August 08, 2020

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 2019-20

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 2019-20.

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

S H Kelkar and Company Limited
Annual Report **2019-20**

Keva

Resilient Present
Resurgent Future

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

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Message from the Whole-time Director & Group CEO

Dear Shareholders,

I present our Annual Report for FY 2019-20 with the promise that the resilience we have displayed in this challenging present will take us towards a future that is resurgent and filled with opportunities.

Message from the Whole-time Director & Group CEO

"With processing and packaging of FMCG becoming more advanced and companies competing to enhance their product appeal, we remain at the centre of the dynamic fragrances and flavours industry, building on our strong brand proposition, global reach, and established presence in all the key segments."

As we speak, there has been turbulence behind us and there may be some turmoil ahead of us, too. But what we deliver to the world are fragrances and flavours, which appeal to human senses even more than sight and sound. We create unique olfactory experiences that drive sales for a range of fast-moving consumer goods (FMCG). Local at heart and global in mindset, our extremely agile way of working places us in a unique position to partner with major multi-nationals as well as domestic companies. Our rich legacy and global growth are equally important to us and we have dedicated sales and creative teams to optimally service both the segments.

As long as the consumer economy exists and grows, new and unique business opportunities would continue opening up for us. With processing and packaging of FMCG becoming more advanced and companies competing to enhance their product appeal, we remain at the centre of the dynamic fragrances and flavours industry, building on our strong brand proposition, global reach, and established presence in all the key segments. Going forward, we shall keep the 3I (India, Italy, Indonesia) - 3C (categories) strategy at the centre of our operations.

During the year under review, we were set for a double-digit growth, but for the sudden impact of COVID-19 and the lockdown across India and many other countries. Our very strong order book for March 2020 alone could have propelled us to a 12% year-on-year growth. We also achieved cost efficiencies after moving some operations from Europe to India and by giving each division within Keva more autonomy.

Our measures to tighten the bottom line and increase operational efficiency include the following:

- Across the Keva business divisions, we set up strategic business units, with each SBU given full control over its own costs, revenues, and resource allocation for research & development. Besides making the divisions self-sufficient and more driven to produce results independently, this move also makes our Company more agile and better prepared to respond to every business opportunity, present and future. The increased autonomy lets every SBU take its decision-making still closer to the market. Our fabric care studio in Singapore is a global centre of excellence, one that will take our 3I-3C strategy forward. The studio proves our commitment to investing in research to create market-leading products.
- Assessing the market scenario and growth pockets, we focussed on the consolidation of our advantages and the streamlining of each vertical, rather than on new initiatives, a move that we consider prudent.
- The seamless relocation of our operations from Barneveld, in the Netherlands, to Mahad, in Maharashtra (India), was concluded and led to a significant lowering of expenses.
- Our Mahad facility began operating at full capacity by December 2019, within one year of commencing operations, which is exceptional for bulk chemical manufacturing, and it continued to do so up to February 2020, right until the point when COVID-19 really made its impact.
- Our facilities were back at 70% to 100% production capacity by the end of April 2020.
- We revamped our Mumbai headquarters and built a state-of-the-art laboratory for flavours. This will enhance our image and credibility in a space where the entry barriers are high and new entrants have to make a huge effort to grow. There are great opportunities here and we have already won noteworthy business from major names in the packaged food and beverages industry.
- We had our first sampling of an Ayurvedic product for a major MNC client, which was a breakthrough for us. There is huge scope in the natural ingredients and immunity-boosters business after this contagion and we are exploring several opportunities here.
- While growth in fine fragrances became muted following the pandemic and its economic impact, we are confident of offsetting this by catering to the increasing demand for hygiene products, including soaps, hand wash, sanitisers, and household cleaning products. Our R&D pipeline was ready with ingredients and fragrances for soaps and sanitisers, which enabled us to quickly partner with several sanitiser manufacturers to tap into the climbing demand.
- Key emerging markets in the SAMEA region (South Asia, Middle East, Africa) continued to give us significant business in 2019, even as the domestic market in India saw a slowdown.
- Our fragrance division went beyond FMCG products and made inroads into industrial applications.

The lockdown imposed nationally towards the end of FY 2019-20 prevented us from executing ourorders, causing an estimated ₹ 30 Cr loss in the last 10 days of March 2020. Our growth was undoubtedly interrupted by the pandemic but we are moving towards the next phase by identifying new avenues of growth.

FINANCIAL PERFORMANCE

Though impacted by the COVID-19 disruption, the year ended on 31 March 2020, gave us a Total Income of ₹ 1,122.06 Cr, up by 4.72% from ₹ 1,071.48 Cr for the year ended on 31 March 2019. However, Total Expenses also increased during the corresponding period, from ₹ 956.63 Cr to ₹ 1,032.28 Cr. The impairment of plants and machineries and manufacturing facilities in the Netherlands, along with other closure costs in respect of the Netherlands facility, resulted in a one-time exceptional expense of ₹ 36.5 Cr. Profit after Tax, after the abovementioned exceptional item and including the share of profit (net of depreciation on assets comprised in the purchase price paid) in Creative Flavours & Fragrances SpA, Italy, and other joint ventures was ₹ 35.9 Cr as against ₹ 88.3 Cr during the previous year.

Despite the dividend payment of ₹ 13.4 Cr and the raw material crisis during the year under review, our net debt position is maintained at ₹ 299 Cr in line with the previous year ₹ 299 Cr.

We believe that our recent cost rationalisation efforts will bring down expenses and help us control the bottom line, while we continue with our efforts to penetrate new territories and new areas of fragrances and flavours.

With 50+ years in the service of Keva, Mr. Ramesh Vaze has given us an unparalleled repository of knowledge and values that will guide us in the years to come, helping us grow both, at home and overseas.

PASSING ON THE BATON

A major internal change in the Company was the transition of our Managing Director Mr. Ramesh Vaze to the position of Non-Executive Chairman of the Board in September 2019. Consequently, I have taken on additional responsibilities in my capacity as the CEO. With 50+ years in the service of Keva, Mr. Ramesh Vaze has given us an unparalleled repository of knowledge and values that will guide us in the years to come, helping us grow both at home and overseas.

This is a turning point for Keva, as consumer preferences and buying habits are seeing a shift in the 'new normal' brought about by COVID-19. Our Company now has a team that is more attuned to the transformed global scenario. With an eye on growing our exports business, we have brought about changes in the management, revising the allocation of responsibilities and creating new ones.

COVID-19 RESPONSE

During the contagion, we did everything possible to maintain employees' health and safety while trying to restart operations as soon as permitted by the government.

Aside from the mandatory health checks and sanitisation at our offices and facilities that still required the physical presence of employees, we also implemented work from home. Life insurance cover was provided to all the employees, in addition to the group health insurance cover that they already have.

As for our CSR (Corporate Social Responsibility) activities, we modified those to alleviate the suffering of the disadvantaged during the COVID-19 pandemic, when many daily wagers had no income. Partnering with Roti Foundation, Mumbai, our Company was engaged in providing meals to the underprivileged and daily wage workers. The support provided by S H Kelkar and Company Limited was utilised to feed 75,000 daily wagers and migrants.

As our plants began to reopen, we put in place every precaution necessary. We do not know yet what shape the pandemic will take – whether there will be a second wave or not – but we have learnt much during this time and our keen focus on safety will keep our employees out of harm's way.

GROWTH OUTLOOK

The future of the fragrances and flavours industry is secure, as it caters to end-user industries that will remain an indispensable part of global consumers' lives. In India, the pandemic may have hit jobs and spending power in the short to medium-term, but in the long-term, the country will get back on the growth track.

Growth in the economy, with its resultant preference for trustworthy brands and fine fragrances and natural flavours, is highly beneficial for our Company. If MNCs shift their sourcing of FMCG chemicals from China to India following the pandemic, then we are at the forefront of seizing that opportunity. The European fragrance operations now coming fully under our control has put us in a better position to nimbly strategise and redraw the route map if the market so requires. We also have the unique advantage of being in the birthplace of Ayurveda, in a country that has introduced the world to the healing power of naturals. We have already begun receiving many client briefs in the health and hygiene space and we expect rapid development in this area.

Europe is at the centre of the global fragrance industry, setting trends for the world. Acquisition of 51% stake of Creative Flavours & Fragrances SpA (CFF), leading Italian company headquartered in the fashion capital of Milan, has opened up enormous growth opportunities in the fine fragrances and fabric care segments for Keva. CFF has given us access in the premium product markets of Europe, while also giving us a head-start in the emerging markets of Asia. We are confident of benefiting greatly from the access to CFF's creative development centres and expertise.

Based on traditional knowledge and cutting-edge research in state-of-the-art labs, Keva's products are fit to compete with the best in the international market.

CONCLUSION

A new chapter in the Keva story opens in this new normal. You have been there with us through it all and we cannot emphasise enough how much your support means to us. I take this opportunity to thank each of our stakeholder groups – employees, management, business channel partners, and shareholders – for being there for Keva. A special thanks to employees, who have enabled us, during the peak of the COVID-19 crisis, to maintain the essential services that are part of Keva's overall operations, helping us to contribute to a stronger India.

Kedar Vaze
Whole-time Director & Group CEO

Management Discussion & Analysis

GLOBAL ECONOMIC OVERVIEW

World economic output in 2019 dipped to 2.9% from 3.6% seen in 2018 led by trade policy uncertainty, geopolitical tensions, idiosyncratic stress in key emerging market economies, intensifying social unrest in several countries and weather-related disasters. Towards the end of 2019, temporary factors that had slowed global manufacturing like auto sector adjustments to new emission standards, a lull in the launch of new tech products, and inventory accumulation, appeared to fade and business sentiment ceased to deteriorate further.

Growth across emerging market economies was weak largely due to subdued domestic demand. The advanced economies also witnessed slow growth mostly reflecting softer growth in the US. Despite continued job creation, core consumer price inflation remained muted across advanced economies while softened across most emerging market economies amid more subdued activity. Weak demand lowered metals and energy prices.

(%)

	2018	2019	2020P	2021P
World output	3.6	2.9	(4.9)	5.4
Advanced economies	2.2	1.7	(8.0)	4.8
US	2.9	2.3	(8.0)	4.5
Euro Area	1.9	1.3	(10.2)	6.0
Japan	0.3	0.7	(5.8)	2.4
UK	1.3	1.4	(10.2)	6.3
Other advanced economies*	2.7	1.7	(4.8)	4.2
Emerging Markets and Developing Economies	4.5	3.7	(3.0)	5.9
China	6.7	6.1	(1.0)	8.2
India	6.1	4.2	(4.5)	6.0

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries
P= projections
Source: IMF, World Economic Outlook

Outlook

The global economy is set to experience its worst recession in 2020 with the COVID-19 pandemic likely to shrink global growth significantly led by long periods of lockdowns across nations. As a result, the global economy is expected to contract sharply by 3% in 2020. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices.

Source: IMF, World Economic Outlook - June 2020

INDIAN ECONOMIC OVERVIEW

The green shoots which were seen at the end of 2019 have been overtaken by the negative impact of the COVID-19 pandemic. Disruptions in demand and supply due to lockdown have outweighed the Government initiatives like reduced personal income taxes, increased assistance to the agriculture sector and rural areas to boost consumption, corporate tax cuts and increased public investment in infrastructure to revive investments, re-capitalisation of state-owned banks and financial sector reform to revive credit.

According to provisional estimates by Central Statistics Office (CSO), GDP growth is estimated at 4.2% in FY 2019-20 driven by contraction in investments and exports. Despite the pandemic hovering economic growth, India continues to be the fastest growing emerging economy of the world. In response to the economic pressure due to the ongoing pandemic, the Reserve Bank of India (RBI) cut its lending rate from 4.4% to 4%, extended a six-month debt moratorium to small and medium-sized businesses and remained committed to using all instruments to fight the pandemic. Fiscal deficit widened to 4.6% of GDP in FY 2019-20 mainly on account of shortfall in revenue collection. The Indian government launched a fiscal and monetary stimulus worth ₹ 20,000 Cr to counter the economic fallout from the pandemic.

Outlook

A revival in domestic investment is likely to be delayed given enhanced risk aversion on a global scale, and renewed concerns about financial sector resilience. Coronavirus lockdown of 40 days and then graded lifting means the bottoming out of India economy has been prolonged. Growth is likely at 1.5-2.8% in FY 2020-21, depending on the severity of the spread of COVID-19 pandemic. Growth is expected to rebound to 4-5% in FY 2021-22 as the impact of COVID-19 dissipates, and fiscal and monetary policy support pays off with a lag.

Source: World Bank, CSO provisional estimates

A revival in domestic investment is likely to be delayed given enhanced risk aversion on a global scale and renewed concerns about financial sector resilience.

THE GLOBAL FLAVOURS AND FRAGRANCES INDUSTRY

The global flavours and fragrances (F&F) market size was valued at US$ 29.8 billion in 2019 as compared to US$ 27.2 billion in 2018. Growth in population, rapid urbanisation, uptrend in lifestyle, double earning families and increased need for convenience and personal control provides a big boost to the F&F industry as demand for packaged foods, beverages, home care, personal care, cosmetics, toiletries, pharmaceuticals and nutraceuticals increase. The increasing demand for convenience food products has propelled companies to introduce innovative flavours boosting the Flavours and Fragrances market growth.

There is a rise in demand for flavours from the pharmaceutical industry owing to the fact that flavours overpower the bitter taste of medicines and make it more edible, thus transmitting a beneficial therapeutic effect. Synthetic fragrances are gaining popularity on account of their strong aroma and long-lasting properties.

Beverages, dairy, savoury, snacks and pharmaceutical products are the driving factors for the flavours market. Increasing popularity of dietary supplements and nutraceuticals are giving impetus to the growth. Rising awareness of health and wellness segment is expected to be a big growth driver in future.

With growing popularity of organic and natural segment, the natural flavour and fragrance segment has become the main focus of all industry players. Natural flavours and fragrances are safer, healthier and have therapeutic value attached. Similarly on the technology front, encapsulation of fragrances, which enhances shelf life and improves heat stability, is gaining significant ground.

UK and US continue to dominate the global flavours and fragrances industry. Europe holds a significant position in the F&F market on account of the increasing demand for encapsulated flavours and fragrances in liquor-based drinks as well as in cosmetic products. The North American market has reached the maturity phase. Asia Pacific is likely to emerge as the most lucrative market owing to the rise in demand from both the food and cosmetic industries. India and China lead the consumption amongst APAC nations led by sheer high population and rapid urbanisation.

FRAGRANCES – GROWTH DRIVERS

- **Changing lifestyles:** With increasing disposable income, more local consumers are opting to use quality products, especially young consumers. In the wake of the global pandemic, higher focus on hygiene products has pushed demand for new and innovative fragrances used in hand wash, sanitizers, floor cleaners etc.
- **Emerging markets:** Disposable income of people is increasing in the emerging markets, surging their purchasing power, which in turn is leading to increased spending on beauty and personal care products. This is leading to increasing demand for various scents and fragrances.
- **Rise in use of personal care products:** Personal care is a prominent application segment owing to increasing demand for perfumes, deodorants, soap, talcum powder, cream, and hair oil. Also, rising demand for car and room fresheners and growing popularity of aromatherapy is expected to further fuel the growth. Hospitality segment is also witnessing increasing demand for fragrances to create a pleasant environment.
- **Naturals gaining popularity:** One of the drivers of the global natural fragrance market is the increasing number of health issues caused by products containing synthetic fragrances. Natural fragrances which are safer and healthier are emerging as the preferred choice.
- **Industrial segment:** Fragrances are witnessing increasingly growing acceptance for industrial use like ambience-fragrances for the consumer durables and automobile accessories, which hitherto was an unexplored category.

FLAVOURS – GROWTH DRIVERS

- **Food flavours demand on a rise:** Increase in demand for processed food and beverages with growth in disposable incomes, rise in the demand for unique flavours in various food applications and surge in popularity of exotic flavours is one of the most important drives of growth for the Flavours industry.
- **Naturals gaining popularity:** Rise in concern among consumers about the long-term health effects of artificial ingredients and additives has increased the demand for natural and healthy flavours in food products.
- **Technological advancement:** Technological advancements not only help to develop innovative flavours to cater to the change in customer taste requirements, but also increase their stability and suitability. Manufacturers are inventing and adopting advanced technologies such as solid-liquid extraction (SLE), supercritical carbon dioxide extraction, supercritical fluid extraction, and others which, in turn, will result in growth in the flavours market.

Outlook

The global F&F market is expected to reach US$ 40.6 billion by 2025, growing at 5.1% CAGR during 2020-2025. Increase in population, coupled with rise in consumer expenditure on personal and beauty care products, growth in awareness about the therapeutic benefits of fragrances and innovative product push strategy by key global players are the major drivers for the global flavours and fragrances (F&F) market. Rising awareness regarding cleanliness and personal hygiene among middle-class income groups in the emerging economies, including India, China, Thailand, Vietnam and Brazil, is expected to expand the scope of fragrances.

Challenges

Availability of counterfeit products and use of chemical ingredients with probable side-effects are expected to hamper the growth. Sustainable sourcing has been a challenge for the industry players. Shrinking margins due to limited pricing power and increased competitive pressure causes difficulties for industry players.

Source: https://www.imarcgroup.com/flavours-fragrances-market

THE INDIAN FLAVOUR AND FRAGRANCE INDUSTRY

Overview

The Indian F&F market is highly fragmented with both purchasers and suppliers ranging from multinational companies and large Indian industrial houses, to small-scale industrial units and local manufacturers. Companies are strategising ways to strengthen their presence and are focussing their sales expansion plans to cater to increasing demand from tier II and tier III cities that are the biggest drivers of growth. Companies are launching a range of affordable grooming products and are exploring newer flavour variants, thereby creating product differentiation to spur consumption. Indian companies have exhibited increased willingness to experiment with the new, more exotic flavours rather than opting for basic ones. With consumers becoming progressively health conscious, tremendous growth opportunity has emerged for health and wellness fruit-based food flavours. The concept of natural and traditional Indian herb extracts is also gaining significance in the fragrance markets.

The F&F industry, valued at approx. ₹ 6,400 Cr, faced some pressure owing to issues related to delayed GST refunds and lesser new launches. The current Indian fragrances market is estimated at ₹ 3,200 Cr and the flavours, at ₹ 3,200 Cr. Keva continues to be the largest Indian origin player with an agile and fast changing approach to meet changing consumer needs.

Keva, along with the top four global F&F giants continues to dominate the Indian market. Growing investments in innovative product developments to meet the demand from home care, pharmaceutical, personal care, automotive, and hospitality industries will help propel growth for these players. Increasing approval of flavours in nutraceuticals, pharmaceuticals and dietary supplements, and gaining popularity of natural fragrances as a healthier, therapeutic and safer option is attracting higher investment in natural flavours and fragrance development. A green premium on the products produced using natural aromas is quite common given the growing awareness concerning health and wellness. Another opportunity is stemming in the encapsulated fragrance category which are longer lasting. Another big boost to flavours is arising from the Mega Food Park Scheme involving creation of 37 mega food parks of which 18 are currently operational.

Outlook

Rampant urbanisation, growth of disposable income, availability of convenience goods coupled with growing health concerns are the major drivers for the industry's growth. Additional factors such as awareness among governments and consumers to address specific health and nutritional needs are strongly fuelling the growth in personal care, home care, cosmetics, package foods, beverages and nutraceuticals markets, which in turn is driving tremendous growth for flavours and fragrance industry.

Outlook for fragrance segment

There has been a sharp increase in the use of fine fragrances led by increased effort of the consumers to smell nice, especially for social meetings. The alleviation of cosmetics from a feminine-centric product, to unisex arcade has expanded the volume of demand for personal care and cosmetic products giving strong impetus to fragrance market growth. The current economic crisis that the world is facing due to COVID-19 pandemic, has resulted in muted growth for the industry, however, the outlook still remains positive due to the evolved consumer tastes and preferences.

Outlook for flavour segment

Edible products manufacturers are constantly innovating and adding a variety of flavours to its existing portfolio to attract existing as well as new customers. The beverages, dairy products and confectionery industry are regularly upgrading their products portfolio in order to stay ahead in the competitive landscape. Food and beverage companies are constantly employing the strategy of products extension by launching different flavours of a particular product targeting specific segment of consumers. Consequently, the demand for processed as well as natural flavours is witnessing a substantial upsurge.

INDIAN FLAVOURS AND FRAGRANCES MARKET – OPPORTUNITIES

Overview

Indian economy despite minor glitches, is robust with strong fundamentals and it will continue to be one of the fastest growing countries in the world. India offers one of the largest markets in the world for products of mass consumption. Rapid urbanisation largely due to agricultural growth, income redistribution and the high proliferation by the audio-visual media has further contributed to the growth of various FMCG categories.

India has extensive sales and distribution network including supermarkets, large stores, smaller neighbourhood retail stores, small shops etc. The banking network with consumer financing is also supporting extensive sales and distribution network.

Cultural diversity, varying climatic conditions, influx of foreign influences over various periods of our country's history is all responsible for complex fragrance and flavour preferences across India. With digital revolution, youth is abreast with latest international preferences and constantly trying to mimic it. All these reasons have contributed significantly in the growth of the Indian F&F industry and will continue to help it multiply in size in the coming future.

In the wake of these challenging times of COVID-19 pandemic, the Company saw rising demand for its products from the personal hygiene segment, especially from the hand sanitizers, liquid hand wash and soap manufacturers. It was able to effectively serve the demand of these customers. At the same time, growth in fine fragrances has been slightly muted.

On a consolidated basis, the Company's total income stood at ₹ 1,122.1 Cr in FY 2019-20 as compared to ₹ 1,071.5 Cr in FY 2018-19, registering 5% growth despite challenging global and domestic environment.

Financial Performance Analysis

On a consolidated basis, the Company's total income stood at ₹ 1,122.1 Cr in FY 2019-20 as compared to ₹ 1,071.5 Cr in FY 2018-19, registering 5% growth despite challenging global and domestic environment. The Company witnessed healthy demand and improved traction in terms of order enquiries and leads, especially from the mid and large-sized FMCG customers.

Fragrance segment, which contributes ~90% to total revenue, clocked a healthy 7.9% growth in domestic business and 4.7% growth in the international business. Flavours segments de-grew by 17.9% in domestic business but posted 17% growth in the international business.

The impairment of plants and machineries in Netherlands resulted in a one-time exceptional expense of ₹ 36.5 Cr, which impacted reported profitability. A substantial part of this expense was a non-cash impairment charge.

EBITDA stood at ₹ 129.5 Cr in FY 2019-20 as compared to ₹ 160 Cr in FY 2018-19. The Company registered a PAT (excluding one-time exceptional cost) of ₹ 71.2 Cr in FY 2019-20 as compared to ₹ 87.8 Cr in FY 2018-19. Cash profit was at ₹ 122.7 Cr in FY 2019-20 as compared to ₹ 119.0 Cr in FY 2018-19.

The Company reduced Net Debt as on 31 March 2020 to ₹ 299 Cr as compared to ₹ 400 Cr as on 30 September 2019 after accomplishing buy-back and interim dividend.

COVID-19 PANDEMIC

While the Company was seeing good traction during the year, the unprecedented COVID-19 pandemic hit domestic business during the last quarter. The Company's steady growth trajectory and investment in growth before the global crisis has enabled it to maintain and secure business operations, while also ensuring safety and well-being of employees and business partners. The Company did not witness any significant impact on orders from customers during the lockdown period.

On the operational front, in compliance with Government advisories/directives issued in regards with COVID-19 pandemic, the Company had temporarily suspended manufacturing operations across its manufacturing facilities in India for ~33 days. However, pursuant to requisite approvals from the concerned Government Authorities, it resumed manufacturing operations at its Vashivali, Mulund, Vapi and Mahad facilities from 27 April 2020 onwards. During the lockdown period, the Company faced a few challenges like availability of labour, extra lead time of couple of days in comparison to demand, delayed import due to clearance and authority restrictions, increased working capital requirements due to increased inventory levels.

Led by robust order book, the Company is on track to steadily improve utilisation levels across facilities. Strong balance sheet and robust liquidity position puts the Company in a good stead in these disorderly times.

The Company is undertaking all required precautions and deploying the highest safety standards as advised by the Government Authorities across all these manufacturing locations. The production is witnessing gradual ramp-up in volumes led by efficient supply-chain management. As lockdown measures across domestic markets are easing, the Company is witnessing a steady build-up in demand momentum. Led by robust order book, the Company is on track to steadily improve utilisation levels across facilities. Strong balance sheet and robust liquidity position puts the Company in a good stead in these disorderly times. Robust risk management strategy to maintain and secure business operations and to mitigate the risks and impact on its employees and business partners is in place. The Company has taken several proactive steps to safeguard the health and well-being of its employees and put in place work-from-home arrangements for all the staff members.

On the international front, the manufacturing facilities at China (Anhui Ruibang) and Italy (Creative Flavours and Fragrances SpA) continue to be fully operational in FY 2020-21. From mid-January 2020 to the 1st week of March 2020, the manufacturing facility in China was shut initially for maintenance and later due to COVID-19 outbreak. The Company was geared to increase production at Mahad facility to meet possible surge in demand. The economic value of the investment in the facility at Netherlands, which was shutdown, has been fully recouped and integrated with operations in the group. The Company is actively exploring options to maximise the monetisation of the plant infrastructure by way of a slump sale or through a new venture in collaboration with potential investors or business partners.

The Company continues to realise cost-optimisation strategies and deploy working capital measures to conserve cash flows and ensure steady profitability. The Company continues on its endeavour to sustainably outperform the industry, led by its leadership position, comprehensive product portfolio, diverse customer base, and repeat business wins in existing and new customers. Though achieving normalcy is difficult to predict the growth prospects of the Company remain intact as FMCG consumption continues with greater growth outlook in certain categories of home care, personal care and natural ingredients like disinfectants, sanitizers, immunity boosters, fragrance blends and supplements. Keva plans to launch an ayurvedic immunity booster which has recently received a nod from the Ministry of Ayush, Government of India.

Business Segment 1 - FRAGRANCES

Fragrances segment continued to dominate the revenue share of business with ~90% share in FY 2019-20. Fragrances find application across wide spectrum of daily consumption items. The Company's team of specialised perfumers crafts innovative complex compounds and ingredients which are used across a wide range of the fragrance portfolio. The Company continues to leverage its international expertise with Indian capabilities.

Products and applications

With over 9 decades of rich experience, the Company has established stronghold in the Indian markets enjoying preference over multinationals. The Company boasts of venerable customer and vendor relationships, better knowledge 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. The Company is the leader in most FMCG categories across personal care, home care, fabric care and fragrance and flavour ingredients.

Domestic sales, constituting 67% of total fragrance segment, grew by 7.9% in FY 2019-20

Key Macro Highlights

- The segment clocked 6.8% YoY growth led by dedicated focus on key categories across customers and marked improvement in domestic business. Good traction was seen in fabric care products, microencapsulation products, body sprays, deodorants, fine fragrances and industrial applications of ambience-fragrances.
- Initiated the final closure of fragrance ingredient facility and research activity in the Netherlands during Q3/FY 2019-20 shifting operations to a high quality and operationally efficient centre at Mahad, India.
- Domestic sales operation was divided into three regions viz. North, South and Central & West for better management with dedicated teams to manage the requirements of large corporates and regional clients respectively.
- Ayurvedic products garnered good response in the domestic and international markets. The Company garnered success in making first sample of Ayurvedic medicine for a big MNC in India. The Company also added new and innovative products to its sales portfolio.
- With rising global demand for Tonalid, the replacement facility at Mahad recorded an all-time high production operating at full utilisation levels. In the longer term, it may help to improve the availability of key raw materials given the flexibility of operations.

