Purandare
		Sangeeta Singh
		Amit Dalmia
		Deepak Bindra (from 25 May 2018 to 25 October 2019)
		Shrikant Oka
		Mark Elliott (from 15 December 2019)
		Prabha R Vaze
		Ramesh V Vaze (from 01 September 2019)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

A Transactions during the year

Particulars	Transaction values for the year ended	
	31 March 2021	31 March 2020
Key Managerial Personnel		
Remuneration (short-term employment benefits)	**3.75**	4.61
Post-employment benefits	**0.31**	0.36
Commission to executive director	**1.01**	-
Sitting fees to non-executive directors	**0.91**	0.67
Purchase of good and services		
Purander Fine Chemicals Private Limited	**6.15**	3.54
Keva Aromatics Private Limited	**8.73**	3.81
Keva Biotech Pvt.Ltd.	**-**	0.01
Evolutis India Private Limited	***0.00**	-
Sale of goods		
Purander Fine Chemicals Private Limited	**0.03**	0.03
Keva Aromatics Private Limited	**9.17**	0.07
Rent paid		
Keva Constructions Private Limited	**4.81**	5.25
Dividend paid		
Ramesh V. Vaze	**2.59**	2.45
Kedar R. Vaze	**1.73**	1.32
Prabha R. Vaze	**0.49**	0.47
Parth K. Vaze	**0.13**	0.13
Nandan K. Vaze	**0.13**	0.13
Ramesh Vaze Family Trust	***0.00**	*0.00
Sumedha Karmarkar	***0.00**	*0.00
Anagha S Nene	**0.15**	0.14
KNP Industries Pte Ltd	**1.52**	1.45
Vinayak Ganesh Vaze Charities	**0.20**	0.19
SKK Industries Private Limited	**0.15**	0.14
ASN Investment Advisors Private Limited	**0.15**	0.14
Keva Constructions Private Limited	**1.07**	1.02
Kedar Ramesh Vaze Family Trust	***0.00**	*0.00
Keva Investment Partners	***0.00**	-
Commission to non-executive director	**2.99**	1.17
Reimbursement (for expenses incurred by Company on behalf of related party)		
Keva Constructions Private Limited	**0.09**	0.04
Fixed assets and intangible assets purchased		
Evolutis India Private Limited	**0.05**	-
Fixed assets sold		
Purandar Fine Chemicals Private Limited	***0.00**	-
Loans given		
Purandar Fine Chemicals Private Limited	**-**	0.50
Interest on loan - income		
Purandar Fine Chemicals Private Limited	**0.04**	0.01

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(Currency : Indian ₹ in crores)

B Outstanding balances as at the reporting dates

Particulars	Balances outstanding	
	31 March 2021	31 March 2020
Outstanding Balances		
Advance for supplies and services		
Keva Aromatics Private Limited	**6.03**	0.14
Keva Constructions Private Limited	**-**	0.12
Loans outstanding		
Purandar Fine Chemicals Private Limited	**0.50**	0.50
Trade receivables		
Purandar Fine Chemicals Private Limited	**0.19**	0.15
Keva Aromatics Private Limited	**10.92**	0.09
Trade Payables		
Keva Aromatics Private Limited	**-**	0.06
Purandar Fine Chemicals Private Limited	**0.63**	0.66

* Amount less than ₹ 0.01 crore

Terms and conditions of transactions with related parties

All the transactions with the related parties were made on normal commercial terms and conditions and at market rates.

All the outstanding balances are unsecured and repayable in cash.

47 Goodwill and other intangibles

Impairment testing of Goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions 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:

Particulars	31 March 2021	31 March 2020
Flavour Division		
Gujarat Flavours (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	**7.56**	7.56
Fragrance Division		
PFW Aroma Ingredients B.V.	**13.88**	12.72
Rasiklal Hemani Agencies Private Limited	**2.03**	2.03
Anhui Ruibang Aroma Co Ltd.	**6.55**	4.47
Keva Fragrance Industries Pte. Ltd.	**0.00***	0.00*
Creative Flavours & Fragrances SpA	**160.93**	-
	204.40	40.23

* Amount less than ₹ 0.01 crore

i PFW Aroma Ingredients B.V.

The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

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(Currency : Indian ₹ in crores)

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020
Discount rate	**4.47%**	4.80%
Terminal value growth rate	**1.00%**	1.00%
Sales growth rate	**3.00%**	3.00%

With regard to assessment of recoverable amount, 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.

ii. Saiba Industries Private Limited

The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020
Discount rate	**10.53%**	10.38%
Terminal value growth rate	**1.00%**	1.00%
Revenue growth rate	**5.00%**	5.00%

With regard to assessment of recoverable amount, 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.

iii High-Tech Technologies and Gujarat Flavours Private Limited

These businesses were taken over by Keva Flavours Private Limited. The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020
Discount rate	**10.53%**	10.38%
Terminal value growth rate	**3.00%**	3.00%
Sales growth rate	**15.00%**	15.00%

With regard to assessment of recoverable amount, 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.

iv Rasiklal Hemani Agencies Private Limited

The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020
Discount rate	**10.53%**	11.00%
Terminal value growth rate	**3.00%**	3.00%
Revenue growth rate	**7.00%**	7.00%

With regard to assessment of recoverable amount, 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.

v Anhui Ruibang Aroma Co.Ltd.

The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020
Discount rate	**7.66%**	8.57%
Terminal value growth rate	**2.00%**	2.00%
Sales growth rate	**12.00%**	12.00%

With regard to assessment of recoverable amount, 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.

48 Business Combinations

During the year the Group has made following acquistion as below

Acquisition of subsdiairy Creative Flavours and Fragrances S.p.A. ("CFF")

On July 28, 2020, Group has acquired balance stake of 49% in Creative Flavours and Fragrances S.p.A (CFF). and the shareholding of the Group increased to 100% making it wholly-owned subsidiary.

CFF now being a part of a large international group, gives it a better image and financial strength, unlocking the access to larger groups in Europe. The current strategy is to consolidate CFF market share in Italy and, from this solid operational basis, to expand in Europe with selected targets. The Amsterdam Centre of Excellence, focused on luxury products (Fine fragrance and high-end beauty care products), will allow Group to penetrate new types of customers in Europe with fragrances designed and manufactured in Europe.

If the acquisition had occurred on 1 April, 2020, management estimates that consolidated revenue would have been ₹ 1,395.76 crore and consolidated profit after tax would have been ₹ 148.99 Crore.

Purusuant to the acquisition, the revenue of ₹ 175.38 crores and the profit of ₹ 11.36 crores, for the period August 1, 2020 to 31 March 2021 have been included in the consolidated statement of profit and loss of the group, since the acquisition date.

A. Consideration transferred

The following table summarises the acquisition date fair value of major class of consideration transferred:

Particulars	Amount
Cash paid	**148.78**
Total Purchase consideration	**148.78**

B. Acquisition-related costs

Group incurred acquisition related cost of ₹ 2.12 crores on legal fees and due diligence costs.These costs have been included in legal and professional fees under other expenses.

C. Identifiable assets acquired and liabilities assumed

The acquisition of the said subsidiary is accounted for using the acquisition method of accounting. Group performed a purchase price allocation exercise basis fair valuation of assets and liabilities, during the year.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition

Particulars	Amount
Intangible Assets	**40.33**
Financial Assets	**0.02**
Plant & Machinery	**27.40**
Non-current receivables	**25.28**
Inventories	**23.11**
Trade Receivables*	**52.80**
Cash & Bank balances	**29.32**
Accrued income & prepaid expenses	**1.42**
Formulations (Identified intangible assets)	**11.89**
Customer relationships (identified intangible assets)	**61.66**
Fair value of assets acquired (A)	**273.21**
Long Term borrowings	**62.55**
Pension provisions	**5.54**
Trade & Other payables	**65.69**
Other liabilities	**26.86**
Other Accruals	**0.70**
Fair value of liabilities acquired (B)	**161.34**
Deferred tax on acquisition (C)	**17.66**
Net Identifiable Assets/(Liabilities) acquired D=A-B-C	**94.22**

*Fair value of receivables is equal to the gross contractual amounts receivable

D. Goodwill

Particulars	Note	Amount
Total Purchase Consideration paid by the group	A	**148.78**
Fair value of previously held equity interest	E	**108.45**
Less: Net identifiable assets acquired	C	**94.22**
Goodwill**		**163.01**

**The above goodwill amount is not tax deductible

E. The remeasurement of fair value of the Group's existing 51% interest in CFF resulted in gain of ₹ 12.50 crores, which has been recognised in exceptional income

F. Purchase consideration - Cash Outflow

Particulars	Amount
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash Consideration	**148.78**
Less: Balance acquired	
Cash and Cash equivalents	**29.32**
Net outflow of cash - investing activites	**119.46**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

49 Disclosure of Joint Ventures

Financial information of joint ventures that are material to the Group is provided below :

Name of the entity	Place of business	% of ownership interest as of 31 March 2021	% of ownership interest as of 31 March 2020	Relationship	Accounting method	Carrying Amounts 31 March 2021	Carrying Amounts 31 March 2020	Nature of business
Creative Flavours and Fragrances S.p.A.	Italy	**NA**	51.0%	Joint Venture	Equity method	-	95.95	Manufacuturing and selling Fragrances (refer note 48)
Purandar Fine Chemicals Pvt. Ltd.	India	**50.0%**	50.0%	Joint Venture	Equity method	**1.29**	1.05	Manufacuturing and selling Fragrances
Total equity accounted investments						**1.29**	97.00	

Summary financial information of Creative Flavours and Fragrances S.p.A. and Purandar Fine Chemicals Pvt. Ltd. not adjusted for the percentage ownership held by the Company is as follows:

Particulars	Creative Flavours and Fragrances S.p.A. 31 March 2021	Creative Flavours and Fragrances S.p.A. 31 March 2020	Purandar Fine Chemicals Pvt. Ltd. 31 March 2021	Purandar Fine Chemicals Pvt. Ltd. 31 March 2020
Current assets (including cash and cash equivalents ₹ 0.66 crores (31 March 2020 - ₹ 0.22 crores))		107.2	**1.1**	1.1
Non-current assets		42.1	**0.3**	0.7
Total assets		149.3	**1.4**	1.7
Current liabilities (current liabilities other then trade payables and other financial liabilities and provisions ₹ 0.09 crores (31 March 2020 - ₹ Nil))		104.3	**0.5**	0.5
Non current liabilities (non-current liabilities other then trade payables and other financial liabilities and provisions ₹ 0.59 crores (31 March 2020 - ₹ 0.54 crores))		32.9	**(0.1)**	0.3
Total liabilities		137.2	**0.5**	0.8
Net assets		12.1	**0.9**	0.9
Ownership		51%	**50%**	50%
Groups' share of net assets		6.2	**0.4**	0.5
Add: Goodwill		75.6	**0.6**	0.6
Add: Intangible assets		14.2	**-**	-
Carrying amount of Investment in Joint venture		96.0	**1.0**	1.1

Particulars	Creative Flavours and Fragrances S.p.A.* Joint venture upto 31 July 2020	Creative Flavours and Fragrances S.p.A.* 31 March 2020	Purandar Fine Chemicals Pvt. Ltd. 31 March 2021	Purandar Fine Chemicals Pvt. Ltd. 31 March 2020
Revenues (includes ₹ 96.59 crores job work income for CFF current year)	**73.82**	238.94	6.17	3.61
Cost of Goods Sold (includes ₹ 89.48 crores job work charges for CFF current year)	**50.06**	217.45	5.30	3.09
Depreciation	**4.33**	11.72	0.13	0.17
Finance Cost	**0.22**	2.96	0.06	0.05
Profit before tax	**1.48**	6.81	0.68	0.30
Income tax expense	**0.57**	2.36	0.21	0.08
Profit after tax	**0.91**	4.45	0.47	0.22
Group's share of profit	**0.46**	2.27	0.23	0.11
Less: Amortisation of identified intangible assets	**0.45**	1.22	-	-
Group's share of profit	**0.01**	1.05	0.23	0.11

*Creative Flavours and Fragrances S.p.A. has become wholy owned subsidiary with effect from 31 July 2020.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

50 Non Controlling Interest

On August 1, 2018, the Holding Company, through Keva Fragrance Industries Pte. Ltd. step-down subsidiary of the Holding Company had acquired 66.7% stake in Anhui Ruibang Aroma Co. Ltd (Anhui) For ₹ 26.55 crores and accordingly 33.33% are held by non controlling interests. Anhui is a leading aroma ingredients company in China. During the year under consideration , Keva Fragrance Industries Pte. Ltd., has now acquired 23.3% equity stake in Anhui at a consideration of RMB 6.20 Million (₹ 6.88 crores). The consideration and timing of execution of balance 23.3% stake was in accordance with the terms of the aforementioned equity transfer agreement. The promoters of Anhui, from whom the step down subsidiary has acquired 90% stake, shall continue to hold 10% stake in Anhui.

The following table summarises information relating to Anhui before any inter-company eliminations:

Summarised statement of profit or loss

Particulars	31 March 2021	31 March 2020
Total Revenue	**11.03**	35.17
Loss for the year	**1.94**	0.51
Loss allocated to non-controlling interests	**0.72**	0.17

Summarised balance sheet

Particulars	31 March 2021	31 March 2020
Non-current assets	**22.44**	24.50
Current assets	**5.58**	7.51
	28.02	32.01
Non-current liabilities	**-**	-
Current liabilities	**0.37**	0.28
	0.37	0.28
Net assets	**27.65**	31.73
Net assets attributable to non-controlling interest	**2.96**	10.58

Summarised cash flow statement

Particulars	31 March 2021	31 March 2020
Cash flows from(used in) in operating activities	**1.92**	3.24
Cash flows from(used in) in invetsing activities	**(1.40)**	(1.14)
Cash flows from(used in) in financing activities	**-**	-
Net (decrease) in cash and cash equivalents	**0.52**	2.10

Transactions with non-controlling interests

During the current year, the Group has acquired additional 23% of subsequent interest in Anhui. The carrying amount of such additional stake is ₹ 6.88 crores.

Particulars	31 March 2021	31 March 2020
Carrying amount of non-controlling interests acquired	**6.88**	-
Consideration paid	**6.88**	-
Decrease in equity attributable to the owners of the Company	**-**	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

51 Disclosure under Ind AS 115 - Revenue from contracts with customers

The Holding Company is engaged into manufacturing of Industrial Fragrances & Flavours.

Revenue from contracts with customers: Sale of products (Transferred at point in time). Invoices are usually payable within 90 days.

a Disaggregation of revenue

Particulars	Year ended 31 March 2021		
	Fragrance	Flavours	Total
Manufacturing			
India	**719.50**	**47.10**	**766.60**
Europe	**258.70**	**8.80**	**267.50**
Other countries	**226.92**	**54.10**	**281.02**
Total Sales	**1,205.12**	**110.00**	**1,315.12**

Disaggregation of revenue

Particulars	Year ended 31 March 2020		
	Fragrance	Flavours	Total
Manufacturing			
India	650.15	45.60	695.75
Europe	79.88	2.10	81.98
Other countries	225.17	59.20	284.35
	955.20	106.90	1,062.08
Trading			
India	33.55	-	33.55
Europe	6.72	-	6.72
Other countries	2.73	-	2.73
	43.00	-	43.00
Total Sales	998.20	106.90	1,105.08

b Reconciliation of revenue from contract with customer

Revenue from contract with customer as per the contract price

Particulars	31 March 2021	31 March 2020
Revenue from contract with customer as per the contract price		
Manufacturing	**1,323.68**	1,069.68
Trading	**-**	42.99
	1,323.68	1,112.68
Adjustment made to contract price on account of:-		
Less : Discounts and Rebates	**8.56**	7.60
Revenue from contract with customer	**1,315.12**	1,105.08
Other operating revenue	**6.83**	9.15
Revenue from operations	**1,321.95**	1,114.23

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

52 Consolidation of Trust

The Company 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 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.