DOMESTIC SALES

Highlights of FY 2019-20

- Increased traction in FMCG launches (earlier delayed due to changes in GST) put the Company in good stead, especially from mid and large-sized FMCG customer segments.
- Increased momentum in client engagements and buoyant international markets contributed to a healthy performance.
- Despite a challenging raw material scenario, the Company's production was smooth and uninterrupted led by good inventory management practices.
- The segment exhibited consistent strong performance with March 2020 being an exception due to the impact of Government-imposed nationwide lockdown.
- Domestic sales, constituting 67% of total fragrance segment, grew by 7.9% in FY 2019-20.

Outlook

Being local at heart with world-class manufacturing capabilities and strong supply chain remains the key strength of the Company. Despite the unexpected severe impact on world consumption due to COVID-19, the Company stands to benefit by likely quick revival in daily consumption categories. Earnings may see some short-term impact on account of economic lockdown during the beginning of the fiscal. The Company's preparedness is reflected in having adequate inventory of raw material and shift in production line from China to India.

It is expected that some categories like home care and personal care should see high demand, while some high-end discretionary categories like fine fragrances may see weakness. As people become increasingly health and hygiene conscious, the demand in this segment is bound to see an exponential rise. The Company is well-prepared to cater to this rise in demand with increased focus on personal wash, household products, health and hygiene.

The Company is also looking to increase traction in biotechnology in the ingredients portfolio.

EXPORTS

Highlights of FY 2019-20

The Company rolled out a dedicated team, creative support and plan for MENA region and saw good growth traction in various countries like Sri Lanka, Myanmar, Bangladesh etc.

Outlook

The Company is committed to effectively cater to consumer needs with speed, deep understanding of customer needs and rich legacy.

Business Segment 2 - **FLAVOURS**

The Company is a leading manufacturer of flavours in the country, well known for high-quality and innovative products which are FSSAI approved. Keva has an expert team of 6 flavourists who innovates flavours based on evolving consumer trends. Coupled with state-of-the-art manufacturing facilities, high-end well-equipped laboratory, the Company has emerged as a partner of choice for flavours finding application in sectors like beverages, dairy products, confectioneries, bakery products, savoury, pharmaceuticals, nutraceuticals etc.

With gaining popularity of health and wellness segment, the demand for natural flavours is on an unprecedented rise. The team creates innovative flavours keeping in view the current and emerging trends so as to strengthen ground in the flavours segment. The team continues to make significant progress in the food science space working on creating a wide variety of natural flavours.

Scale with agility

Accredited with US FDA registration and Halal certification, the Company has in place superior quality controls. Novel flavours are formulated and created led by high clarity of purpose and process design.

High level of agility and superior manufacturing processes enables the Company to promptly modify production and ensure high efficiency in logistics with the use of advanced planning techniques, variable capacities and long-standing relationships with reputed logistics companies.

Products and applications

With a wide range of flavours developed based on changing consumer trends and leveraging rich heritage in the flavours space, the Company's products are broadly categorised into natural, nature-identical and artificial. The products are available in dry, mix, liquid and encapsulated forms. The Company's products cater to various segments like shakes and smoothies in the dairy segment, fruit-based and health drinks in beverages, confectionery, bakery and pharmaceuticals.

DOMESTIC SALES

Highlights of FY 2019-20

- Domestic revenue declined 17.9%, mainly impacted in the last quarter owing to COVID-19 pandemic and trading opportunity in the previous year leading to high base
- Continued to upgrade existing equipment base and invest in novel machinery
- Renovated Mumbai office and lab and started a new lab in Gurugram during the year
- Launched granules format and seasoning categories which are seeing good traction
- Focus on enhancing customer awareness continues with increased participation in food expos

Outlook

The Company remains optimistic about future growth prospects. Continued investment in R&D and enhancing production facilities enables the Company to create new flavours in segments of the future like beverages, bakery, confectionery, nutraceuticals and dairy. The Company's food innovation centre in Mulund, Mumbai and in Gurugram holds strong future growth potential.

EXPORTS

Highlights of FY 2019-20

- The international flavours business reported 17% growth as compared to the previous year led by key clients in food segment
- International sales expanded in export markets like Africa, Middle East, Europe and Russia
- Lifestyle business has seen good growth and is expected to grow well going forward
- Auris sales have seen good traction and is available on Amazon and Flipkart platforms

Domestic revenue declined 17.9%, mainly impacted in the last quarter owing to COVID-19 pandemic and trading opportunity in the previous year leading to high base

Outlook

The Company is looking to expand its distribution in the neighbouring countries, especially in the food segments in Africa, Middle East and Russia. The export market which constitutes 60% of business is expected to grow at a faster pace.

Organisation structure

Mr. Ramesh Vaze served the Company as the Managing Director until 31 August 2019 and is currently the Chairman of the Board. He led the Company from the front for five decades, playing an instrumental role in shaping the Company and enabling it to climb the ladder of success. As he stepped down, younger senior leadership team has taken on itself to face challenges.

The organisation ensured internal growth of employees witnessing several internal promotions. The Company also recruited dynamic and experienced business professionals and created a more flexible organisation structure comprising of autonomous business divisions. The Company is confident that the structure would enable in getting teams closer to business with each team being given higher independence in terms of decision making to ensure better business management.

The facilities at Vashivali and Mulund were recently honoured by the National Safety Council for adopting best safety practices and for having completed three consecutive years without any reportable accident

QUALITY MANAGEMENT AND KNOWLEDGE CAPITAL

QUALITY MANAGEMENT

Overview

- USFDA registration and several certifications including FSSAI, ISO 9001:2008, ISO 14001:2015, FSSC 22000, ISO 22000:2005 and ISO/TS 22002-12009 position the Company well
- The ingredients and extraction facility at Vapi has also been certified with ISO 14001 and ISO 45001
- SAP-enabled processes improve work efficiencies
- Modern and technologically advanced plant and machinery including gas chromatographs, density meters, automatic polarimeters, tintometers, flash-point testers, microbiological testing, etc. in its fragrance and flavour testing laboratory provides technological edge
- Strict adherence to rigorous HSE (Health, Safety and Environment) policy enabling a safe work environment from a compliance view-point
- Clean environment policies in place like effluent treatment plants alongside its facilities
- World standard quality control practices are thoroughly followed
- During the year, the facility at Mahad successfully passed the ISO certifications for Environment Management System and the OHSAS (Safety) Management System
- Acquired stringent certifications like HACCP for food safety, Integrated Management System for environment and occupational safety
- The facilities at Vashivali and Mulund were recently honoured by the National Safety Council for adopting best safety practices and for having completed three consecutive years without any reportable accident

Outlook

Stringent quality norms and adherence to newest regulatory compliances enable the Company to deliver best-in-class products. The state-of-the-art research facility in India as an inhouse R&D centre developing innovative molecules has received due acknowledgement from Department of Scientific and Industrial Research (DSIR).

Knowledge capital

- To ensure high-quality talent pool, the Company leverages campus and lateral hiring.
- The Company engages in several management training programmes to groom individuals with high potential to enable them to handle greater corporate responsibilities.
- Keva's LEAD programme helps in grooming existing talent pool.
- 'Ear2Hear' is an Employee Assistance Programme (EAP) extending consultation on personal issues – professionally and confidentially. This is a benefit extended not just to the Keva employees but also to their family members maintaining 100% confidentiality on every interaction.

Highlights of FY 2019-20

As a part of creating a better employee experience, the Company launched 'Pratibimb', a company-wide employee feedback survey giving the management an opportunity to hear and connect with the employees, as the Company is looking to design its next level people-centric and progressive impactful HR policies.

The Company launched Sarathi, a coaching initiative, as a stepping stone towards creating a coaching culture at Keva. It has an internal community of certified coaches, recognised by International Coaching Federation, which is focussed towards grooming and nurturing inhouse talent. Blended with other learning and development initiatives of the organisation, coaching shall equip employees unearth their hidden potential with personal development and action-oriented approach to unleash their full potential.

The Company launched PACT – Promise of Accountability, Commitment and Teamwork, an exclusive program aimed to invest substantially in its key resource – employees, by providing holistic and differentiated engagement plan, conducive work habitat with short-term and medium-term international exposure and learning opportunities to accelerate their career growth.

Keva's plant at Vashivali was presented with the 'Best HR Practice' award by Raigad Chapter of NIPM (National Institute of Personnel Management).

Outlook

The Company endeavours to emerge as one of the admired organisations amongst the Fragrance & Flavour companies in the world. Keeping this objective in mind and the next 5 years' strategic objectives, the Company is continuously building its talent pipeline. There is also a clear focus in terms of building high performance culture to enhance productivity at all levels.

RISK IDENTIFICATION AND MITIGATION

- **Global risk:** The Company's large exposure to various countries across the world makes it susceptible to changes in the macro environments and economies of different countries.

  Mitigation: The Company's dedicated expert team closely monitors the macro-economic development in the various countries in which it operates to keep a check on global risk.
- **Redundancy risk:** The Company needs to constantly innovate flavours and fragrances to keep pace with changing times and changing consumer preferences.

  Mitigation: To ensure long-term businesses sustainability and viability, the Company prioritises innovation led by strong focus on in-house R&D.
- **Supply risk:** The Company uses over 1,500 raw materials and thus inadequate supply of one or more raw materials can disrupt the operations.

  Mitigation: Age-old relationship with suppliers, long-term contracts for raw materials and adequate inventory at all times enables the Company to avoid risk arising due to short supply or unavailability of raw materials.
- **Regulatory risk:** Regulatory compliance is mandatory and lax in adherence may pose significant risk to reputation and long-term business sustainability.

  Mitigation: A stringent online statutory compliance management system, robust internal financial control systems, periodic review of systems by external and internal auditors ensure adherence to all regulatory compliances. The Audit Committee of the Board keeps a close watch on the findings and actions of the auditors thus keeping regulatory risk at bay.
- **Foreign currency risk:** Cross-currency volatility may have a severe bearing on the earnings of the Company as its operations are spread across 50+ countries.

  Mitigation: Forex team which enters into adequate hedging contracts ensures that the Company is not exposed to cross-currency fluctuations.
- **Receivables risk:** Long duration export receivable cycles with higher probability of conversion to bad debts puts the Company at significant risk.

  Mitigation: A stringent and well planned process of selecting trade partners and credit insurance enable the Company to tackle receivables risk.
- **Revenue concentration risk:** Increased dependency on a single client or a few large clients to drive business may put business sustainability at risk.

  Mitigation: The Company boasts of a clientele of over 4,100 small and large companies, without dependency on large clients.
- **Business sustainability risk:** In case the operational responsibility of the Company is concentrated in the hands of a few key personnel, the Company may face sustainability risks.

  Mitigation: The Company emphasises on in-house talent management programme, focused training modules for critical employees, grooming of deserving employee for the next level of business responsibilities and in-house promotions. Dominant posts are held by experts from downstream industries.
- **Competition risk:** Lucrative industry growth opportunities attract competition from a host of domestic and multinational players.

  Mitigation: Rich experience, robust client relationships, unparalleled brand equity, strong supply chain, superior product quality enable the Company to keep all competition at bay.
- **Concentration risk:** Business sustainability can be impacted if dependent on the performance of a particular or few downstream sectors.

  Mitigation: Revenue pie comprises a large number of downstream sectors like personal care, air care, skin & hair care, beverages and fine fragrances. Well diversified exposure helps reduce risk of revenue concentration on the performance of a particular sector.

Corporate Social Responsibility

The Company is aimed at creating economic value and is committed to actively contribute toward the development of a sustainable society. It strives to undertake various projects for the common good through responsible business practices and good governance, in tandem with all the stakeholders. Environmental sustainability, communal welfare near plants, education and employability are the key focus areas around which the CSR activities are planned.

The Company also works on basic education through Balwadis at twelve centres in rural areas of Karjat and Murbad in collaboration with Shabari Seva Samiti.

The Company collaborated with Udaan India Foundation in its Youth Programme to promote education for facilitating meaningful employment for youth in the age group of 18 to 25 years. It worked with Udaan Indian Foundation on the needs of the youth by organising courses like computer literacy, applied knowledge of communicative and functional English, desired soft skills, employment readiness skills and vocational dexterity programmes.

Keva provided Sewing Machines to women in and around Vashivali to create employment generation opportunity for them to sustain their livelihood.

Surrounding the manufacturing facilities, at Vapi and Vashivali, the Company has upgraded the educational infrastructure and sanitation facilities at schools and colleges to make an improvement in the lives of students.

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 several 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.

Solar LED Light

Marathon

World Skills Day at Udaan India Foundation

Keva has been actively partnering towards responding and combating disasters in a timely manner and engaging with the affected communities. In collaboration with NGO – Goonj, Keva's employees had actively volunteered to donate various relief materials to the flood hit areas in Uttar Pradesh and Bihar last year. In an unprecedented global pandemic of COVID-19, Keva has been complimenting every step along with the government and customers to deal effectively with the emergency situation. On one hand, financial aid has been contributed to PM CARES Fund and Chief Minister Relief Fund and on the other hand, we are partnering with our customers in providing healthcare solutions – Cleansing, Hygiene and Sanitizers. The Company had recently partnered with RotiBank for providing meals to 75,000 daily wage workers and migrant labour during COVID-19 lockdown.

Significant Changes in Key Financial Ratios*

Sr. No.	Particulars	2020	2019	Reason for Change
1	EBITDA Margin (%)	11.04	11.77	Decline in profit due to price pressure on key raw materials, change in customer mix.
2	Net Profit Margin (%)	3.89	6.31	Decline in profit due to price pressure on key raw materials, change in customer mix.
3	Interest Coverage Ratio (times)	4.81	11.88	Higher interest cost due to higher average borrowings during the year versus previous year.
4	Current Ratio	1.09	1.41	Increase in working capital borrowings.
5	Debt Equity Ratio	0.14	0.15	No major variation.
6	Return on Net Worth (%)	5.15	7.54	Price pressure on key raw materials, change in customer mix and interest cost.

*Ratios have been computed based on standalone financials of the Company.

Board's Report

Dear Shareholders,

Your Directors take pleasure in presenting their 64th 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 2020.

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) Regulations, 2015, (hereinafter referred to as "Listing Regulations") this report covers the financial performance and other developments during the financial year 2019-20 and upto the date of the Board Meeting held on 26 May 2020 to approve this report in respect of standalone SHK and consolidated SHK 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:

(Currency: ₹ in crores)

	Standalone			Consolidated		
Particulars	**2019-20**	**2018-19**	**Growth %**	**2019-20**	**2018-19**	**Growth %**
Sales	712.86	692.09	3.00	1,105.08	1041.15	6.14
Other operating income	5.97	1.94	207.32	9.15	6.97	31.28
EBITDA	80.31	83.90	(4.28)	129.51	159.95	(19.03)
Royalty Expense	16.47	18.50	(10.97)	-	-	-
Finance Costs	13.82	6.51	112.29	24.70	13.95	77.06
Depreciation	27.81	15.18	83.20	51.50	31.15	65.33
Profit before Tax (PBT) before exceptional items	38.68	62.21	(37.82)	89.78	114.85	(21.83)
Profit before Tax (PBT) after exceptional items	38.68	62.21	(37.82)	53.32	114.85	(53.57)
Taxation	10.35	17.24	(39.97)	18.62	27.01	(31.06)
Profit after Tax (PAT)	28.33	44.97	(37.00)	34.70	87.84	(60.50)
Share of profit from Associates	-	-	-	1.16	0.41	(282.93)
Total Profit after Tax (PAT)	28.33	44.97	(37.00)	35.70	88.48	(59.65)

Business Review:

Fragrances have seamlessly transformed themselves into essential day-to-day products that form a significant part of personal grooming. Fragrances are a way of expressing personal style and individuality, thereby making it a consumer-driven industry. Flavours add essence to life. They have always been significant in adding the extra zing and taste to what we essentially cook and eat. Flavours bring delight to our entire food experience, turning daily meals to treats.

With a strong parentage and long standing presence of 90+ 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.

First half of FY 2019-20 was clouded by raw material availability crisis raging from previous year and the same had begun to normalize by second half of FY 2019-20. However, the Company saw several operational challenges due to the COVID-19-led lockdown in March and April 2020. While the Company did not witness any significant impact on the existing order backlog from customers, execution of the same during the period was severely impacted due to temporary plant closures and logistic issues in March 2020. Keva's priority, during this challenging operating environment had been to maintain and secure its operations while also ensuring safety and well-being of its employees and business partners. Keva was focused on serving all its customers, especially since it forms an important part of many essential commodities and the FMCG supply chain. Fundamentally, the Company continues to be strong and stable. Liquidity and cash flow position of the Company continued to be strong inspite of the impact of COVID-19 pandemic.

Despite the challenging environment, on a consolidated basis, sales in FY 2019-20 stood at ₹ 1,105.08 crore, higher by 6.14%. On the profitability front, EBITDA during FY 2019-20 stood at ₹ 129.51 crore. Finance costs during the year increased to ₹ 24.70 crore from ₹ 13.95 crore in FY 2018-19.

Finance costs during the FY 2019-20 stood at ₹ 24.7 crore and depreciation stood higher at ₹ 51.5 crore. The increase was primarily on account of commissioning of the new facility at Mahad and adoption of new accounting standards. Effective 01 April 2019, the Company has adopted Ind AS 116 "Leases". Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right- to-use assets and for interest accrued on lease liability respectively. The adoption of this new accounting standard resulted in increase in finance cost and depreciation cost.

Following the scaling down of activities at the Fragrance Ingredients facility in the Netherlands last year, the said facility alongwith research activity being carried out in the Netherlands facility was closed during the year. The impairment of plants and machineries and manufacturing facilities in the Netherlands alongwith other closure costs resulted in a one-time exceptional expense of ₹ 36.5 crore, which impacted reported profitability during FY 2019-20. A substantial part of this expense was a non-cash impairment charge. PAT, excluding one-time exceptional cost as aforementioned, stood at ₹ 71.2 crore as against ₹ 87.8 crore during the previous year. PAT after exceptional item as above and including share of profit (net of depreciation on assets comprised in the purchase price paid) in Creative Flavours & Fragrances SpA and other joint ventures was ₹ 35.9 Crore as against ₹ 88.3 Crore during the previous year.

Keva reported healthy cash flows from operations during the year at ₹ 205.2 crore, owing to improvement in the total working capital cycle. This enabled Keva to reduce its Net Debt as on 31 March 2020 to ₹ 299 crore as compared to ₹ 400 crore as on 30 September 2019. This notable reduction in debt was in spite of payment of interim dividend.

On a standalone basis, the Company achieved a topline growth of 3%. EBITDA stood at ₹ 80.31 Crore and the Company achieved a net profit of ₹ 28.33 Crore.

The fragrance business reported increased sales during the year and grew by 6.8%, despite a challenging macro-environment. Core domestic Fragrance business grew by 7.9% and international segment registered a growth of 4.7% in FY 2019-20. South Asia (including India), Middle-East & Africa (SAMEA) fragrance business gained better momentum in second half of the year with growth of 13% while overall growth for the year stood at 3%. This was despite the lockdown situation with COVID-19 towards end of March 2020, wherein almost 10 days sale was lost with number of open orders pending. Fragrance project pipeline remains strong and is growing consistently. SAMEA has secured revenue of ₹ 52 crore from new wins in FY 2019-20. Business achieved double digit growth in sales in large corporates while managed a strong defense with zonal clients.

Flavours business reported a stable performance during FY 2019-20 with overseas flavours segment reporting an improvement of 17% YoY in FY 2019-20. The growth in the international flavors business was mainly due to expansion by key customers (Al Fakher, Goussous) into new geographies and due to business in African markets like Nigeria, Congo. Disruptions owing to Covid-19 resulted in de-growth of domestic flavours revenues in during the year, especially in the last quarter of the year. The domestic flavours segment de-grew by 17.9%.

The flavours business launched new formats like Granulz and Seasoning, which are seeing good traction. The domestic market also saw wins with key customers like Bisleri, Future Group, CCD, Pfizer etc.

Management Discussion and Analysis Report

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Corporate Governance

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

Based on the principles enunciated in the Dividend Distribution Policy of the Company, on 18 March 2020, the Board of Directors of your Company had declared an interim dividend of 9.5% i.e. 95 Paise per equity share on 14,13,20,801 fully paid-up equity shares of face value of ₹ 10/- each for the financial year 2019-20. The dividend was paid to members whose names were furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners on 27 March 2020.

The Board recommends that the said interim dividend be declared as final dividend for the financial year 2019-20 subject to approval of the shareholders at the ensuing Annual General Meeting.

The list of unpaid dividend declared upto the financial year 2018-19 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.

Consolidated Financial Statements

The consolidated financial statements of your Company for the financial year 2019-20, 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 companies, as approved by their respective Board of Directors.

Subsidiaries and Joint Ventures

As on 31 March 2020, 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.
- Saiba Industries Pvt. Ltd.
- Rasiklal Hemani Agencies Pvt. Ltd.
- Keva Chemicals 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)*
- 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 uploaded on the website of the Company.

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 ₹ 409.25 Crores in financial year 2019-20 as against ₹ 373.19 Crores in financial year 2018-19 and loss of ₹ 11.79 Crores in financial year 2019-20 as against loss of ₹ 8.30 Crores in financial year 2018-19. Increase in exports business from EOU Unit has contributed to revenue growth in current year. However, softening of Aroma Ingredients selling prices in current year has brought down margins by 6% coupled with increase in provision for doubtful debts, power & fuel expenses and employee cost resulted in higher loss than previous year.

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 ₹ 136.91 crores in financial year 2019-20 as against ₹ 49.01 crores in financial year 2018-19. The increase in revenue was mainly on account of sale of F&F blends which also resulted in improvement of bottom line from loss of ₹ 4.69 crores in financial year 2018-19 to a loss of ₹ 1.20 crores in financial year 2019-20. The core flavours segment saw a stable performance with flattish growth.

Saiba Industries Private Limited:

Saiba Industries Private Limited is involved in the business of manufacture and sale of plant extracts. During the year under review, Saiba Industries Private Limited registered an operating revenue of ₹ 0.15 lakhs in the financial year 2019-20 as against ₹ 1.73 Crores in financial year 2018-19 and profit of ₹ 0.14 Crores in the financial year 2019-20 as against profit after tax of ₹ 0.27 Crores in financial year 2018-19.

Rasiklal Hemani Agencies Pvt. Ltd.:

Rasiklal Hemani Agencies Pvt. Ltd. was acquired by the Company on 02 April 2016 to strengthen the base in the northern region and reach closer to the customers. During the year under review, Rasiklal Hemani Agencies Pvt. Ltd. registered an operating revenue of ₹ 2.28 Crores in the financial year 2019-20 as against ₹ 3.03 Crores in financial year 2018-19 and profit after tax of ₹ 3.07 Crores in the financial year 2019-20 as against ₹ 3.53 Crores in financial year 2018-19.

PFW Aroma Ingredients B.V.:

PFW Aroma Ingredients B.V. is involved in the business of manufacture and sale of aroma ingredients. During the year under review, PFW Aroma Ingredients B.V.registered an operating revenue of ₹ 131.94 Crores as against ₹ 146.93 Crores during the previous year and loss of ₹ 22.15 Crores as against profit of ₹ 17.27 Crores during the previous year.

Keva UK Limited:

Keva UK Limited is authorised by its constitutional documents to manage the investment of your Company in the Netherlands - PFW Aroma Ingredients B.V. During the year, the Company, which has been holding 84.55% of Keva UK Ltd., has acquired balance 15.45% equity stake of Keva UK Limited from Keva Fragrances Pvt. Ltd., a wholly owned subsidiary, increasing the Company's equity stake in Keva UK Ltd. to 100%. Keva UK Limited did not carry any business during the year. During the year under review, Keva UK Limited did not register any revenue. Loss was ₹ 0.38 lakhs as against loss of ₹ 0.05 Crores during the previous year.

Keva Fragrance Industries Pte. Ltd.:

Keva Fragrance Industries Pte. Ltd. was formed 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 ₹ 154.53 Crores as against ₹ 124.56 Crores during the previous year and a profit of ₹ 2.82 Crores as against a profit of ₹ 4.38 Crores during the previous year. Third party sales increased by approx. 27% as performance was driven by high double-digit growth of 34% in Fine Fragrance business.

PT SHKKeva Indonesia:

PT SHKKeva Indonesia 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 ₹ 27.29 Crores as against ₹ 12.02 Crores during the previous year and a profit after tax of ₹ 0.18 Crores as against a loss of ₹ 4.93 Crores during the previous year.

Keva Chemicals Private Limited:

Keva Chemicals Private Limited is involved in the business of aroma ingredients. During the year under review, Keva Chemicals Private Limited registered an operating revenue of ₹ 0.70 crores as against ₹ 0.20 crores last year. Keva Chemicals Private Limited earned a profit after tax of ₹ 0.65 crores as against a loss of ₹ 0.27 crores during the previous year.

VN Creative Chemicals Private Limited:

VN Creative Chemicals Private Limited was acquired for building Tonalid manufacturing facility at Mahad. During the year under review, VN Creative Chemicals Private Limited registered an operating revenue of ₹ 124.04 crores as against ₹ 24.67 crores during the previous year. It earned a profit after tax of ₹ 8.54 crores as against a loss of ₹ 1.62 crores during the previous year.

Creative Flavours & Fragrances S.p.A:

Creative Flavours & Fragrances S.p.A (Italy) is a leading fragrance company in Italy serving the whole of Europe. During the year under review, Creative Flavours & Fragrances S.p.A registered an operating revenue of ₹ 242.55 crores (including revenue from contract manufacturing approx ₹ 123.81 Crore) as against ₹ 279.22 crores during the previous year and a profit of ₹ 3.87 crores as against ₹ 2.94 crores during the previous 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, no business activity was undertaken by TFET LLP.

Anhui Ruibang Aroma Company Ltd., China:

Headquartered in Fuyang, Anhui is a leading aroma ingredient Company in China having tonalid manufacturing facility. During the year, Anhui registered an operating revenue of ₹ 34.92 crores as against ₹ 28.30 last year and a profit after tax of ₹ 0.51 crores as against a loss of ₹ 0.70 crores during the previous year.

Purandar Fine Chemicals Pvt. Ltd. :

During the year under review, Purandar Fine Chemicals Pvt. Ltd. registered a total revenue of ₹ 3.60 crores as against ₹ 3.88 crores during the previous year and a profit after tax of ₹ 0.18 crores as against profit after tax of ₹ 0.34 crores during the previous year.

Keva Europe BV:

During the year under review, Keva Europe BV had not commenced operations. It registered an income (being other income) of ₹ 3.26 crores and a loss of ₹ 1.40 crores during the year.

Keva Italy Srl:

The Company has incorporated Keva Italy Srl through its wholly owned subdiary Keva Europe BV on 26 November 2019.

Scheme of Merger by Absorption

The Board of Directors of the Company, at its meeting held on 25 October 2019, had approved Scheme of Merger by Absorption of three of its wholly owned subsidiaries - Keva Chemicals Private Limited, Saiba Industries Private Limited and Rasiklal Hemani Agencies Private Limited - with the Company and their respective shareholders and creditors, under the provisions of Section 230 to 232 of the Companies Act, 2013. The application for Merger by Absorption has been filed with the National Company Law Tribunal, Mumbai Bench on 15 November 2019.

Share Capital

During the year under review, the Company has bought back 33,00,000 fully paid-up equity shares of ₹ 10/- each of the Company at a price of ₹ 180/- per equity share representing 9.96% and 7.17% of the fully paid-up equity share capital and free reserves as per the audited standalone and consolidated financial statements of the Company for the financial year ended 31 March 2019. The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity 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

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

Mr. Deepak Raj Bindra stepped down as Non-Executive Director on 25 October 2019 on account of personal exigencies. Mr. Mark Elliott was appointed as an Independent Director for a term of two years from 15 December 2019. Mr. Dalip Sehgal and Ms. Alpana Parida were re-appointed as Independent Directors for a second term of three and one year(s) respectively from 09 December 2019. Mr. Jairaj Purandare and Ms. Sangeeta Singh were re-appointed as Independent Directors for a second term of two and three years respectively from 19 February 2020. The aforementioned appointment/re-appointments of Independent Directors were approved by the Members of the Company through Special Resolutions passed on 05 December 2019 by way of Postal Ballot. In the forthcoming Annual General Meeting, Ms. Prabha Vaze will retire by rotation and will be considered for re-appointment because of her eligibility.