The Consolidation of the Trust financials statements with that of the Holding 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 2021 were as follows:

Particulars	31 March 2021	31 March 2020
Sources of Funds		
Corpus	***0.00**	*0.00
Reserves and Surplus	**(15.43)**	(10.48)
Secured Loan		
Loan	**75.00**	75.00
Total	**59.57**	64.52
Application of Funds		
Investments	**72.95**	72.95
Current Assets, Loans and Advances (A)		
Cash and Cash Equivalents	**0.79**	1.16
Loans & Advances	**0.13**	0.02
Less: Current Liabilities and Provisions (B)		
Current Liabilities	**14.26**	9.57
Provisions	**0.02**	0.04
Net Current Assets (A- B)	**(13.37)**	(8.43)
Total	**59.57**	64.52

ii Impact on the Group's profit & loss post Trust consolidation for the year 31 March 2021

Particulars	31 March 2021	31 March 2020
Expenditure		
Management fees	**0.01**	0.04
Audit Fees	**0.00**	0.00
Impact on profit before tax	**0.01**	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 Company's equity shares made by Trust is debited to the Company's Equity as treasury shares amounting to ₹ 72.95 crores as at 31 March, 2021 (previous year ₹ 72.95 crores).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

(B) Other Non Current Financial Assets and other Income

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 75 crores as at 31 March 2021 (previous year ₹ 75 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 ₹ 13.87 Crores as at 31 March 2021 (previous year ₹ 9.01 crores).

(d) Details of STARs scheme

Particulars	31 March 2021	31 March 2020
Number of grant outstanding at the beginning of the year	**21,30,026**	10,26,403
Add : granted during the year	**11,76,403**	22,80,026
Less: lapsed during the year	**22,94,429**	1,50,000
Less: vested during the year		10,26,403
Less: exercised during the year		-
Number of grants at the end of the year	**10,12,000**	21,30,026
Expense recognised from above share base payment transactions	**-**	-
Carrying amount of liability	**-**	-

(e) The fair value 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	31 March 2021	31 March 2020
Share price as at measurement date (₹ per share)	**111.45**	76.10
Expected volatility (%)	**36.89%**	32.85%
Dividend yield (%)	**0.90%**	1.31%
Risk-free interest rate (%)	**3.93%**	4.87%

(f) No employee benefit expense recognised in current and previous year from the above stock appreciation rights.

53 Exceptional items

The manufacturing activities at PFW Aroma Ingredients B.V. have been significantly scaled down in the previous year . The Group has shut down the plant and retrenched the work force and is in advanced discussions for monetising the plant infrastructure, which is reclassified as "Assets held for sale". Pursuant to plant shutdown, the Company had obtained fair value of the plant from an Independent valuer. Accordingly, a provision for impairment of land, building and plant and machinery (movement detailed below), write down of other current assets, payment towards employee severance cost and plant shutdown cost aggregating ₹ 36.46 crore has been recorded as an exceptional expenses in previous year.

Particulars	31 March 2021	31 March 2020
Net Assets held for sale		
Gross block of assets transferred from property, plant and equipment	**-**	78.61
Less: Accumulated depreciation on the transferred assets	**-**	(34.66)
Net block of assets reclassified	**27.54**	43.95
Less: Impairment recognised and clubbed under 'Excepitonal item'	**-**	(16.41)
Add: Foreign exchange Translation difference	**0.47**	
Net Assets held for sale	**28.01**	27.54

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Measurement of fair values

i. Fair value hierarchy

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement for all of the investment property has been categoried as a level 2 fair value based on the inputs to the valuation techniques used.

The Group obtained Independent Valuations of its investment property as at the year end. The fair value of the investment property have been derived using the Direct Comparison Method.The direct comparison approach involves a comparison of the assets to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for the property.

54 Group on 07 April 2021, acquired 70% stakes in Nova Fragranze S.r.l. ("Nova"), through its foreign subsidiaries Creative Flavours & Fragrances SpA & Keva Italy S.r.l. The effective date of acquisition is 01 April 2021 as per agreement. The consideration to be paid for acquisition of 70% stake is Euros 1.52 million. Nova is an Italy based Company specialised in the fragrance development and marketing with focus on premium customers in hair care / beauty care segments. The acquisition would enable broadening the group's fragrance business in Italy.

55 The fiscal year ended 31 March 2021 was unprecedented due to the spread of the COVID-19 pandemic and the subsequent lockdowns in the country during the course of the year. This resulted in overall disruption in SH Kelkar's manufacturing and business activities, particularly in the earlier months of the fiscal year. In addition, similar lockdowns and restrictions across the Company's key international markets impacted demand and sales during the period. Group's priority, during the challenging operating environment was to maintain and secure its operations, while ensuring safety and well-being of its employees and business partners. Group undertook concerted efforts to maintain a strong financial and operating discipline that enabled it to seamlessly support business commitments despite operating constraints. While group did not witness any significant impact on the order backlog from customers, the execution during the earlier months of the fiscal year was impacted due to plant closures and logistic issues. As per the current assessment, there has been no significant impact on carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments, and other financial assets, is expected. Group is seeing improved sequential recovery from a demand standpoint, with steady enquiries and engagements with clients. Given the second-wave of COVID-19 infections in the country, group is constantly monitoring the macro-situation and is accordingly undertaking all measures to plan operations and safeguard customer interests to the best extent possible.

56 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

*Amount less than ₹ 0.01 crore
As per our report of even date attached.

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

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman of Board
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Mumbai
27 May 2021

Independent Auditors' 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 standalone financial statements of S H Kelkar and Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2021, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in equity and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information, (hereinafter referred to as "standalone financial statements").

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities 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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Emphasis of matter

We draw attention to Note 49 of the standalone financial statements which describes the accounting for the Scheme of Amalgamation between the Company, Saiba Industries Private Limited, Rasiklal Hemani Agencies Private Limited and Keva Chemicals Private Limited, wholly owned subsidiaries. The Scheme has been approved by the National Company Law Tribunal ('NCLT') vide its order dated 11 September 2020 and a certified copy has been filed by the Company with the Registrar of Companies, Maharashtra, on 20 October 2020. The appointed date as per the NCLT approved Scheme is 1 April 2019 and as per the Ind AS requirements, the combination has been accounted for, from the beginning of the preceding year in the financial statements. Thus, the amounts relating to the previous year 2019-2020 need to include the impact of the business combination and, accordingly, the corresponding amounts for the previous year ended 31 March 2020, have been restated by the Company after recognising the effect of the amalgamation as above.

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

Description of Key Audit Matter

Loss allowance on trade receivables (refer note 2.4 (b) to the standalone financial statements)

The key audit matter	How the matter was addressed in our audit
The Company generates revenue from sales of its products to customers in fragrance segment and in different jurisdictions within India. The carrying amount of trade receivables represents 19 % of the total assets of the Company. There are significant large number of customers, including traders and distributors. The Company assesses the expected credit loss (ECL) allowance for these customers resulting from possible defaults over the expected life of the receivables. These are generally expected to be recognized before a trade receivable becomes past due. The Company measures ECL on trade receivables based on a provision matrix that involves significant judgements and estimates, including: - historical default rate/ payment trend of the customers; and - relevant current customer specific conditions; and - adjustment for forward-looking information at the reporting date Considering the significant balance of trade receivables, profile of the customers and the judgement involved in its estimation, this is identified as a key audit matter.	Our audit procedures in respect of loss allowance on trade receivables included the following: • Testing the design, implementation and operating effectiveness of key controls over processes of credit control, collection of trade receivables and estimation of expected credit losses; • Assessing the Company's accounting policy for making loss allowances on trade receivables with reference to the requirements of the applicable accounting standards; • Using our IT specialists to assess and obtain comfort over ageing report of days past due; • Assessed the reasonableness of estimate of expected credit losses through the following: - Evaluating the completeness and accuracy of the key data used by the Company for computing ECL on trade receivables; - Challenging assumptions and adjustment for forward-looking information based on current economic conditions; and • Circulating and Obtaining independent customers confirmations on the outstanding invoices on sample (using statistical sampling) basis. Agreed the confirmation obtained from customer with balance in the books along with applicable reconciling items. Alternative procedures were performed, where confirmations not received.

Impairment of Investment in Subsidiaries (refer note 2.4 (e) to the standalone financial statements)

The Key Audit Matter	How the matter was addressed in our audit
As of 31 March 2021, the carrying amount of investment in subsidiaries represents 31 % of the total assets of the Company. The Company assesses at each reporting date if there is an indication, based on either internal or external sources of information, that investments in subsidiaries may be impaired. Where such indicators exist, the Company performs impairment testing. In performing such impairment assessment, the Company compares the carrying value of investments with their respective recoverable value to determine whether any impairment loss should be recognised. Estimating the recoverable value of the investment requires use of appropriate valuation models including Discounted Cashflow (DCF) model. The valuation process is complex and involves significant judgment and estimates including estimates of revenue growth rate, gross margins, terminal growth rate and the discount rate. Considering the complexity, the magnitude of potential impact and the judgement necessary to estimate the amount of impairment, this is identified as a key audit matter	• Testing the design, implementation and operating effectiveness of key controls over management's assessment of identifying indicators of impairment and over estimation of impairment of investments in subsidiaries; • Evaluating the assessment of impairment indicators with respect to investments in subsidiaries, considering internal or external sources of information, as performed by the Company. For those subsidiaries with indicators of impairment identified, assessing reasonableness of the impairment of the investment by: ○ evaluating with the help of our valuation expert appropriateness of the valuation methodology and key assumptions such as discount rate, revenue growth rate, gross margins and terminal growth rates with reference to our understanding of their business and industry, current developments and future-plan of the business as approved by the Board of directors of the respective entities; ○ Performing sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, both individually and in aggregate, could impact the analysis;

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss including (other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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, the Management and Board of Directors are 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 Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities 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 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 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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.

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 auditors' 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 the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Standalone Balance sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of changes in Equity and the Standalone Statement of Cash Flows 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 31 March 2021, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021, 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 B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 40 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

    iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

    (C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

    In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act, which are required to be commented upon by us.

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

Balajirao Pothana
Partner
Membership No: 122632
UDIN: 21122632AAAAAY5467

Mumbai
27 May 2021

Annexure A to the Independent Auditors' Report – 31 March 2021

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the above programme, the Company has verified certain fixed assets and no material discrepancies were noticed in respect of assets verified during the year and have been properly dealt with in the books of accounts.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the standalone financial statements, the lease agreements are in the name of the Company.

(ii) The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at year-end, written confirmations have been obtained. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) (a) The Company has granted unsecured loans to one company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loans, secured or unsecured, to other body corporates, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. In our opinion, the rate of interest and other terms and conditions on which the unsecured loans have been granted to the companies listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b) The unsecured loans granted to companies covered in the register maintained under Section 189 of the Act are repayable on demand. The repayment of the loans was not demanded during the year. The borrowers have been regular in the payment of principal and interest as demanded.

(c) The unsecured loans granted to companies covered in the register maintained under Section 189 of the Act are repayable on demand. The loan was not demanded during the year and there are no amounts which are overdue for more than ninety days in respect of such loans.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the guarantees given to body corporates, loans and guarantees given to companies, and investments made by the Company. The Company has not given any security under Section 185 and 186 of the Act. Accordingly, compliance under Section 185 and 186 of the Act, in respect of providing securities is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Goods and service tax, Profession tax, Duty of customs, Cess and other material statutory dues have been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Goods and service tax, Professional tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Goods and service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income-tax, Sales tax, Service tax and Duty of customs have not been deposited as on 31 March 2021 by the Company on account of disputes:

Name of the statute	Nature of the dues	Demand in ₹ crores	Amount deposited on account of demand ₹ in crores	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income-tax	0.75	0.75	2007-08 2008-09 2010-11	Income-tax Appellate Tribunal
Income tax Act, 1961	Income-tax	13.81	13.08	2008-09 2009-10 2012-13 2016-17 2017-18	The Commissioner of Income-tax (Appeals)
Income tax Act, 1961	Income-tax	3.51	2.84	2008-09 2011-12	High Court, Mumbai
Central Excise Act, 1944	Service tax	0.17	0.02	2011-12	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Service tax	11.42	2.42	2008-09 to 2012-13	CESTAT
Central Excise Act, 1944	Custom Duty	0.07	-	2008-09 to 2011-12	Additional Commissioner of Customs Appraising Gr.2 (A-F), JNCH
Central Excise Act, 1944	Custom Duty	0.05	-	2011-12	Deputy Commissioner of Customs, GR-II (A-B), NS-V, JNCH
Maharashtra Value	Sales tax	0.37	-	1989-1994	High Court
Added Tax Act, 2002	Sales tax	0.05	-	2010-2011	Commissioner (Appeals)

(viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding dues to government, financial institutions and debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Balajirao Pothana
Partner
Mumbai Membership No: 122632
27 May 2021 UDIN: 21122632AAAAAY5467

Annexure B to the Independent Auditors' report

on the standalone financial statements of S H Kelkar and Company Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to standalone financial statements of S H Kelkar and Company Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, 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 were established and maintained and whether 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 such internal financial controls, 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 standalone 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 controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone 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 standalone 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 controls 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.

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

Balajirao Pothana
Partner
Mumbai Membership No: 122632
27 May 2021 UDIN: 21122632AAAAAY5467

Standalone Balance sheet

as at 31 March 2021

(Currency : Indian ₹ in crores)

	Note	31 March 2021	31 March 2020 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**120.57**	133.58
Capital work in progress	4	**3.58**	1.42
Right of use asset	37	**14.68**	22.47
Goodwill	49	**9.59**	9.59
Investment property	5	**12.90**	13.37
Intangible assets	6	**64.45**	74.87
Intangible assets under development	6	**13.14**	11.79
Financial assets			
Investments			
Investment in subsidiaries and joint venture	8A	**320.59**	253.01
Other investments	8B	**-**	-
Loans	7	**1.67**	1.32
Other financial assets	9	**0.44**	0.46
Tax assets (net)	33	**18.62**	25.16
Other assets	10	**2.60**	2.21
Total non-current assets		**582.83**	549.25
Current assets			
Inventories	11	**175.10**	176.78
Financial assets			
Trade receivables	12	**199.53**	146.30
Cash and cash equivalents	13	**30.59**	35.23
Other bank balances	14	**0.80**	1.16
Loans	15	**16.93**	16.09
Other financial assets	9	**10.68**	6.33
Other assets	10	**14.55**	11.40
Total current assets		**448.18**	393.29
TOTAL ASSETS		**1,031.01**	942.54
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**141.32**	141.32
Other equity	17	**493.65**	427.41
Total equity		**634.97**	568.73
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	**11.38**	18.82
Others	19	**1.09**	1.09
Deferred tax liability (net)	34	**13.05**	12.43
Total non-current liabilities		**25.52**	32.34
Current liabilities			
Financial liabilities			
Borrowings	18	**50.00**	50.00
Trade payables	21		
- total outstanding dues of micro enterprises and small enterprises		**6.50**	4.97
- total outstanding dues of creditors other than micro enterprises and small enterprises		**265.09**	233.43
Other financial liabilities	22	**26.91**	28.12
Other liabilities	23	**12.62**	17.21
Provisions	20	**7.55**	7.74
Tax liabilities (net)	33	**1.85**	-
Total current liabilities		**370.52**	341.47
Total liabilities		**396.04**	373.81
TOTAL EQUITY AND LIABILITIES		**1,031.01**	942.54
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-53		

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Standalone statement of profit and loss

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	Note	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Income			
Revenue from operations	24	**761.01**	718.82
Other income	25	**34.43**	10.18
Total income		**795.44**	729.00
Expenses			
Cost of materials consumed	26	**466.39**	438.09
Changes in inventories of finished goods and work-in-progress	27	**15.47**	11.17
Employee benefits expense	28	**73.02**	78.02
Finance costs	29	**6.28**	11.74
Depreciation and amortisation expense	30	**27.63**	28.29
Other expenses	31	**106.88**	118.60
Total expenses		**695.67**	685.91
Profit before income tax		**99.77**	43.09
Tax expense:			
Current tax	33		
for current year		**19.49**	6.55
for earlier years		**0.06**	-
Deferred tax charge			
for current year		**0.51**	4.62
Profit for the year		**79.71**	31.92
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability/ (asset)		**0.44**	0.19
Income tax related to items that will not be reclassified to profit or loss		**(0.11)**	(0.05)
Other comprehensive income for the year, net of income tax		**0.33**	0.14
Total comprehensive income for the year		**80.04**	32.06
Earnings per equity share (Nominal value of ₹ 10 each, fully paid-up)	32		
Basic earnings per share (₹)		**5.78**	2.29
Diluted earnings per share (₹)		**5.78**	2.29
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-53		