Mr. Ramesh Vaze, 79 years, stepped down as Managing Director of the Company with effect from close of working hours of 31 August 2019. He was appointed as Non-Executive Director and Chairman of the Board with effect from 01 September 2019 by the Members of the Company through Special Resolution passed on 12 July 2019 by way of Postal Ballot. He continues to guide the Company and mentor the leadership team in his capacity as Non-Executive Director and Chairman of the Board.

The five-year tenure of Mr. Kedar Vaze as a Whole-time Director and Group Chief Executive Officer of the Company would conclude on 31 August 2020. The Board would be considering his re-appointment, upon his offering himself for such re-appointment, for a further period of five years from 01 September 2020.

The Executive 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.

Board Meetings

During the year, 6 (six) Board Meetings were convened and held on 22.05.2019, 10.06.2019, 09.08.2019, 25.10.2019, 07.02.2020 and 18.03.2020. 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 18 March 2020.

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 2020 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 & DGM – 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

Your Company's Auditors, B S R & Co. LLP [holding Registration No. 101248W/W-100022 with the Institute of Chartered Accountants of India (ICAI)] were re-appointed as the Statutory Auditors at the 63rd Annual General Meeting of the Company held on 09 August 2019 for a term of two years until the conclusion of 65th Annual General Meeting to be held in 2021.

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 2020-21. Cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, as required to be maintained by the Company had been made and maintained during the year.

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, the Company has appointed M/s. Mehta & Mehta, Practising Company Secretaries, as its Secretarial Auditor to undertake the secretarial audit for the financial year 2020-21.

The Secretarial Audit Report for the financial year ended 31 March 2020 is annexed herewith as Annexure C to this Report. The Secretarial Audit Report contains a remark that e-Form MGT-14 had not been filed for approval of Buy-back of shares by the Board pursuant to Section 117(3)(g) of the Companies Act, 2013. The Directors wish to confirm that the Company has initiated the process of filing the said form and seeking condonation of delay from the Central Government in this regard.

Internal Control Systems

Keva has implemented adequate internal controls and processes that are commensurate with the nature of business, and size and complexity of its operations. Appropriate internal control processes have been set up to provide reasonable assurance on effectiveness and efficiency of its operations, reliability of financial reporting and compliance with applicable laws and regulations. The compliance with these processes is ingrained into the management review process. Moreover, the Company regularly reviews them to ensure both relevance and comprehensiveness.

The organisation continuously assesses effectiveness of its internal controls across multiple functions and locations through extensive internal audit exercises that deploy an amalgam of modern and traditional audit tools. The internal audit programme is reviewed by the Audit Committee to ensure comprehensive coverage of the areas. Corrective actions, if any, are taken promptly by the respective functions.

Risk Management

As with any business, Keva operates in an environment that is filled with volatility, uncertainty, complexity and ambiguity. Hence, Keva maintains a robust and disciplined focus on operational excellence and effective risk management. This enables Keva to understand and manage risks, which in turn leads to achieving its objectives.

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

The Company promotes ethical behaviour in all its business activities and in line with the best governance practices, has implemented Vigil Mechanism through Whistle Blower Policy and Fraud Risk Management Policy. The policies provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee. The Audit Committee periodically reviews the status of complaints received under this policy on a quarterly basis.

The 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 is committed to providing a safe and conducive work environment to all of its employees and associates. The Company has 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. Total 33,73,663 equity shares have been purchased by the Trust of which 67,234 equity shares had been tendered in buy-back. As on 31 March 2020, 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.

Keva has been actively partnering towards responding and combating disasters in a timely manner and engaging with the affected communities. In collaboration with NGO – Goonj, Keva's employees actively volunteer to donate various relief materials to the flood hit areas in UP and Bihar.

In an unprecedented global pandemic of COVID - 19, Keva has been complimenting every step along with the government and customers to deal effectively with the emergency situation. On one hand the financial aid has been contributed to PM Cares Fund and Chief Minister Relief Fund and on the other hand we are partnering with our customers in providing healthcare solutions - Cleansing, Hygiene and Sanitizers.

During the year, the Company has spent ₹ 1.73 Crore on CSR activities. An amount of ₹ 0.05 Crore was contributed after the end of FY 2019-20 but pertained to CSR budget for FY 2019-20. Total amount spent in respect of CSR for FY 2019-20 is thus ₹ 1.78 Crore. The Annual Report on CSR activities is annexed herewith marked as Annexure E.

Conservation of Energy

Your Company has always considered energy and natural resource conservation as a focus area. Though the Company's operations involve low energy consumption, the Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end. Energy efficiency improvement initiatives have been implemented across all the Units and offices by undertaking various energy and resource conservation projects for sustainable development.

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 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

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

Environment, Health and Safety

Your Company's ethos of environment protection and conservation of natural resources is based on the belief that nature is a precious endowment to humanity. Keva's approach towards protecting the surroundings is guided by internal policies and applicable external standards. To benchmark our environmental management system, Keva has been progressively adopting environmental protocols, adhering to leading certification and abiding to applicable environmental legislations.

At Keva, our people are our greatest asset, and their safety, health, and well-being is of utmost importance to us. Your Company undertakes various programmes to promote safety measures at its manufacturing facilities to ensure no injury or accident. In addition to workplace safety, great emphasis is placed on the health and well-being of employees.

During the year, the Company's facility at Mahad successfully passed the ISO certifications for Environment Management System and the OHSAS (Safety) Management System. Keva has continually improved its safety preparedness by acquiring stringent certifications like HACCP for food safety, Integrated Management System for environment and occupational safety to name a few at its various facilities. Keva's facilities at Vashivali and Mulund were recently honoured by the National Safety Council for adopting best safety practices and for having completed 3 consecutive years without any reportable accident at the facilities. Keva's ingredients and extraction facility at Vapi has also been certified with ISO 14001 and ISO 45001.

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
- Social distancing norms followed strictly at workplace and during travel
- Provision of hand sanitizers at workplace
- Meetings arranged through audio / audio-visual modes
- Medical Screening by Medical Officer of the organisation
- Tie-up with hospitals authorized to treat the COVID-19 Patients

Innovation

Innovation is Keva's principal business driver. Keva competes with itself in creating progressively better flavours and fragrances. Keva's robust Discovery & R&D teams focus on the development of novel molecules, technologies and sensory solutions. 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 last year.

Expenditure on R & D and creative development during the year under review was ₹ 44.04 Crores on standalone basis and ₹ 56.68 Crores on consolidated basis.

Foreign Exchange Earnings and Outgo

The foreign exchange earned in terms of actual inflows during the financial year 2019-20 was ₹ 21.70 Crores as against ₹ 30.18 Crores in financial year 2018-19 on a standalone basis. The foreign exchange outgo in terms of actual outflows during the financial year 2019-20 was ₹ 106.76 Crores as against ₹ 217.96 Crores in financial year 2018-19 on a standalone basis. The foreign exchange earned in terms of actual inflows during the financial year 2019-20 was ₹ 534.37 Crores as against ₹ 489.27 Crores in financial year 2018-19 on a consolidated basis. The foreign exchange outgo in terms of actual outflows during the financial year 2019-20 was ₹ 505.46 Crores as against ₹ 631.60 Crores in financial year 2018-19 on a consolidated basis.

Human Resources

Keva has been able to galvanize its human resource to become more agile, leverage change, be customer centric and win in the market. Keva's people architecture, HR systems and processes are designed to enhance employee capability, engagement, vitality and well-being so as to ensure that its employees add superior value - value which will help Keva's businesses stay ahead of competition and simultaneously work towards enabling the Company to achieve its growth plans. Keva has been working towards engaging and motivating employees with introduction of a host of initiatives throughout the year.

As a part of creating a better employee experience, Keva had launched 'Pratibimb' - a company-wide employee feedback survey to give Keva an opportunity to hear from its employee as it designs next level people centric and progressive impactful HR policies. Sarathi – a Coaching initiative, a stepping stone towards creating a coaching culture at Keva, has an internal community of certified coaches, recognized by International Coaching Federation and is focused towards grooming and nurturing Keva's talent.

Through LeAP (Leadership Advancement Program) – Keva's Global Talent Management Program and LEAD (Leveraging Elearning for Accelerated Development) programs, Keva has been continuously building and developing its talent pool. Top performers and high achievers are recognized for their exemplary performance though Keva Star - Keva's Global Employee Recognition Program.

PACT – Promise of Accountability, Commitment and Teamwork - is an exclusive program through which Keva is providing holistic and differentiated engagement plan and learning opportunities to its high performing employees to accelerate their career growth.

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 forms 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 which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Industrial Relations

In 2019-20, your Company has continued to maintain amicable industrial relation footprint by focusing on increased worker level engagement through formal and informal communication and training forums. A peaceful, Long Term Settlement was executed at Keva's manufacturing unit at Vashivali in December 2019.

Information Technology

IT systems are the backbone which support timely decisions through conversion of data into actionable information.

The Company's robust IT infrastructure includes:

- Centralised ERP system based on SAP – it is capable of covering business functions across finance, inventory management, procurement and logistics.
- Qlikview - it provides a wide array of data analysis facilities.
- Cupid – it is a homegrown ERP application for a Customer Project Integrated Development Process which provides a state of the art solution for project management.
- BMango – it is a customer project management application for flavours.
- Success Factors – it is a cloud based online system which is a single 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 (Customer Relationship Management) – it is a solution to empower the sales team with cutting edge technology on the go to manage customer engagements.
- K4C (Keva4Customer) application – with this application, the business is able to oversee sales projects on real time basis and keep track of its sales.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as Annexure G to this Report.

Awards and Recognition

Keva Fragrances Pvt. Ltd., a wholly owned subsidiary of the Company, was honoured with Certificate of Merit in competition for "Best Safety Practices" organized by National Safety Council-Maharashtra Chapter to recognise the zero accident frequency rate during the last three years in its facility Mulund, Mumbai.

Confirmations

There has been no change in the nature of business of the Company during the Financial Year 2019-20.

During the Financial Year 2019-20, 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 the period from 31 March 2020 and the date of this Board's Report.

The Company has complied with the applicable provisions of Secretarial Standard – 1 and Secretarial Standard – 2 relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively issued by Institute of Company Secretaries of India.

Cautionary Statement

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

Acknowledgements

Your Directors would like to thank all stakeholders, namely customers, shareholders, dealers, suppliers, bankers, employees and all other business associates for the continuous support given by them to the Company and its Management.

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

Mumbai
26 May 2020

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Annexure A

FORM AOC 1

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

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

(Currency: ₹ in crores)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Name of the subsidiary	Keva Fragrances Private Limited	Keva Flavours Private Limited	Saiba Industries Private Limited	Rasiklal Hemani Agencies Private Limited	Keva UK Limited#	Keva Fragrance Industries Pte Ltd#	PFW Aroma Ingredients BV#	P T SHKKEVA Indonesia#	Keva Chemicals Private Limited	VN Creative Chemicals Private Limited	Tanishka Fragrance Encapsulation Technologies LLP	Creative Flavours & Fragrances S.p.A	Anhui Ruibang Aroma Co. Ltd.	Purandar Fine Chemicals Pvt Ltd.	Keva Europe B.V.
Financial Period ended	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 March 2020	31 December 2019	31 March 2020	31 March 2020	31 March 2020
Exchange rate (year ended) (₹)	-	-	-	-	93.37	52.92	83.46	0.0046	-	-	-	79.88	9.96	-	83.46
Exchange rate (Average Rate) (₹)	-	-	-	-	88.23	51.13	78.18	0.0050	-	-	-	78.21	10.4	-	78.18
Share Capital	7.43	0.22	0.22	0.25	7.21	7.85	0.12	18.14	4.03	0.01	*0.00	15.98	28.29	0.01	0.01
Reserves & Surplus	341.67	41.35	9.67	43.77	18.55	5.46	37.44	(12.52)	(0.09)	16.32	*0.00	13.51	2.73	0.59	(1.49)
Total assets	557.32	146.94	17.45	47.91	27.75	200.72	182.16	19.04	4.39	146.53	*0.00	165.22	32.01	1.48	4.38
Total Liabilities	208.21	105.37	7.55	3.89	0.03	187.42	144.61	13.43	0.45	130.19	*0.00	135.74	0.99	0.88	5.87
Investment	10.81	-	-	-	27.68	45.76	-	-	-	-	-	-	-	-	-
Turnover	329.99	136.91	-	2.28	-	154.53	131.94	27.29	0.70	124.05	-	242.55	34.92	3.60	-
Profit / (loss) before taxation	(2.34)	(1.45)	(0.03)	4.14	*0.00	3.76	(29.28)	0.73	0.58	11.83	*0.00	6.02	0.72	0.29	(1.40)
Provision for taxation	9.45	(0.25)	(0.17)	1.08	-	0.94	7.13	0.55	0.07	3.29	-	2.14	0.21	0.11	-
Profit / (loss) after taxation	(11.79)	(1.20)	0.14	3.07	*0.00	2.82	(22.15)	0.18	0.65	8.54	*0.00	3.87	0.51	0.18	(1.40)
% of shareholding^	100	100	100	100	100	100	100	100	100	100	$51	51	$66.67	50	100

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

*Less than ₹ 0.01 crore

#Adjusted to align with group accounting policies

$Share of capital contribution

Place: Mumbai
Date: 26 May 2020

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Annexure B

FORM AOC 2

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:

(Currency: ₹ in crores)

Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount
Rent income:				
Keva Fragrances Pvt Ltd	Subsidiary	3 years	As per Agreement	3.51
Keva Flavours Pvt Ltd	Subsidiary	3 years	As per Agreement	0.65
Rent paid:				
Keva Constructions Pvt Ltd	Common Directors	3 years	As per Agreement	5.25
Saiba Industries Pvt Ltd	Subsidiary	5 years	As per Agreement	0.88
Keva Fragrance Industries Pte Ltd	Subsidiary	5 years	As per Agreement	0.96
Sale of goods:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	68.46
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	95.85
Keva Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.02
Keva Aromatics Pvt Ltd	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.07
Purchase of goods:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	54.69
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.50
Keva Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.68
VN Creative Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	10.85
Purandar Fine Chemicals Pvt Ltd	Joint Venture	ongoing	As per Transfer Pricing Guidelines	0.24
Keva Fragrance Industries Pte Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	74.72
Keva Biotech Pvt Ltd	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.01
Keva Aromatics Pvt Ltd	Common Directors	ongoing	As per Transfer Pricing Guidelines	1.48
Salary Cross Charge -Income:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.45
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.47
VN Creative Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.74
Keva Constructions Pvt Ltd	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.04
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.73
Saiba Industries Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.00*
Rasiklal Hemani Agencies Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.00*
Salary Cross Charge -Expenses:				
Keva Europe BV	Subsidiary	ongoing	As per Transfer Pricing Guidelines	3.32
Purchase of Scrap/Fixed Assets:				
Keva Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.66
Perfumary Cross Charge Paid:				
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	1.07
Trading Activity:				
Keva Fragrance Industries Pte Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	3.31
Brokerage & Commission paid				
Rasiklal Hemani Agencies Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	2.28
Processing Charges paid:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.74
Royalty Expense:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	16.47
Royalty Income:				
VN Creative Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	3.95
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.90
Development & Research Charges - Expenses:				
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	12.53

* less than ₹ 0.01 Cr

	Ramesh Vaze	**Kedar Vaze**
Mumbai	Director & Chairman	Director & Chief Executive Officer
26 May 2020	DIN: 00509751	DIN: 00511325

Annexure C

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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 31 March 2020, 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 31 March 2020 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;

(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;

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 *except for e-Form*

MGT-14 not filed for approval of Buy-back of shares by the board pursuant to Section 117(3)(g) of the Act however the Company is in the process of filing the said form and seeking condonation of delay from the Central Government in this regard;

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.

1. The members of the Company vide Postal Ballot notice dated 07 June 2019 approved the following:
   - Material related party transaction involving payment of royalty/license fees by the Company to any of its subsidiaries being related parties, for use of the intellectual property rights (being trademarks, patents, technical know-how etc.) belonging to its subsidiaries.
   - Increase the limits available for making investments / extending loans and giving guarantees or providing securities in connection with loan(s) to Person(s) / Bodies Corporate(s) shall not exceed a sum of ₹ 450 Cr (Rupees Four Hundred & Fifty Crores) over and above the limit prescribed under Section 186(2) of the Companies Act 2013.
2. The Company bought back 33,00,000 (Thirty Three Lakhs Only) fully paid-up equity shares of face value ₹ 10/- at a price of ₹ 180 per share on 07 August 2019.
3. The Board of Directors at its meeting held on 25 October 2019 approved the scheme of merger by absorption of Keva Chemicals Private Limited, Saiba Industries Private Limited and Rasiklal Hemani Agencies Private Limited (together referred to as "Transferor Companies") with the Company ("Transferee Company") and their respective shareholders and creditors, under the provisions of Section 230 to 232 of the Companies Act 2013. The application for merger was filed with National Company Law Tribunal, Mumbai Bench (NCLT) on 15 November 2019. NCLT, vide its order dated 18 March 2020, has dispensed the requirement of convening meetings of shareholders and creditors of the Transferor Companies as also the Transferee Company.
4. The Board of Directors declared an interim dividend on 18 March 2020 at the rate of ₹ 0.95 paise per equity share on 14,13,20,801 fully paid-up equity shares of face value of ₹ 10/- each for the financial year 2019-20.

Note: This Report is issued on the basis of information/documents/ material etc. ('data'). seen /verified/ made available to us. However due to the current lockdown situation under COVID-19 some of the data was made available to us in electronic form by the Secretarial Team of the Company and such data will be verified physically after the lockdown is lifted.

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

Ashwini Inamdar
Partner
FCS No: 9409
CP No.: 11226
UDIN : F009409B000279723

Place: Mumbai
Date: 26 May 2020

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,
S H Kelkar and Company Limited,
Devkaran Mansion,
36 Mangaldas Road,
Mumbai - 400002.

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

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

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

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

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

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

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

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

Ashwini Inamdar
Partner
FCS No: 9409
CP No.: 11226
UDIN : F009409B000279723

Place: Mumbai
Date: 26 May 2020

Annexure D
Details related to STAR
SH Kelkar Stock Appeciation Rights Scheme 2017

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

1.	**Description of each Stock Appreciation Rights (STAR) Scheme that existed any time during the year, including the general terms and conditions of each STAR scheme -**	
	a. Date of Shareholders' approval	01 November 2017
		The 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 during each spell and the price of each share divided by the total number of shares bought by the Trust during such spell. 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.	STARs movement during the year	
	Particulars	
	Number of STARs outstanding at the beginning of the year	10,26,403
	Number of STARs granted during the year	22,80,026
	Number of STARs ~~forfeited~~/lasped during the year	1,50,000
	Number of STARs vested during the year	10,26,403
	Number of STARs exercised/settled during the year	-
	Number of STARS outstanding at the end of the year	21,30,026
	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	22,80,026*
	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	33,73,663
	Acquired during the year	-
	Acquisition (total) as a percentage of paid up equity capital as at the end of the previous financial year	2.34
	Sold during the year	67,234**
	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.

**Shares bought-back during the year

Annexure E
Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019-20

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs –

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.

The Group has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and can be accessed through the following link: www.keva.co.in

2. The Composition of the CSR Committee:

The composition of the CSR Committee as on 31 March 2020 was as follows:

a) Mr. Ramesh Vaze – Non-Executive Director, Chairman

b) Ms. Prabha Vaze – Non-Executive Director, Member

c) Ms. Alpana Parida – Independent Director, Member

3. Average net profit of the company for last three financial years:

₹ 89.24 cr

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

₹ 1.78 cr

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: ₹ 1.78 Cr. *

b) Amount unspent, if any: Nil

c) Manner in which the amount spent during the financial year is detailed below:

(Currency : ₹ in crores)

S. No.	CSR project or activity identified.	Sector in which the project is covered	Projects or programs - (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. 2) overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Infrastructure Development Project - Setting up of 01 Bus Stop for students and community who are required to go to school, market and nearby city by bus	Promote rural development and environment protection	Lohap, Taluka – Khalapur, Distt: Raigad	0.080	0.039	**0.039**	Amount spent directly by the company
2	Provide Employment generation opportunity for women to sustain their livelihood by providing Sewing Machine	Promote education and employability	Vashivali, Maharashtra	0.005	0.005	**0.005**	Amount spent directly by the company
3	Promote education by providing Keva Academic Excellence Award to meritorious students to encourage to achieve more and keep them motivated towards education	Promote Education by way of awarding meritorious excellence	Dr. Parnerkar Maharaj Vidyalaya at Vashivali, Maharashtra and Koparli Mukhya Shala, Pandor Prathmik Shala and Salvav Mukhya Kendra Shala, Vapi, Gujarat	0.030	0.022	**0.022**	Amount spent directly by the company
4	Infrastructure School Development Project – Corridor construction with RCC ceiling for 02 Classrooms, at Dr. Parnerkar Maharaj Vidyalaya	Promote education	Dr. Parnerkar Maharaj Vidyalaya at Vashivali, Maharashtra	0.065	0.080	**0.080**	Amount spent directly by the company
5	Provide Garbage Collection van to the gram panchayat for waste management thereby manage and control waste outputs and contribute to the Environment sustainability	Support Environment Sustainability		0.050	0.065	**0.065**	Amount spent directly by the company
6	Provide an after school supplementary education program catering to students from lower socio-economic background Support IDF's Bal Gurukul Project	Promote Education	Various schools across Maharashtra	0.050	0.050	**0.050**	Amount spent through implementing agency – Indian Development Foundation (IDF)
7	Youth Program of Udaan India Foundation - To promote education to facilitate meaningful employment for youth in the age group of 18 to 25 years. Working on the needs of the youth, courses like computer literacy, applied knowledge of communicative and functional English, desired soft skills, employment readiness skills and vocational dexterity programs	Promote Education and Employability	Children from slum areas of Powai to Mulund belt at Mumbai in Maharashtra	0.100	0.100	**0.100**	Amount spent through implementing agency – Udaan India Foundation
8	Provide basic education facility through Balwadi's (pre-school) run at 12 centres & Guardianship of 15 students by Shabari Seva Samiti	Promote Education of girl child and empower them	Karjat and Murbad District, Raigad, Mumbai Maharashtra	0.120	0.120	**0.120**	Amount spent through implementing agency – Shabari Seva Samiti

(Currency : ₹ in crores)

S. No.	CSR project or activity identified.	Sector in which the project is covered	Projects or programs - (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. 2) overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
9	Run for a Cause - promote to build capacities of the disabled people. Awareness building amongst citizens about NASEOH and our support for the cause of their disabled people	Support Education by empowering people through employability programs to support future livelihood	Mumbai (Maharashtra)	0.080	0.080	**0.080**	Amount spent through implementing agency - NASEOH
10	Livelihood enhancement projects in the form of basic and specialized Computer Training and English Language to physically challenged youth of NASEOH	Provide education by empowering people through employability programs to support future livelihood	Mumbai (Maharashtra)	0.060	0.060	**0.060**	Amount spent through implementing agency - NASEOH
11	To provide infrastructure, manpower resources towards the development of Chemical processes for synthesis of bioactive molecules and related natural products in association with IIT Bombay	Promote education & employability	Mumbai (Maharashtra)	0.855	0.855	**0.855**	Amount spent through implementing agency – IIT Bombay
12	To support education for specialized subject of plant tissue culture laboratory for lab equipment, apparatus and other materials	Promote education	Valukad, Bhavnagar Dist, Gujarat	0.100	0.100	**0.100**	Amount spent through implementing agency – Vinay Vihar Education Trust
13	To support education infrastructure and facilities to the students of Shri Mahavira Jaina Vidyalaya Trust	Promote education	Mumbai (Maharashtra)	0.090	0.090	**0.090**	Amount spent through implementing agency - Mahavira Jaina Vidyalaya Trust
14	To promote Sports (Olympic Sports) by sponsoring right talent from College	Promote Sports (Olympic Sports)	V.G. Vaze College, Mumbai	0.050	0.050	**0.050**	Amount spent through implementing agency –V G Vaze College
15	To support Government of India in combating, the COVID-19 pandemic, and to provide relief to the affected by contribution to PM Cares Fund*	Public health emergency	Across India	0.050	0.050*	**0.050***	Amount spent through implementing agency – PM Cares
16	Support Environment Sustainability projects through Enterprise Social Commitment Plan by providing Solar LED lights on the internal village road	Environment Sustainability	Salvav village, Vapi, Dist. Valsad, Gujarat	0.020	0.019	**0.019**	Amount spent directly by the company
			Total	**1.805**	**1.785***	**1.785***	

*An Amount of ₹ 5,01,000/- was contributed in March 2020 to Chief Minister's Relief Fund in light of COVID-19 pandemic. Since the contribution to Chief Minister's Relief Fund was categorically mentioned by the Ministry of Corporate Affairs vide General Circular No. 15 /2020 dated 10 April 2020 as not qualifying as CSR expenditure, the Company contributed an amount of ₹ 5,01,000/- to PM CARES Fund in April 2020. The amount was contributed to the PM CARES Fund after the end of the FY 2019-20 but pertained to budget for FY 2019-20.

Details of the Implementing Agencies:

1. Udaan India Foundation
2. NASEOH (National Society for Equal Opportunities for Handicapped)
3. Shabari Seva Samiti
4. IIT Bombay
5. Indian Development Foundation
6. Vinay Vihar Education Trust
7. Mahavira Jaina Vidyalaya

Your Company is committed to focus on inclusive growth and improve lives by contributing towards communities around which it operates. This dedicated commitment towards inclusive growth is manifested through the Company's CSR initiatives undertaken around the manufacturing facilities as well as across National Programs in India during the financial year 2019-20. During the year, your Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects on an ongoing basis. The Company has actively taken steps in this direction and is committed to actively engage with the partners/ NGOs to execute the said projects and programs and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not Applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company:

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

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

Mumbai
26 May 2020

Ramesh Vaze
Director & Chairman
(Chairman – CSR Committee)
DIN: 00509751

Kedar Vaze
Director & 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 – Managing Director*	23.47:1
		b)	Mr. Kedar Vaze – Wholetime Director & Chief Executive Officer	23.11:1
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 – Managing Director*	N.A.
		b)	Mr. Kedar Vaze – Wholetime Director & Chief Executive Officer	2.10%
		c)	Mr. Shrikant Mate – Executive Vice President & Chief Financial Officer	16.18%
		d)	Ms. Deepti Chandratre – Company Secretary & DGM Legal	7.40%
iii)	The percentage increase in the median remuneration of employees in the financial year.	11.13%		
iv)	The number of permanent employees on the rolls of the company.	556 (standalone basis) 884 (group 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 employees has been 10.95%. 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 16.06% (including Long Term Settlement Impact and normal slap change increase)		
vi)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.			