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

Ramesh Vaze
Director & Chairman
DIN: 00509751

Shrikant Mate
Group Chief Financial Officer

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Standalone statement of changes in equity

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

(a) Equity share capital

	31 March 2021	31 March 2020 (Restated)
Opening balance as at	**141.32**	144.62
Changes in equity share capital during the year (refer note 16)	-	(3.30)
Closing balance as at	**141.32**	141.32

(b) Other equity

	Attributable to the equity holders of the Company							
	Reserves & Surplus							
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained earnings	STARs reserves	Other reserves	Treasury Shares	Total Equity
Balance as at 01 April, 2020 (Restated)	**138.42**	**3.30**	**52.46**	**297.67**	**(0.25)**	**8.76**	**(72.95)**	**427.41**
Total comprehensive income for the period ended 31 March 2021								
Profit for the year	-	-	-	79.71	-	-	-	79.71
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability	-	-	-	0.33	-	-	-	0.33
Total comprehensive income for the year	-	-	-	80.04	-	-	-	80.04
Transaction with the owners of the Company, recorded directly in equity								
Contributions and distributions								
Dividends	-	-	-	(14.13)	0.33	-	-	(13.80)
Balance at 31 March 2021	**138.42**	**3.30**	**52.46**	**363.58**	**0.08**	**8.76**	**(72.95)**	**493.65**
Balance as at 01 April, 2019 (Restated)	194.52	*0.00	55.76	282.41	0.23	8.76	(74.95)	466.73
Total comprehensive income for the year ended 31 March 2020 (Restated)								
Profit for the year	-	-	-	31.92	-	-	-	31.92
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability	-	-	-	0.14	-	-	-	0.14
Total comprehensive income for the year	-	-	-	32.06	-	-	-	32.06
Transaction with the owners of the Company, recorded directly in equity								
Contributions and distributions								
Dividend Distribution Tax (DDT)	-	-	-	(2.76)	-	-	-	(2.76)
Dividends	-	-	-	(13.43)	0.31	-	-	(13.12)
Others (Restated)								
Imapact on transition to Ind AS 116	-	-	-	(0.61)	-	-	-	(0.61)
Shares extinguished on buy-back	(56.10)	-	-	-	-	-	2.00	(54.10)
Adjustment pursuant to buy-back of equity shares	-	3.30	(3.30)	-	-	-	-	-
Loss on participation in buy-back by the Trust	-	-	-	-	(0.79)	-	-	(0.79)
Balance at 31 March 2020 (Restated)	**138.42**	**3.30**	**52.46**	**297.67**	**(0.25)**	**8.76**	**(72.95)**	**427.41**

*Amount less than ₹ 0.01 crores

Significant accounting policies	1-3
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-53

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Standalone Statement of Cash Flow

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

		31 March 2021	31 March 2020 (Restated)
A.	**Cash flow from operating activities**		
	Profit before tax	**99.77**	43.09
	Adjustments for		
	Depreciation and amortisation	**27.63**	28.29
	Net loss on sale of property, plant and equipment	**0.28**	-
	Intangible asset under development written off	**11.21**	18.01
	Gain on sale of investment	-	(0.33)
	Unrealised exchange fluctuation loss / (gain) (net)	**(5.28)**	5.19
	Dividend income	**(20.08)**	-
	Rent income	**(4.47)**	(4.90)
	Inventory write down	**0.96**	1.76
	Interest income	**(1.43)**	(2.28)
	Loss allowance on trade receivables	-	2.76
	Reversal of loss allowances on trade receivables	**(1.51)**	-
	Bad debts written off	***0.00**	0.01
	Gain on write back of financial Liabilities measured at amortised cost	**(3.98)**	(0.16)
	Interest expense and other finance costs	**6.28**	11.74
		109.38	103.18
	Working capital adjustments		
	Decrease in inventories	**0.72**	7.42
	(Increase) / decrease in trade receivables	**(51.95)**	(24.06)
	(Increase) / decrease in loans, other financial assets and other assets	**(4.43)**	11.32
	Increase / (decrease) in trade payables, other current liabilities and provisions	**38.04**	101.14
	Net change in working capital	**(17.63)**	95.83
	Cash flows generated from operating activities (A)	**91.75**	199.01
	Income tax paid (net)	**(11.16)**	(12.29)
	Net cash flows generated from operating activities	**80.59**	186.72
B.	**Cash flows from investing activities**		
	Purchase of property, plant and equipment, investment property and intangibles (including cwip and intangible under development)	**(21.94)**	(27.63)
	Investment in equity shares of subsidiaries	**(67.58)**	(34.69)
	Loan recovered from subsidiary	-	20.00
	Proceeds from sale of property, plant and equipment (net of related expenditure)	**6.16**	0.03
	Proceeds from sale of mutual funds	-	77.85
	Investment in mutual funds	-	(76.00)
	Rent income	**4.47**	4.90
	Increase / (decrease) in deposits and other bank balance	**0.38**	0.46
	Dividend received	**15.02**	-
	Interest received	**2.10**	3.42
	Net cash flows (used in) investing activities (B)	**(61.39)**	(31.65)
C.	**Cash flows from financing activities**		
	Proceeds from short term borrowing	**106.63**	391.02
	Repayment of short term borrowing	**(106.63)**	(425.02)
	Repayment of lease obligations	**(5.69)**	(3.61)
	(Purchase)/Sale of Investment by Employee Benefit Trust	-	1.12
	Dividend paid, including tax thereon	**(14.13)**	(16.19)
	Dividend received on treasury shares	**0.33**	0.31
	Buy back of equity share	-	(3.30)
	Premium paid on buy back of equity share	-	(56.10)
	Interest paid	**(4.35)**	(11.90)
	Net cash flows (used in) from financing activities (C)	**(23.84)**	(123.66)
	Net Increase / (decrease) in cash and cash equivalents (A + B + C)	**(4.64)**	31.41

Standalone Statement of Cash Flow

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	31 March 2021	31 March 2020 (Restated)
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents at the beginning of the year	**35.23**	3.82
Cash and cash equivalents at the end of the year	**30.59**	35.23
	4.64	(31.41)
Notes:		
1. Cash and cash equivalents		
Balances with banks in:		
- current accounts	**26.73**	34.25
- exchange earners foreign currency account	**3.72**	0.81
Cash on hand	**0.14**	0.16
Cash and cash equivalents in the statement of cash flows	**30.59**	35.23
Debt reconciliation statement in accordance with Ind AS 7		
Opening balances		
Long-term borrowing (including current maturity)	**26.28**	0.28
Short-term borrowing	**50.00**	84.00
Interest expense	**0.64**	0.80
Cashflows		
Long-term borrowing	**(5.69)**	(3.61)
Short-term borrowing	**-**	(34.00)
Interest payment	**(4.35)**	(11.90)
Non cash and other changes		
New leases	**4.70**	29.62
Cancellation of leases	**(8.73)**	-
Interest expense	**6.28**	11.74
Closing balances		
Long-term borrowing (including current maturity)	**16.56**	26.28
Short-term borrowing	**50.00**	50.00
Interest expense	**2.57**	0.64

2. The above standalone cash flow statement has been prepared under the 'indirect method' as set out in the Accounting Standard (Ind AS) 7 - "Cash Flow Statements".

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. 4-53

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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

2.1 Statement of compliance

The accompanying standalone financial statements, in which are incorporated the returns of a Branch in Amsterdam, the Netherlands and the returns of S H Kelkar Employee Benefit Trust ('Trust'), 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) (Ammendment) Rules, 2016, as amended and notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The standalone financial statements for the year ended 31 March 2021 have been proposed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 27 May 2021.

On 11 September 2020, the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench has approved the Scheme of Merger by Absorption of Company's wholly-owned subsidiaries, Saiba Industries Private Limited, Keva Chemicals Private Limited (KCPL), Rasiklal Hemani Agencies Private Limited (RHAPL) with itself ("the Scheme"). The Scheme became effective upon filing of the certified copy of the Order with the Registrar of Companies, Maharashtra, on 20 October 2020, and has the appointed date of 1 April 2019. As per Appendix C of Ind AS 103 - Business Combinations, the financial information in the standalone financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. Accordingly, business combination is accounted with effect from 1 April 2019. Refer note 49 to the financial statements.

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

The standalone financial statements have been prepared on a historical cost basis, 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.

2.4 Use of estimates and judgements

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 are as follows:

a. Recognition and measurement of defined benefit obligations

The obligations 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

c. Fair value measurement of financial instruments

All financial instruments are required to be measured at fair value on intial 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 its carrying amount, the impairment loss is accounted for.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone statement of profit and loss:

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 judgment. 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.

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 values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

- 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

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3 Significant accounting policies

3.1 Revenue

a Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates and returns, if any, as specified in the contracts with the customers. 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.

b Rental income and Technical know how

Rental income (including income from sub-leasing), included under other 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.

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are not translated.

In respect of foreign branch, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

Foreign currency exchange differences are recognised in the Statement of profit or loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave.

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.

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 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.

Notes to the Standalone Financial Statements
for the year ended 31 March 2021
(Currency : Indian ₹ in crores)

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

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. And an obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

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 Standalone 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.

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 enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and curent 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

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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:

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. 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

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(iii) 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.

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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 tehnical 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 Standalone Statement 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	noncompete period
- Patent and trademarks	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 instruments issued 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.

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.

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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.

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 profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in 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.

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b. Financial liabilities

i. Recognition and initial 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 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 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 inprofit 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.

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 and joint venture

The Company accounts for the investments in equity shares of subsidiaries and joint venture at cost in accordance with Ind AS 27- Separate Financial Statements.

3.12 Provisions and contingent liabilities

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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision is made.

3.13 Leases

i Company as Lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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The Company recognises right-of-use asset 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 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.

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.

iii Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

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The Company has adopted Ind AS 116, effective annual reporting period beginning 01 April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (01 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 01 April 2019.

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.

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.

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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 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

On 24 March 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

  The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

4 Property, plant and equipment

Block of asset	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 April 2020 (Restated)	Additions during the year	Disposals during the year	As at 31 March 2021	As at 1 April 2020 (Restated)	Charge for the year	Disposals during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020 (Restated)
Freehold land	13.92	-	-	13.92	-		-	-	13.92	13.92
Buildings	91.79	0.42	1.73	90.48	16.10	3.10	0.25	18.95	71.53	75.69
Leasehold improvements	11.60	-	5.22	6.38	4.87	1.22	1.71	4.38	2.00	6.73
Research and development - equipments	11.61	0.11	0.64	11.08	4.61	0.96	0.16	5.41	5.67	7.00
Furniture and fixtures	8.61	0.49	0.97	8.13	3.24	0.66	0.25	3.65	4.48	5.37
Computers	2.18	0.31	0.23	2.26	1.72	0.20	0.20	1.72	0.54	0.46
Office equipment	3.36	0.44	0.36	3.44	1.77	0.51	0.19	2.09	1.35	1.59
Plant and machinery	28.04	0.14	0.09	28.09	7.97	1.79	0.07	9.69	18.40	20.07
Electrical equipment and installations	4.26	0.14	-	4.40	2.06	0.31	-	2.37	2.03	2.20
Motor cars and vehicles	1.19	0.25	-	1.44	0.64	0.15	-	0.79	0.65	0.55
	176.56	2.30	9.24	169.62	42.98	8.90	2.83	49.05	120.57	133.58

4 Property, plant and equipment (previous year)

Block of asset	Gross Block					Accumulated Depreciation					Net Block	
	As at 1 April 2019 (Restated)	Additions during the year	Transition impact of Ind AS 116	Disposals during the year	As at 31 March 2020 (Restated)	As at 1 April 2019 (Restated)	Charge for the year	Transition impact of Ind AS 116	Disposals during the year	As at 31 March 2020 (Restated)	As at 31 March 2020 (Restated)	As at 31 March 2019 (Restated)
Freehold land	13.92	-	-	-	13.92	-	-	-	-	-	13.92	13.92
Buildings	89.94	1.85	-	-	91.79	13.33	2.77	-	-	16.10	75.69	76.61
Leasehold improvements	11.60	-	-	-	11.60	3.31	1.56	-	-	4.87	6.73	8.29
Research and development - equipments	11.34	0.27	-	-	11.61	2.75	1.86	-	-	4.61	7.00	8.59
Furniture and fixtures	6.76	1.85	-	-	8.61	2.53	0.71	-	-	3.24	5.37	4.23
Computers	2.20	0.01	-	0.03	2.18	1.36	0.39	-	0.03	1.72	0.46	0.84
Office equipment	2.65	0.71	-	-	3.36	1.29	0.48	-	-	1.77	1.59	1.36
Plant and machinery	25.87	2.19	-	0.02	28.04	6.28	1.69	-	-	7.97	20.07	19.59
Electrical equipment and installations	3.10	1.16	-	-	4.26	1.73	0.33	-	-	2.06	2.20	1.37
Motor cars and vehicles	1.11	0.08	-	-	1.19	0.50	0.14	-	-	0.64	0.55	0.61
Assets under lease	-	-	-	-		-	-	-	-			
- Office equipments	0.35	-	(0.35)	-	-	0.34	-	(0.34)	-	-	-	0.01
- Motor cars	1.13	-	(1.13)	-	-	0.86	-	(0.86)	-	-	-	0.27
	169.97	8.12	(1.48)	0.05	176.56	34.28	9.93	(1.20)	0.03	42.98	133.58	135.69

1. Capital Work-in-progress	31 March 2021	31 March 2020 (Restated)
Opening balance	1.42	5.33
Addition during the year	2.27	2.78
Capitalised during the year	(0.11)	(6.69)
Closing balance	**3.58**	**1.42**

2. The Company adopted Ind AS 116 effective 1st April 2019. Consequently, the office equipments and motor cars acquired under finance lease agreements have been reclassified from 'Property, Plant & Equipment' to 'Right of Use assets'.
3. The Company has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.
4. The Company has not recognised any impairment loss during the current year (31 March 2020 - ₹ Nil).
5. As at 31 March 2021, property, plant and equipment have been hypothecated against corporate guarantee issued by the company towards loan availed by its subsidiary Keva Europe B. V. 'Nil' in previous year.

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5 Investment property

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2020 (Restated)	Additions during the year	Disposals during the year	As at 31 March 2021	As at 1 April 2020 (Restated)	Charge for the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020 (Restated)
Buildings	**14.72**		**-**	**14.72**	**1.35**	**0.47**	**1.82**	**12.90**	**13.37**
	14.72	**-**	**-**	**14.72**	**1.35**	**0.47**	**1.82**	**12.90**	**13.37**

5 Investment property *(previous year)*

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2019 (Restated)	Additions during the year	Disposals during the year	As at 31 March 2020 (Restated)	As at 1 April 2019 (Restated)	Charge for the year	As at 31 March 2020 (Restated)	As at 31 March 2020 (Restated)	As at 31 March 2019 (Restated)
Buildings	14.72	-	-	14.72	0.89	0.46	1.35	13.37	13.83
	14.72	-	-	14.72	0.89	0.46	1.35	13.37	13.83

Notes:

1. Buildings is classified as Investment property by the Company in accordance with Ind AS - 40 "Investment Property".
2. Fair value of Investment Property is ₹ 21.22 crores (31 March 2020 ₹ 20.20 crores).