*Upto 31 August 2020

Annexure F

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31 March 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. Registration & Other Details:

i)	CIN	L74999MH1955PLC009593
ii)	Registration Date	01.07.1955
iii)	Name of the Company	S H Kelkar and Company Ltd
iv)	Category/Sub-category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office & contact details	Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002 Tel: +91 22 2164 9163 Fax: +91 22 2208 1204
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Link Intime India Pvt Ltd C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400083 Tel: +91 22 4918 6000 Fax: +91 22 4918 6060

II. Principal Business Activities of the Company:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Name and Description of main products/ services	NIC Code of the Product/Services	% to total turnover of the Company
Manufacture of essential oils; modification by chemical processes of oils and fats (e.g. by oxidation, polymerization etc.)	20293	89.67%
Manufacture of organic and inorganic chemical compounds n.e.c	20119	10.12%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Sections
1.	Keva Fragrances Private Limited Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U24110MH1978PTC020545	Subsidiary	100%	2(87)
2.	Keva Flavours Private Limited Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U15134MH1980PTC023361	Subsidiary	100%	2(87)
3.	Saiba Industries Private Limited Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U15495MH1960PTC011658	Subsidiary	100%	2(87)
4.	Keva Chemicals Private Limited Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U24100MH2007PTC169546	Subsidiary	100%	2(87)
5.	Rasiklal Hemani Agencies Pvt Ltd Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U74899MH1975PTC290035	Subsidiary	100%	2(87)
6.	VN Creative Chemicals Pvt Ltd Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U24290MH2017PTC292382	Subsidiary	100%	2(87)

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Sections
7.	Purandar Fine Chemicals Pvt Ltd C-44, MICD, Jejuri – 412303	U24299PN2010PTC136761	Joint Venture	50%	2(87)
8.	Keva UK Limited 63 Elliot Road, Hendon, London, NW4 3DN	-	Subsidiary	100%	2(87)
9.	Keva Fragrance Industries Pte Ltd 540 Sims Avenue, #3-5 Sims Avenue Centre, Singapore	-	Subsidiary	100%	2(87)
10.	PFW Aroma Ingredients B.V Office – Veemweg 29- 31 , Plant Nijverheidsweg 60 Barneveld, the Netherlands	-	Subsidiary	100%	2(87)
11.	PT SHK Keva Indonesia Jalan Letjen TB. Simatupang No. 1, South Jakarta, Kab Bekasi	-	Subsidiary	100%	2(87)
12.	Creative Flavours & Fragrances SpA Via Borgogna no. 7, Milan, Italy	-	Subsidiary	51%	2(87)
13.	Tanishka Fragrance Encapsulation Technologies LLP LBS Marg, Near R City Mall, Ghatkopar Mumbai	AAJ-0181	Subsidiary	51%[$]	-
14.	Anhui Ruibang Aroma Co Ltd South of Yumin Road, Economic Development Zone, Taihe Country, Fuyang City, Anhui Province, China	-	Subsidiary	66.7%	2(87)
15.	Keva Europe BV [#] Stadhouderskade 12, 1054 ES, Amsterdam, the Netherlands	-	Subsidiary	100%	2(87)
16.	Keva Italy S.r.l.[@] Piazza Belgioioso 2, Milan, Italy	-	Subsidiary	100%	

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

[$]Share of capital contribution

[#]Incorporated on 02 April 2019

[@] Incorporated on 26 November 2019

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01 April 2019)				No. of Shares held at the end of the year (As on 31 March 2020)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	50890464	-	50890464	35.19	50272055	-	50272055	35.57	0.38
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	14058757	-	14058757	9.72	13727806	-	13727806	9.71	(0.01)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	2030200	-	2030200	1.40	2019200	-	2019200	1.43	0.03
Sub-total (A) (1)	**66979421**	**-**	**66979421**	**46.31**	**66019061**	**-**	**66019061**	**46.72**	**0.40**
(2) Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	15324000	-	15324000	10.60	15229000	-	15229000	10.78	0.18
d) Bank / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**15324000**	**-**	**15324000**	**10.60**	**15229000**	**-**	**15229000**	**10.78**	**0.18**
Total shareholding of Promoter (A)= (A)(1) + (A)(2)	**82303421**	**-**	**82303421**	**56.91**	**81248061**	**-**	**81248061**	**57.49**	**0.58**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	6559949	-	6559949	4.54	9510974	-	9510974	6.73	2.19
b) Banks / FI	46713	-	46713	0.03	44380	-	44380	0.03	(0.00)
c) Alternate Investment Funds	6382	-	6382	0.00^	0	-	0	0.00	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Cap Funds	-	-	-	-	-	-	-	-	-
f) Insurance Cos	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investor	29171672	-	29171672	20.17	24380620	-	24380620	17.25	(2.92)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	**35784716**	**-**	**35784716**	**24.74**	**33935974**	**-**	**33935974**	**24.01**	**(0.73)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1826107	-	1826107	1.26	1715370	-	1715370	1.21	(0.05)
ii) Overseas	14534391	-	14534391	10.05	14534391	-	14534391	10.28	0.23
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3586979	-	3586979	2.48	3654530	-	3654530	2.59	0.11
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1900078	-	1900078	1.31	2095940	-	2095940	1.48	0.17
c) NBFCs registered with RBI	142613	-	142613	0.01	0	-	0	0.00	(0.01)
c) Others	1174833	-	1174833	0.81	830106	-	830106	0.59	(0.22)
Sub-total (B)(2)	**23165001**	**-**	**23165001**	**16.02**	**22830337**	**-**	**22830337**	**16.16**	**(0.14)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**58949717**	**-**	**58949717**	**40.76**	**56766311**	**-**	**56766311**	**40.17**	**(0.59)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
i) Custodian/DR Holder	-	-	-	-	-	-	-	-	-
ii) Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations, 2014)	3367663	-	3367663	2.33	3306429	-	3306429	2.34	0.01
Total shares held (C)	**965553**	**-**	**965553**	**0.67**	**3367663**	**-**	**3367663**	**2.33**	**1.66**
Grand Total (A+B+C)	**144620801**	**-**	**144620801**	**100.00**	**141320801**	**-**	**141320801**	**100.00**	**0.00**

^Less than 0.01%

B. Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01 April 2019)			Shareholding at the end of the year (As on 31 March 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ramesh Vaze	25965600	17.95	-	25749524*	18.22	-	0.27
2	Prabha Vaze	5014514	3.47	-	4914514	3.48	-	0.01
3	Kedar Vaze	14215100	9.83	0.02	13935100#	9.86	0.02	0.03
4	Parth Vaze	1325000	0.92	-	1318000	0.93	-	0.01
5	Nandan Vaze	1325000	0.92	-	1318000	0.93	-	0.01
6	Nihar Nene	0	0	-	0	0	-	0
7	Neha Karmarkar	761250	0.53	-	761250	0.54	-	0.01
8	Sumedha Karmarkar	150	0	-	150	0	-	0
9	Nishant Karmarkar	761250	0.53	-	761250	0.54	-	0.01
10	Anagha Nene	1522600	1.05	-	1514267	1.07	-	0.02
11	Vinayak Ganesh Vaze Charities	2030000	1.40	-	2019000	1.43	-	0.03
12	Keva Constructions Pvt Ltd	11013757	7.62	-	10691139	7.57	-	-0.05
13	ASN Investment Advisors Pvt Ltd	1522500	1.05	-	1514267	1.07	-	0.02
14	SKK Industries Pvt Ltd	1522500	1.05	-	1522500	1.08	-	0.03
15	KNP Industries Pte. Ltd.	15324000	10.60	-	15229000	10.78	-	0.18
16	Kedar Ramesh Vaze Family Trust	100	0	-	100	0	-	0.00^
17	Ramesh Vinayak Vaze Family Trust	100	0	-	100	0	-	0.00^
18	Keva Investment Partners	-	-	-	0$	0	-	0

Note:

*1,65,500 equity shares purchased by Mr. Ramesh Vaze on market on 31 March 2020 were in the pool with the clearing members as on 31 March 2020

#1,00,000 and 67,500 equity shares purchased by Mr. Kedar Vaze on market on 30 March 2020 and 31 March 2020 respectively, were in the pool with the clearing members as on 31 March 2020. Out of 1,41,02,600 equity shares, 33,000 equity share representing 0,02% of paid up share capital of the Company are under encumbrance with Kotak Mahindra Bank Limited

$Keva Investment Partners is a partnership firm owned by promoters of the Company. Firm has acquired 33,742 equity shares from market on 30 March 2020 which were in pool with the clearing member as on 31 March 2020. Hence, showing firm as a Promoter Group with nil holding in current shareholding pattern.

^Less than 0.01%

C. Change in Promoters' Shareholding

Sr. No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	Ramesh Vaze*	**01.04.2019**	**Opening balance**	**25965600**	**17.95**	**25965600**	**17.95**
		26.07.2019	Buyback of shares	(512000)	(0.36)	25453600	18.01
		13.09.2019	Purchase	15000	0.01	25468600	18.02
		20.09.2019	Purchase	24912	0.02	25493512	18.04
		27.09.2019	Purchase	256012	0.18	25749524	18.22
		31.03.2020	**Closing balance**	**25749524**	**18.22**	**25749524**	**18.22**
2.	Kedar Vaze#	**01.04.2019**	**Opening balance**	**14215100**	**9.83**	**14215100**	**9.83**
		26.07.2019	Buyback of shares	(280000)	(0.20)	13935100	9.86
		31.03.2020	**Closing balance**	**13935100**	**9.86**	**13935100**	**9.86**
3.	Prabha Vaze	**01.04.2019**	**Opening balance**	**5014514**	**3.47**	**5014514**	**3.47**
		26.07.2019	Buyback of shares	(100000)	(0.07)	4914514	3.48
		31.03.2020	**Closing balance**	**4914514**	**3.48**	**4914514**	**3.48**
4.	Parth Vaze	**01.04.2019**	**Opening balance**	**1325000**	**0.92**	**1325000**	**0.92**
		09.08.2019	Buyback of shares	(7000)	(0.00)^	1318000	0.93
		31.03.2020	**Closing balance**	**1318000**	**0.93**	**1318000**	**0.93**
5.	Nandan Vaze	**01.04.2019**	**Opening balance**	**1325000**	**0.92**	**1325000**	**0.94**
		09.08.2019	Buyback of shares	(7000)	(0.00)^	1318000	0.93
		31.03.2020	**Closing balance**	**1318000**	**0.93**	**1318000**	**0.93**
6.	Nihar Nene	**01.04.2019**	**Opening balance**	**0**	**0.00**	**0**	**0.00**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**0**	**0.00**	**0**	**0.00**
7.	Neha Karmarkar	**01.04.2019**	**Opening balance**	**761250**	**0.53**	**761250**	**0.53**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**761250**	**0.54**	**761250**	**0.54**
8.	Sumedha Karmarkar	**01.04.2019**	**Opening balance**	**150**	**0.00^**	**150**	**0.00^**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**150**	**0.00^**	**150**	**0.00^**
9.	Nishant Karmarkar	**01.04.2019**	**Opening balance**	**761250**	**0.53**	**761250**	**0.53**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**761250**	**0.54**	**761250**	**0.54**
10.	Anagha Nene	**01.04.2019**	**Opening balance**	**1522600**	**1.05**	**1522600**	**1.05**
		09.08.2019	Buyback of shares	(8333)	(0.00)^	1514167	1.07
		31.03.2020	**Closing balance**	**1514167**	**1.07**	**1514167**	**1.07**
11.	Vinayak Ganesh Vaze Charities	**01.04.2019**	**Opening balance**	**2030000**	**1.40**	**2030000**	**1.40**
		09.08.2019	Buyback of shares	(11000)	(0.00)^	2019000	1.43
		31.03.2020	**Closing balance**	**2019000**	**1.43**	**2019000**	**1.43**
12.	Keva Constructions Pvt Ltd	**01.04.2019**	**Opening balance**	**11013757**	**7.62**	**11013757**	**7.62**
		26.07.2019	Buyback of shares	(322618)	(0.23)	7615000	5.39
		31.03.2020	**Closing balance**	**10691139**	**7.57**	**10691139**	**7.57**
13.	ASN Investment Advisors Pvt Ltd	**01.04.2019**	**Opening balance**	**1522500**	**1.05**	**1522500**	**1.05**
		09.08.2019	Buyback of shares	(8333)	(0.00)^	1514167	1.07
		31.03.2020	**Closing balance**	**1514167**	**1.07**	**1514167**	**1.07**
14.	SKK Industries Pvt Ltd	**01.04.2019**	**Opening balance**	**1522500**	**1.05**	**1522500**	**1.05**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**1522500**	**1.08**	**1522500**	**1.08**
15.	KNP Industries Pte Ltd	**01.04.2019**	**Opening balance**	**15324000**	**10.60**	**15324000**	**10.60**
		26.07.2019	Buyback of shares	(95000)	(0.07)	15229000	10.78
		31.03.2020	**Closing balance**	**15229000**	**10.78**	**15229000**	**10.78**
16.	Kedar Ramesh Vaze Family Trust	**01.04.2019**	**Opening balance**	**100**	**0.00^**	**100**	**0.00^**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**100**	**0.00^**	**100**	**0.00^**

Sr. No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
17.	Ramesh Vinayak Vaze Family Trust	**01.04.2019**	**Opening balance**	**100**	**0.00^**	**100**	**0.00^**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**100**	**0.00^**	**100**	**0.00^**
18.	Keva Investment Partners$	**01.04.2019**	**Opening balance**	**0**	**0.00**	**0**	**0.00**
		-	Purchase/Sale	-	-	-	-
		31.03.2020	**Closing balance**	**0**	**0.00**	**0**	**0.00**

Note:

*1,65,500 equity shares purchased by Mr. Ramesh Vaze on market on 31 March 2020 were in the pool with the clearing members as on 31 March 2020.

#1,00,000 and 67,500 equity shares purchased by Mr. Kedar Vaze on market on 30 March 2020 and 31 March 2020 respectively, were in the pool with the clearing members as on 31 March 2020. Out of 1,41,02,600 equity shares, 33,000 equity share representing 0,02% of paid up share capital of the Company are under encumbrance with Kotak Mahindra Bank Limited

$Keva Investment Partners is a partnership firm owned by promoters of the Company. Firm has acquired 33,742 equity shares from market on 30 March 2020 which were in pool with the clearing member as on 31 March 2020. Hence, showing firm as a Promoter Group with nil holding in current shareholding pattern.

^Less than 0.01%

D. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd	**01.04.2019**	**Opening balance**	**14439269**	**9.98**	**14439269**	**9.98**
		-	-	-	-	-	-
		31.03.2020	**Closing balance**	**14439269**	**10.22**	**14439269**	**10.22**
2.	Stichting Depositary Apg Emerging Markets Equity Pool	**01.04.2019**	**Opening balance**	**8310359**	**5.75**	**8310359**	**5.75**
		03.05.2019	Purchase	7843	0.01	8318202	5.75
		10.05.2019	Purchase	42837	0.03	8361039	5.78
		17.05.2019	Purchase	20961	0.01	8382000	5.80
		24.05.2019	Purchase	6359	0.00	8388359	5.80
		14.06.2019	Sale	(548994)	-0.38	7839365	5.42
		09.08.2019	Buyback of Shares	(418424)	(0.30)	7420941	5.25
		13.12.2019	Purchase	28058	0.02	7448999	5.27
		20.12.2019	Purchase	26300	0.02	7475299	5.29
		27.12.2019	Purchase	26730	0.02	7502029	5.31
		31.12.2019	Purchase	4007	0.002	7506036	5.31
		03.01.2020	Purchase	13500	0.009	7519536	5.32
		10.01.2020	Purchase	269322	0.19	7788858	5.51
		07.02.2020	Purchase	88963	0.06	7877821	5.58
		14.02.2020	Purchase	7061	0.005	7884882	5.58
		28.02.2020	Purchase	141059	0.10	8025941	5.68
		31.03.2020	Sale	(118400)	(0.08)	7907541	5.60
		31.03.2020	**Closing balance**	**7907541**	**5.60**	**7907541**	**5.60**

Sr. No.	Name of Shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
3.	HDFC Trustee Company Ltd. A/C Hdfc Capital Builder Value Fund	**01.04.2019**	**Opening balance**	**4077923**	**2.82**	**4077923**	**2.82**
		05.04.2019	Purchase	450000	0.31	4527923	3.13
		12.04.2019	Purchase	76000	0.05	4603923	3.18
		14.06.2019	Purchase	1000000	0.69	5603923	3.87
		09.08.2019	Buyback of Shares	(119203)	(0.08)	5484720	3.88
		23.08.2019	Purchase	376000	0.27	5860720	4.15
		20.12.2019	Purchase	2923	0.002	5863643	4.15
		21.02.2020	Purchase	46870	0.03	5910513	4.18
		28.02.2020	Purchase	81007	0.058	5991520	4.24
		06.03.2020	Purchase	100000	0.07	6091520	4.31
		27.03.2020	Purchase	605700	0.43	6697220	4.74
		31.03.2020	**Closing Balance**	**6697220**	**4.74**	**6697220**	**4.74**
4.	Barclays Wealth Trustees India Private Limited	**01.04.2019**	**Opening balance**	**3367663**	**2.33**	**3367663**	**2.33**
		05.04.2019	Purchase	6000	0.00	3373663	2.33
		09.08.2019	Buyback of Shares	(67234)	(0.05)	3306429	2.34
		31.03.2020	**Closing Balance**	**3306429**	**2.34**	**3306429**	**2.34**
6.	FIAM Group Trust For Employee Benefit Plans - FIAM Emerging Markets Commingled Pool	**01.04.2019**	**Opening Balance**	**2266700**	**1.57**	**2266700**	**1.57**
		19.04.2019	Purchase	18100	0.01	2284800	1.58
		26.04.2019	Purchase	33546	0.02	2318346	1.60
		03.05.2019	Purchase	11000	0.01	2329346	1.61
		10.05.2019	Purchase	13900	0.01	2343246	1.62
		17.05.2019	Purchase	5603	0.00	2348849	1.62
		24.05.2019	Purchase	2500	0.00	2351349	1.63
		14.06.2019	Purchase	154200	0.11	2505549	1.73
		05.07.2019	Purchase	27675	0.02	2533224	1.75
		12.07.2019	Purchase	61709	0.04	2594933	1.79
		09.08.2019	Buyback of Shares	(133734)	(0.09)	2461199	1.74
		23.08.2019	Purchase	80100	0.06	2541299	1.80
		30.08.2019	Purchase	7900	0.005	2549199	1.80
		06.09.2019	Purchase	3596	0.002	2552795	1.81
		18.10.2019	Purchase	10900	0.007	2563695	1.81
		25.10.2019	Purchase	3000	0.002	2566695	1.82
		21.02.2020	Sale	(27656)	(0.02)	2539039	1.80
		28.02.2020	Sale	(40384)	(0.03)	2498655	1.77
		06.03.2020	Sale	(3700)	(0.003)	2494955	1.76
		20.03.2020	Sale	(14100)	(0.01)	2480855	1.75
		27.03.2020	Sale	(126300)	(0.09)	2354555	1.67
		31.03.2020	Sale	(10000)	(0.007)	2344555	1.66
		31.03.2020	**Closing balance**	**2344555**	**1.66**	**2344555**	**1.66**
7.	IDFC MULTI CAP FUND	**01.04.2019**	**Opening balance**	**2013935**	**1.39**	**2013935**	**1.39**
		05.04.2019	Purchase	2597	0.00^	2016532	1.39
		24.05.2019	Purchase	200000	0.14	2216532	1.53
		21.06.2019	Purchase	324500	0.22	2541032	1.76
		29.06.2019	Purchase	500	0.00	2541532	1.76
		09.08.2019	Buyback of Shares	(46079)	(0.03)	2495453	1.77
		30.08.2019	Purchase	314217	0.22	2809670	1.99
		31.03.2020	**Closing Balance**	**2809670**	**1.99**	**2809670**	**1.99**

Sr. No.	Name of Shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
8.	Morgan Stanley India Investment Fund, Inc.	**01.04.2019**	**Opening balance**	**1874989**	**1.30**	**1874989**	**1.30**
		24.05.2019	Sale	(685634)	(0.47)	1189355	0.82
		31.05.2019	Sale	(100875)	(0.07)	1088480	0.75
		14.06.2019	Sale	(279278)	(0.19)	809202	0.56
		21.06.2019	Sale	(5420)	(0.00)^	803782	0.56
		09.08.2019	Buyback of Shares	(42902)	(0.03)	760880	0.54
		23.08.2019	Sale	(760880)	(0.54)	0	0.00
		31.03.2020	**Closing balance**	**0**	**0.00**	**0**	**0.00**
9.	Fidelity Investment Trust Fidelity Series Emerging Markets Fund	**01.04.2019**	**Opening balance**	**1387444**	**0.96**	**1387444**	**0.96**
		05.04.2019	Purchase	5116909	3.54	6504353	4.50
		12.04.2019	Purchase	678083	0.47	7182436	4.97
		19.04.2019	Purchase	78246	0.05	7260682	5.02
		26.04.2019	Purchase	127915	0.09	7388597	5.11
		03.05.2019	Purchase	28112	0.02	7416709	5.13
		10.05.2019	Purchase	42457	0.03	7459166	5.16
		17.05.2019	Purchase	30357	0.02	7489523	5.18
		25.05.2019	Purchase	30357	0.02	8003453	5.53
		31.05.2019	Purchase	827161	0.57	8830614	6.11
		29.06.2019	Purchase	4964	0.00	8835578	6.11
		05.07.2019	Purchase	38033	0.03	8873611	6.14
		12.07.2019	Purchase	43491	0.03	8917102	6.17
		26.07.2019	Purchase	1351	0.00	8918453	6.17
		02.08.2019	Purchase	12859	0.01	8931312	6.18
		09.08.2019	Buyback of Shares	(240072)	(0.17)	8691240	6.15
		16.08.2019	Purchase	24252	0.02	8715492	6.17
		23.08.2019	Purchase	327319	0.23	9042811	6.40
		30.08.2019	Purchase	29004	0.02	9071815	6.42
		06.09.2019	Purchase	24616	0.02	9096431	6.44
		13.09.2019	Purchase	9045	0.006	9105476	6.44
		20.09.2019	Purchase	7769	0.005	9113245	6.45
		27.09.2019	Purchase	1892	0.001	9115137	6.45
		30.09.2019	Purchase	2719	0.002	9115137	6.45
		11.10.2019	Purchase	3615	0.002	9121471	6.45
		18.10.2019	Purchase	42819	0.03	9164290	6.48
		25.10.2019	Purchase	8106	0.005	9172396	6.49
		21.02.2020	Sales	(98851)	(0.07)	9073545	6.42
		28.02.2020	Sales	(150537)	(0.11)	8923008	6.31
		06.03.2020	Sales	(16410)	(0.01)	8906598	6.30
		13.03.2020	Sales	(10113)	(0.007)	8896485	6.29
		20.03.2020	Sales	(35717)	(0.02)	8860768	6.27
		27.03.2020	Sales	(456140)	(0.32)	8404628	5.95
		31.03.2020	Sales	(31416)	(0.02)	8373212	5.92
		31.03.2020	**Closing balance**	**8373212**	**5.92**	**8373212**	**5.92**
10.	Wells Fargo Emerging Markets Equity Fund	**01.04.2019**	**Opening balance**	**1314144**	**0.91**	**1314144**	**0.91**
		09.08.2019	Buyback of Shares	(70143)	(0.05)	1244001	0.88
		31.03.2020	**Closing balance**	**1244001**	**0.88**	**1244001**	**0.88**

E. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Director and Key Managerial Person	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	Ramesh Vaze	**01.04.2019**	**Opening balance**	**25965600**	**17.95**	**25965600**	**17.95**
		26.07.2019	Buyback of Shares	(512000)	(0.36)	25453600	18.01
		13.09.2019	Purchase	15000	0.01	25468600	18.02
		20.09.2019	Purchase	24912	0.01	25493512	18.03
		27.09.2019	Purchase	246012	0.17	25749524	18.22
		31.03.2020	**Closing balance**	**25965600**	**18.22**	**25749524**	**18.22**
2.	Kedar Vaze	**01.04.2019**	**Opening balance**	**14215100**	**9.83**	**14215100**	**9.83**
		26.07.2019	Buyback of Shares	(280000)	(0.20)	13935100	9.86
		31.03.2020	**Closing balance**	**14215100**	**9.86**	**13935100**	**9.86**
3.	Prabha Vaze	**01.04.2019**	**Opening balance**	**5014514**	**3.47**	**5014514**	**3.47**
		26.07.2019	Buyback of Shares	(100000)	0.07	4914514	3.48
		31.03.2020	**Closing balance**	**5014514**	**3.48**	**4914514**	**3.48**
4 .	Shrikant Mate	**01.04.2019**	**Opening balance**	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2020	**Closing balance**	-	-	-	-
5.	Deepti Chandratre	**01.04.2019**	**Opening balance**	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2020	**Closing balance**	-	-	-	-

V. Indebtedness:-

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Currency : ₹ in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	87.41	-	24.09	**111.50**
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.35	-	-	**0.35**
Total (i+ii+iii)	**87.76**	**-**	**24.09**	**111.85**
Change in Indebtedness during the financial year				
Addition	430.03	2.51	2.19	**434.72**
Reduction	(443.26)	(0.00)	1.75	**(441.51)**
Exchange Difference	-	-	-	-
Net Change	**(13.23)**	**2.51**	**3.93**	**(6.79)**
Indebtedness at the end of the financial year				
i) Principal Amount	74.44	2.50	24.09	**101.03**
ii) Interest due but not paid	-	0.01	3.93	**3.94**
iii) Interest accrued but not due	0.09	-	-	**0.09**
Total (i+ii+iii)	**74.53**	**2.51**	**28.02**	**105.06**

*Not within the purview of the provisions of Section 73 and Section 74 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Currency : ₹ in crores)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ramesh Vaze (MD)	Kedar Vaze (WTD)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.75	1.72	3.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	1.75	1.72	3.47
	Ceiling as per Companies Act, 2013	4.52		

B. Remuneration to other directors:

(Currency : ₹ in crores)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	**Mr. Shrikant Oka**	**Mr. Dalip Sehgal**	**Mr. Jairaj Purandare**	**Mrs. Alpana Parida**	**Mrs. Sangeeta Singh**	**Mr. Mark Elliott***	
	Fee for attending board / committee meetings	0.10	0.12	0.10	0.13	0.14	0.01	0.60
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	**0.10**	**0.12**	**0.10**	**0.13**	**0.14**	**0.01**	**0.60**
2.	Other Non-Executive Directors	**Mr. Ramesh Vaze**	**Mrs. Prabha Vaze**	**Mr. Deepak Raj Bindra#**	**Mr. Amit Dalmia**			
	Fee for attending board / committee meetings	0.03	0.05	0.00	0.00			**0.05**
	Commission	1.17^	-	-	-			1.17
	Others, please specify		-	-	-			
	Total (2)	**1.20**	**0.05**	**0.00**	**0.00**			**1.24**
	Total (B)=(1+2)	**1.84^**						
	Ceiling as per Companies Act, 2013	0.45^						

* Appointed as Independent director w.e.f. 15 December 2019

Resigned from the directorship of the Company w.e.f. 15 October 2019

^Approval of shareholders was obtained in July 2019 for paying remuneration in excess of limits permitted under Companies Act, 2013. Though total (B) includes sitting fees, the same are to be excluded while computing the ceiling as per Companies Act, 2013.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Currency : ₹ in crores)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1.16	0.28	1.44
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.04	0.02	0.06
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option*	-	*1,50,000	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total		1.20	0.30	1.50

*The CFO was eligible for Stock Appreciation Rights (STARS). This is the number of STARS granted to the CFO during the year.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalty/ punishment / compounding of offence for breach of any section of Companies Act, 2013 against the Company or its Director or other officers in default, during the year.

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

Place: Mumbai
Date: 26 May 2020

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Report on Corporate Governance

Company's Philosophy

Your Company is committed to the highest standards of corporate governance. Keva's goal is to promote and protect the long-term interest of all stakeholders and to that end, 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 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 ten Directors out of which nine Directors (90%) are Non-Executive Directors. The Company has six Independent Directors who comprise 60% 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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 2020 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	6	-	-
Ms. Prabha Vaze	00509817	Non-Executive/Promoter	Yes	6	-	-
Mr. Kedar Vaze	00511325	Whole-time Director & CEO/ Promoter	Yes	6	-	-
Mr. Amit Dalmia	05313886	Non-Executive/Non-Independent	No	1	-	2
Mr. Deepak Raj Bindra#	06835196	Non-Executive/Non-Independent	No	-	-	-
Mr. Dalip Sehgal	00217255	Non-Executive/Independent	No	1	1	1
Ms. Alpana Parida	06796621	Non-Executive/Independent	Yes	6	1	5
Mr. Jairaj Purandare	00159886	Non-Executive/Independent	Yes	1	-	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	NA	-	-	-

*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.

#Ceased to be a director on 25 October 2019.

$Appointed with effect from 15 December 2019.

Details of directorship of listed entities as on 31 March 2020 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
Ms. Alpana Parida	S H Kelkar and Company Limited	Non – Executive Independent Director
	GRP Limited	Non – Executive Independent Director
	Prime Securities Limited	Non – Executive Independent Director
	Cosmo Films Limited	Non – Executive – Non 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
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, 6 (six) Board Meetings were held on 22.05.2019, 10.06.2019, 09.08.2019, 25.10.2019, 07.02.2020 and 18.03.2020. 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	6	6
Ms. Prabha Vaze	6	4
Mr. Kedar Vaze	6	6
Mr. Amit Dalmia	6	4
Mr. Deepak Raj Bindra*	4	-
Mr. Dalip Sehgal	6	6
Ms. Alpana Parida	6	6
Mr. Jairaj Purandare	6	6
Ms. Sangeeta Singh	6	6
Mr. Shrikant Oka	6	6
Mr. Mark Elliott#	2	1

*Ceased to be a director on 25 October 2019.
#Appointed with effect from 15 December 2019.

Tenure of 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. Four 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. No Independent Director shall hold office for more than two consecutive terms but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to be an Independent Director. 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.

Independent Directors' Meeting

One Independent Directors' meeting was convened on 18 March 2020, 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 of directors of the Company comprises of distinguished individuals who bring together rich experience and unparalleled knowledge. The core skills/competencies/expertise identified by the Board as required in the context of its business and industry for it to function effectively are as under:

- Operations
- Finance
- Legal
- Branding
- Human Resource Management
- Knowledge of F&F and FMCG sector
- Strategy and business development

Competencies available with Board are mentioned hereunder:

- Operations (Mr. Dalip Sehgal, Mr. Mark Elliott)
- Finance (Mr. Jairaj Purandare)
- Legal (Mr. Shrikant Oka)
- Branding (Ms. Alpana Parida)
- Human Resource Management (Ms. Sangeeta Singh)
- Knowledge of F&F and FMCG sector (Mr. Dalip Sehgal)
- Strategy and business development (Mr. Dalip Sehgal and Mr. Mark Elliott)

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 2020.

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 determine 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 2019-20 along with their respective Shareholding in the Company are as under:

(Currency : ₹ 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 2020
Mr. Ramesh Vaze@	1.53	0.03	0.19	@1.17	0.02	1.75	2,57,49,524$
Ms. Prabha Vaze	-	-	-	-	0.05	0.05	49,14,514
Mr. Kedar Vaze	1.29	0.08	0.35	-	-	1.72	1,39,35,100&
Mr. Deepak Raj Bindra^	-	-	-	-	-	-	-
Mr. Amit Dalmia	-	-	-	-	-	-	-
Mr. Shrikant Oka	-	-	-	-	0.10	0.10	-
Mr. Dalip Sehgal	-	-	-	-	0.12	0.12	-
Ms. Alpana Parida	-	-	-	-	0.13	0.13	-
Mr. Jairaj Purandare	-	-	-	-	0.10	0.10	-
Ms. Sangeeta Singh	-	-	-	-	0.14	0.14	-
Mr. Mark Elliott#	-	-	-	-	0.01	0.01	-

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

@Mr. Ramesh Vaze was acting as Managing Director until 31 August 2019, thereafter, he was appointed as Non-Executive Director and Chairman of Board of Directors with effect from 01 September 2019 pursuant to approval of shareholders. Salary & perquisites, contribution to funds performance linked variable incentive of Mr. Ramesh Vaze pertain to a period from 01 April 2019 to 31 August 2019. Amount of salary & perquisites includes leave encashment of ₹ 0.67 Cr pursuant to retirement as Managing Director. Mr. Ramesh Vaze has received sitting fees and commission from 01 September 2019 upto 31 March 2020 in capacity as Non-Executive Director and Chairman of Board of Directors.

$1,65,500 equity shares purchased by Mr. Ramesh Vaze on market on 31 March 2020 were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Ramesh Vaze as on 31 March 2020 is 2,59,15,024.

&1,00,000 and 67,500 equity shares purchased by Mr. Kedar Vaze on market on 30 March 2020 and 31 March 2020 respectively, were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Kedar Vaze as on 31 March 2020 is 1,41,02,600.

^Ceased to be a director on 25 October 2020.

#Appointed with effect from 15 December 2019.

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 2019-20, 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 2020 viz. Mr. Kedar Vaze - Whole-time Director & Group CEO. The Nomination and Remuneration Committee 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 two broad terms – Fixed Remuneration and Variable remuneration in the form of performance incentive. 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 Nomination and Remuneration Committee. The Board notes such annual increases.

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 2020, 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 accounting and financial management knowledge. 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 4 (four) times during the year on 22.05.2019, 09.08.2019, 25.10.2019 and 07.02.2020. 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	4	4
Mr. Dalip Sehgal	4	4
Mr. Shrikant Oka	4	4
Ms. Sangeeta Singh	4	4
Mr. Kedar Vaze	4	4
Mr. Amit Dalmia	4	3

The Chairman of the Committee was present at the last Annual General Meeting of the Company held on 09 August 2019.

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 on 25 October 2019.

As on 31 March 2020, the Nomination and Remuneration Committee comprised of the following members, all of them being Non-Executive Directors:

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

The Company Secretary is the Secretary to the Committee.

Mr. Deepak Raj Bindra ceased to be a member of the Committee on 25 October 2019.

Meetings and Attendance

The Committee met 4 (four) times during the year on 22.05.2019, 09.08.2019, 25.10.2019 and 18.03.2020. The attendance at the meetings was as under:

Committee Members	No. of Meetings held	No. of Meetings attended
Ms. Sangeeta Singh	4	4
Ms. Alpana Parida	4	4
Mr. Amit Dalmia	4	2
Mr. Deepak Raj Bindra*	3	-

*Mr. Deepak Raj Bindra ceased to be a member of the Committee on 25 October 2019.

The Chairperson of the Committee was present at the last Annual General Meeting of the Company held on 09 August 2019.

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.

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 on 28 February 2018.

As on 31 March 2020, the CSR Committee comprised of the following members, all of whom were Non-Executive Directors:

- Mr. Ramesh Vaze – Non-Executive Director, Chairman
- Ms. Prabha Vaze – Non-Executive Director, Member
- Ms. Alpana Parida – Independent Director, Member

The Company Secretary is the Secretary to the Committee.

Meetings and Attendance

The Committee met once during the year on 22.05.2019 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 on 25 October 2019.

As on 31 March 2020, the Stakeholders' Relationship Committee comprises of the following members, all of them being Non-Executive Directors:

- Mr. Dalip Sehgal – Independent Director, Chairman
- Ms. Alpana Parida – Independent Director, Member
- Mr. Shrikant Oka – Non-Executive Director, Member

Mr. Deepak Raj Bindra ceased to be a member of the Committee and Mr. Shrikant Oka was appointed as a member of the Committee on 25 October 2019.

Ms. Deepti Chandratre, Company Secretary & DGM – 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 22.05.2019 and 25.10.2019. 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. Deepak Raj Bindra^	2	-
Mr. Shrikant Oka*	-	-

^Mr. Depak Raj Bindra stepped down as the member of the Committee on 25 October 2019.

*Mr. Shrikant Oka was appointed as the member of the Committee on 25 October 2019.

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 2019-20:

As per the certificate issued by the Registrar & Transfer Agent, no complaints were received from shareholder/investors during the financial year ended 31 March 2020.

Disclosures

General Body Meetings

Annual General Meetings

Year	Venue	Date	Time	Special Resolutions passed
2016-17	Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai – 400 080	10 August 2017	3.30 p.m.	NIL
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

Postal Ballot

Details of Special Business including Special and Ordinary Resolutions passed through Postal Ballot during the financial year 2019-20:

Details	Type of resolution	Votes cast in favour		Votes cast against	
		No. of Votes	%	No. of Votes	%
Increasing the 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	Special Resolution	11,28,40,904	95.24	56,34,720	4.76
Approval of material related party transactions involving payment of royalty under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Ordinary Resolution	3,20,41,467	85.00	56,52,736	15.00
Payment of remuneration to Executive Directors being promoters or members of the promoter group in excess of the limits prescribed under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Special Resolution	4,70,95,601	96.83	15,41,716	3.17
Re-designation of Mr. Ramesh Vaze (DIN: 00509751) as Non – Executive Director and Chairman of the Board and to pay him commission	Special Resolution	3,88,04,769	75.66	1,24,82,548	24.34
Scrutinizer for Postal Ballot	Mr. Sachin Sharma, Designated Partner, M/s. S. Anantha & Ved LLP, Company Secretaries				
Date of commencement of Postal Ballot	12 June 2019				
Date of closing of Postal Ballot	12 July 2019				
Declaration of results of Postal Ballot	13 July 2019				

Details	Type of resolution	Votes cast in favour		Votes cast against	
		No. of Votes	%	No. of Votes	%
Appointment of Mr. Mark Elliott (DIN: 08594890) as an Independent Director on the Board of Directors of the Company to hold the office for 2 (two) years from 15 December 2019 to 14 December 2021	Ordinary Resolution	12,18,62,476	99.99	736	0.00*
Re-appointment of Mr. Dalip Sehgal (DIN: 00217255) as an Independent Director on the Board of Directors of the Company to hold office for second term of 3 (three) years from 09 December 2019 to 08 December 2022	Special Resolution	11,96,50,997	92.55	96,32,996	7.45
Re-appointment of Ms. Alpana Parida (DIN: 06796621) as an Independent Director on the Board of Directors of the Company to hold office for second term of 1 (one) year from 09 December 2019 to 08 December 2020	Special Resolution	12,89,91,485	99.77	2,92,508	0.23
Re-appointment of Mr. Jairaj Purandare (DIN: 00159886) as an Independent Director on the Board of Directors of the Company to hold office for second term of 2 (two) years from 19 February 2020 to 18 February 2022	Special Resolution	11,92,54,364	96.62	41,68,909	3.38
Re-appointment of Ms. Sangeeta Singh (DIN: 06920906) as an Independent Director on the Board of Directors of the Company to hold office for second term of 3 (three) years from 19 February 2020 to 18 February 2023	Special Resolution	12,70,67,897	98.29	22,16,176	1.71
Scrutinizer for Postal Ballot	Mr. Dilipkumar Maharana, Designated Partner, M/s. S. Anantha & Ved LLP, Company Secretaries				
Date of commencement of Postal Ballot	06 November 2019				
Date of closing of Postal Ballot	05 December 2019				
Declaration of results of Postal Ballot	06 December 2019				

*Less than 0.01%

Procedure followed by Company for conducting Postal Ballot:

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Act, read with the Rules thereunder, the Company provides electronic voting (e-voting) facility, in addition to physical postal ballot, to all its members. For this purpose, the Company engages services of Central Depository Services (India) Limited ("CDSL") or National Securities Depository Limited ("NSDL"). Postal ballot notices and forms are dispatched, alongwith postage-prepaid business reply envelopes to registered members/beneficiaries. The Postal Ballot notice is sent by email to the members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable Rules. Voting rights are reckoned on the paid-up value of shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical ballot are requested to return the forms, duly completed and signed, to the Scrutinizer on or before the close of voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting. The Scrutinizer completes his scrutiny and submits his report to the Authorised Officer of the Company. The results of Postal Ballot are also displayed on the Company's website, www.keva.co.in, besides being communicated to the stock exchanges and depository.

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 teleconferences with analysts are also available on the website of the company. The Management Discussion and Analysis Report forms part of the Annual Report.

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.

General Shareholder Information

Annual General Meeting:
Date and Time – 01 September, 2020 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 2020 : Second week of August, 2020
Half-year ending 30 September 2020 : Second week of November, 2020
Quarter ending 31 December 2020 : Second week of February, 2021
Year ending 31 March 2021 : Second week of May, 2021
Note: The above dates are indicative.

Record Date : Not Applicable
Date of Dividend Payment : Not Applicable
Corporate Identity Number : L74999MH1955PLC009593
ISIN : INE500L01026
Registrar & Transfer Agent : Link Intime India Pvt. Ltd.
Plant Locations of the Group : Vashivali, Mulund, Vapi, Mahad, Anhui and Milan.

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 2019-20 to the above Stock Exchanges.

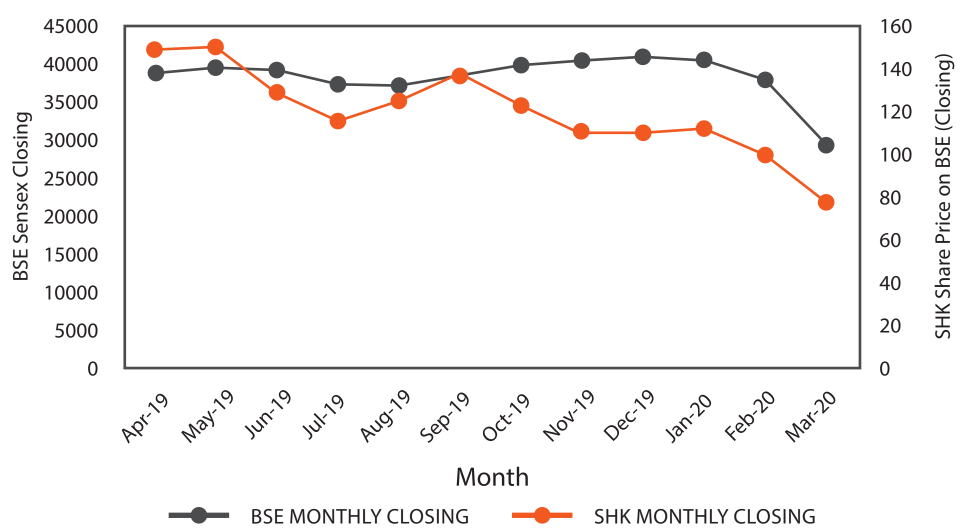
Stock Price Data

(in ₹)

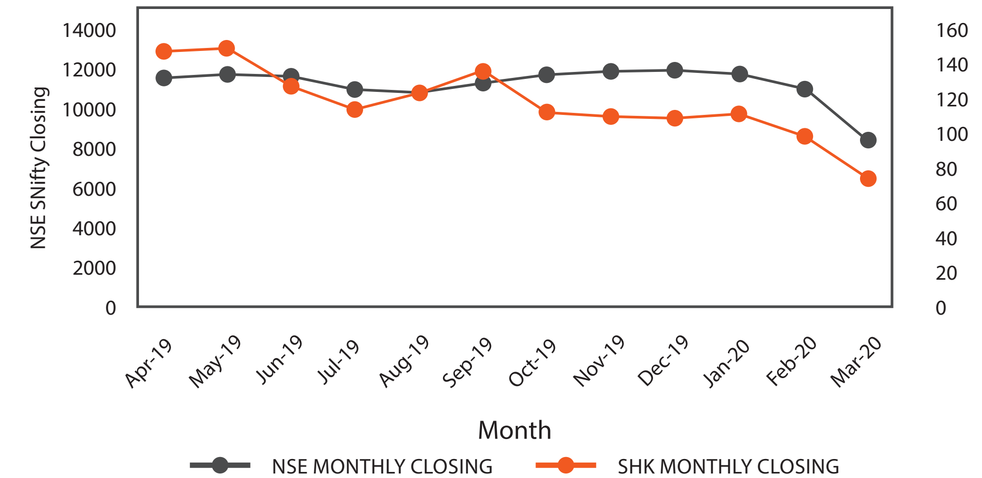
Month	BSE			BSE (Sensex) (Monthly Closing)	NSE			NSE (Nifty) (Monthly Closing)
	High	Low	Close		High	Low	Close	
April 2019	164.85	144.10	149.95	39,031.55	164.80	145.00	149.70	11,748.15
May 2019	162.00	141.55	151.40	39,714.20	162.00	141.35	151.45	11,922.80
June 2019	159.00	109.15	129.75	39,394.64	155.80	125.05	130.05	11,788.85
July 2019	140.00	107.60	116.15	37,481.12	132.95	107.00	115.70	11,118.00
August 2019	142.00	105.05	125.50	37,332.79	142.90	104.80	125.65	11,023.25
September 2019	147.80	123.70	137.70	38,667.33	147.90	122.20	137.85	11,474.45
October 2019	147.95	115.00	123.95	40,129.05	124.00	145.80	114.50	11,877.45
November 2019	129.85	109.90	111.75	40,793.81	130.00	111.25	111.60	12,056.05
December 2019	116.00	101.00	110.35	41,253.74	115.80	102.75	110.30	12,168.45
January 2020	128.00	110.10	112.90	40,723.49	122.70	109.90	112.50	11,962.10
February 2020	124.00	98.75	100.05	38,297.29	124.20	99.00	100.20	11,201.75
March 2020	105.05	63.00	77.60	29,468.49	105.70	62.55	76.10	8,597.75

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 2020. 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 42.51% and the stock is liquid.

Distribution of Shareholding as on 31 March 2020

Category of Shares	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
0*	2	0.00	0	0.00
1 - 500	21,110	92.68	19,38,857	1.37
501 - 1000	858	3.77	6,80,119	0.48
1001 - 2000	402	1.77	6,10,623	0.43
2001 - 3000	112	0.49	2,84,979	0.20
3001 - 4000	61	0.27	2,17,955	0.16
4001 - 5000	46	0.20	2,14,895	0.15
5001 - 10000	64	0.28	4,27,708	0.30
10001 and above	123	0.54	13,69,45,665	96.91
Total	**22,778**	**100.00**	**14,13,20,801**	**100.00**

* Belong to promoter group

Shareholding Pattern as on 31 March 2020

Category of Shareholder	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Promoter & Promoter Group	19	0.08	8,12,48,061	57.49
Public	22,758	99.92	5,67,66,311	40.17
Shares held by Employee Trust	1	0.00	33,06,429	2.34
Total	**22,778**	**100.00**	**14,13,20,801**	**100.00**

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

The company has no outstanding GDRs/ADRs/Warrants/Convertible instruments as on 31 March 2020.

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 31 March 2020
2015-16	Interim	10 March 2016	14 May 2023	16,812
2016-17	Final	10 August 2017	13 October 2024	65,626.75
2017-18	Final	09 August 2018	12 October 2025	56,735.00
2019-20	Interim	18 March 2020	22 May 2027	7,601.90

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 dematerialised 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 & DGM – 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. 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 2019-20, the Company had four material subsidiaries viz. Keva Fragrances Pvt. Ltd., Keva Fragrance Industries Pte Ltd, Singapore, PFW Aroma Ingredients BV, the Netherlands and Creative Flavours & Fragrances SpA (CFF), Italy. CFF's income being 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 ₹ 0.84 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 crore)

Company	Nature of Service	Amount
S H Kelkar and Company Limited	Statutory Audit	0.45
	Other (Tax Audit, Transfer Pricing Services, Corporate Governance Certificate)	0.20
Keva Fragrances Private Limited	Statutory Audit	0.11
	Other (Tax Audit, certifications)	0.05
VN Creative Chemicals Private Limited	Statutory Audit	0.05
	Other (Tax Audit)	0.01
Total		**0.87**

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 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 2020. 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

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Place: Mumbai
Date: 26 May 2020

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 2020.

Place: Mumbai
Date: 26 May 2020

Kedar Vaze
Director & Chief Executive Officer

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 2018

To the Members of
S H Kelkar and Company Limited

1. This certificate is issued in accordance with the terms of our agreement dated 26 May 2020.

2. This report contains details of compliance of conditions of corporate governance by S H Kelkar and Company Limited ('the Company') for the year ended 31 March 2020 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 and 2018 ('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 with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

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 2020.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. 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.

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 to enable the Company to comply with the requirement of the Listing Regulations, and it 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: 20122632AAAAAO3124

Place: Mumbai
Date: 26 May 2020

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 2020 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:	2019-20
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 15 subsidiaries, including 8 subsidiaries outside India as on 31 March 2020. 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 31.03.2020):	₹ 141.32 Crores
2.	Total Turnover:	₹ 712.86 Crores
3.	Total Profit after taxes:	₹ 28.33 Crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 1.78 Crores*
5.	As percentage of Profit after taxes:	6.11%
6.	List of CSR activities in which expenditure has been incurred:	Please refer Annexure E to the Board's Report.

* Of ₹ 1.78 Crores, the Company has spent ₹ 1.73 Crores during the year. An amount of ₹ 0.05 Crores was contributed in April 2020 but pertained to CSR budget for FY 2019-20.

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 confirm 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 2019-20 forms part of the Company's Annual Report for financial year 2019-20 and can be accessed at www.keva.co.in.

Principle-Wise Performance:

Principle 1 – Ethics, Transparency and Accountability:

Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed at Keva. 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. The Codes and policies communicate Keva's zero tolerance approach to ethical violations and communicate Keva's commitment to legal compliance and ethical good practices.

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

   Keva has a well-designed mechanism for all its stakeholders to communicate to it about any inappropriate behaviour. The particulars of stakeholder complaints received and resolved during the year are as under:

Nature / Stakeholder	Complaints Received during FY 2019-20	Complaints Resolved during FY 2019-20	Complaints Resolved (%)
Investor complaints	-	-	NA
Customer complaints	251	237	94.42*
Sexual Harassment complaint	-	-	NA

*Owing to national lock-down in March 2020, 14 complaints remained pending as on 31 March 31 2020.

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.

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

   With a diverse portfolio of products and complex production processes, calculating our environmental performance per product poses unique challenges. The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to produce our products.

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

   The Company endeavours to integrate sustainability in the procurement process for its products and services across its diversified business portfolio. 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 & 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?

   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%).

   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 which are generated by the Company are given to Approved Transport Storage and Disposal Facility ("TSDF") for disposal. 100% of E-waste is given to Authorised E-waste Disposal vendors for disposing off the same pursuant to which we receive a certificate to that effect from such vendors. Foodie Machines have been installed which convert Canteen and Garden waste into manure.

Principle 3 – Employee well-being:

Keva strives to build a workplace that nurtures individual joy and growth while maximizing collective performance of the organization. Keva believes that its employees are its biggest strength and are a vital stakeholder in contributing to the sustainable growth of Keva.

1.	Total number of employees	556
2.	Total number of employees hired on temporary / contractual /casual basis	160
3.	Number of permanent women employees	104
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?	31%

*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	Number	%
Permanent Employees	175	21.08
Permanent Women Employees	16	20.00
Casual/ Temporary/ Contractual Employees	145	41.43
Employees with disabilities	Not Applicable	Not Applicable

Principle 4 – Stakeholder Engagement:

Keva has always encouraged multi stakeholder participation. Keva has always partnered with its stakeholders and believed in sharing the fruits of socio-economic progress. This business philosophy stems from our belief that we are part of the community and we owe them for what we are.

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

   At the Company, identification of stakeholders is an ongoing process. The Company's internal and external stakeholders include employees, customers, NGOs and communities, business partners, suppliers, investors, government, regulators, peers and industry ecosystem. The external shareholders are mapped through defined activities such as customer events, channel partner meet etc.

   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?

   The Company identifies marginalized and disadvantaged groups through need assessment and engagement with local underprivileged communities around its business locations. The disadvantaged and vulnerable stakeholders generally include differently-abled employees, women and rural communities in the vicinity of its plants. The Company works with Vanvasi Kalyan Ashram for the upliftment of tribal communities.

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

   Keva is an equal opportunity employer and provides equal opportunities to differently-abled, marginalized and people from economically weaker backgrounds. All employees have equal opportunity on career growth, coaching and mentoring. 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 2019-20 which forms Annexure E to the Board's Report.

Principle 5 – Human Rights:

Keva firmly believes in upholding and promoting human rights. 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?

   The Company, on its own initiative, is committed to comply with all human rights and follow it across all stakeholders associated with the Company. The Group does not employ any forced labour and child labour and is committed to promoting the general equality among the employees. Currently, the policy of the Company on human rights covers only the Company.

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 2019-20, the Company did not receive any complaint with regard to violation of human rights.

Principle 6 – Protection of Environment:

Keva strives to consistently improve environmental performance of its manufacturing operations, products and supply chain. Keva believes that sustainable development and environment conservation can be achieved more effectively through a structured and systematic approach.

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

   Keva strives to preserve environmental sustainability at all levels of operations – in its own practice and as a participant in the community. Environment Health & Safety 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 is cognizant of the catastrophic effects of continued depletion of natural resources and believes in utilising its business intelligence in developing strategies to address these concerns. The Company has replaced fluorescent lamps with CFL at its Vashivali and Mulund Units. The Company has commissioned rooftop solar panels at its units at Mulund and Vashivali for generation of electricity upto 460 and 120 KW per day, respectively. 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. Your Company uses PNG instead of LPG in its canteens. The Company is in process of constructing 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?

   The Company follows sound environmental management practices across all its manufacturing units to assess and address environmental risks. Keva is consistently putting in efforts to improve the environment protection measures further. 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 is in compliance with the applicable environmental laws and regulations. The Company's emissions, effluents and waste are within Central and State Pollution Control Boards permissible limits.

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 2019-20, there were no show cause / legal notices received from CPCB / SPCB which are pending resolution.

Principle 7 – Responsible Advocacy:

Keva believes that working together with the institutions or associations engaged in policy advocacy will help the Company create positive social and environment impact while achieving its business goals. Its intention is not just to be a member of these institutions but also advocating best practices for the benefit of the society at large.

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.

   Yes. 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
- European Federation of Essential Oils
- 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)

   Through membership with trade and industry associations, the Company makes efforts to further contribute on specific sustainable business issues, safety reforms etc. The Company regularly nominates its representatives for scheduled Environment, Health & 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:

Keva supports the principle of inclusive growth and equitable development through its Corporate Social Responsibility initiatives and also through its business. The Company acknowledges the impact of its activities on social and economic development and strives to create positive environment.

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

   Keva believes in inclusive growth to facilitate creation of a value-based and empowered society through continuous and purposeful engagement with society around. The Company undertakes the initiatives through the CSR committee of the Board as per the CSR policy of the Company. 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 aforesaid projects have been 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 2019-20 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 ₹ 1.73 Crore towards various community development projects. Details of CSR projects are available in the Annual Report on Corporate Social Responsibility activities for financial year 2019-20 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 focused 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:

Keva is dedicated to delivering products that satisfy the unmet needs of the customers. We continue to engage with our customers and address their needs through tailored outreach.

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. 5.58% of the customer complaints / consumer cases received during Financial Year 2019-20 were pending as on 31 March 2020. 14 complaints were pending as on 31 March 2020 owing to country-wide lockdown in the month of March 2020 in light of COVID-19 pandemic.