Fair Value

The fair value of investment property has been determined using external property rates available in the market. The fair value measurement for all of the investment property has been categoried as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The fair value of the investment property have been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length distance from investment property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

6 Other intangible assets

Block of asset	Gross Block					Accumulated Amortisation			Net Block	
	As at 1 April 2020 (Restated)	Additions during the year	Additions Internally generated	Disposals during the year	As at 31 March 2021	As at 1 April 2020 (Restated)	Charge for the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020 (Restated)
Computer software	**9.33**	**0.02**	**-**	**-**	**9.35**	**6.89**	**1.21**	**8.10**	**1.25**	**2.44**
Technical know-how	**78.52**	**-**	**-**	**-**	**78.52**	**12.94**	**7.91**	**20.85**	**57.67**	**65.58**
Formulation	**9.66**	**-**	**1.51**	**-**	**11.17**	**2.97**	**2.88**	**5.85**	**5.32**	**6.69**
Non compete fees	**0.17**	**-**	**-**	**-**	**0.17**	**0.08**	**0.03**	**0.11**	**0.06**	**0.09**
Patents & Trademarks	**0.08**	**0.11**	**-**	**-**	**0.19**	**0.01**	**0.03**	**0.04**	**0.15**	**0.07**
	97.76	**0.13**	**1.51**	**-**	**99.40**	**22.89**	**12.06**	**34.95**	**64.45**	**74.87**

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6 Other intangible assets (previous year)

Block of asset	Gross Block					Accumulated Amortisation				Net Block	
	As at 1 April 2019 (Restated)	Additions during the year	Additions Internally generated	Disposals during the year	As at 31 March 2020 (Restated)	As at 1 April 2019 (Restated)	Charge for the year	Disposal during the year	As at 31 March 2020 (Restated)	As at 31 March 2020 (Restated)	As at 31 March 2019 (Restated)
Computer software	8.98	0.35	-	-	9.33	5.45	1.44	-	6.89	2.44	3.53
Technical know-how	68.51	10.01	-	-	78.52	5.84	7.10	-	12.94	65.58	62.67
Formulation	7.00	-	4.60	1.94	9.66	1.30	2.38	0.71	2.97	6.69	5.70
Non compete fees	0.17	-	-	-	0.17	0.05	0.03	-	0.08	0.09	0.12
Patents & Trademarks	0.01	0.07	-	-	0.08	-	0.01	-	0.01	0.07	0.01
	84.67	10.43	4.60	1.94	97.76	12.64	10.96	0.71	22.89	74.87	72.03

	31 March 2021	31 March 2020 (Restated)
1. Intangible assets under-development		
Opening balance	**11.79**	18.59
Addition during the year	**14.07**	15.81
Capitalised during the year	**(1.51)**	(4.60)
Written off during the year	**(11.21)**	(18.01)
Closing balance	**13.14**	11.79

2. The Company has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.

7 Non-current Loans (unsecured)

	31 March 2021	31 March 2020 (Restated)
To other than related parties		
Security deposits		
- considered good	**1.67**	1.32
- considered doubtful	**0.18**	0.18
	1.85	1.50
Less: Loss Allowance for bad and doubtful deposits	**(0.18)**	(0.18)
	1.67	1.32

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

8 Non-current investments

	Number of shares		Amount	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
A) Investment in subsidiaries and joint venture				
Unquoted equity shares at cost				
Investment in subsidiary companies				
Keva Fragrances Private Limited (face value ₹ 100 per share)	**6,21,010**	6,21,010	**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)	**9,85,600**	9,85,600	**71.19**	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)	**80,01,000**	1,000	**67.59**	0.01
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
Total (A)			**320.59**	253.01
B) Other investments				
Equity shares, designated at FVTPL				
Hico Products Ltd. (face value ₹ 10 per share) (refer note c)	**19,250**	19,250	**-**	-
Total (B)			**-**	-
Total (A) + (B)			**320.59**	253.01

The aggregate book value of unquoted non-current investments is as follows:

	31 March 2021	31 March 2020 (Restated)
Aggregate value of unquoted investments	**320.59**	253.01
Aggregate amount of impairment in value of investments	**-**	-

a. The Company through its wholly owned subsidiary acquired balance 49% stake in Creative Flavours & Fragrances SpA following which, it has been classified as subsidiary. The entity was Joint venture until 31 July 2020.

b. As at 31 March 2021, investment in Creative Flavours and Fragrances SpA has been hypothecated against corporate guarantee issued by the Company towards loan availed by its subsidiary Keva Europe B. V. 'Nil' in previous year.

c. The shares have been suspended from trading and the entity is under liquidation. The Investment has been written off in the books of the Company and the market value is considered Nil.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

9 Other financial assets (unsecured, considered good)

	Non-current		Current	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
To other than related parties				
Term deposits with banks with remaining maturity of more than 12 months	**0.44**	0.46	**-**	-
Interest receivable from Income tax	**-**	-	**1.47**	1.47
To related parties (refer note 43)				
Other receivables (expense cross charge)*	**-**	-	**3.55**	3.59
Interest accrued on loan to subsidiaries **	**-**	-	**0.60**	1.27
Dividend receivable	**-**	-	**5.06**	-
	0.44	0.46	**10.68**	6.33

* Details of other receivables from companies/ body corporates in which a director of the Company is a director or firms in which a director of the Company is a partner:

	31 March 2021	31 March 2020 (Restated)
Keva Fragrances Private Limited	**0.53**	-
Keva Flavours Private Limited	**1.76**	1.44
PFW Aroma Ingredients B.V	**0.10**	1.30
Keva Fragrance Industries PTE Limited	**0.07**	0.17
V N Creative Chemicals Private Limited	**0.54**	0.68
Keva Europe BV	**0.55**	-
	3.55	3.59

** Details of interest accrued from companies/ body corporates in which a director of the Company is a director or firms in which a director of the Company is a partner:

	31 March 2021	31 March 2020 (Restated)
VN Creative Chemicals Private Limited	**0.60**	1.27
	0.60	1.27

* Details of dividend receivable from companies/ body corporates in which a director of the Company is a director or firms in which a director of Company is a partner:

	31 March 2021	31 March 2020 (Restated)
Creative Flavours & Fragrances SpA	**5.06**	-
	5.06	-

10 Other assets (unsecured, considered good)

	Non-current		Current	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
Capital advances	**0.82**	0.56	**-**	-
To other than related parties				
Advance to suppliers	**-**	-	**3.94**	5.35

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	Non-current		Current	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
Prepaid expenses	**-**	-	**3.48**	3.18
Balances with government authorities	**1.15**	1.02	**0.30**	1.08
VAT/Sales tax refund receivable	**0.63**	0.63	**0.77**	1.53
Gratuity	**-**	-	**0.03**	-
To related parties				
Advance to suppliers (refer note 43)**	**-**	-	**6.03**	0.26
	2.60	2.21	**14.55**	11.40

** Details of Advance to suppliers from companies/ body corporates in which a director of the Company is a director or firms in which a director of the Company is a partner:

	31 March 2021	31 March 2020 (Restated)
Keva Aromatics Private Limited	**6.03**	0.14
Keva Constructions Private Limited	**-**	0.12
	6.03	0.26

11 Inventories

	31 March 2021	31 March 2020 (Restated)
Raw materials	**128.39**	109.09
Raw materials in transit	**3.71**	8.50
Packing materials	**1.95**	2.66
Work-in-progress	**32.10**	41.36
Finished goods	**8.95**	15.16
	175.10	176.78

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 ₹ 0.96 crores (31 March 2020: ₹ 1.76 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.

Borrowings are secured by way of hypothecation of Inventories both in hand and transit (refer note 18).

12 Trade receivables

	31 March 2021	31 March 2020 (Restated)
Trade receivables		
Unsecured		
- Considered good*	**202.67**	151.36
- Significant increase in credit risk	**-**	-
- Credit impaired	**0.85**	0.43
- Less: Loss allowance**	**(3.99)**	(5.49)
Net trade receivables	**199.53**	146.30

* Trade receivables (unsecured, considered good) as at 31 March 2021 include ₹ 111.36 crores (31 March 2020: ₹ 64.44 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	31 March 2021	31 March 2020 (Restated)
Keva Fragrances Private Limited	**28.84**	0.96
Keva Flavours Private Limited	**68.88**	61.89
Keva Aromatics Private Limited	**10.92**	0.09
VN Creative Chemicals Private Limited	**2.72**	1.51
Creative Flavours & Fragrances SPA	***0.00**	-
	111.36	64.44

**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 Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 38.

Borrowings are secured by way of hypothecation of book debts and other receivables (refer note 18).

*Amount less than ₹ 0.01 crores

13 Cash and cash equivalents

	31 March 2021	31 March 2020 (Restated)
Balances with banks in:		
- current accounts	**26.73**	34.26
- exchange earners foreign currency account	**3.72**	0.81
Cash on hand	**0.14**	0.16
Cash and cash equivalents in the statement of cash flows	**30.59**	35.23

14 Other bank balances

	31 March 2021	31 March 2020 (Restated)
Current account of Company's employee benefit trust (refer note 51)	**0.79**	1.15
Unclaimed dividend accounts	**0.01**	0.01
	0.80	1.16

15 Current loans (unsecured, considered good)

	31 March 2021	31 March 2020 (Restated)
To other than related parties		
Loans to employees	**2.93**	2.09
To related parties		
Loans to subsidiaries*	**14.00**	14.00
	16.93	16.09

All loans are 'current'.

*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 the Company is a partner:

	31 March 2021	31 March 2020 (Restated)
V N Creative Chemicals Private Limited	**14.00**	14.00
	14.00	14.00

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

16 Equity share capital

	Number of shares		Amount	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
Authorised				
Equity shares of ₹ 10 each	**15,93,14,500**	15,40,64,500	**159.31**	154.06
Preference shares of ₹ 10 each	**1,19,35,500**	1,19,35,500	**11.94**	11.94
			171.25	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	**14,13,20,801**	14,13,20,801	**141.32**	141.32
			141.32	141.32

a Reconciliation of number of shares outstanding at the beginning and end of the reporting year :

	Number of shares		Amount	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
i) Equity share of ₹ 10 (Previous year ₹ 10) each fully paid-up				
Outstanding at the beginning of the year	**14,13,20,801**	14,46,20,801	**141.32**	144.62
Shares extinguished on buy-back	-	(33,00,000)	-	(3.30)
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**14,13,20,801**	14,13,20,801	**141.32**	141.32

b Terms / Rights attached to each classes of shares

Terms / 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:

	31 March 2021		31 March 2020 (Restated)	
	Number of Shares	%	Number of Shares	%
Equity shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	**1,44,39,269**	**10.22%**	1,44,39,269	10.22%
Ramesh V. Vaze	**2,59,15,024**	**18.34%**	2,57,49,524	18.22%
KNP Industries Pte. Ltd.	**1,52,29,000**	**10.78%**	1,52,29,000	10.78%
Kedar R.Vaze	**1,72,54,614**	**12.21%**	1,39,35,100	9.86%
Keva Constructions Private Limited	**86,91,139**	**6.15%**	1,06,91,139	7.57%
Stichting Depositary Apg Emerging Markets Equity Pool	**5,79,022**	**0.41%**	79,07,541	5.60%
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	-	-	83,73,212	5.92%

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

d The Company during the previous year bought back 33,00,000 equity shares for an aggregate amount of ₹ 59.40 crores, being 2.28% of the total paid-up equity share capital at ₹ 180 per equity share. The equity shares bought back were extinguished on 13 August 2019

e There are no shares reserved for issue under options as at 31 March 2021 (Nil as at 31 March 2020)

17 Other equity

Other reserves	Note	31 March 2021	31 March 2020 (Restated)
Capital redemption reserve	i.	**3.30**	3.30
Securities premium	ii.	**138.42**	138.42
General reserve	iii.	**52.46**	52.46
Treasury shares	iv.	**(72.95)**	(72.95)
Other reserves	v.	**8.76**	8.76
STARs reserves	vi.	**0.08**	(0.25)
Retained earnings	vii.	**363.58**	297.67
		493.65	427.41

A. Notes:

		31 March 2021	31 March 2020 (Restated)
i.	***Capital redemption reserve***		
	Opening Balance (Restated)	**3.30**	*0.00
	Transfer from general reserve pursuant to buy-back	-	3.30
	Closing Balance	**3.30**	3.30
ii	***Securities premium***		
	Opening Balance (Restated)	**138.42**	194.52
	On Buy back of equity shares	-	(56.10)
	Closing Balance	**138.42**	138.42
iii.	***General reserve***		
	Opening Balance (Restated)	**52.46**	55.76
	Transfer to capital redemption reserve pursuant to buy-back	-	(3.30)
	Closing Balance	**52.46**	52.46
iv.	***Treasury shares***		
	Opening Balance (Restated)	**(72.95)**	(74.95)
	Less : Participation in buy back of equity shares by the Trust	-	2.00
	Closing Balance	**(72.95)**	(72.95)
v.	***Other reserves***		
	Opening Balance (Restated)	**8.76**	8.76
	Addition during the year	-	-
	Closing Balance	**8.76**	8.76
vi.	***STARs reserve***		
	Opening Balance (Restated)	**(0.25)**	0.23
	Add: Income of the Trust for the year	**0.33**	0.31
	Less: Loss on participation in buy back of equity shares by the Trust	-	(0.79)
	Closing Balance	**0.08**	(0.25)

* Amount less than ₹ 0.01 crore

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	31 March 2021	31 March 2020 (Restated)
vi. Retained earnings		
Opening Balance (Restated)	**297.67**	282.41
Add: Total comprehensive income for the year	**80.04**	32.06
Less: Dividend paid (including DDT)	**(14.13)**	(16.19)
Imapact on transition to Ind AS 116	**-**	(0.61)
Closing Balance	**363.58**	297.67

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 Ind AS transition adjustments, transfers to general reserve, dividends or other distributions paid to shareholders.

B. Dividends

The following dividends were declared and paid by the Company during the years ended:

	31 March 2021	31 March 2020 (Restated)
Interim equity dividend of 2019-2020 paid at ₹ 0.95 per equity share	-	13.43
Dividend distribution tax on the equity dividend paid	-	2.76
Interim equity dividend of 2020-2021 paid at ₹ 1 per equity share	**14.13**	
	14.13	16.19

The Board of Directors in its meeting held on 27 May 2021 has recommended a final dividend of ₹ 0.75 per equity share (31 March 2020 : ₹ Nil) subject to the approval at the annual general meeting.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

18 Borrowings

	Non-current		Current	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
(Secured)				
Loans repayable on demand				
Working capital loans (refer note 'a')	**-**	-	**-**	50.00
(Unsecured)				
Lease liabilities (refer note 'c')	**16.56**	26.28	**-**	-
Loan from subsidiary (refer note 'b')	**-**	-	**50.00**	-
	16.56	26.28	**50.00**	50.00
Less: Amount included under 'other financial liabilities' (refer note 22)	**(5.18)**	(7.46)	**-**	-
	11.38	18.82	**50.00**	50.00

Notes:

a) Working capital loans from banks of ₹ Nil (previous year: ₹ 50.00 crores) carry interest ranging between 7% p.a. - 8.50% (previous year : 7.65% - 8.65% p.a.), computed on a monthly basis on the actual amount utilised, and are repayable on demand. 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.

b) Loan from subsidiary Keva Fragrances Private Limited, which is repayable on demand carries interest of 7% (wef from 7th December 2020). Until 07 December 2020, including previous year, interest was 9%.

c) Lease liabilities have been recognised and accounted in accordance with Ind AS 116. refer note 3.13 (accounting policy) and note 37.