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

Mumbai 26 May 2020	**Ramesh Vaze** Director & Chairman DIN: 00509751	**Kedar Vaze** Director & Chief Executive Officer DIN: 00511325

FINANCIAL STATEMENTS

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 ventures, which comprise the Consolidated Balance Sheet as at 31 March 2020, 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 ("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 ventures as at 31 March 2020, 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 ventures 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

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 different jurisdictions within India. The carrying amount of trade receivables of totaled to Rs 317.39 crores as at 31 March 2020, representing 21.30% of the total assets of the Group. There are significant large number of customers, including traders and distributors. Customers in different jurisdictions are subject to their independent business and other risks. The Group assesses the expected credit loss (ECL) allowance for these customers resulting from all possible defaults over the expected life of the receivables. These are generally expected to be recognized before a trade receivable becomes past due.	• Testing the design, implementation and operating effectiveness of key controls over processes of credit control, collection of trade receivables and follow up of overdue balances; • 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 inhouse IT specialists to assess and obtain comfort over ageing report of days past due; • Checking appropriateness and challenging the reasonableness of the key data and assumptions used by the Group for computing ECL on trade receivables. Assessing assumptions includes historical default rate, expected collections and other related factors; and

The key audit matter	How the matter was addressed in our audit
The measurement of ECL involves significant Group's judgements and assumptions, including: - Loss rate depending on days past due; - credit risk of customers - historical experience adjusted for certain future economic conditions For measuring ECL, the Group applied significant estimates and judgements. In addition, the exposure of the trade receivables involved significant amount. Accordingly, we identified the assessment of ECL on trade receivables as a key audit matter.	• Circulating and Obtaining independent customers confirmations on the outstanding balances on sample (using statistical sampling) basis. Agreed the balances obtained from customer with balance in the books along with applicable reconciling items. Checking subsequent bank receipts from customers and other relevant documents relating to closing trade receivable balances at 31 March 2020, when confirmations are not received.

Impairment testing for Goodwill on consolidation

The Key Audit Matter	How the matter was addressed in our audit
Refer to Note 3.20 (basis of consolidation) and Note 2.4 (h) (Use of estimates and judgements). The Group has significant intangible assets, including Goodwill arising from the acquisition of businesses. The carrying amount of Goodwill totalled to ₹ 40.23 crores as at 31 March 2020 as disclosed in the Note 6A to the consolidated financial statements. Management performs an annual impairment review of Goodwill. The goodwill is attributable to cash generating units and is reviewed for impairment using a value in use model, as described in note 47 to the consolidated financial statements. We consider the impairment evaluation of Goodwill by management to involve significant estimates and judgement, due to the inherent uncertainty involved in forecasting and discounting future cash flows. Accordingly, this was an area of focus for our audit.	Our audit procedures in respect of impairment of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amount of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the valuation working for cash generating unit's impairment assessment; • Using work of our valuation specialists to assist in the evaluation of assumptions and methodologies used by the Group; • Challenging the underlying key assumptions such as discount rate, growth rate etc. in estimating projections including cash flows. These are compared to economic and industry forecasts with assistance of our valuation specialists; and. • Assessing the sensitivity of the outcome of impairment assessment. This is tested to changes in key assumptions.

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 ventures 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 ventures 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 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 ventures 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 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 of the Holding Company.
- 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 ventures 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 ventures 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 ten subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs 674.05 crores as at 31 March 2020, total revenues (before consolidation adjustments) of ₹ 488.57 crores and net cash inflows (before consolidation adjustments) amounting to ₹ 5.10 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 ₹ 0.11 crores for the year ended 31 March 2020, 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.

(b) The financial statements of two subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 4.38 crores as at 31 March 2020, total revenues (before consolidation adjustments) of ₹ Nil and net cash inflows (before consolidation adjustments) amounting to ₹ 0.02 crores for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) (before consolidation adjustments) of ₹ 2.27 crores for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statement have not been audited by us or by other auditors. These unaudited financial statements 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-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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 and the financial statements certified by the Management.

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 2020 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, incorporated in India is disqualified as on 31 March 2020 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 2020 on the consolidated financial position of the Group and its joint ventures. Refer Note 38 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 24 to the consolidated financial statements in respect of such items as it relates to the Group and its joint venture.

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 2020.

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 2020.

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

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 a 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 a 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) 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: 20122632AAAAAM5508

Mumbai
26 May 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of S H Kelkar and Company Limited for the period ended 31 March 2020

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 the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of S H Kelkar and Company Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies and a joint venture as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and a joint venture, 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 2020, 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 and a joint venture 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 six subsidiary companies, and a joint venture, 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: 20122632AAAAAM5508

Mumbai
26 May 2020

Consolidated Balance Sheet

as at 31 March 2020

(Currency : Indian Rupees in crores)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	**327.13**	369.42
Capital work-in-progress	4	**2.78**	15.42
Right of use asset	37	**46.12**	-
Investment Property	5	**13.37**	13.83
Goodwill	6A	**40.23**	39.84
Other intangible assets	6B	**45.64**	38.86
Intangible assets under development		**15.00**	22.22
Equity Accounted Investee	7	**97.00**	95.84
Financial assets			
Investments	8	***0.00**	*0.00
Loans	9	**2.96**	2.70
Others	10	**2.31**	1.39
Deferred tax assets (net)	36	**32.57**	25.51
Other tax assets (net)	35	**40.04**	28.00
Other non-current assets	11	**16.52**	21.77
Total non-current assets		**681.67**	674.80
Current assets			
Inventories	12	**336.96**	373.94
Financial assets			
Investments	13	**-**	1.53
Trade receivables	14	**317.39**	284.45
Cash and cash equivalents	15	**62.55**	37.45
Other bank balances	16	**3.00**	3.44
Loans	9	**6.57**	6.16
Others	10	**2.33**	2.24
Other current assets	11	**51.91**	61.08
Total current assets		**780.71**	770.29
Assets Held for Sale	53	**27.54**	-
TOTAL ASSETS		**1,489.92**	1,445.09
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	**141.32**	144.62
Other equity			
Retained earnings		**441.93**	425.50
Other reserves	18	**240.72**	293.23
Equity attributable to owners of the Company		**823.97**	863.35
Non-controlling interests		**10.58**	10.81
Total equity		**834.55**	874.16
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	**54.40**	69.97
Others	20	**1.09**	1.98
Provisions	21	**0.78**	0.87
Deferred tax liabilities (net)	36	**23.63**	17.92
Total non-current liabilities		**79.90**	90.74
Current liabilities			
Financial liabilities			
Borrowings	22	**288.09**	264.00
Trade payables			
- total outstanging dues of micro enterprises and small enterprises	23	**7.79**	7.18
- total outstanging dues of creditors other than micro enterprises and small enterprises	23	**165.32**	127.13
Others	24	**52.96**	27.09
Other current liabilities	25	**14.35**	13.64
Provisions	21	**10.81**	10.08
Current tax liabilities (net)	35	**36.15**	31.07
Total current liabilities		**575.47**	480.19
Total Liabilities		**655.37**	570.93
TOTAL EQUITY AND LIABILITIES		**1,489.92**	1,445.09
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-55		

*Amount less than ₹ 0.01 crores

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
of **S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

Mumbai
26 May 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	26	**1,114.23**	1,048.12
Other income	27	**7.83**	23.36
Total income		**1,122.06**	1,071.48
Expenses			
Cost of materials consumed	28	**551.98**	609.35
Purchase of traded goods		**76.27**	13.01
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	**2.72**	(31.59)
Employee benefits expense	30	**137.68**	128.09
Finance costs	31	**24.70**	13.95
Depreciation and amortisation expense	32	**51.50**	31.15
Other expenses	33	**187.43**	192.67
Total expenses		**1,032.28**	956.63
Consolidated Profit before exceptional items and tax		**89.78**	114.85
Exceptional items	53	**36.46**	-
Consolidated profit before tax		**53.32**	114.85
Tax expense			
Current tax			
- for current year		**21.73**	35.14
- for earlier years		**(1.76)**	0.05
Deferred tax charge			
- for current year		**(1.29)**	(10.78)
- for earlier years		**(0.06)**	2.60
Consolidated profit before share of profit in equity accounted investee		**34.70**	87.84
Share of profit in equity accounted investee (net of amortisation ₹ 1.22 Crores [Previous year ₹ 1.22 Crores] on identified intangible assets from purchase price allocation adjustment and tax)		**1.16**	0.41
Consolidated profit for the year		**35.86**	88.25
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		**0.15**	(0.56)
Income tax related to items that will not be reclassified to profit or loss		**(0.03)**	0.23
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of a foreign operation		**1.77**	(6.15)
Consolidated other comprehensive income for the year, net of income tax		**1.89**	(6.48)
Total consolidated comprehensive income for the year		**37.75**	81.77
Profit attributable to:			
Owners of the Company		**35.69**	88.48
Non-controlling interests		**0.17**	(0.23)
Other comprehensive income attributable to:			
Owners of the Company		**1.89**	(6.48)
Non-controlling interests		**-**	-
Total comprehensive income attributable to:			
Owners of the Company		**37.58**	82.00
Non-controlling interests		**0.17**	(0.23)
Earnings per equity share (Nominal value of ₹ 10 each, fully paid-up)	34		
Basic earnings per share (₹)		**2.56**	6.20
Diluted earnings per share (₹)		**2.56**	6.20
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-55		

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
of **S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

Mumbai
26 May 2020

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

(a) Equity share capital

	31 March 2020	31 March 2019
Opening balance as at	144.62	144.62
Adjustment pursuant to buy back of equity shares	(3.30)	-
Closing balance as at	141.32	144.62

(b) Other equity

	Attributable to the equity holders of the Company								Treasury Shares	Total	Non-Controlling Interests	Total Equity
	Reserves & Surplus											
	Capital Reserve	Securities Premium Account	Capital Redemption Reserve	General Reserve	Retained earnings	STARs reserves	Other reserves	Foreign Currency Translation Reserve				
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**
Items of OCI for the year, net of tax												
Remeasurements of defined benefit liability	-	-	-	-	**0.12**		-	-	-	**0.12**	-	**0.12**
IND AS 116 Leases					**(3.19)**					**(3.19)**		**(3.19)**
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)**
Acquisition of Anhui Ruibang								-		-	-	-
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
Balance at 01 April 2018	17.07	213.80	-	111.16	368.13		8.77	23.15	(29.80)	712.28	-	712.28
Total comprehensive income for the year ended 31 March 2019												
Consolidated profit for the year	-	-	-	-	88.48		-	-	-	88.48	(0.23)	88.25
Items of OCI for the year, net of tax										-		-
Remeasurements of defined benefit liability	-	-	-	-	(0.33)		-	-	-	(0.33)	-	(0.33)

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 March 2020

(b) Other equity

(Currency : Indian Rupees in crores)

	Attributable to the equity holders of the Company								Treasury Shares	Total	Non-Controlling Interests	Total Equity
	Reserves & Surplus											
	Capital Reserve	Securities Premium Account	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	-	-	-	-	(0.23)		-	(6.00)	-	(6.23)	-	(6.23)
Total comprehensive income for the year	-	-	-	-	87.92		-	(6.00)	-	81.92	(0.23)	81.69
Transaction with the owners of the Company, recorded directly in equity												
Contributions and distributions												-
Dividends	-	-	-	-	(25.32)	0.23	-	-	-	(25.09)	-	(25.09)
Dividend Distribution Tax (DDT)	-	-	-	-	(5.23)		-	-	-	(5.23)	-	(5.23)
Others												-
Purchase of treasury shares by the Trust during the year	-	-	-	-	-		-	-	(45.15)	(45.15)	-	(45.15)
Acquisition through business combination (refer note 49)											11.04	
Balance at 31 March 2019	17.07	213.80	-	111.16	425.50	0.23	8.77	17.15	(74.95)	718.73	10.81	729.54

Significant accounting policies 1-3

The notes referred to above and other notes form an integral part of the consolidated financial statements. 4-55

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
of S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

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DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

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26 May 2020

Consolidated Statement of Cash Flow

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

		31 March 2020	31 March 2019
A.	Cash flows from operating activities		
	Profit before tax from continuing operations	53.32	114.85
	Adjustments for :		
	Depreciation and amortization	51.50	31.15
	Unrealised (gain) / loss on foreign exchange (net)	(3.29)	0.30
	Exceptional Item	26.69	-
	Interest income	(0.37)	(0.35)
	Profit on sale of investment	(0.33)	(0.27)
	(Profit) / loss on sale of fixed assets	(0.18)	1.96
	Intangible asset under development written off	22.18	23.24
	Rent income	(1.28)	(1.24)
	Interest expense	24.70	13.95
	Provision for doubtful debts	10.73	0.92
	Dividend income	(*0.00)	-
	Provision/ Liabilities no longer required written Back	(0.64)	(10.67)
	Reversal of provision on doubtful debts	-	(1.07)
	Loss / (Gain) on derivative contract	2.22	(0.45)
	Bad Debts written off	0.23	2.73
	Operating profit before working capital changes	185.48	175.05
	Changes in working capital		
	(Increase) in trade and other receivables	(29.99)	(9.01)
	(Increase) in loans and advances	(5.41)	(2.57)
	Decrease / (Increase) in inventories	31.44	(18.76)
	Decrease/ (Increase) in other current assets	9.17	0.30
	Decrease in Non current assets	3.31	-
	Increase /(decrease) in trade and other payables	38.14	(29.37)
	Increase / (decrease) in Provision	0.64	(2.41)
	Net change in working capital	47.30	(61.82)
	Cash flows generated from operating activities before taxes	232.78	113.23
	Direct taxes paid	(27.60)	(35.99)
	Net cash flows generated from operating activities (A)	205.18	77.24
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)	(44.71)	(118.04)
	Proceeds from sale of fixed assets	0.18	2.24
	Proceeds from sale of mutual funds	77.53	77.36
	Investment in mutual funds	(76.00)	(77.06)
	Increase / (decrease) in non-current deposits with bank	(0.47)	3.83
	Rent income	1.28	1.24
	Investment in equity shares of Joint Venture/subsidiary	-	(0.81)
	Dividend received	*0.00	-
	Interest received	1.83	0.40
	Payment for acquisition of business/ subsidiary	-	(26.55)
	Net cash flows generated from /(used in) investing activities (B)	(40.36)	(137.39)
C.	Cash flows from financing activities		
	Proceeds from term loans	81.90	32.25
	Repayment of term loans	(134.84)	(10.46)
	Proceeds of working capital loans	734.09	536.46
	Repayment of working capital loans	(768.29)	(419.40)
	Repayment of lease obligations	(8.18)	(1.02)
	Buy back of equity shares	(3.30)	-
	Premium paid on buy back of equity shares	(56.10)	-

Consolidated Statement of Cash Flow (continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

		31 March 2020	31 March 2019
	Sales/(Purchase) of Treasury Shares by Employee Benefit Trust	1.14	(45.15)
	Dividend paid, including tax thereon	(16.19)	(30.55)
	Dividend received on treasury shares	-	0.23
	Interest paid	(26.44)	(13.70)
	Net cash flows used in/ generated from financing activities (C)	(196.20)	48.66
D.	Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(31.39)	(11.49)
	Reconciliation of cash and cash equivalents with the balance sheet		
E.	Cash and cash equivalents (beginning of the year)	(0.52)	11.15
	Cash taken over on acquisition of subsidiary	-	0.01
	Effect of exchange rate changes on cash and cash equivalents	(1.17)	(0.19)
G.	Cash and cash equivalents at the end of the year (D+E+F)	(33.07)	(0.52)
	Cash and cash equivalents (end of the year)		
	Cash and cash equivalents comprise of :		
	Balances with banks in -		
	current accounts	51.49	12.39
	exchange earners foreign currency account	10.85	22.20
	Cash on hand	0.21	2.86
	Bank overdraft	(95.62)	(37.97)
	Total Cash and cash equivalents in the statement of cash flows	(33.07)	(0.52)
	Debt reconciliation statement in accordance with IND AS 7		
	Opening balances		
	Long-term borrowing (excluding Finance Lease obligation)	77.59	56.43
	Short-term borrowing	226.88	109.82
	Cash flows		
	Long-term borrowing (excluding Finance Lease obligation)	(52.94)	21.16
	Short-term borrowing	(34.41)	117.06
	Non-cash changes		
	Foreign exchange movement	(1.83)	0.64
	Closing balances		
	Long-term borrowing (excluding Finance Lease obligation)	22.82	77.59
	Short-term borrowing	192.47	226.88

*Amount less than ₹ 0.01 crores

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"

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 andother notes form an integral part of the consolidated financial statements.

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
26 May 2020

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

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Director & Chairman
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Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees 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 ('the Act'), 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 of the Holding Company along with its subsidiaries, collectively referred to as 'the Group' and the Group's interest in joint ventures. The Group and its joint ventures 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 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 26 May 2020.

2.2 Functional and presentation currency

These consolidated 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 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 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 2020 are as follows:

a. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b. 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.

c. 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

d. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilites of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

e. Allowances for doubtful debts

The Group and its joint ventures make allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts 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 doubtful debts expenses in the period in which such estimate has been changed.

f. Discounting of long-term financials instruments

All financial instruments are required to be measured at fair value on initial recognition. In case of financial instruments which are required to subsequently measured at amortised cost, interest is accrued using the effective interest method.

g. Fair value of financial instruments

Derivatives are carried at fair value, Derivatives includes Foreign Currency Forward Contracts, Fair value of which, is dertmined using the fair value reports provided by respective merchant bankers.

h. 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 benefiting 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.

i. 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 ventures intends to and has sufficient resources to complete development and sell the asset.

j 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 Company revises the lease term if there is a change in the non-cancellable period of a lease.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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 ventures' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group and its joint ventures have 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 ventures use 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 ventures recognise 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 ventures have ascertained their operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3 Significant accounting policies

3.1 Revenue

The Group and its joint ventures have adopted Ind AS 115 Revenue from contracts with customers, with effect from April 1, 2018. Ind AS 115 establishes

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers.

The Group and its joint ventures have adopted Ind AS 115 using the cumulative effect method whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April, 2018). Accordingly, the comparative information in the statement of profit and loss is not restated.

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 ventures expect 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 it is probable that realisation is certain.

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 INR 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 ventures 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

The Group and its joint ventures 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.

The Group and its joint ventures also make specified monthly contribution towards employee provident fund in India for certain class of employees. The Group and its joint ventures' 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 ventures' 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 ventures' gratuity benefit scheme and provident fund are managed by the Group and its joint ventures' trust are defined benefit plans.

The Group and its joint ventures' provident fund are managed by the trust set up by the Group and its joint ventures. 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 ventures. The Group and its joint ventures make 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 ventures, 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 ventures recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

Certain group entities in India have an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Also, the Group's contribution paid/ payable to the Gratuity fund managed by the trust set up by the Holding Company is recognised as expense in the consolidated statement of profit and loss during the period in which the employee renders the related service.

Provident fund trust

Eligible employees of certain Group entities in India also 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 Group entities 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 ventures' 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 perentage of fixed salary.

Termination benefits

Termination benefits are expensed at the earlier of when the Group and its joint ventures 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 ventures 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 also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Group and its joint ventures:

a) have a legally enforceable right to set off the recognised amounts; and

b) intend 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

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ventures to the extent that the Group and its joint ventures are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the 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 ventures 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.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as deferred tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is probable 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

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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 ventures.

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, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Companies Act, 2013. 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 Group and its joint venture will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Group and its joint ventures are applied. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. 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	8-15 years
Furniture and fixtures	10 years	10 years
Electrical installation	10 years	10 years
Motor cars and 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.

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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 ventures and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

iii. Depreciation

Depreciation is provided on all Investment Property on straight line basis, based on useful life of the assets determined in accordance with para 3.7 (iii) above. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 research and 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 ventures intend to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in the consolidated statement of profit and 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 ventures 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
- Formulation	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 ventures become a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value, in case of financial asset which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the consolidated statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

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 ventures change their 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 ventures 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 ventures 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. The amortised cost is reduced by impairment losses. 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

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effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss. Other net gains and losses are recognised in OCI. On 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 ventures derecognise 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 ventures neither transfer nor retain 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 enter into transactions whereby they transfer assets recognised on their 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 ventures become a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value, in case of financial liability which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the consolidated statement of profit and loss. In other cases, the transaction costs are attributed to the issue of a financial liability.

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. Any gain or loss on derecognition is also recognised in the consolidated statement of profit and loss.

iii. Derecognition

The Group and its joint ventures derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group and its joint venture also derecognise 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 ventures currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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c. Derivative financial instruments

The Group and its joint ventures use derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

3.12 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group and its joint ventures have 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 of 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 Group, 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, variable lease payments, residual value guarantees, 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.

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

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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 1 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 (1 April 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 1 April 2019.

In the previous year under Ind AS 17 - Rental expense pertaining to properties taken on operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

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. 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 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.

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 ventures 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 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 ventures by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss

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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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

3.20 Basis of consolidation

i. Business combinations

In accordance with Ind AS 103, the Group and its joint ventures account for business combinations using the acquisition method when control is transferred to the Group and its joint ventures. The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are recognised in the consolidated statement of profit and loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

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 and its joint ventures' cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable Group and its joint ventures of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Group and its joint venture 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 and its joint ventures.

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 ventures recognise 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.

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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 ventures.

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 ventures' member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group and its joint ventures' 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 and its joint venture assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group and its joint ventures (profits or losses resulting from intra-Group and its joint ventures transactions that are recognised in assets, such as inventory and fixed assets, 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 and its joint ventures transactions.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Group's interest in the investee. Unrealised losses 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 impairment.

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 ventures' accounting policies. All intra-Group and its joint venture assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group and its joint ventures are eliminated in full on consolidation.

The list of companies, controlled directly or indirectly by the Holding Company and the joint ventures which are included in the consolidated financial statements are set out in Note no. 47 (I).

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(Currency : Indian Rupees in crores)

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
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
Capital work in Progress																2.78	15.42

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4 Property, plant and equipment (previous year)

Block of asset	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2018 (Restated)	Additions	Additions on subsidiary / business acquisition	Disposals during the year	Translation difference	As at 31 March 2019	As at 1 April 2018 (Restated)	Charge for the year	Disposals during the year	Translation difference	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Land	31.32	-	-	-	(0.38)	30.94	-	-	-	-	-	30.94	31.32
Leasehold land	0.08	-	-	-	-	0.08	-	0.01	-	-	0.01	0.07	0.08
Leasehold building improvements	14.80	0.94	-	(0.02)	0.02	15.74	2.20	1.99	-	(0.02)	4.17	11.57	12.60
Buildings	100.87	19.20	15.67	(2.60)	(0.45)	132.69	12.74	5.15	(0.14)	(0.27)	17.48	115.21	88.13
Research and development - equipments	9.59	3.44	-	(1.20)	(0.01)	11.82	2.46	1.30	-	(0.04)	3.72	8.10	7.13
Factory building and sheds	21.56	4.00	-	(0.06)	(0.01)	25.49	3.53	1.08	(0.04)	(0.04)	4.53	20.96	18.03
Office equipment	3.06	0.51	-	(0.02)	(0.01)	3.54	1.14	0.65	(0.03)	(0.04)	1.72	1.82	1.92
Furniture and fixtures	10.63	0.39	-	(0.23)	(0.35)	10.44	4.08	0.85	(0.04)	(0.35)	4.54	5.90	6.55
Electrical equipment and installations	6.00	4.94	-	-	-	10.94	2.35	0.77	-	-	3.12	7.82	3.65
Plant and machinery	147.77	67.46	8.91	(1.05)	(5.14)	217.95	45.60	8.83	(0.73)	(0.41)	53.29	164.66	102.17
Motor cars and vehicles	0.95	0.53	-	(0.14)	(0.01)	1.33	0.25	0.11	(0.14)	0.02	0.24	1.09	0.70
Computers and printers	4.11	-	-	(0.01)	(0.29)	3.81	2.36	0.77	(0.01)	(0.29)	2.83	0.98	1.73
Assets under lease													
- Motor cars	1.13	-	-	-	-	1.13	0.76	0.07	-	-	0.83	0.30	0.37
- office equipments	0.34	-	-	-	-	0.34	0.34	-	-	-	0.34	-	-
	352.21	101.41	24.58	(5.33)	(6.63)	466.24	77.81	21.58	(1.13)	(1.44)	96.82	369.42	274.38
Capital work in Progress												15.42	35.57

Notes:

(a) The Group and its joint ventures adopted Ind AS 116 effective 1 April 2019. Consequently, the office equipments and motor cars under finance lease agreements have been reclassified from 'Property, plant and equipment' to 'Right of Use assets'.

(b) Factory Land and Buildings and Plant and machinery ₹ Nil (31 March 2019 : ₹ 77.89 crores) of certain subsidiaries have been pledged against the long term borrowings. Refer note 19 for details on charge created.

(c) No borrowing cost capitalised during the year. Capital work in progress as at 31 March 2019 includes the borrowing cost capitalised of ₹.2.17 crores by a subsidiary, with the capitalisation rate of 8.8%.

(d) The Group and its joint ventures have not capitalised any foreign exchange differences during the current and previous year.

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5 Investment property

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2019	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

5 Investment property *(previous year)*

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2018 (Restated)	Additions during the year	Disposals during the year	As at 31 March 2019	As at 1 April 2018 (Restated)	Charge for the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018 (Restated)
Buildings	14.72	-	-	14.72	0.42	0.47	0.89	13.83	14.30
	14.72	-	-	14.72	0.42	0.47	0.89	13.83	14.30

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 ₹ 20.20 crores (31 March 2019: ₹ 19.50 crores).

Fair Value

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 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The Group obtains Independent Valuations of its investment property as at the year end. The fair value of the investment property has 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.

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7 Equity Accounted Investee

	Number of shares / units		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investment in Joint venture (unquoted)				
Creative Flavours & Fragrances SpA (face value Euro 1 per share)	**10,20,000**	10,20,000	**95.95**	94.91
Purandar Fine Chemicals Pvt.Ltd. (face value ₹ 10 per share)	**5,000**	5,000	**1.05**	0.93
			97.00	95.84

8 Non-current investments

	Number of shares / units		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Quoted equity shares at FVTPL				
Hico Products Ltd. (face value ₹ 10 per share)**	**19,250**	19,250	**-**	-
Reliance Industries Limited (face value of ₹ 10 per share)	**16**	16	***0.00**	*0.00
			***0.00**	*0.00

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

	March 31, 2020	March 31, 2019
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	**-**	-
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	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
To other than related parties				
Security deposits				
- considered good	**2.96**	2.70	**3.28**	2.97
- considered doubtful	**0.18**	0.18	**-**	-
	3.15	2.88	**3.28**	2.97
Loss Allowance for bad and doubtful loans	**0.18**	(0.18)	**-**	-
	2.96	2.70	**3.28**	2.97
Loans to employees	**-**	-	**2.29**	3.19
Other receivables	**-**	-	**0.50**	-
To related parties				
Loans to related parties	**-**	-	**0.50**	-
	2.96	2.70	**6.57**	6.16

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(Currency : Indian Rupees in crores)

6 Other intangible assets

Block of asset	Gross 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	Accumulated Amortisation: As at 1 April 2019	Charge for the year	Disposals during the year	Translation difference	As at 31 March 2020	Net Block: As at 31 March 2020	As at 31 March 2019
A. Goodwill														
Goodwill on Consolidation	26.39	-	-	-	-	0.39	26.78	-	-	-	-	-	26.78	26.39
Goodwill (Acquired seperately)	13.45	-	-	-	-	-	13.45	-	-	-	-	-	13.45	13.45
	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

Other intangible assets *(previous year)*

Block of asset	Gross Block: As at 1 April 2018 (Restated)	Additions during the year	Additions Internally generated	Additions subsidiary/ business acquisition	Disposals during the year	Translation difference	As at 31 March 2019	Accumulated Amortisation: As at 1 April 2018 (Restated)	Charge for the year	Disposals during the year	Translation difference	As at 31 March 2019	Net Block: As at 31 March 2019	As at 31 March 2018 (Restated)
A. Goodwill														
Goodwill on Consolidation	22.19	4.47	-	-	-	(0.27)	26.39	-	-	-	-	-	26.39	22.19
Goodwill (Acquired seperately)	13.45	-	-	-	-	-	13.45	-	-	-	-	-	13.45	13.45
	35.64	4.47	-	-	-	(0.27)	39.84	-	-	-	-	-	39.84	35.64
B. Others														
Computer software	12.60	1.00	-	-	-	(0.52)	13.08	6.77	2.29	-	-	9.06	4.02	5.83
Land Rights	-	-	-	6.27	-	-	6.27			-	-	-	6.27	-
Formulation	25.57	0.37	2.84	-	-	0.03	28.81	7.98	5.25	-	-	13.23	15.58	17.59
Licenses	-	10.41	-	-	-		10.41		0.36	-	-	0.36	10.05	
Customer Relationship	2.77	-	-	-	-	-	2.77	1.10	0.55	-	-	1.65	1.12	1.66
Brand	2.00	-	-	-	-	-	2.00	0.50	0.40	-	-	0.90	1.10	1.50
Non compete fees	1.26	-	-	-	-	-	1.26	0.29	0.25	-	-	0.54	0.72	0.97
	44.20	11.78	2.84	6.27	-	(0.49)	64.60	16.64	9.10	-	-	25.74	38.86	27.55

Note : The Group has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.

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* 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

	March 31, 2020	March 31, 2019
Purandar Fine Chemicals Private Limited	0.50	-

10 Other assets *(unsecured, considered good)*

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
To other than related parties				
Term deposits with banks with remaining maturity more than 12 months**	1.46	1.34	-	-
Interest receivable from Income tax	-	-	1.47	1.47
Interest accrued and due on fixed deposits	-	-	0.02	0.02
Derivatives Assets - Foreign currency forward exchange contracts	-	-	-	0.45
Other receivables	0.85	0.05	0.83	0.21
To related parties				
Other receivables (expense cross charge)*	-	-	-	0.09
	2.31	1.39	2.33	2.24

** Bank deposits of ₹1.46 crores (March 2019 : ₹ 1.34 crores) are lien with bank for tax matters

* 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 company is a partner

	March 31, 2020	March 31, 2019
Keva Constructions Private Limited	-	0.09
	-	0.09

11 Other assets *(unsecured, considered good)*

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
To other than related parties				
Capital advances	0.56	2.51	0.33	-
Prepaid expenses	0.05	0.03	5.53	7.75
Balances with government authorities	13.72	16.65	24.89	37.78
VAT/Sales tax refund receivable	2.19	2.58	0.61	1.71
Others (inventory receivables on returns, rent receivables)		-	0.26	10.41
Advance to suppliers	-	-	20.03	3.36
To related parties				
Advance to suppliers**	-	-	0.26	0.07
	16.52	21.77	51.91	61.08

** 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

	March 31, 2020	March 31, 2019
Keva Aromatics Private Limited	0.14	-
Keva Constructions Private Limited	0.12	0.07
	0.26	0.07

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12 Inventories

	March 31, 2020	March 31, 2019
Raw materials	193.63	234.19
Raw materials in transit	8.49	4.33
Packing materials	9.84	7.70
Work-in-progress	65.70	76.48
Finished goods	59.30	49.07
Stock-in-trade	-	2.17
	336.96	373.94

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. (see detailed accounting policy note no: 3.6)

The write-down of inventories to net realisable value during the year amounted to ₹ 2.30 crores (31 March 2019: ₹ 2.77 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 (refer note 22).

13 Current investments

	Number of units		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Mutual funds at FVTPL				
DHFL Pramerica Insta Cash Fund	-	62,829	-	1.53
			-	**1.53**

	March 31, 2020	March 31, 2019
Aggregate book value of unquoted investments	-	1.53
Aggregate amount of impairment in value of investments	-	-

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 44.

14 Trade receivables *(unsecured)*

	March 31, 2020	March 31, 2019
- Considered good**	317.39	284.45
- Significant increase in credit risk	-	-
- Credit impaired	17.97	7.02
- Less: Loss allowance*	(17.97)	(7.02)
Net trade receivables	317.39	284.45

*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 22).

** Trade receivables (unsecured, considered good) as at 31 March 2020 include ₹ 0.15 crores (31 March 2019: ₹ 0.24 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

	March 31, 2020	March 31, 2019
Purandar Fine Chemicals Pvt.Ltd.	0.15	0.04
KNP Industries Pte Ltd.	-	0.20
	0.15	0.24

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15 Cash and cash equivalents

	March 31, 2020	March 31, 2019
Balances with banks in:		
- current accounts	51.49	12.39
- exchange earners foreign currency account	10.85	22.20
- deposits accounts (with original maturity of 3 months or less)	-	-
Cash on hand	0.21	2.86
Cash and cash equivalents in the balance sheet	62.55	37.45
Bank overdrafts used for cash management purposes	(95.62)	(37.97)
Cash and cash equivalents in the statement of cash flows	(33.07)	(0.52)

16 Other bank balances

	March 31, 2020	March 31, 2019
Bank deposits due to mature within 12 months of the reporting date**	1.84	3.26
Current account of Holding Company's employee benefit trust (refer note 52)	1.15	0.17
Unclaimed dividend accounts	0.01	0.01
	3.00	3.44

**Bank deposits of ₹ 1.84 crores (31 March 2019 : ₹ 1.74 crores) are pledged with bank for guarantees issued.

17 Share capital

	Number of shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Authorised				
Equity shares of ₹ 10 each	15,40,64,500	15,40,64,500	154.06	154.06
Preference shares of ₹ 10 each	1,19,35,500	1,19,35,500	11.94	11.94
			166.00	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	14,13,20,801	14,46,20,801	141.32	144.62
			141.32	144.62

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

	Number of shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
i) **Equity share of ₹ 10 (Previous year ₹ 10) each fully paid-up**				
Outstanding at the beginning of the year	14,46,20,801	14,46,20,801	144.62	144.62
Shares extinguished on buy-back	(33,00,000)	-	(3.30)	-
Outstanding at the end of the year	14,13,20,801	14,46,20,801	141.32	144.62

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 2020

(Currency : Indian Rupees in crores)

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

	31 March 2020		31 March 2019	
	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	9.98%
Ramesh V. Vaze*	2,57,49,524	18.22%	2,59,65,600	17.95%
KNP Industries Pte. Ltd.	1,52,29,000	10.78%	1,53,24,000	10.60%
Kedar R. Vaze**	1,39,35,100	9.86%	1,33,25,000	9.21%
Stiching Depositary APG Emerging Markets Equity Pool	79,07,541	5.60%	83,10,359	5.75%
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	83,73,212	5.92%	13,87,444	0.96%
Keva Constructions Private Limited	1,06,91,139	7.57%	76,15,000	5.27%

Note:
*1,65,500 equity shares purchased by Mr. Ramesh Vaze on market on 31 March 2020 were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Ramesh Vaze as on 31 March 2020 is 2,59,15,024.

**1,00,000 and 67,500 equity shares purchased by Mr. Kedar Vaze on market on 30 March 2020 and 31 March 2020 respectively, were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Kedar Vaze as on 31 March 2020 is 1,41,02,600.

d The Holding Company during the 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.

18 Other equity

Other reserves	Note	March 31, 2020	March 31, 2019
Capital reserve	i.	17.07	17.07
Capital redemption reserve	ii.	3.30	*0.00
Securities premium account	iii.	157.70	213.80
Other reserves	iv.	8.77	8.77
General reserve	v.	107.86	111.16
Foreign currency translation reserve	vi.	19.22	17.15
Treasury shares	vii.	(72.95)	(74.95)
STARs Shares	viii.	(0.25)	0.23
Retained earnings	ix.	441.93	425.50
		682.65	718.73

*Amount less than ₹ 0.01 crore

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

A. Notes:

		March 31, 2020	March 31, 2019
i.	*Capital reserve*		
	Opening balance	17.07	17.07
	Movement during the year	-	-
	Closing balance	17.07	17.07
ii.	*Capital redemption reserve*		
	Opening Balance	*0.00	*0.00
	Transfer from general reserve pursuant to buy-back	3.30	-
	Closing Balance	3.30	*0.00
iii	*Securities premium account*		
	Opening Balance	213.80	213.80
	Utilisation on buy back of equity shares	(56.10)	-
	Closing Balance	157.70	213.80
iv.	*Other reserves*		
	Opening balance	8.77	8.77
	Movement during the year	-	-
	Closing Balance	8.77	8.77
v.	*General reserve*		
	Opening Balance	111.16	111.16
	Transfer to capital redemption reserve pursuant to buy-back	(3.30)	-
	Closing Balance	107.86	111.16
vi.	*Foreign currency translation reserve*		
	Opening Balance	17.15	23.15
	Add: change during the year	2.07	(6.00)
	Closing Balance	19.22	17.15
vii.	*Treasury shares*		
	Opening balance	(74.95)	(29.80)
	Less : Participation in buy back of equity shares by the Trust	2.00	(45.15)
	Closing balance	(72.95)	(74.95)
viii.	*STARs shares*		
	Opening Balance	0.23	-
	Add: Income of the S H Kelkar Employee Trust (EBT) for the year	0.31	0.23
	Less: Loss on participation in buy back by trust	(0.79)	-
	Closing Balance	(0.25)	0.23
ix.	*Retained earnigs*		
	Opening Balance	425.50	368.13
	Add: Total comprehensive income for the year	35.81	87.92
	Less: Dividend paid (including DDT)	(16.19)	(30.55)
	Imapact on transition to INDAS 116	(3.19)	-
	Closing Balance	441.93	425.50

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees 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 account*

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 schemes that are notified or may be notified from time to time by the Company under the plan providing share based payments to its employees. EBT purchases shares of the Company out of funds borrowed from the company.

The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

viii. *STARs 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 INDAS 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:

	March 31, 2020	March 31, 2019
Final equity dividend of previous financial year 2017-2018 paid at ₹ 1.75 per equity share	-	25.32
Interim equity dividend of 2019-2020 paid at ₹ 0.95 per equity share	13.43	-
Dividend distribution tax on the equity dividend paid above	2.76	5.23
	16.19	30.55

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

19 Non-current Borrowings

	March 31, 2020	March 31, 2019
(Secured)		
Term loans from bank (refer note 'a' below)	-	46.88
Finance lease obligations	42.20	2.09
(Unsecured)		
Term loans from bank (refer note 'b' below)	12.20	21.00
	54.40	69.97

Terms of repayment and security

a) Term Loan from banks in the previous year, includes loan from bank taken by a subsidiary company in INR Currency. It was a long-term loan availed for an amount of ₹ 50 crores. This loan was repayable in 16 quarterly installments after moratorium period of 12 months i.e. from 12 March 2019. The loan was secured by way of Pari-Passu charge on Moveable fixed assets and Corporate Guarantee from Holding Company. Applicable Interest Rate is mutually agreed rate, that will be fixed with reference to then prevaling Bank MIBOR (6.72% to 7.61%) of appropriate Tenor. This loan has been repaid during the year.

b) Term Loan from banks includes loan from Bank taken by a subsidiary company in INR Currency. It is a long-term loan availed for an amount of ₹ 28 Crores, having current outstanding as ₹ 22.82 Crores (including current maturity of ₹ 10.62 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.

20 Other non-current financial liabilities

	March 31, 2020	March 31, 2019
Security deposits	1.09	1.98
	1.09	1.98

21 Provisions

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Provision for employee benefits				
Gratuity (refer note 42)	0.48	0.60	0.27	1.07
Compensated absences	0.30	0.27	10.54	9.01
	0.78	0.87	10.81	10.08

22 Current Borrowings

	March 31, 2020	March 31, 2019
Secured		
Working capital loans (refer note 'a' & 'c')	73.73	153.18
Bank over draft (refer note 'c')	95.62	37.97
Unsecured		
Working capital loan (refer note 'd' &'e')	41.74	53.85
Pre-shipment loans (refer note 'b')	77.00	19.00
	288.09	264.00

Notes to the Consolidated Financial Statements
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(Currency : Indian Rupees in crores)

a) Working capital loans and bank overdraft from banks by a holding company and an Indian Subsidiary of ₹50 crores (previous year: ₹94 crores) carry interest ranging between 7.85% p.a. to 9.55% (previous year :7.65% p.a. to 8.60% p.a.), 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 ₹ 77 crores (previous year : ₹ 19 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) Working capital demand loan and Bank Overdraft from banks by a foreign subsidiary company of USD 15,832,508.63 equivalent to ₹ 119.35 crores (31 March 2019: USD 12,501,545.66 equivalent to ₹ 86.47 crores and EUR 969,952.50 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. Also, in the previous year includes, bank overdrafts from holding company of ₹ 3.13 crores carrying interest at range of 9.55% computed on a monthly basis on the actual amount utilised, and were repayable on demand.

d) Working capital loans from bank by an Indian subsidiary of ₹ Nil (31 March 2019: ₹ 15 crores) carries interest at 7% to 7.50% computed on a monthly basis on the actual amount utilised and are repayable on demand. All the loans are backed by way of Corporate Guarantee from holding company.

e) Debt with Banks taken by a foreign subsidiary company is a credit facility of total EUR 5,000,000.00 (31 March 2019 : EUR 5,000,000) equivalent to ₹ 41.74 crores (31 March 2019 : ₹ 38.85 crores) to finance working capital. The interest rate for this is the 1-month Euribor plus 1.5%. The loan is backed by way of Corporate Guarantee from holding company.

23 Trade payables

	March 31, 2020	March 31, 2019
Dues to Micro and small enterprises (refer note 39)	7.79	7.18
Due to others	165.32	127.13
	173.11	134.31

The Group's exposure to currency and liquidity risks related to trade payables is discloses in Note 44.

24 Other current financial liabilities

	March 31, 2020	March 31, 2019
Current maturities of long-term debt (refer note 19)	10.62	7.48
Current maturities of finance lease obligations	12.12	0.14
Interest accrued and due under MSMED Act, 2006	0.89	0.64
Security deposit	23.41	0.40
Derivative liability- Foreign currency forward contract	1.97	-
Employee benefits payable	0.66	16.16
Unclaimed dividend account	0.01	0.01
Other payables		
For capital goods	3.28	1.25
For acquisition of new business	-	0.78
For expenses	-	0.23
	52.96	27.09

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

25 Other current liabilities

	March 31, 2020	March 31, 2019
Advances received from customers	7.07	3.18
Other payables		
- For statutory dues*	7.28	10.46
	14.35	13.64

* Statutory dues includes dues in respect to GST, tax deducted at source, service tax, VAT/ CST tax, provident fund, ESIC, professional tax, work contract tax and other material statutory dues. And there are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

26 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products (refer note 51)		
Gross sales	1,112.68	1,046.12
Less: Discounts	7.60	4.97
Net Sales	1,105.08	1,041.15
Other operating revenue		
Sale of Scrap and services	2.41	2.45
Export incentives and excise refunds	6.74	4.52
	9.15	6.97
Total revenue from operations	1,114.23	1,048.12

27 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income under the effective interest method on:		
Deposits with banks	0.21	0.15
Others	0.16	0.20
Dividend Income	*0.00	-
Interest received on income tax refund	-	1.50
Reversal of provision on doubtful debts	-	1.07
Rental income	1.28	1.24
Provision / liabilities no longer required, written back	0.64	10.67
Miscellaneous income	2.81	3.10
Net foreign exchange gain	1.84	4.32
Net gain on sale of investment	0.33	0.27
Net gain on sale of property, plant & equipement	0.57	0.39
Gain on derivative contracts	-	0.45
Total other income	7.83	23.36

*Amount less than ₹ 0.01 crore

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

28 Cost of materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock		
- Raw materials	238.52	245.11
- Packing materials	7.70	6.72
Add: Purchases		
- Raw materials	495.87	583.31
- Packing materials	21.86	20.43
Less: Closing Stock		
- Raw materials	202.13	238.52
- Packing materials	9.84	7.70
Materials consumed		
- Raw materials	532.27	589.90
- Packing materials	19.72	19.45
Total cost of materials consumed	551.98	609.35

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

	Year ended 31 March 2020	Year ended 31 March 2019
Opening Stock :		
Finished goods	49.07	37.91
Stock-in-trade	2.17	1.12
Work-in-progress	76.48	57.09
Closing Stock:		
Finished goods	59.30	49.07
Stock-in-trade	-	2.17
Work-in-progress	65.70	76.48
Changes in inventories:		
Finished goods	(5.99)	(11.16)
Stock-in-trade	2.17	(1.05)
Work-in-progress	6.55	(19.38)
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.72	(31.59)

30 Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	128.55	125.59
Contribution to provident fund and other funds	12.96	13.86
Compensated absences	2.74	0.08
Staff welfare expenses	6.69	7.63
	150.94	147.16
Less: Transferred to intangible assets under development	(13.26)	(19.07)
Employee benefits expense	137.68	128.09

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

31 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on term loans	3.85	6.43
Interest on working capital loans	14.42	9.13
Interest on dues to micro and small enterprises	0.23	0.27
Other finance costs	6.20	0.29
	24.70	16.12
Less: Interest capitalised to Capital work-in-progress	-	(2.17)
Finance costs	24.70	13.95

32 Depreciation and amortisation

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment	27.91	21.58
Depreciation of investment properties	0.46	0.47
Amortisation of intangible assets	9.50	9.10
Amortisation of Right of use assets	13.63	-
	51.50	31.15

33 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Commission and brokerage	11.31	13.95
Power and fuel	25.18	23.06
Selling and promotion expenses	6.18	7.56
Freight and forwarding	18.86	15.68
Legal and professional charges	20.36	21.57
Travelling and conveyance	12.26	13.97
Research and development	0.82	-
Repairs and maintenance:		
- Buildings	1.66	1.31
- Plant and machinery	2.11	1.36
- Others	4.59	7.65
Security charges	3.80	3.59
Rent	4.62	19.88
Rates and taxes	3.30	3.65
Bank charges	1.05	1.60
Insurance	2.78	2.37
Stationery and printing expenses	1.15	1.42
Training expenses	0.71	0.90
Pollution control expenses	1.14	3.50
Stores and spares consumed	6.33	4.39
Intangible asset under development written off	22.18	23.24
Corporate social responsibility expense	2.11	2.20
Provision for doubtful trade receivables	10.72	0.92
Bad debts written off	0.23	2.73
Payment to auditors*	1.40	1.11
Postage and telephone expenses	1.41	2.75

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	Year ended 31 March 2020	Year ended 31 March 2019
Directors' Commission	1.17	-
Directors' sitting fees	0.67	0.84
Contract labour charges	7.91	6.91
Sales support service	0.39	0.37
Loss on sale of Fixed Assets	0.39	2.35
Loss on derivative contracts	2.22	-
Miscellaneous expenses	14.81	14.11
	193.83	204.94
	(6.40)	(12.27)
Less: Transferred to intangible assets under development	187.43	192.67

*Payment to Auditors:

Entities	Auditor	Statutory Audit Fees	Tax Audit Fees	Certification & Other services	Total
S H Kelkar and Company Limited	B S R & Co. LLP	0.45	0.03	0.17	0.65
Keva Fragrances Pvt Ltd	B S R & Co. LLP	0.11	0.02	0.03	0.16
V N Creative Chemicals Pvt Ltd	B S R & Co. LLP	0.05	0.01	-	0.06
Domestic & Foreign Subsidiary	Others	0.53	-	-	0.53
Total		**1.14**	**0.06**	**0.20**	**1.40**

34 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 2020	31 March 2019
Consolidated Profit attributable to equity shareholders (basic and diluted)			
Consolidated Profit for the year attributable to equity shareholders	(A)	35.69	88.48
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		14,46,20,801	14,46,20,801
Equity shares held in controlled trust		(33,06,429)	(33,73,663)
Buy back of shares		(32,32,766)	-
Number of equity shares outstanding at the end of the year		13,80,81,606	14,12,47,138
Weighted average number of equity shares for the year	(B)	13,95,22,045	14,26,97,501
Basic earnings per share of face value of ₹ 10 each	(A) / (B)	2.56	6.20
Diluted earnings per share of face value of ₹ 10 each	(A) / (B)	2.56	6.20

35 Tax expense

(a) Amounts recognised in consolidated balance sheet

	31 March 2020	31 March 2019
Current tax assets (net of provision ₹ 91.77 crores (31 March 2019 : ₹ 60.04 crores)	40.04	28.00
Current tax liabilities (net of advance tax ₹ 28.85 crores (31 March 2019 : ₹ 61.05 crores)	36.15	31.07

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 and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

(b) Amounts recognised in consolidated statement of profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax		
Current year	21.73	35.14
Earlier years	(1.76)	0.05
Current tax expense	19.97	35.19
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(0.75)	(9.63)
Related to earlier years	(0.06)	2.60
For MAT credit Entitlement	(0.54)	(1.15)
Deferred tax expense	(1.35)	(8.18)
Tax expense for the year	18.62	27.01

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	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	0.15	(0.03)	0.12	(0.56)	0.23	(0.33)
Items that will be reclassified to profit or loss						
Exchange differences in translating the financial statements of a foreign operation	1.77	-	1.77	(6.15)	-	(6.15)
	1.92	(0.03)	1.89	(6.71)	0.23	(6.48)

(d) Reconciliation of effective tax rate

	31 March 2020	31 March 2019
Profit before tax	53.32	114.85
Tax using the Company's domestic tax rate (current year 25.17% and previous year 34.61%)	13.42	40.13
Change in tax rate of subsidiaries	0.14	-
Tax effect of:		
Differences in tax rates of subsidiaries	0.20	(0.09)
Non-deductible tax expenses	1.34	1.18
Deferred tax asset recognised on transfer of intangible assets	(2.18)	(8.56)
Change in rate on deferred tax	5.62	-
MAT credit Entitlement	0.54	-
Incremental deduction allowed	(0.22)	(3.15)
Tax impact of earlier years	0.06	(2.65)
Others	(0.31)	0.15
	18.62	27.01

The Group's weighted average tax rates for the years ended 31 March 2020 and 2019 were 34.92% and 23.52% respectively.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

36 Deferred Tax

(a) Amounts recognised in consolidated balance sheet

	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax assets (net)	32.57	25.51
Deferred tax liabilities (net)	23.63	17.92
Net Deferred tax assets	8.94	7.59

(b) Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax assets	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment	-	-	(17.56)	(11.08)	(17.56)	(11.08)
Trade receivables	2.43	1.36	-	-	2.43	1.36
Derivatives	-	-	(0.27)	-	(0.27)	-
Inventories	0.50	-	-	-	0.50	-
Lease Liabilities	0.04	-	-	-	0.04	-
Business loss	16.10	9.03	-	-	16.10	9.03
Provisions	5.36	6.78	-	-	5.36	6.78
MAT credit entitlement	2.04	1.50	-	-	2.04	1.50
Other items	0.29	-	-	-	0.29	-
Net deferred tax assets (liabilites)	26.77	18.67	(17.82)	(11.08)	8.94	7.59

(c) Movement in deferred tax balances

	31 March 2020						
	Net balance 1 April 2019	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	(11.08)	(6.48)	-	-	(17.56)	-	(17.56)
Trade Receivables	1.36	1.07	-	-	2.43	2.43	-
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	-
Provisions	6.78	(1.42)	(0.03)	-	5.36	5.36	-
MAT credit entitlement	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)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	31 March 2019						
	Net balance 1 April 2018	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	(15.91)	1.87	-	2.96	(11.08)	-	(11.08)
Trade receivables	1.71	(0.35)	-	-	1.36	1.36	-
Business loss	2.83	6.20	-	-	9.03	9.03	-
Provisions	7.24	(0.69)	0.23	-	6.78	6.78	-
MAT credit entitlement	0.35	1.15	-	-	1.50	1.50	-
Investments	-	-	-	-	-	-	-
Tax assets (liabilities)	(3.78)	8.18	0.23	2.96	7.59	18.67	(11.08)

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 and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

(d) Unrecognised deferred tax assets/ liabilities

As at 31 March 2020, undistributed earning of subsidiaries amounted to ₹ 123.78 crores (previous year 2019: ₹ 122.24 crores). The corresponding deferred tax liability of ₹ 21.85 crores (previous year 2019: ₹ 21.75 crores) was not recognised because the Company controls the dividend policy of its subsidiaries i.e. the Company controls the timing of reversal of the related taxable temporary differences and management believes no dividend will be distributed by the subsidiaries in foreseeable future.

The deferred tax asset arising on account of merger of two wholly-owned subsidiaries, the merged entity being Keva Fragrances Pvt. Ltd as at 31 March 2019 of ₹ 16.11 crores and 31 March 2018 of ₹ 34.36 crores, has not been recognised, pending uncertainty over the allowability of the goodwill amortisation amount, as an eligible expenditure in the tax assessment by the tax authorities.

37 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 2019 (on transition to IND AS 116)	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**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	Buildings	Office equipments	Motor cars	Total
Accumulated depreciation and impairment				
As at 1 April 2019 (on transition to IND AS 116)	0.05	0.34	0.86	1.25
Depreciation	13.39	0.01	0.24	13.63
Disposals	-	-	0.76	0.76
Balance at 31 March 2020	**13.44**	**0.35**	**0.34**	**14.12**
Carrying amounts				
As at 1 April 2019	49.69	0.01	0.40	50.10
Balance at 31 March 2020	**46.09**	**-**	**0.02**	**46.12**

Breakdown of lease expenses

	Year ended 31 March 2020
Short-term lease expense	4.62
Total lease expense	**4.62**

Cash outflow on leases

	Year ended 31 March 2020
Repayment of lease liabilities	8.18
Interest on lease liabilities	4.25
Short-term lease expense	4.62
Low value lease expense	-
Total cash outflow on leases	**17.04**

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	49.74
Total assets	**49.74**
Lease liabilities	52.93
Total liabilities	**52.93**
Retained earnings	3.19
Total equity	**3.19**

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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

A. Contingent liabilities

	31 March 2020	31 March 2019
a. Direct and Indirect taxes		
Income taxes	**84.12**	136.86
Excise duty	**0.11**	0.67
Service taxes	**11.61**	12.10
Sales tax	**1.18**	1.97
Custom Duty	**1.05**	1.04
GST	**0.88**	-

b. The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. The Group and its joint ventures have started complying with this prospectively from the month of March 2019. In respect of the past period there are significant implementation and interpretative challenges that the management is facing and is awaiting for clarity to emerge in this regard, pending which, this matter has been disclosed under the Contingent liability section in the financial statements. The impact of the same is not ascertainable.