19 Other non-current financial liabilities

	31 March 2021	31 March 2020 (Restated)
Security Deposits	**1.09**	1.09
	1.09	1.09

20 Current provisions

	31 March 2021	31 March 2020 (Restated)
Provision for employee benefits		
Gratuity (refer note 35)	**-**	0.39
Compensated absences	**7.55**	7.35
	7.55	7.74

21 Trade payables

	31 March 2021	31 March 2020 (Restated)
Dues to micro and small enterprises (refer note 41)	**6.50**	4.97
Other trade payables	**265.09**	233.43
	271.59	238.40

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 38.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

22 Other financial liabilities - current

	31 March 2021	31 March 2020 (Restated)
Current maturities of lease liabilities	**5.18**	7.46
Interest accrued but not due on borrowings	**-**	0.09
Interest accrued under MSMED Act, 2006	**0.47**	0.55
Employee benefits payable	**18.41**	16.08
Security deposit	**0.15**	0.15
Derivative liability- Foreign currency forward contract	**-**	0.20
Unclaimed dividend account	**0.01**	0.01
Other payables		
For capital goods	**0.26**	2.29
Payable to related parties		
Interest on Inter-corporate deposits	**2.10**	-
For Capital goods	**0.33**	1.29
	26.91	28.12

23 Other current liabilities

	31 March 2021	31 March 2020 (Restated)
Advances received from customers	**3.78**	4.49
Advances received from related parties	**-**	8.20
Statutory dues payable**		
Tax deducted at source	**3.03**	1.28
GST	**3.50**	0.69
Provident fund	**2.20**	2.01
ESIC	**-**	*0.00
Profession tax	**0.01**	0.03
VAT/CST tax	**0.10**	0.10
Others (Social security)	**-**	0.41
	12.62	17.21

*Amount less than ₹ 0.01 crores

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

24 Revenue from operations

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Sale of products		
Gross sales (Refer Note 48)	**764.52**	720.39
Less: Discounts	**8.39**	7.54
Net Sales (revenue from contracts with customers)	**756.13**	712.85
Other operating revenue		
Sale of scrap	**1.16**	0.84
Techincal Knowhow	**3.42**	4.85
Export Incentive	**0.30**	0.28
	4.88	5.97
Total revenue from operations	**761.01**	718.82

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

25 Other income

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Interest income under the effective interest method on:		
Deposits with banks, at amortised cost	**0.21**	0.02
Loans to subsidiary, at amortised cost	**1.22**	2.25
Interest received on income tax refund	**0.42**	0.09
Net gain on sale of property, plant and equipment	**-**	0.56
Rental income (including from property subleases)	**4.47**	4.90
Dividend income from subsidiaries	**20.08**	-
Guarantee commission income	**2.34**	1.64
Gain on write back of financial Liabilities measured at amortised cost	**3.98**	0.12
Gain on sale of investment, designated at FVTPL	**-**	0.33
Reversal of loss allowances on trade receivables	**1.51**	-
Miscellaneous income	**0.20**	0.27
Total Other income	**34.43**	10.18

26 Cost of materials consumed

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Opening stock		
- Raw materials	**117.59**	113.51
- Packing materials	**2.66**	2.10
	120.25	115.61
Add: Purchases		
- Raw materials	**468.65**	431.15
- Packing materials	**11.54**	11.58
	480.19	442.73
Less: Closing Stock		
- Raw materials	**132.10**	117.59
- Packing materials	**1.95**	2.66
	134.05	120.25
Materials consumed		
- Raw materials	**454.14**	427.07
- Packing materials	**12.25**	11.02
Total cost of materials consumed	**466.39**	438.09

27 Changes in inventories of finished goods and work in progress

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Opening Stock :		
Finished goods	**15.16**	17.83
Work-in-progress	**41.36**	49.86

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Closing Stock:		
Finished goods	**8.95**	15.16
Work-in-progress	**32.10**	41.36
Changes in inventories:		
Finished goods	**6.21**	2.67
Work-in-progress	**9.26**	8.50
Changes in inventories of finished goods and work in progress	**15.47**	11.17

28 Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Salaries, wages and bonus	**64.38**	75.95
Contribution to provident and other funds	**7.24**	9.66
Compensated absences	**1.46**	2.03
Staff welfare expenses	**4.53**	3.26
	77.61	90.90
Less: Transferred to intangible assets under development	**(4.59)**	(12.88)
	73.02	78.02

29 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Interest expense under effective interest method on:		
Working capital loans	**1.90**	8.92
Buyers credit	**0.26**	-
Intercorporate deposits	**2.27**	-
Lease liabilities	**1.46**	2.72
Interest on dues to micro and small enterprises	**0.16**	0.10
Interest on delayed payment of Income tax	**0.23**	-
	6.28	11.74

30 Depreciation and amortisation

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Depreciation of property, plant and equipment	**8.90**	9.93
Depreciation of investment properties	**0.47**	0.46
Amortisation of intangible assets	**12.06**	10.96
Depreciaiton of Right of use assets	**6.20**	6.94
	27.63	28.29

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

31 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Cleaning and housekeeping expenses	**2.21**	2.22
Stores and spares consumed	**1.27**	1.26
Repairs and maintenance:		
- Buildings	**0.48**	0.66
- Plant and machinery	**0.81**	0.76
- Others	**1.92**	2.19
Rent	**0.77**	1.03
Rates and taxes	**1.37**	1.69
Insurance	**1.39**	1.35
Power and fuel	**3.61**	4.26
Selling and promotion expenses	**1.40**	1.49
Brokerage and commission	**7.55**	6.85
Freight, forwarding and delivery	**8.53**	6.24
Postage and telephone expenses	**0.49**	0.76
Travelling and conveyance	**2.52**	5.87
Security charges	**1.95**	2.00
Legal and professional charges	**40.20**	27.56
Payment to auditors (refer details below)	**0.59**	0.67
Bank charges	**0.20**	0.16
Corporate social responsibility expense	**1.49**	1.85
Provision for doubtful debts	**-**	2.76
Bad debts written off	***0.00**	0.01
Royalty expense	**15.72**	16.47
Directors sitting fees	**0.91**	0.67
Directors commission	**2.50**	1.17
Exchange rate difference on translation (net)	**0.04**	5.31
Intangible asset under development written off	**11.21**	18.01
Loss on sale of property, plant and equipment	**0.28**	-
Information technology expenses	**3.17**	3.28
Miscellaneous expenses	**3.78**	4.99
	116.36	121.54
Less: Transferred to intangible assets under development	**(9.48)**	(2.94)
	106.88	118.60
Payment to auditors		
Statutory audit	**0.48**	0.47
Tax audit	**0.04**	0.03
Other matters	**0.07**	0.17
	0.59	0.67

*Amount less than ₹ 0.01 crores

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32 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.

		31 March 2021	31 March 2020 (Restated)
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	**(A)**	**79.71**	31.92
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		**14,13,20,801**	14,46,20,801
Equity shares held in controlled trust		**(33,06,429)**	(33,06,429)
Buy back of equity shares		**-**	(32,32,766)
Number of equity shares outstanding at the end of the year		**13,80,14,372**	13,80,81,606
Weighted average number of equity shares for the year	**(B)**	**13,80,14,372**	13,91,53,790
Basic earnings per share of face value of ₹ 10 each	**(A) / (B)**	**5.78**	2.29
Diluted earnings per share of face value of ₹ 10 each	**(A) / (B)**	**5.78**	2.29

33 Tax expense

(a) Amounts recognised in Standalone balance sheet

	31 March 2021	31 March 2020 (Restated)
Non current tax assets (net of provision ₹ 52.44 crores (31 March 2020 : ₹ 81.35 crores))	**18.62**	25.16
Current tax liabilities (net of advance tax ₹ 47.30 (31 March 2020 : ₹ Nil))	**1.85**	-

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

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Current income tax		
Current year	**19.49**	6.55
Earlier years	**0.06**	-
	19.55	6.55
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**-**	-
Current year	**0.51**	4.62
Deferred tax expense	**0.51**	4.62
Tax expense for the year	**20.06**	11.17

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

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(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2021			For the year ended 31 March 2020 (Restated)		
	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	**0.44**	**(0.11)**	**0.33**	0.19	(0.05)	0.14
	0.44	**(0.11)**	**0.33**	0.19	(0.05)	0.14

(d) Reconciliation of effective tax rate

	31 March 2021	31 March 2020 (Restated)
Profit before tax	**99.77**	43.09
Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 25.17%)	**25.11**	10.84
Tax effect of:		
Income exempt from tax	**(5.05)**	-
Non-deductible tax expenses	**0.07**	0.38
Tax pertaining to prior years (net)	**(0.06)**	-
MAT credit written off	**-**	1.15
Change in tax rate on deferred tax	**-**	(1.19)
	20.06	11.17

The Company in the previous year had opted to adopt the new Concessional tax rate under section 115BAA of the Income Tax Act which was inserted in the Income Tax Act, 1961, by the Government of India on 20 September 2019 vide the Taxation Laws (Amendment) Ordinance 2019 with all the provisions/conditions stated therein. Accordingly, all domestic companies opting to pay tax under section 115BAA are not eligible to claim weighted deduction for expenditure incurred for scientific research under Section 35 (2AB) of the Income Tax Act. Hence, no specific disclosures are being made in respect of Research & Development expenses in the current year. Further minimum alternate tax (MAT) is not applicable on adoption of the new concessional tax rate.

34 Deferred Tax

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax assets (liabilities)	
	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)	31 March 2021	31 March 2020 (Restated)
Property, plant and equipment, intangible assets, intangible assets under development and leases	**-**	-	**(17.02)**	(16.31)	**(17.02)**	(16.31)
Trade receivables	**1.07**	1.45	**-**	-	**1.07**	1.45
Provisions	**2.90**	2.43	**-**	-	**2.90**	2.43
Net deferred tax asset (liabilities)	**3.97**	3.88	**(17.02)**	(16.31)	**(13.05)**	(12.43)

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Movement in deferred tax balances

	31 March 2021					
	Net balance 1 April 2020 (Restated)	Recognised in profit or loss	Recognised in OCI	Net balance	Deferred tax asset	Deferred tax liability
Property, plant and equipment, intangible assets, intangible assets under development and leases	**(16.31)**	**(0.71)**	**-**	**(17.02)**	**-**	**(17.02)**
Trade receivables	**1.45**	**(0.38)**	**-**	**1.07**	**1.07**	**-**
Provisions	**2.43**	**0.58**	**(0.11)**	**2.90**	**2.90**	**-**
Net deferred tax assets (liabilities)	**(12.43)**	**(0.51)**	**(0.11)**	**(13.05)**	**3.97**	**(17.02)**

Movement in deferred tax balances (previous year)

	31 March 2020 (Restated)					
	Net balance 1 April 2019 (Restated)	Recognised in profit or loss	Recognised in OCI	Net balance (Restated)	Deferred tax asset (Restated)	Deferred tax liability (Restated)
Property, plant and equipment, intangible assets, intangible assets under development and leases	(12.98)	(3.33)	-	(16.31)	-	(16.31)
Trade receivables	1.02	0.43	-	1.45	1.45	-
Provisions	3.04	(0.57)	(0.05)	2.43	2.43	-
MAT credit entitlement	1.15	(1.15)	-	-	-	-
Net deferred tax assets (liabilities)	(7.77)	(4.62)	(0.05)	(12.43)	3.88	(16.31)

35 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 :

Particulars	31 March 2021	31 March 2020 (Restated)
Employer's contribution to Superannuation Fund	**1.39**	1.29
Employer's contribution towards foreign defined contribution plan in accordance with local laws	**-**	1.22
Employer's Contribution to ESIC	**0.01**	0.02
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.

Notes to the Standalone Financial Statements

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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.

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 ₹ 0.97 crore in contributions to its defined benefit plans in 2021-22.

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

	31 March 2021	31 March 2020 (Restated)
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	**12.92**	12.58
Past service cost	**-**	-
Current service cost	**1.12**	1.17
Interest cost (income)	**0.90**	1.00
Benefits paid	**(1.21)**	(1.26)
Actuarial losses/ (gains) recognised in other comprehensive income		
- financial assumptions	**(0.09)**	(0.88)
- experience adjustments	**(0.44)**	0.31
Balance at the end of the year	**13.20**	12.92

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

	31 March 2021	31 March 2020 (Restated)
Reconciliation of present value of plan assets		
Balance at the beginning of the year	**12.53**	12.28
Interest income	**0.87**	0.98
Remeasurements :		
Return on plan assets, excluding amount included in interest (expense)/income	**(0.09)**	(0.38)
Employer contributions	**1.13**	0.91
Benefits paid	**(1.21)**	(1.26)
Balance at the end of the year	**13.23**	12.53
Net defined benefit (asset)/ liability	**(0.03)**	0.39

B. Plan assets

Plan assets comprise the following

	31 March 2021	31 March 2020 (Restated)
Investment		
Investment in Government Securities	**4%**	4%
Bank Special Deposit	**2%**	2%
Investment in other securities	**11%**	12%
Corporate Bonds	**35%**	35%
State Government Bonds	**48%**	47%
	100%	100%

C. The components of defined benefit plan expense are as follows:

	31 March 2021	31 March 2020 (Restated)
Recognised in income statement		
Current service cost	**1.12**	1.17
Interest cost	**0.90**	1.00
Interest income	**(0.87)**	(0.98)
Total	**1.15**	1.19
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	**(0.53)**	(0.58)
Return on Plan Assets, Excluding Interest Income	**0.09**	0.38
Total	**(0.44)**	(0.19)

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D. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020 (Restated)
Expected return on plan assets	**7.01%**	6.93%
Discount rate	**7.01%**	6.93%
Salary escalation rate	**5.00%**	5.00%
Attrition rate	**2.00%**	2.00%
Mortality rate during employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Mortality rate after employment	**N.A.**	N.A.

As at 31 March 2021, the weighted average duration of the define benefit obligation was 10 years (previous year 11 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.

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**(1.07)**	**1.25**	(1.07)	1.25
Rate of salary increase (1% movement)	**1.11**	**(1.01)**	1.09	(0.99)
Rate of employee turnover (1% movement)	**0.22**	**(0.24)**	0.22	(0.24)

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

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years	Total
31 March 2021						
Defined benefit obligations (Gratuity)	1.92	0.48	1.86	5.10	3.84	13.20
Total	**1.92**	**0.48**	**1.86**	**5.10**	**3.84**	**13.20**
31 March 2020						
Defined benefit obligations (Gratuity)	1.33	0.88	2.32	4.73	3.65	12.92
Total	**1.33**	**0.88**	**2.32**	**4.73**	**3.65**	**12.92**

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.

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The Company has contributed ₹ 4.33 crores (2019-20: ₹ 5.03 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.

The details of fund and plan assets position are given below:

Particulars	31 March 2021	31 March 2020 (Restated)
Plan assets at the period end, at fair value	**61.81**	54.49
Present value of benefit obligation at period end	**62.00**	55.34
Capital short fall liability	**0.19**	0.85

Amount of ₹ 0.19 crores (previous year ₹ 0.85 crores) towards provident fund is recognised as an expense and included in "Employee benefits expense" in the Standalone 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 2021.

Plan assets comprise the following

Particulars	31 March 2021	31 March 2020 (Restated)
Investment		
Investment in Government Securities	**56%**	52%
Bank Special Deposit	**1%**	1%
Investment in other securities	**4%**	9%
Corporate Bonds	**8%**	10%
Debt Securities	**31%**	28%
	100%	**100%**

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach

Particulars	31 March 2021	31 March 2020 (Restated)
Discount rate (%)	**6.85%**	6.93%
Guaranteed Interest Rate (%)	**8.15%**	8.50%
Expected average remaining working lives of employees (Years)	**15**	15

Other long term employee benefit plans

Compensated absences:

Amount of ₹ 1.46 crores (previous year ₹ 2.03 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.

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36 Operating leases

Leases as lessor

The Company 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 20-21 was ₹ 4.47 crores (previous year ₹ 4.90 crores).

The following table sets out maturity analysis of lease payments to be received after the reporting date.

i ***Future minimum lease payments***

The future minimum lease payments to be received under non-cancellable operating leases are as follows:

	31 March 2021	31 March 2020 (Restated)
Receivable within one year	**5.02**	4.73
Receivable between one year and five years	**4.79**	7.57
Receivable after more than five years	**-**	-
	9.82	12.29

37 Leases

The Company's leasing arrangements are in respect of buildings, motor cars and office equipments. These leasing arrangements are renewable on a periodic basis by mutual consent on mutually acceptable terms.

Right-of-use assets

	Buildings	Office equipments	Motor cars	Total
Cost				
As at 1 April 2020 (on transition to Ind AS 116) (Restated)	**29.27**	**0.35**	**0.23**	**29.85**
Additions	**4.71**	**-**	**-**	**4.71**
Disposals	**7.28**	**-**	**-**	**7.28**
Balance at 31 March 2021	**26.70**	**0.35**	**0.23**	**27.28**

	Buildings	Office equipments	Motor cars	Total
Accumulated depreciation and impairment				
As at 1 April 2020 (on transition to Ind AS 116) (Restated)	**6.80**	**0.35**	**0.23**	**7.38**
Depreciation	**6.20**	**-**	**-**	**6.20**
Eliminated on disposals of assets	**0.98**	**-**	**-**	**0.98**
Balance at 31 March 2021	**12.02**	**0.35**	**0.23**	**12.60**

	Buildings	Office equipments	Motor cars	Total
Carrying amounts				
As at 1 April 2020 (Restated)	**22.47**	**-**	**-**	**22.47**
Balance at 31 March 2021	**14.68**	**-**	**-**	**14.68**

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	Buildings	Office equipments	Motor cars	Total
Cost				
As at 1 April 2019 (on transition to Ind AS 116) (Restated)	24.35	0.35	1.13	25.83
Additions	4.92	-	-	4.92
Disposals	-	-	0.90	0.90
Balance at 31 March 2020 (Restated)	29.27	0.35	0.23	29.85

	Buildings	Office equipments	Motor cars	Total
Accumulated depreciation and impairment				
As at 1 April 2019 (on transition to Ind AS 116) (Restated)	-	0.34	0.86	1.20
Depreciation	6.80	0.01	0.13	6.94
Eliminated on disposals of assets	-	-	0.76	0.76
Balance at 31 March 2020 (Restated)	6.80	0.35	0.23	7.38

	Buildings	Office equipments	Motor cars	Total
Carrying amounts				
As at 1 April 2019 (Restated)	24.35	0.01	0.27	24.63
Balance at 31 March 2020 (Restated)	22.47	-	-	22.47

Breakdown of lease expenses

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Short-term lease expense	**0.77**	1.03
Interest on lease Liability	**1.46**	2.58
Total lease expense	**2.23**	3.61

Cash outflow on leases

	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Repayment of lease liabilities	**5.69**	3.62
Interest on lease liabilities	**1.46**	2.58
Short-term lease expense	**0.77**	1.03
Total cash outflow on leases	**7.92**	7.23

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Impact of changes in accounting policies

The following table provides the extract of impacts of adopting Ind AS 116 on the financial statements

i. Statement of financial position

	Impact of changes in accounting policies
As at April 1, 2019	**Adjustments**
Right-of-use assets	24.35
Total assets	24.35
Lease liabilities	21.94
Total liabilities	21.94
Retained earnings	0.61
Total equity	**0.61**

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

38 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.

31 March 2021	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	**1.67**	**1.67**	-	-	-	-
Others	-	**0.44**	**0.44**	-	-	-	-
Non current investments	-	-	-	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	**30.59**	**30.59**	-	-	-	-
Other bank balances	-	**0.80**	**0.80**	-	-	-	-
Loans	-	**16.93**	**16.93**	-	-	-	-
Trade receivables	-	**199.53**	**199.53**	-	-	-	-
Other financial assets	-	**10.68**	**10.68**	-	-	-	
	-	**260.64**	**260.64**	-	-	-	-
Financial liabilities							
Non current financial liabilities							
Borrowings	-	**16.56**	**16.56**	-	-	-	-
Others	-	**1.09**	**1.09**	-	-	-	-
Current financial liabilities							
Borrowings	-	**50.00**	**50.00**	-	-	-	-
Trade payables	-	**271.59**	**271.59**	-	-	-	-
Other financial liabilities	-	**26.91**	**26.91**	-	-	-	-
	-	**366.15**	**366.15**	-	-	-	-

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

31 March 2020 (Restated)	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	1.32	1.32	-	-	-	-
Others	-	0.46	0.46	-	-	-	-
Non current investments	-	-	-	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	35.23	35.23	-	-	-	-
Other bank balances	-	1.16	1.16	-	-	-	-
Loans	-	16.09	16.09	-	-	-	-
Trade receivables	-	146.30	146.30	-	-	-	-
Other financial assets	-	6.33	6.33	-	-	-	
	-	206.89	206.89	-	-	-	-
Financial liabilities							
Non current financial liabilities							
Borrowings	-	26.28	26.28	-	-	-	-
Others	-	1.09	1.09	-	-	-	-
Current financial liabilities							
Borrowings	-	50.00	50.00	-	-	-	-
Trade payables	-	238.40	238.40	-	-	-	-
Other financial liabilities	0.20	27.92	28.12	-	0.20	-	0.20
	0.20	343.69	343.89	-	0.20	-	0.20

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

C. Financial risk management

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

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

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i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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

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

ii. 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 :

	Carrying amount	
	31 March 2021	31 March 2020 (Restated)
India	**195.31**	143.88
Other regions	**4.22**	2.42
Total Trade receivables	**199.53**	146.30
Total other receivables	**29.28**	23.74

At 31 March 2020, the Company's one significant customer, accounted for Nil (31 March 2020: ₹ 13.28 crores) of the trade and other receivables carrying amount.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

	31 March 2021		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	**100.44**	**0.00%**	**-**
Neither past due nor impaired	**61.91**	**0.78%**	**0.48**
Past due not impaired			
Past due 0-180 days	**37.46**	**4.03%**	**1.51**
Past due 181-360 days	**1.63**	**21.47%**	**0.35**
Past due 361-540 days	**0.81**	**50.62%**	**0.41**
Past due 541-730 days	**0.43**	**90.70%**	**0.39**
More than 730 days	**0.85**	**100.00%**	**0.85**
	203.53		**3.99**

	31 March 2020 (Restated)		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	64.44	0.00%	-
Neither past due nor impaired	37.01	0.60%	0.22
Past due not impaired			
Past due 0-180 days	41.28	2.67%	1.10
Past due 181-360 days	5.45	23.93%	1.31
Past due 361-540 days	1.77	74.01%	1.31
Past due 541-730 days	1.40	79.57%	1.12
More than 730 days	0.43	100.00%	0.43
	151.79		5.49

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 2019 (Restated)	2.70
Impairment loss/(gain) recognised	2.80
Amount utilised	(0.01)
Balance as at 31 March 2020 (Restated)	5.49
Impairment loss/(gain) recognised	(1.51)
Amount utilised	*0.00
Balance as at 31 March 2021	3.99

For other receivable	Amount
Balance as at 31 March 2019 (Restated)	0.18
Impairment loss/(gain) recognised	-
Balance as at 31 March 2020 (Restated)	0.18
Impairment loss/(gain) recognised	-
Balance as at 31 March 2021	**0.18**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 30.59 crores at 31 March 2021 (31 March 2020: ₹ 35.23 crores). The cash and cash equivalents are held with banks with good credit rating.

Other bank balances

The Company held other balance of ₹ 0.81 crores at 31 March 2021 (31 March 2020: ₹ 1.17 crores).

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.

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

31 March 2021	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non-current financial liabilities					
Borrowing	**16.56**	**16.56**	**-**	**9.27**	**7.29**
Others	**1.09**	**1.09**	**-**	**0.19**	**0.90**
Current financial liabilities					
Borrowings	**50.00**	**50.00**	**50.00**	**-**	**-**
Other financial liabilities	**26.91**	**26.91**	**26.91**	**-**	**-**
Trade payables	**271.59**	**271.59**	**271.59**	**-**	**-**
	366.15	**366.15**	**348.50**	**9.46**	**8.19**

31 March 2020 (Restated)	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non-current financial liabilities					
Borrowing	**26.28**	**28.01**	**-**	**16.93**	**11.08**
Others	**1.09**	**1.09**	**-**	**0.19**	**0.90**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

31 March 2020 (Restated)	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Current financial liabilities					
Borrowings	**50.00**	**50.00**	**50.00**		
Other financial liabilities	**28.12**	**30.16**	**30.16**	-	-
Trade payables	**238.40**	**238.40**	**238.40**	-	-
Derivative financial liabilities					
Forward exchange contract					
-Outflow	-	**6.94**	**6.94**	-	-
-Inflow	**0.20**	**6.74**	**6.74**	-	-
	344.09	**361.35**	**332.25**	**17.12**	**11.98**

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

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 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.

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 INR as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021 USD	31 March 2021 EUR	31 March 2021 SGD	31 March 2021 CHF	31 March 2021 Others*
Financial assets	**6.89**	**1.82**	**0.03**	-	-
Financial liabilities	**(50.92)**	**(20.87)**	-	**(0.15)**	**(0.11)**
Net Exposure	**(44.03)**	**(19.05)**	**0.03**	**(0.15)**	**(0.11)**

	31 March 2020 (Restated) USD	31 March 2020 (Restated) EUR	31 March 2020 (Restated) SGD	31 March 2020 (Restated) CHF	31 March 2020 (Restated) Others*
Financial assets	3.17	1.53	-	-	-
Financial liabilities	(60.72)	(32.90)	(1.98)	(1.08)	(0.03)
Derivatives	(6.74)	-	-	-	-
Net Exposure	(64.29)	(31.37)	(1.98)	(1.08)	(0.03)

*Others includes AED, THB, HKD and LKR.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

a. The forward contracts booked also includes the future sales transaction exposure.

b. **Hedged foreign currency exposure**

	31 March 2021		31 March 2020 (Restated)	
	Foreign currency	Indian rupees	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade receivable)	-	-	USD 895,000	6.74

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against all other currencies at 31 March 2021 and 2020 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.

Effect in INR	Profit or loss and Equity	
	Strengthening	Weakening
31 March 2021		
USD (3% movement)	**1.32**	**(1.32)**
EUR (3% movement)	**0.57**	**(0.57)**
SGD (3% movement)	**(0.00)**	**0.00**
CHF (2% movement)	**0.00**	**(0.00)**
	1.89	**(1.89)**

Effect in INR	Profit or loss and Equity	
	Strengthening	Weakening
31 March 2020 (Restated)		
USD (3% movement)	1.93	(1.93)
EUR (3% movement)	0.94	(0.94)
SGD (3% movement)	0.06	(0.06)
CHF (2% movement)	0.02	(0.02)
	2.95	(2.95)

v. ***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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

	Nominal amount	
	31 March 2021	**31 March 2020 (Restated)**
Fixed-rate instruments		
Financial assets	**14.44**	14.46
Financial liabilities	**(51.09)**	(51.09)
	(36.65)	(36.63)

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

The Company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect profit or loss.

39 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safeguard 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 2021, 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.

	31 March 2021	31 March 2020 (Restated)
Non-current borrowings (finance lease obligations)	**11.38**	18.82
Current borrowings	**50.00**	50.00
Current maturity of long term debt	**5.18**	7.46
Gross debt	**66.56**	76.28
Less - Cash and cash equivalents	**30.59**	35.23
Less - Current investments	**-**	-
Adjusted net debt	**35.97**	41.05
Total equity	**634.97**	568.73
Adjusted net debt to equity ratio	**0.06**	0.07

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

40 Contingent liabilities and commitments

A. Contingent liabilities

		31 March 2021	31 March 2020 (Restated)
a.	**Direct and Indirect taxes**		
	Income Taxes	**15.64**	19.32
	Excise Duty / Custom duty	**0.11**	0.11
	Service Taxes	**11.42**	11.44
	Sales Tax	**-**	0.45
b.	**Corporate Guarantee**		
	Corporate guarantees given for loans taken by subsidiary companies	**515.04**	339.81

B. Commitments

		31 March 2021	31 March 2020 (Restated)
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	**2.60**	0.83

41 Dues to micro and small suppliers

		31 March 2021	31 March 2020 (Restated)
1.	The amounts remaining unpaid to micro and small suppliers as at the end of the year		
	- Principal	**6.50**	4.97
	- Interest on the above	**0.47**	0.55
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	**7.70**	5.27
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	**0.16**	0.10
5.	The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.47**	0.55
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	**0.47**	0.55

42 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 mainly caters to the needs of domestic market and the total export turnover is not significant 2.69% (previous year 2.22%), separate geographical segment information has not been given in the standalone financial statements.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

43 Related party disclosures

The note provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Subsidiaries and Joint ventures

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2021	31 March 2020 (Restated)
Keva Flavours Private Limited	Subsidiary	India	**100%**	100%
Keva Fragrances Private Limited	Subsidiary	India	**100%**	100%
Keva UK Limited	Subsidiary	United Kingdom	**100%**	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	**100%**	100%
Keva Europe B.V (wef 02 April 2019)	Subsidiary	Netherlands	**100%**	100%
Creative Flavours & Fragrances SpA	Subsidiary	Italy	**100%**	51%
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	Step down subsidiary	Netherlands	**100%**	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Step down subsidiary	Indonesia	**100%**	100%
V N Creative Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited)	Step down subsidiary	India	**100%**	100%
Purandar Fine Chemicals Private Limited (Joint venture of Keva Fragrances Private Limited)	Joint venture	India	**50%**	50%
Anhui Ruibang Aroma Co Ltd (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Step down subsidiary	China	**90.0%**	66.7%
Keva Italy S.r.l (Subsidiary of Keva Europe B. V.) (wef 22 November 2019)	Step down subsidiary	Italy	**100.0%**	100.0%

Other related parties

	Relationship	Name of the related party
a)	Key Management Personnel (KMP) Executive Directors	Ramesh V. Vaze (Managing Director upto 31 August 2019)
		Kedar R. Vaze, (Director & Group Chief Executive Officer)
		Shrikant Mate (Group Chief Financial Officer)
		Deepti Chandratre (Company Secretary)
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 (w.e.f. 16.09.2020)
		KNP Industries Pte. Limited
		Purandar Fine Chemicals Private Limited
		Evolutis India Private Limited
		BSG ITSoft Private Limited
		ASN Investment Advisors Private Limited
		Nutaste Food And Drink Labs Private Limited (formerly known as Fuerst Day Lawson (India) Pvt Ltd) (w.e.f. 21/09/2020)
		Keva Industries Private Limited
		Artisanal Innovations Private Limited (w.e.f. 23.11.2020)
		RVV Nutritious Private Limited (w.e.f. 17.08.2020)
		SKK Industries Private Limited
		Sandu Homes LLP
		Ramesh Vinayak Vaze Family Trust
		Kedar RameshVaze Family Trust
		Vinayak Ganesh Vaze Charities
c)	Relatives of Key Management Personnel	Ramesh V Vaze
		Kedar R Vaze
		Anagha Nene
		Sumedha Karmarkar
		Prabha R Vaze
		Nandan K Vaze
		Parth K Vaze
		Milena Rubene
		Angelina K Vaze
d)	Non-executive directors (KMP)	Dalip Sehgal
		Alpana Parida (upto 8th December 2020)
		Jairaj Purandare
		Sangeeta Singh
		Amit Dalmia
		Deepak Bindra (from 25 May 2018 to 25 October 2019)
		Shrikant Oka
		Mark Elliott (from 15 December 2019)
		Prabha R Vaze
		Ramesh V Vaze (Chairman, from 01 September 2019)

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

ii) Details of transactions with related parties

Particulars	Transaction value	
	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Sale of goods		
Keva Fragrances Private Limited	**97.38**	68.46
Keva Flavours Private Limited	**125.61**	95.85
Keva Aromatics Private Limited	**9.17**	0.07
Creative Flavours & Fragrances SpA	***0.00**	-
Purchase of goods		
Keva Fragrances Private Limited	**100.06**	54.69
Keva Flavours Private Limited	**2.51**	1.50
Purandar Fine Chemicals Private Limited	**0.54**	0.24
Keva Fragrance Industries Pte. Ltd	**31.36**	74.72
Keva Biotech Private Limited	**-**	0.01
V N Creative Chemicals Private Ltd	**3.46**	10.85
Keva Aromatics Private Limited	**8.73**	1.48
Creative Flavours & Fragrances SpA	**1.52**	
Evolutis India Private Limited	***0.00**	
Rent income		
Keva Fragrances Private Limited	**3.15**	3.51
Keva Flavours Private Limited	**0.71**	0.65
BSG ITSoft Private Limited	**0.53**	-
Interest income		
Keva Flavours Private Limited	**0.04**	*0.00
V N Creative Chemicals Private Limited	**1.18**	2.25
Techincal know how income		
Keva Fragrances Private Limited	**0.74**	0.91
V N Creative Chemicals Private Limited	**2.68**	3.95
Interest expense		
Keva Fragrances Private Limited	**2.27**	-
Commission on guarantee given		
PFW Aroma Ingredients B.V.	**0.22**	0.20
Keva Flavours Private Limited	**0.23**	0.23
Keva Fragrance Industries Pte. Ltd	**0.71**	0.61
Keva Fragrances Private Limited	**0.43**	0.29
Keva Europe B.V.	**0.57**	
V N Creative Chemicals Private Limited	**0.20**	0.31
Other services reimbursement received (netted off against respective expenses)		
Keva Fragrances Private Limited	**1.47**	1.56

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Particulars	Transaction value	
	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Keva Flavours Private Limited	**0.22**	0.31
Recharge cost paid		
PFW Aroma Ingredients B.V.	**-**	1.07
Keva Europe B.V	**29.43**	3.32
Discovery and Research cost paid		
PFW Aroma Ingredients B.V.	**1.23**	12.53
Rent Paid		
Keva Constructions Private Limited	**4.81**	5.25
Keva Fragrance Industries Pte. Ltd	**0.15**	0.96
Job Work Charges paid		
Keva Fragrances Private Limited	**0.49**	0.74
Royalty expense		
Keva Fragrances Private Limited	**15.72**	16.47
Transer pricing cross charge		
Keva Fragrance Industries Pte. Ltd	**-**	3.31
Reimbursement (for expenses incurred by Related party on behalf of us)		
Keva Constructions Private Limited	**0.09**	-
Reimbursement (for expenses incurred by company on behalf of related party)		
Keva Constructions Private Limited	**-**	0.04
Keva Fragrance Industries Pte. Ltd	**0.06**	-
Keva Fragrances Private Limited	**1.24**	1.45
Keva Flavours Private Limited	**0.42**	0.47
PFW Aroma Ingredients B.V.	**0.04**	0.73
V N Creative Chemicals Private Limited	**0.45**	0.74
KNP Industries PTE Ltd		-
Fixed assets and Intangible assets purchased		
Evolutis India Private Limited	**0.05**	-
BSG ITSoft Private Limited	**0.83**	-
Fixed assets sold		
Keva Fragrances Private Limited	***0.00**	0.03
Keva Europe B.V.	**5.94**	
Loan given		
Keva Flavours Private Limited	**2.25**	-
V N Creative Chemicals Private Limited	**-**	8.20
Loan Repaid		
Keva Flavours Private Limited	**2.25**	1.90
V N Creative Chemicals Private Limited	**-**	25.00

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Particulars	Transaction value	
	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Investment made		
Keva Europe B.V.	**67.58**	-
Sitting fees to non-executive directors	**0.91**	0.67
Commission to executive director	**1.01**	-
Commission to non-executive director	**1.49**	1.17
Key managerial personnel		
Remuneration	**3.75**	4.61
Post-employement benefits	**0.31**	0.36
Dividend received during the year		
Creative Flavours & Fragrances SpA	**5.95**	-
Keva Fragrances Private Limited	**14.12**	-
Dividend paid during the year		
Ramesh V. Vaze	**2.59**	2.45
Kedar R. Vaze	**1.73**	1.32
Prabha R. Vaze	**0.49**	0.47
Sumedha Karmarkar	***0.00**	*0.00
Anagha S Nene	**0.15**	0.14
Nandan K. Vaze	**0.13**	0.13
Parth K. Vaze	**0.13**	0.13
Ramesh Vinayak Vaze Family trust	***0.00**	*0.00
Kedar Ramesh Vaze Family trust	***0.00**	*0.00
KNP Industries Pte Ltd	**1.52**	1.45
Vinayak Ganesh Vaze Charities	**0.20**	0.19
SKK Industries Private Limited	**0.15**	0.14
ASN Investment Advisors Private Limited	**0.15**	0.14
Keva Constructions Private Limited	**1.07**	1.02
Keva Investment Partners	***0.00**	-
Guarantee given/ (revoked)		
Keva Fragrances Private Limited	**-**	40.00
Keva Fragrance Industries Pte. Ltd	**22.05**	-
V N Creative Chemicals Private Limited	**-**	(50.00)
Keva Europe B.V.	**154.98**	-

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for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Particulars	Balances outstanding	
	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Trade receivables		
Keva Fragrances Private Limited	**28.84**	0.96
Keva Flavours Private Limited	**68.88**	61.89
Keva Aromatics Private Limited	**10.92**	0.09
V N Creative Chemicals Private Limited	**2.72**	1.51
Creative Flavours & Fragrances SpA	***0.00**	-
Trade and Other payables		
Keva Fragrances Private Limited	**130.51**	70.40
Keva Flavours Private Limited	**2.72**	0.65
Purandar Fine Chemicals Private Limited	**-**	0.01
Keva Fragrance Industries Pte. Ltd	**49.13**	59.93
V N Creative Chemicals Private Limited	**4.34**	0.15
PFW Aroma Ingredients B.V.	**-**	24.32
Keva Europe B.V.	**18.09**	4.22
Creative Flavours & Fragrances SpA	**1.52**	-
Other current financial assets		
Keva Fragrances Private Limited	**0.53**	-
Keva Flavours Private Limited	**1.76**	1.44
PFW Aroma Ingredients B.V.	**0.10**	1.30
Keva Fragrance Industries Pte. Ltd	**0.07**	0.17
V N Creative Chemicals Private Limited	**0.54**	0.68
Keva Europe B.V.	**0.55**	-
Creative Flavours & Fragrances SpA	**5.06**	-
Interest receivable on Loan		
V N Creative Chemicals Private Limited	**0.60**	1.27
Other current financial liabilities		
PFW Aroma Ingredients B.V.	**-**	1.29
BSG ITSoft Private Limited	**0.33**	-
Interest payable		
Keva Fragrances Private Limited	**2.10**	-
Advances received for supplies and services		
Keva Fragrances Private Limited	**-**	8.20
Advances given for supplies and services		
Keva Aromatics Private Limited	**6.03**	0.14
Keva Constructions Private Limited	**-**	0.12
Loan taken		
Keva Fragrances Private Limited	**50.00**	-
Loan given		
V N Creative Chemicals Private Limited	**14.00**	14.00

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Particulars	Balances outstanding	
	Year ended 31 March 2021	Year ended 31 March 2020 (Restated)
Corporate guarantees		
Keva Fragrances Private Limited	**85.00**	85.00
PFW Aroma Ingredients B.V.	**43.05**	41.73
Keva Fragrance Industries Pte. Ltd	**147.01**	128.08
V N Creative Chemicals Private Limited	**40.00**	40.00
Keva Flavours Private Limited	**45.00**	45.00
Keva Europe B.V.	**154.98**	-

* Amount less than ₹ 0.01 crore

Terms and conditions of transactions with related parties

All the transactions with the related parties were made on normal commercial terms and conditions and at market rates.

The interest rate on loan given to subsidiaries is 7% (wef from 7th December 2020). Until 07 December 2020, including previous year, interest was 9%.

All the outstanding balances are unsecured and repayable in cash and on demand.

44 Transfer pricing

The Company's management is of the opinion that its international transactions are at arm's length as per the independent accountants report for the year ended 31 March 2020. Management continues to believe that its international transactions post 31 March 2020 are at arm's length and that the transfer pricing legislation will not have any impact on these standalone financial statements, particularly on amount of tax expense and that of provision of taxation.

45 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: ₹ 1.36 crores (previous year: ₹ 1.78 crores)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on	31 March 2021	31 March 2020 (Restated)
Promotion of education	**0.79**	1.73
Distress/Disaster Relief (Covid 19)	**0.51**	-
Development of infrastructure in rural area	**0.19**	0.13
Total	**1.49**	1.85

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

46 Disclosure pursuant to Section 186 of the Companies Act, 2013

a) Details of loans given:

Name of the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilized
Keva Flavours Private Limited, subsidiary of the Company	Unsecured loans given @ 9% for the purpose of financial support to subsidiary for acquisition of business which is repayable on demand
V N Creative Chemicals Private Limited, Step down subsidiary of the Company	Unsecured loans given @ 7% (wef 07 December 2020) until 7 December 2020 9% for the purpose of financial support to subsidiary for capex which is repayable on demand

Movement of loans during the financial year ended 31 March 2021 is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance(excluding accrued interest)
Keva Flavours Private Limited	**Year ended 31 March 2021**	**-**	**2.25**	**(2.25)**	**-**
V N Creative Chemicals Private Limited	**Year ended 31 March 2021**	**14.00**	**-**	**-**	**14.00**

Movement of loans during the financial year ended 31 March 2020 (Restated) is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance(excluding accrued interest)
Keva Flavours Private Limited	Year ended 31 March 2020	1.90	-	(1.90)	-
V N Creative Chemicals Private Limited	Year ended 31 March 2020	30.80	8.20	(25.00)	14.00

b) Details of guarantees given:

The Company has provided following corporate guarantees for the loans taken by certain subsidiary companies as set out below:

Name of the entity	Financial year	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Non cash changes	Closing Balance
Keva Fragrances Private Limited	**Year ended 31 March 2021**	**85.00**	**-**	**-**	**-**	**85.00**
PFW Aroma Ingredients B. V.	**Year ended 31 March 2021**	**41.73**	**-**	**-**	**1.32**	**43.05**
Keva Fragrance Industries Pte. Ltd.	**Year ended 31 March 2021**	**128.08**	**22.05**	**-**	**(3.12)**	**147.01**
Keva Flavours Private Limited	**Year ended 31 March 2021**	**45.00**	**-**	**-**	**-**	**45.00**
V N Creative Chemicals Private Limited	**Year ended 31 March 2021**	**40.00**	**-**	**-**	**-**	**40.00**
Keva Europe B V	**Year ended 31 March 2021**	**-**	**154.98**	**-**	**-**	**154.98**
		339.81	**177.03**	**-**	**(1.80)**	**515.04**

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Name of the entity	Financial year	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Non cash changes	Closing Balance
Keva Fragrances Private Limited	Year ended 31 March 2020	45.00	40.00	-	-	85.00
PFW Aroma Ingredients B. V.	Year ended 31 March 2020	38.85	-	-	2.88	41.73
Keva Fragrance Industries Pte. Ltd.	Year ended 31 March 2020	117.59	-	-	10.49	128.08
Keva Flavours Private Limited	Year ended 31 March 2020	45.00	-	-	-	45.00
V N Creative Chemicals Private Limited	Year ended 31 March 2020	90.00		(50.00)	-	40.00
		336.44	40.00	(50.00)	13.37	339.81

c) **Details of investments made:**

Entity	Financial year	Opening		Investment made		Sale of Investment		Closing	
		Number of share	Amount	Number of share	Amount	Number of share	Amount	Number of share	Amount
Keva Europe BV (face value 1 per share)	Year ended 31 March 2021	1,000	0.01	80,00,000	67.58	-	-	80,01,000	67.59

47 Disclosure as per Regulation 53 (F) of SEBI (Listing Obligation and Disclosure Requirements) Regulations

Name of party	Relationship	Amount outstanding as at 31 March 2021	Amount outstanding as at 31 March 2020 (Restated)	Maximum balance outstanding during the year 31 March 2021	Maximum balance outstanding during the year 31 March 2020 (restated)
Keva Flavours Private Limited	Wholly Owned Subsidiary Company	**-**	-	**2.25**	1.90
V N Creative Chemicals Private Limited	Step down subsidiary of the Company	**14.00**	14.00	**14.00**	25.00

48 Dislosure under Ind AS 115 - Revenue from contracts with customers

The Company is engaged into manufacturing of Industrial Fragrances.

Revenue from contracts with customers: Sale of products (Transferred at point in time)

a **Disaggregation of revenue**

	Fragrance	
	31 March 2021	31 March 2020 (Restated)
Manufacturing		
India	**744.18**	704.58
South east asia	**1.41**	1.15
Europe	**6.47**	4.77
MENA	**11.57**	9.03
Others	**0.88**	0.86
Total Sales	**764.52**	720.39

b **Reconciliation of revenue from contract with customer**

	Fragrance	
	31 March 2021	31 March 2020 (Restated)
Revenue from contract with customer as per the contract price		
Manufacturing	**764.52**	720.39
Trading	**-**	-
	764.52	720.39
Adjustments made to contract price on account of :-		
Less : Discounts and Rebates	**8.39**	7.54
Revenue from contract with customer	**756.13**	712.85
Other operating revenue	**4.88**	5.97
Revenue from operations	**761.01**	718.82

49 Scheme of Merger

i) Pursuant to the scheme of merger ('the Scheme') approved by the National Company Law Tribunal ('the NCLT'), Mumbai Bench vide its order dated 11 September 2020, three of the Company's wholly owned subsidiaries - Keva Chemicals Private Limited, Saiba Industries Private Limited and Rasiklal Hemani Agencies Private Limited have been merged with the Company with effect from an appointed date of 1 April 2019.

ii) In terms of the Scheme, the whole of undertaking of the Merged Undertaking as a going concern stands transferred to and vested in the Company with effect from the appointed date. Accordingly, business combination is accounted with effects from 1 April 2019.

iii) Accounting treatment of the arrangement

Business combination is accounted for using the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations as notified under Section 230 to 232 of the Companies Act, 2013 which involves the following:

a) The Company has recorded the asset and liabilities of the Merged Undertaking vested in it pursuant to this Scheme at the respective book values appearing in the books of the Merged Undertaking.

b) The value of investment in the Merged Undertaking in the books of the Company were cancelled.

c) No adjustments are made to reflect fair values, or recognise any new assets or liabilities

d) As per clarification in Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 9, goodwill has been recognised in the books of the Company

e) The difference between the net assets of the Merged Undertaking transferred to Company, after making adjustment specified in (c) and (d) was adjusted in 'Other Equity' of the Company.

Accordingly, the merger has resulted in transfer of assets and liabilities in accordance with the terms of the Scheme at the following summarised values:

Particulars	1 April 2019
Property, Plant and Equipment	18.42
Other Intangible assets	2.11
Financial Assets	
- Loans (Security deposits)	23.24
- Others	0.44

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

Particulars	1 April 2019
Current tax assets (net)	0.77
Financial Assets	
- Trade receivables	3.41
- Cash and cash equivalents	0.87
- Others	15.41
Other current assets	0.06
Total Assets (A)	**64.74**
Long term provisions	*0.00
Deferred tax liabilities (net)	2.79
Financial liabilities	
- Borrowings	6.00
- Trade payables	0.04
- Other financial liabilities	0.42
Other current liabilities	0.22
Short term provisions	0.12
Current tax liability (net)	0.34
Total liabilities (B)	**9.91**
Total Net identifiables Assets acquired C = (A-B)	**54.82**
Recognition of Goodwill (D)	**9.59**
Cost of Investment in Merged Undertakings (E)	**49.62**
Net impact transferred to other equity G=C+D-E	**14.80**
Balance in securities premium reserve	0.38
Net impact to retained earnings	14.42
Total	**14.80**

50 Goodwill

Impairment testing of Goodwill

For the purposes of impairment testing, goodwill is allocated to the Company and its wholly owned subsidiary's operating divisions 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:

Particulars	31 March 2021	31 March 2020 (Restated)
Saiba Industries Private Limited	**7.56**	7.56
Rasiklal Hemani Agencies Private Limited	**2.03**	2.03
	9.59	9.59

i. Saiba Industries Private Limited

The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020 (Restated)
Discount rate	**10.53%**	10.38%
Terminal value growth rate	**1.00%**	1.00%
Revenue growth rate	**5.00%**	5.00%

With regard to assessment of value recoverable, 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.

ii. Rasiklal Hemani Agencies Private Limited

The recoverable amount of a CGU is based on fair value less costs to sell. The fair value is estimated using discounted cash flows over a period of 5 years. 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. This fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Commission savings and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. 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.

Particulars	31 March 2021	31 March 2020 (Restated)
Discount rate	**10.53%**	10.38%
Terminal value growth rate	**1.00%**	1.00%
Revenue growth rate	**5.00%**	5.00%

With regard to assessment of value 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.

51 Consolidation of Trust

The Company 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 Company which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

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.

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 2021 were as follows:

Particulars	31 March 2021	31 March 2020 (Restated)
Sources of Funds		
Corpus	***0.00**	*0.00
Reserves and Surplus	**(15.44)**	(10.48)
Secured Loan		
Loan from the company	**75.00**	75.00
Total	**59.56**	64.52
Application of Funds		
Investments	**72.95**	72.95
Current Assets, Loans and Advances (A)		
Cash and Cash Equivalents	**0.79**	1.16
Loans and Advances	**0.10**	0.02
Less: Current Liabilities and Provisions (B)		
Current Liabilities	**14.27**	9.57
Provisions	**0.01**	0.04
Net Current Assets (A- B)	**(13.39)**	(8.43)
Total	**59.56**	64.52

* 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 2020

Particulars	31 March 2021	31 March 2020 (Restated)
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 Company's equity shares made by Trust is debited to the Company's Equity as treasury shares amounting to ₹ 72.95 crores as at 31 March 2021 (previous year 72.95 crores). Further, the Trust during previous year participated in the Company's buy-back of equity shares and consequently, sold 67,234 equity shares, aggregating to ₹ 2.00 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

(b) Other Non Current Financial Assets and other Income

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 75 crores as at 31 March 2021 (previous year 75 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 ₹ 13.87 Crores as at 31 March 2021 (previous year 9.01 crores).

(d) Details of STARs scheme

Particulars	31 March 2021	31 March 2020 (Restated)
Number of grant outstanding at the beginning of the year	**21,30,026**	10,26,403
Add : granted during the year	**11,76,403**	22,80,026
Less: lapsed during the year	**22,94,429**	1,50,000
Less: vested during the year	**-**	10,26,403
Less: exercised during the year	**-**	-
Number of grants at the end of the year	**10,12,000**	21,30,026
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	31 March 2021	31 March 2020 (Restated)
Share price as at measurement date (₹ per share)	**111.45**	76.10
Expected volatility (%)	**36.89%**	32.85%
Dividend yield (%)	**0.90%**	1.31%
Risk-free interest rate (%)	**3.93%**	4.87%

(f) No employee benefit expense recognised in current and previous year from the above stock appreciation rights.

52 The fiscal year ended 31 March 2021 was unprecedented due to the spread of the COVID-19 pandemic and the subsequent lockdowns in the country during the course of the year. This resulted in overall disruption in S H Kelkar and Company's manufacturing and business activities, particularly in the earlier months of the fiscal year. In addition, similar lockdowns and restrictions across the Company's key international markets impacted demand and sales during the period. The Company's priority, during the challenging operating environment was to maintain and secure its operations, while ensuring safety and well-being of its employees and business partners. SHK undertook concerted efforts to maintain a strong financial and operating discipline that enabled it to seamlessly support business commitments despite operating constraints. While the Company did not witness any significant impact on the order backlog from customers, the execution during the earlier months of the fiscal year was impacted due to plant closures and logistic issues. As per the current assessment, there has been no significant impact on carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments, and other financial assets. The Company is seeing improved sequential recovery from a demand standpoint, with steady enquiries and engagements with clients. Given the second-wave of

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

(Currency : Indian ₹ in crores)

COVID-19 infections in the country, SHK is constantly monitoring the macro-situation and is accordingly undertaking all measures to plan operations and safeguard customer interests to the best extent possible.

53 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
27 May 2021

For and on behalf of the Board of Directors
S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Shrikant Mate
Group Chief Financial Officer

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
27 May 2021

Mumbai
27 May 2021

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 No: L74999MH1955PLC009593
Tel No: +91222164 9163; Fax No: +91222164 9161
Website: www.keva.co.in; Email Id: investors@keva.co.in

NOTICE

NOTICE is hereby given that the 65th Annual General Meeting of the Members of S H KELKAR AND COMPANY LIMITED (the "Company") will be held on Tuesday, 10 August 2021 at 4.00 p.m. 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 2021 alongwith the Report of Board of Directors and Auditors thereon.

2. To confirm the interim dividend already paid and declare final dividend on equity shares for the financial year ended 31 March 2021.

3. To appoint a Director in place of Mr. Amit Dalmia (DIN: 05313886), a Non-Executive/Non-Independent Director, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint M/s Deloitte Haskins & Sells LLP holding Firm Registration Number - 117366W/W-100018 with the Institute of Chartered Accountants of India (ICAI), as Statutory Auditors of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to provision of section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s Deloitte Haskins & Sells LLP holding Firm Registration Number - 117366W/W-100018 with the Institute of Chartered Accountants of India (ICAI), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of 65th Annual General Meeting (i.e. this Annual General Meeting) until the conclusion of the 70th Annual General Meeting to be held in 2026 **AND THAT** the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

SPECIAL BUSINESS

5. 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, with or without modification(s), 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 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 profit as Non-Executive Chairman of the Board, for guiding the Company and mentoring the leadership team, for the period commencing from September 01, 2021 to August 31, 2022 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 **AND THAT** the said commission be paid to Mr. Ramesh Vaze in equal monthly installments.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, 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."

6. To ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the financial year 2021-22 and in this regard, to consider and if thought fit, to pass, with or without modification(s), 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 as Cost Auditors by the Board of Directors to audit the cost records of the Company for the financial year 2021-22, be paid a remuneration of ₹ 2,00,000/- 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 is 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

Date: 27 May 2021
Place: Mumbai
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

Deepti Chandratre
Company Secretary

NOTES:

1. The Statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act') with respect to Item Nos. 4 to 6 forms part of this Notice. Additional information, pursuant to Regulations 26(4) and 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 Directors seeking appointment/re-appointment at the Annual General Meeting ("AGM / Meeting") is furnished as annexure to the Notice.

2. Considering the present COVID-19 pandemic, 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 and 02/2021 dated 13 January 2021(collectively referred to as "MCA Circulars") 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.

3. Generally, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed hereto.

4. 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. is not restricted on first come first serve basis.

5. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

6. Since the AGM will be held through VC/ OAVM and there is no physical venue of the AGM, the route map of the venue of the AGM is not annexed hereto.

7. In compliance with the MCA Circulars and SEBI Circular dated 12 May 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 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.

8. Pursuant to Section 113 of the Act, 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.

9. For receiving all communication (including Annual Report) from the Company electronically, Members are requested to register / update their email addresses with the relevant Depository Participant.

10. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 04 August, 2021 to Tuesday, 10 August, 2021 (both days inclusive) for annual closing and determining the entitlement of the Members to the final dividend for the financial year ended 31 March 2021.

    Subject to the provisions of the Companies Act, 2013, final dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after Wednesday, 11 August 2021 to those Members whose names appear on the Register of Members as on Tuesday, 03 August 2021. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of business hours on Tuesday, 03 August 2021 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.

11. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

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. 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 to the Investor Education and Protection Fund IEPF of the unclaimed/unpaid dividends are mentioned in the Corporate Governance Report forming part of the Annual Report of the Company.

14. The Securities and Exchange Board of India (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.

15. Relevant documents referred to in the accompanying Notice can be inspected in electronic mode by sending a request on email to investors@keva.co.in.

16. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 (1) and 44 (2) of the Listing Regulations, 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 Tuesday, 03 August 2021. All the businesses contained in this Notice may be transacted through abovementioned e-voting facilities, being provided by Central Depository Services Limited (CDSL). 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. Tuesday, 03 August 2021, may obtain the User ID and password by sending a request to the Company's email address investors@keva.co.in. 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 Friday, 06 August 2021 (9.00 a.m.) and ends on Monday, 09 August 2021 (5.00 p.m.). During this period, Members of the Company, holding shares as on the cut-off date of Tuesday, 03 August 2021, 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.

iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09 December 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09 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 virtual meetings 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**	Users of who have opted for CDSL's 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 URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login, the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/ EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. 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 provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Shareholders holding securities in demat mode with **NSDL**	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. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. 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. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. 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 name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	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 Depository 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's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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.comor contact at 022- 23058738 and 22-23058542-43.
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 virtual meeting 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.

d) For CDSL: 16 digits beneficiary ID.

e) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

f) Enter the Image Verification as displayed and Click on Login.

g) 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.

h) 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. Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number 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. 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 as mentioned in instruction (v).

i) After entering these details appropriately, click on "SUBMIT" tab.

j) 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.

k) Click on Electronic Voting Sequence Number (EVSN) for S H Kelkar and Company Limited.

l) 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.

m) Click on the "RESOLUTIONS FILE LINK", if you wish to view the entire Resolution details.

n) 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.

o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

q) 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.

r) Note for Non–Individual Members and Custodians:

- 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 scrutiniser /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 addresses 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 and 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 Friday, 06 August 2021 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, 04 August 2021 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 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 022- 23058738 and 022-23058542/43. 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 022-23058542/43.

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. S. Anantha & Ved LLP, Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. A23841/CP. No. 22407), Designated Partner, M/s. S. Anantha & Ved 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 forward 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.

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Deepti Chandratre
Company Secretary

Date: 27 May 2021
Place: Mumbai
Regd. 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 Statement sets out all material facts relating to Item Nos. 4 to 6 mentioned in the accompanying the Notice.

Item No 4:

Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, made thereunder mandates rotation of statutory auditors upon conclusion of the maximum term allowed to be served under the Act by the incumbent statutory auditors. The term of the present Statutory Auditors, B S R & Co. LLP [holding Registration No. 101248W/W-100022 with the Institute of Chartered Accountants of India (ICAI)], shall conclude upon conclusion of the 65th i.e. ensuing Annual General Meeting of the Company.

On the recommendation of the Audit Committee, the Board of Directors, at its meeting held on March 11, 2021, has approved the appointment of M/s Deloitte Haskins & Sells LLP (Firm Registration Number - 117366W/W-100018) as the Statutory Auditors of the Company for a period of five years from the conclusion of 65th Annual General Meeting of the Company till the conclusion of 70th Annual General Meeting, subject to the approval of the Members of the Company.

Deloitte Haskins & Sells, Mumbai has been converted to a Limited Liability Partnership (LLP), with the name Deloitte Haskins & Sells LLP (DHS LLP) with effect from 20 November 2013. DHS LLP is registered with the Institute of Chartered Accountants of India (Registration No. 117366W/W-100018). It has significant experience in serving some of the largest and most respected companies and business houses in India. Its Audit & Assurance team has over 2,400 professionals. DHS LLP has national presence with offices in 11 cities. Its experience as an audit firm is commensurate with the requirements as regards the size and competencies necessary for rendering auditing services to the Company. The firm shall be paid remuneration as may be fixed by the Board of Directors of the Company based on recommendation of the Audit Committee.

None of the 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 recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the Members.

Item No 5:

Pursuant to the Special Resolution passed by the Members of the Company in 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, in its meeting held on 27 May 2021, 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 a year for the period commencing from 01 September 2021 to 31 August 2022 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 also.

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, in terms of Regulation 16 (6) (ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the Members by way of Special Resolution is required every year if the remuneration payable to a single Non-Executive Director in that year exceeds 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together. Remuneration payable to Mr. Ramesh Vaze during financial year 2021-22 would exceed 50% of the aggregate remuneration payable to all the Non-Executive Directors taken together.

Mr. Ramesh Vaze is interested in the resolution set out at Item No. 5 of the Notice as it pertains to remuneration payable to him. Ms. Prabha Vaze – 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. 5 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. 5 of the Notice for the approval of the Members.

Item No. 6:

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to 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 27 May, 2021, the Board considered and approved the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor for the financial year 2021-22 at a remuneration of ₹ 2,00,000/- per annum plus applicable taxes and reimbursement of out-of-pocket expenses.

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. 6.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 6 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

Deepti Chandratre
Company Secretary

Date: 27 May 2021
Place: Mumbai
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

Keva

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting

[Pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name of Director	Amit Dalmia
Category	Non-Executive Director
DIN	05313886
Date of Birth and Age	30 October 1975, 45 years
Qualification	- Bachelor of Commerce, - Chartered Accountant, - Cost Accountant and Company Secretary
Nature of Expertise/Experience	Finance, Operations, Supply Chain, Strategy and Business Development
Brief Resume	Appended at the end of this table
First Appointment on the Board	08 August 2012
Terms & Conditions of Appointment/re-appointment	Appointment as a Non – Executive Director liable to retire by rotation
Last Drawn remuneration details along with remuneration sought to be paid	Nil
No. of shares held in S H Kelkar and Company Limited as at 31 March 2020	Nil
Relationship with Directors /Manager/KMP	Not related
No. of Board meetings attended out of 6 meetings held during the year	7
Directorship Details	- S H Kelkar and Company Limited (listed) - Mphasis Limited (listed)
Committee Positions	- Member of Audit Committee of S H Kelkar and Company Limited - Member of Stakeholders' Relationship Committee of Mphasis Limited

Brief Profile of Mr. Amit Dalmia:

Mr. Amit Dalmia holds a degree of Bachelor of Commerce (Hons.) from St. Xaviers' College, University of Kolkata and has undergone a management training program with the Indian Institute of Management, Ahmedabad. He is also a Chartered Accountant (CA), Company Secretary (CS) and Cost Accountant (ICWA) with three Gold Medals for securing first-ranks in the country. He is an expert in the field of Finance, Operations, Strategy and Development.

Mr. Amit Dalmia is an Operating Partner in Blackstone - a Corporate Private Equity group. Since joining Blackstone in 2010, Mr. Dalmia has led significant improvement in the performance and development of Blackstone portfolio companies in India. Before joining Blackstone, Mr. Dalmia had diverse operational experience of over 13 years with Hindustan Unilever India in various management and business leadership roles ranging from finance and accounts to commercial and supply chain. He has worked extensively on in-company training at Unilever.

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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

Ms. Alpana Parida
Independent Director
(upto 08 December 2020)

Mr. Dalip Sehgal
Independent Director

Mr. Jairaj Purandare
Independent Director

Mr. Mark Elliott
Independent Director

Ms. Sangeeta Singh
Independent Director

Mr. Shrikant Oka
Independent Director

GROUP CHIEF FINANCIAL OFFICER

Mr. Shrikant Mate

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Deepti Chandratre

AUDIT COMMITTEE

Mr. Jairaj Purandare (C)
Mr. Dalip Sehgal
Ms. Sangeeta Singh
Mr. Shrikant Oka
Mr. Kedar Vaze
Mr. Amit Dalmia

NOMINATION AND REMUNERATION COMMITTEE

Ms. Sangeeta Singh (C)
Mr. Jairaj Purandare
Mr. Amit Dalmia

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Ramesh Vaze (C)
Ms. Prabha Vaze
Mr. Shrikant Oka

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Dalip Sehgal (C)
Mr. Jairaj Purandare
Mr. Shrikant Oka

AUDITORS

B S R & Co. LLP
Chartered Accountants

SUBSIDIARIES

Domestic

Keva Fragrances Pvt. Ltd.
Keva Flavours Pvt. Ltd.
VN Creative Chemicals Pvt. Ltd.

Overseas

Keva UK Ltd.
(England)

Keva Fragrance Industries Pte. Ltd.
(Singapore)

PT SHKKEVA Indonesia
(Indonesia)

Anhui Ruibang Aroma Company Ltd
(China)

PFW Aroma Ingredients B.V.
(The Netherlands)

Keva Europe B.V.
(The Netherlands)

Creative Flavours & Fragrances S.p.A.
(Italy)

Keva Italy Srl
(Italy)

Nova Fragranze Srl *(from 01 April 2021)*
(Italy)

JOINT VENTURE

Purandar Fine Chemicals Pvt. Ltd.

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

[(C) – Chairperson]

S H Kelkar and Company Limited
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