B. Commitments

	31 March 2020	31 March 2019
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	2.26	3.82

39 Dues to micro and small suppliers

	31 March 2020	31 March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	**7.79**	7.18
- Interest on the above	**0.89**	0.64
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	**9.87**	12.29
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	**0.22**	0.25
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.89**	0.64
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	**0.89**	0.64

40 Transfer pricing

The Group's management is of the opinion that its international transactions and specified domestic transactions are at arm's length as per the independent accountants report for the year ended 31 March 2019. Management continues to believe that its international transactions post March 2019 and the specified domestic transactions covered by the new regulations 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 2020

(Currency : Indian Rupees in crores)

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

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 Technologies 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
	Minority 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

*Amount less than ₹ 0.01 crore

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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

31 March 2019

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	68.20%	596.56	51.00%	44.97	8.30%	(0.54)	54.30%	44.43
	Subsidiaries								
	Indian								
1	Keva Flavours Private Limited	2.00%	17.64	(5.30%)	(4.69)	(0.80%)	0.05	(5.70%)	(4.64)
2	Keva Fragrances Private Limited	41.40%	361.58	(9.40%)	(8.30)	(3.90%)	0.25	(9.80%)	(8.05)
3	Saiba Industries Private Limited	1.10%	9.75	0.30%	0.27	*0.00%	-	0.30%	0.27
4	Rasiklal Hemani Agencies Private Limited	4.70%	41.30	4.00%	3.53	(0.20%)	0.01	4.30%	3.54
5	Keva Chemicals Private Limited	0.40%	3.29	(0.30%)	(0.27)	*0.00%	-	(0.30%)	(0.27)
6	VN Creative Chemicals Pvt. Ltd. (Subsidiary of Keva Fragrances Pvt. Ltd.)	(0.30%)	(2.20)	(1.80%)	(1.63)	*0.00%	-	(2.00%)	(1.63)
7	Tanishka Fragrance Encapsulation echnologies 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	3.10%	26.90	(0.10%)	(0.05)	8.30%	(0.54)	(0.70%)	(0.59)
2	Keva Fragrance Industries Pte. Ltd.	1.40%	12.34	5.00%	4.39	*0.00%	-	5.40%	4.39
3	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	6.50%	56.98	19.60%	17.27	34.10%	(2.21)	18.40%	15.06
4	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte. Ltd., Singapore)	(0.50%)	(4.58)	(5.60%)	(4.93)	(1.40%)	0.09	(5.90%)	(4.84)
5	Anhui Ruibang Aroma Co. Ltd.	2.40%	20.94	(0.50%)	(0.47)	11.00%	(0.71)	(1.40%)	(1.18)
	Joint Venture (Investment as per the equity method)								
	Foreign								
1	Creative Flavours & Fragrances SpA	*0.00%	-	0.30%	0.28	*0.00%		0.30%	0.28
2	Purandar Fine Chemicals Pvt. Ltd.	*0.00%	-	0.10%	0.13	*0.00%		0.20%	0.13
	Minority Interest								
	Foreign								
	Anhui Ruibang Aroma Co. Ltd.	1.20%	10.81	(0.30%)	(0.23)	*0.00%		(0.30%)	(0.23)
	Total Eliminations	(31.70%)	(277.15)	43.00%	37.99	*0.00%		46.50%	37.99
	Exchange differences on translation of foreign operations	*0.00%	-	*0.00%		44.40%	(2.88)	(3.50%)	(2.88)
	Total	100%	874.16	100%	88.25	100%	(6.48)	100%	81.77

*Amount less than ₹ 0.01 crore

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees 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 2020	31 March 2019
Group's contribution to Provident Fund/social security	**2.16**	2.24
Group's contribution towards foreign defined contribution plan in accordance with local laws	**1.62**	3.04
Group's contribution to Superannuation Fund	**1.46**	1.47
Group's Contribution to ESIC	**0.08**	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 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 2020. 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 2020

(Currency : Indian Rupees 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 the net defined benefit (asset) liability and its components:

	Deferred tax assets		Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Opening balance	16.12	13.40	14.45	11.10	1.67	2.30
Included in profit or loss						
Current service cost	1.43	1.28	-	-	1.43	1.28
Past service cost	-	-	-	-	-	-
Interest cost (income)	1.24	1.01	1.18	0.94	0.07	0.07
Included in OCI						
Remeasurement loss (gain):	0.00	(0.01)	-	-	0.00	(0.01)
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	(1.17)	1.10	-	-	(1.17)	1.10
Experience adjustment	0.49	(0.04)	-	-	0.49	(0.04)
Return on plan assets excluding interest income	-	-	(0.52)	(0.10)	0.52	0.10
Contributions paid by the employer	-	-	2.29	3.06	(2.29)	(3.06)
Benefits paid	(1.44)	(0.62)	(1.46)	(0.54)	0.02	(0.06)
Closing balance	16.68	16.12	15.93	14.45	0.75	1.67

B. Plan assets

Plan assets comprise the following:

	31 March 2020	31 March 2019
Investment		
Investment in Government Securities	4%	5%
Bank Special Deposit	2%	2%
Investment in other securities	12%	16%
Corporate Bonds	35%	33%
State Government Bonds	47%	44%
Others	0%	0%
	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 2020	31 March 2019
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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees 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 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.72)	2.33	(0.72)	2.33
Future salary growth (1% movement)	1.35	(0.65)	1.27	(0.60)
Rate of Employee Turnover (1% movement)	0.26	(0.30)	0.14	(0.16)

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 2020						
Defined benefit obligations (Gratuity)	1.53	1.04	2.94	6.65	3.42	15.57
Total	1.53	1.04	2.94	6.65	3.42	15.57
31 March 2019						
Defined benefit obligations (Gratuity)	1.56	0.67	3.05	6.17	4.65	16.10
Total	**1.56**	**0.67**	**3.05**	**6.17**	**4.65**	**16.10**

iii. *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 ₹ 5.03 crores (2018-19: ₹ 4.18 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 returns 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:

	31 March 2020	31 March 2019
Plan assets at the period end, at fair value	54.49	54.84
Present value of benefit obligation at period end	55.34	55.34
Interest short fall liability	0.42	0.15
Liability recognised in balance sheet	1.27	0.65

Notes to the Consolidated Financial Statements

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(Currency : Indian Rupees in crores)

Amount of ₹ 0.42 crores (previous rear ₹ 0.65 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 on 31 March 2020.

Plan assets comprise the following:

	31 March 2020	31 March 2019
Investment	52%	50%
Investment in Government Securities	1%	6%
Bank Special Deposit	9%	9%
Investment in other securities	10%	10%
Corporate Bonds	28%	25%
Debt Securities	100%	100%

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

	31 March 2020	31 March 2019
Discount rate (%)	6.93%	7.94%
Guaranteed interest rate (%)	8.50%	8.65%
Expected average remaining working lives of employees (Years)	15	16

(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 ₹ 2.74 crores (previous year ₹ 0.08 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.

Long-term incentive plan:

The obligation for long-term incentive plan is recognised arithmatically as percentage of fixed salary, based on certain vesting conditions. In the previous year, on account of organisation restructuring excess provision of previous years with respect to the long term incentive plan of ₹ 3.50 crores has been reversed and is disclosed under other income for the year ended March 2019. No amount recognised towards long-term incentive plan for the year ended 31 March 2020.

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 Groups'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 2020, 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.

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for the year ended 31 March 2020

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	31 March 2020	31 March 2019
Non-current borrowings (including finance lease obligation)	54.40	69.97
Current borrowings	288.09	264.00
Current maturity of long term debt	10.62	7.48
Current maturity of long term finance lease obligations	12.12	0.14
Gross debt	365.23	341.59
Less - Cash and cash equivalents	62.55	37.45
Less - Other bank deposits	-	1.52
Less - Current investments	-	1.53
Adjusted net debt	302.68	301.09
Total equity attributable to owner's of the Company	823.97	863.35
Adjusted net debt to equity ratio	0.37	0.35

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 2020	Carrying amount			Fair value			
	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	-	-	-	-
	-	397.11	397.11	-	-	-	-
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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(Currency : Indian Rupees in crores)

31 March 2019	Carrying amount			Fair value			
	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	-	2.70	2.70	-	-	-	-
Other financial assets	-	1.39	1.39	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	37.45	37.45	-	-	-	-
Other bank balances	-	3.44	3.44	-	-	-	-
Loans	-	6.16	6.16	-	-	-	-
Other financial assets - current	0.45	1.79	2.24	-	0.45	-	0.45
Trade receivables	-	284.45	284.45	-	-	-	-
Current investments	1.53	-	1.53	-	1.53	-	1.53
	1.98	337.38	339.36	-	1.98	-	1.98
Financial liabilities							
Non current financial liabilities							
Long term borrowings	-	69.97	69.97	-	69.97	-	69.97
Others	-	1.98	1.98	-	-	-	-
Current financial liabilities							
Short term borrowings	-	264.00	264.00	-	-	-	-
Trade payables	-	134.31	134.31	-	-	-	-
Other financial liabilities - current	-	26.31	26.31	-	-	-	-
Payable on acquisition of new business	-	0.78	0.78		0.78	-	0.78
	-	497.35	497.35	-	70.75	-	70.75

*Amount less than ₹ 0.01 crore

The carrying amount of loans and advances, cash and cash equivalents, other bank balances, trade receivables, trade payables, other current, non-current financial assets and liabilities and short-term borrowings recognised at amortised cost, are considered to be the same as their fair values, due to their short-term nature.

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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

ii. *Credit risk*

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

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval as per authority matrix set by the Group.

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

The maximum exposure to credit risk for trade and other receivables was as follows.

	Carrying amount	
	31 March 2020	31 March 2019
India	191.36	157.40
Other regions	126.03	127.05
	317.39	284.45
Total other receivables	14.17	12.49

Impairment

At 31 March 2020, the ageing of trade and other receivables that were not impaired was as follows.

	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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(Currency : Indian Rupees in crores)

	31 March 2019		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired	165.77	0.48%	0.79
Past due not impaired			
Past due 0-180 days	104.40	2.00%	2.09
Past due 181-360 days	13.25	7.70%	1.02
Past due 361-540 days	3.21	26.48%	0.85
Past due 541-730 days	3.68	34.51%	1.27
More than 730 days	1.16	86.21%	1.00
	291.47		7.02

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

For trade receivable	Amount
Balance as at 31 March 2018 (Restated)	7.17
Impairment loss/(gain) recognised	(0.15)
Amounts utilised	-
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

For other receivable	Amount
Balance as at 31 March 2018 (Restated)	0.18
Impairment loss/(gain) recognised	-
Balance as at 31 March 2019	0.18
Impairment loss/(gain) recognised	-
Balance as at 31 March 2020	0.18

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 62.55 crores at 31 March 2020 (31 March 2019: ₹ 37.45 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 ₹ 3.00 crores at 31 March 2020 (31 March 2019: ₹ 3.44 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.

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for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Further the Group has accessed funds from debt market through term loans, working capital facility and overdrafts from banks and other financial institutions.

Exposure to liquidity risk

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

31 March 2020	Carrying Amount	Contractual cash flows			
		Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowings	12.20	13.19	-	13.19	-
Finance lease obligations	42.20	45.50	-	45.50	-
Others	1.09	1.09	-	0.19	0.90
Current financial liabilities					
Current maturity of non current borrowings	10.62	10.62	10.62	-	-
Finance lease obligations	12.12	12.97	12.97	-	-
Other current financial liabilities	28.25	28.25	28.25	-	-
Trade payables	173.11	173.11	173.11	-	-
Short term borrowings	288.09	288.09	288.09	-	-
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	1.97	86.50	86.50	-	-

31 March 2019	Carrying Amount	Contractual cash flows			
		Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowings	67.88	74.67	-	74.67	-
Finance lease obligations	2.09	2.51	0.16	2.35	-
Others	1.98	1.98	-	-	1.98
Current financial liabilities					
Current maturity of non current borrowings	7.48	12.91	12.91	-	-
Finance lease obligations	0.14	0.14	0.14	-	-
Other current financial liabilities	19.47	19.47	19.47	-	-
Trade payables	134.31	134.31	134.31	-	-
Short term borrowings	264.00	264.00	264.00	-	-
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	0.02	21.14	21.14	-	-
- Inflow		(21.46)	(21.46)	-	-

Notes to the Consolidated Financial Statements
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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.

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.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings and finance lease obligations. Borrowings issued at fixed rates and finance lease obligations exposes to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Nominal amount	
	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets	11.00	13.46
Financial liabilities	205.82	135.14
	216.83	148.60
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	183.91	208.23
	183.91	208.23

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

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for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

INR	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2020		
Variable-rate instruments	(1.84)	1.84
Cash flow sensitivity (net)	(1.84)	1.84
31 March 2019		
Variable-rate instruments	(2.08)	2.08
Cash flow sensitivity (net)	(2.08)	2.08

vi. ***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 2020, 31 March 2019 are as below:

	31 March 2020 USD	31 March 2020 EUR	31 March 2020 SGD	31 March 2020 CHF	31 March 2020 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

	31 March 2019 USD	31 March 2019 EUR	31 March 2019 SGD	31 March 2019 CHF	31 March 2019 Others*
Financial assets	176.49	43.00	0.70	-	-
Financial liabilities	128.17	26.96	0.09	1.33	0.10
Derivatives (net settled)	(5.68)	-	-	-	-
Net statement of financial position exposure	42.64	16.04	0.61	(1.33)	(0.10)

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

	31 March 2020	
	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade receivables)	USD 750,000	5.68

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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 INR	Profit or loss	
	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
	(8.06)	8.06

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 2019		
USD (3% movement)	(1.28)	1.28
EUR (3% movement)	(0.48)	0.48
SGD (3% movement)	(0.02)	0.02
	(1.78)	1.78

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 ventures are 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***

Fragrances

Flavours

B. Information about reportable segments

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

Notes to the Consolidated Financial Statements

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Year ended 31 March 2020	Reportable segments		
	Fragrance	Flavours	Total Segments
Add/ (Less):			
Finance costs			(24.70)
Interest income			0.37
Financial assets measured at FVTPL			-
Tax expense			(18.62)
Other unallocable expenses net of unallocable income			(18.90)
Consolidated profit after tax and share of profit from equity investment in joint venture as per consolidated statement of profit and loss			72.31
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 Employed (Segment assets - Segment liabilities)	1,038.09	110.29	834.55
VIII 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)

Year ended 31 March 2019	Reportable segments		
	Fragrance	Flavours	Total Segments
I. Segment revenue			
Total Sales	1,295.40	114.87	1,410.27
Inter-segment	(361.26)	(7.86)	(369.12)
Other operating income	1.13	1.32	2.45
Sales/ Income from Operations	935.27	108.33	1,043.60
II. Segment Results *	130.05	15.41	145.46
III. Specified amounts included in segment results			
Depreciation and amortisation	24.00	7.15	31.15
IV. Reconciliation of segment result with proft after tax			
Segment Results	130.05	15.41	145.46
Add/ (Less):			
Finance costs			(13.95)
Interest income			1.85
Financial assets measured at FVTPL			-
Tax expense			(27.01)
Other unallocable expenses net of unallocable income			(18.10)
Consolidated profit after tax and share of profit from equity investment in joint venture as per consolidated statement of profit and loss			88.25
V. Segment Assets	1,232.61	136.77	1,369.38
Unallocated			75.71
VI. Segment Liabilities	163.07	16.41	179.48
Unallocated			391.45
VII. Capital Employed (Segment assets - Segment liabilities)	1,069.54	120.36	874.15
VIII Capital Expenditure	114.19	3.85	118.04

* Including share of profit from equity investment in joint venture - Creative Flavours and Fragrances S.p.A. (CFF) & Purandar Fine Chemicals Pvt.Ltd.

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C. Geographic information

In respect of secondary segment information, the Group and its joint ventures has identified its geographical segments as Domestic and Overseas based on location of customers. The Secondary Segment information has been disclosed accordingly.

Geography		For the year ended 31 March 2020	For the year ended 31 March 2019
I	**Revenue**		
	India	682.50	704.54
	Others	422.58	339.06
	Total Revenue	1,105.08	1,043.60
II	**Non-current Assets ***		
	India	421.00	526.87
	Others	222.83	118.34
	Total Non-current Assets	643.83	645.21

*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 2020 and 31 March 2019 constituted 10% or more of the total revenue of the Group.

46 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:

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 2020	Ownership interest 31 March 2019
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%	-
Saiba Industries Private Limited	Subsidiary	India	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
Rasiklal Hemani Agencies Private Limited	Subsidiary	India	100%	100%
Keva Chemicals Private Limited	Subsidiary	India	100%	100%
Creative Flavours & Fragrances SpA (wef 15 January 2018)	Joint venture	Italy	51%	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%
Tanishka Fragrance Encapsulation Technologies LLP (Subsidiary of Keva Chemicals Private Limited)	Step down subsidiary	India	51%	51%
Anhui Ruibang Aroma Co. Ltd.(Subsidiary of Keva Fragrance Industries Pte.Ltd.) (wef 01 August 2018)	Step down subsidiary	China	66.7%	66.7%
Purandar Fine Chemicals Pvt. Ltd. (wef 01 November 2018)	Joint venture	India	50.0%	50%
Keva Italy S.r.l (Subsidiary of Keva Europe B. V.) (wef 26 November 2019)	Step down subsidiary	Italy	100%	-

II. Other related parties

a)	Enterprises owned or controlled or significantly influenced 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
		Ramesh Vinayak Vaze Family Trust
		Kedar RameshVaze Family Trust
		SKK Industries Private Limited
		Vinayak Ganesh Vaze Charities
b)	Key Management Personnel (KMP)	Ramesh V. Vaze (Managing Director, upto 31 August 2019)
		Kedar R. Vaze, Director & Chief Executive Officer
		Ratul Bhaduri (Chief Financial Officer) (from 15 November 2017 upto 03 December 2018)
		Shrikant Mate (Chief Financial Officer, from 04 December 2018)
		Deepti Chandratre, Company Secretary
c)	Relatives of Key Management Personnel	Anagha Nene
		Parth K Vaze
		Nandan K Vaze
		Prabha R. Vaze
		Sumedha Karmarkar
		Milena Rubene
d)	Non-executive directors	Dalip Sehgal
		Alpana Parida
		Jairaj Purandare
		Sangeeta Singh
		Prabha Vaze
		Amit Dalmia
		Deepak Bindra (from 25 May 2018 to 25 October 2019)
		Shrikant Oka (from 25 May 2018)
		Amit Dixit (upto 25 May 2018)
		Nitin Potdar (upto 28 February 2018)
		Mark Elliott (from 15 December 2019)
		Ramesh V Vaze (Chairman, from 01 September 2019)

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(Currency : Indian Rupees in crores)

A Transactions during the year

Particulars	Transaction values for the year ended	
	31 March 2020	31 March 2019
Key Managerial Personnel		
Remuneration	4.61	6.59
Post-employment benefits	0.36	0.55
Sitting fees to non-executive directors	0.67	0.84
Purchase of good and services		
Purandar Fine Chemicals Private Limited	3.54	3.95
Keva Aromatics Private Limited	3.81	3.15
Keva Biotech Pvt.Ltd.	0.01	0.25
Sale of goods		
Purandar Fine Chemicals Private Limited	0.03	-
Keva Aromatics Private Limited	0.07	
Rent paid		
Keva Constructions Private Limited	5.25	5.06
Market Research expenses		
Milena Rubene	-	0.19
Dividend paid		
Ramesh V. Vaze	2.45	4.54
Kedar R. Vaze	1.32	2.49
Prabha R. Vaze	0.47	0.88
Parth K. Vaze	0.13	0.23
Nandan K. Vaze	0.13	0.23
Ramesh Vaze Family Trust	*0.00	*0.00
Sumedha Karmarkar	*0.00	*0.00
Anagha S Nene	0.14	*0.00
KNP Industries Pte Ltd	1.45	3.00
Vinayak Ganesh Vaze Charities	0.19	0.36
SKK Industries Private Limited	0.14	0.27
ASN Investment Advisors Private Limited	0.14	0.27
Keva Constructions Private Limited	1.02	1.57
Kedar Ramesh Vaze Family Trust	*0.00	*0.00
Commission to non-executive director	1.17	-
Reimbursement (for expenses incurred by Company on behalf of related party)		
Keva Constructions Private Limited	0.04	0.12
KNP Industries Pte Ltd	-	0.20
Reimbursement (for expenses incurred by realted party on behalf of Company)		
Keva Constructions Private Limited	-	0.04
Loans given		
Purandar Fine Chemicals Pvt.Ltd.	0.50	-
Investment made		
Purandar Fine Chemicals Private Limited	-	0.81

* Amount less than ₹ 0.01 crore

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

FINANCIAL STATEMENTS

B Outstanding balances as at the reporting dates

Particulars	Balances outstanding	
	31 March 2020	31 March 2019
Outstanding Balances		
Other current financial assets		
Keva Constructions Private Limited	-	0.09
Advance for suppliers and services		
Keva Aromatics Private Limited	0.14	-
Keva Constructions Private Limited	0.12	0.07
Loans outstanding		
Purandar Fine Chemicals Pvt.Ltd.	0.50	-
Trade receivables		
Purandar Fine Chemicals Pvt.Ltd.	0.15	0.04
KNP Industries Pte Ltd	-	0.20
Keva Aromatics Private Limited	0.09	-
Trade Payables		
Keva Aromatics Private Limited	0.06	1.66
Purandar Fine Chemicals Pvt.Ltd.	0.66	0.83
Keva Biotech Pvt Ltd	-	0.02
Other current financial liabilities		
Milena Rubene	-	0.19

* 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 2020	31 March 2019
Flavour Division		
Gujarat Flavours Private Limited	4.95	4.95
High-Tech Technologies	8.50	8.50
Saiba Industries Private Limited	7.56	7.56
Fragrance Division		
PFW Aroma Ingredients B.V.	12.72	12.34
Rasiklal Hemani Agencies Private Limited	2.03	2.02
Anhui Ruibang Aroma Co Ltd	4.47	4.47
Keva Fragrance Industries Pte Ltd	*0.00	*0.00
	40.23	39.84

* Amount less than ₹ 0.01 crore

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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.

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 2020	31 March 2019
Discount rate	**4.80%**	3.67%
Terminal value growth rate	**1.00%**	1.00%
Sales growth rate	**3.00%**	10.00%

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

ii. Saiba Industries Private Limited

The Company owns investment property comprises office building having market value is ₹ 20.20 crores which is let out and continues to earn rental income which is sufficient to cover the remaining outside operating liabilities of the Company

Particulars	31 March 2020	31 March 2019
Investment property		
Market Value	**20.20**	19.50

The key assumptions used during 2019-20

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 values. The fair value measurement for all of the investment property has been categorised as level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The Group obtains Independent Valuations of its investment property as at the year end. The fair value of the investment property have been derived using the Direct Comparision Method. The direct comparision approach involves a comparision 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 a 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 resonable estimation of the prevailing proce. 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 2020

(Currency : Indian Rupees in crores)

iii. High-Tech Technolgies 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 discoun t e d 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 2020	31 March 2019
Discount rate	**10.38%**	8.69%
Terminal value growth rate	**3.00%**	3.00%
Sales growth rate	**15.00%**	15.00%

With regard to assessment of value in use, no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU's to exceed their recoverable amount.

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 2020	31 March 2019
Discount rate	**11.00%**	14.20%
Terminal value growth rate	**3.00%**	3.00%
Sales growth rate	**7.00%**	7.00%

With regard to assessment of value in use, 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.

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.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

Particulars	31 March 2020	31 March 2019
Discount rate	8.57%	5.00%
Terminal value growth rate	2.00%	2.00%
Sales growth rate	12.00%	3.00%

With regard to assessment of value in use, 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.

48 i. Acquisition of 66.7% stake in Anhui Ruibang Aroma Co. Ltd.

On August 1, 2018, the Holding Company, through Keva Fragrance Industries Pte.Ltd. step-down subsidiary of the Holding Company has acquired 66.7% stake in Anhui Ruibang Aroma Co.(Anhui) Ltd. for ₹26.55 crores. Anhui is a leading aroma ingredients company in China.

A. Consideration transferred

The following table summarises the acquisition date fair value of major class of consideration transferred:

	Amount
Cash	26.55

B. Acquisition-related costs

The Group incurred acquisition related cost of ₹ 1.82 crores on legal fees and due diligence costs. These costs have been included in legal and professional fees under other expenses in the previous year ₹ 0.73 crores and ₹ 1.09 crores during current year

C. Identifiable assets acquired and liabilities assumed

The acquisition of the said company is accounted for using the acquisition method of accounting. The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	Amount
Fair value of assets acquired	
Fixed Assets	29.40
Cash & Bank Balance	2.70
Accounts Receivable	0.99
Inventory	5.14
Total (A)	38.22
Fair value of liabilities acquired	
Accounts Payable	(2.63)
Other Libilitiy	(2.48)
Total (B)	(5.10)
Net identifiable assets acquired (A) - (B)	**33.12**

D. Goodwill

Goodwill arising from the acquisition has been determoned as follows

Particulars	Amount
Total purchase consideration paid by the Group	26.55
Non controlling interest in the acquired entity	11.04
Less: Net identifiable assets acquired	33.12
Goodwill	**4.47**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

ii. Acquisition of 50% stake in Purandar Fine Chemicals Pvt. Ltd.

On 1 November 2018, the Holding Company, through Keva Fragrance Private Ltd. step-down subsidiary of the Holding Company has acquired 50% stake in Purandar Fine Chemicals Pvt. Ltd.

A. Consideration transferred

The following table summarises the acquisition date fair value of major class of consideration transferred:

Particulars	Amount
Cash	0.81

B. Identifiable assets acquired and liabilities assumed

The acquisition of the said company is accounted for using the acquisition method of accounting. The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	Amount
Current assets	1.31
Non-current assets	0.56
Total assets	1.86
Current liabilites	0.88
Non current liabilities	0.56
Total liabilities	1.44
Net assets/ liabilities	0.42
Net identifiable assets acquired - 50% of net assets	0.21

C. Goodwill

Goodwill arising from the acquisition has been determoned as follows

Particulars	Note	Amount
Consideration transferred	A	0.81
Less: Net identifiable assets acquired	B	0.21
Goodwill included in carrying amount of joint venture		0.60

49 Disclosure of Joint Venture and Associates

Financial information of joint ventures and associates that are material to the Group is provided below :

Name of the entity	Place of business	% of ownership interest as of 31 March 2020	% of ownership interest as of 31 March 2019	Relationship	Accounting method	Carrying Amounts 31 March 2020	Carrying Amounts 31 March 2019
Creative Flavours and Fragrances S.p.A.	Italy	51.0%	51.0%	Joint Venture	Acquisition method	95.95	94.91
Purandar Fine Chemicals Pvt. Ltd.	India	50.0%	50.0%	Joint Venture	Acquisition method	1.05	0.93
Total equity accounted investments						97.00	95.84

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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:

	Creative Flavours and Fragrances S.p.A.		Purandar Fine Chemicals Pvt. Ltd.	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Current assets	107.20	93.83	1.08	1.31
Non-current assets	42.09	43.89	0.66	0.56
Total assets	149.29	137.72	1.74	1.86
Current liabilites	104.28	114.46	0.50	0.88
Non current liabilities	32.92	15.01	0.33	0.56
Total liabilities	137.20	129.47	0.83	1.44
Net assets	12.09	8.26	0.91	0.42
Ownership	51%	51%	50%	50%
Groups' share of net assets	6.17	4.21	0.45	0.21
Add: Goodwill	75.55	75.55	0.60	0.60
Add: Intangible assets	14.23	15.15	-	-
Carrying amount of Investment in Joint venture	95.95	94.91	1.05	0.81

Particulars	Creative Flavours and Fragrances S.p.A.		Purandar Fine Chemicals Pvt. Ltd.	
	31 March 2020	31 March 2019	31 March 2020	For the period 01 November 2018 to 31 March 2019
Revenues (includes ₹ 96.59 crores job work income for CFF current year)	238.94	271.76	3.61	2.14
Expenses (includes ₹ 89.48 crores job work charges for CFF current year)	217.45	250.98	3.09	1.72
Depreciation	11.72	13.88	0.17	0.07
Finance Cost	2.96	1.55	0.05	0.02
Profit before tax	6.81	5.35	0.30	0.33
Income tax expense	2.36	2.41	0.08	0.10
Profit after tax	4.45	2.94	0.22	0.23
Group's share of profit	2.27	1.50	0.11	0.13
Less: Amortisation of identified intangible assets (refer note 49 iv)	1.22	1.22	-	-
Group's share of profit	1.05	0.28	0.11	0.13

The Group has accounted investment in joint venture of CFF as per equity method based on unaudited financial statements.

50 Non Controlling Interest

On 1 August 2018, the Holding Company, through Keva Fragrance Industries Pte.Ltd. step-down subsidiary of the Holding Company has acquired 66.7% stake in Anhui Ruibang Aroma Co.(Anhui) Ltd. For ₹ 26.55 crores and accordingly 33.33% are held by non controlling interests. Anhui is a leading aroma ingredients company in China.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

The following table summarises information relating to Anhui Ruibang Aroma Co. Ltd., before any inter-company eliminations

Summarised statement of profit or loss

Particulars	31 March 2020	31 March 2019
Total Revenue	35.17	28.30
Profit/Loss for the year	0.51	(0.70)
Profit/Loss allocated to non-controlling interests	0.17	(0.23)

Summarised balance sheet

Particulars	31 March 2020	31 March 2019
Non-current assets	24.50	27.19
Current assets	7.51	10.49
	32.01	37.68
Non-current liabilities	-	-
Current liabilities	0.28	5.25
	0.28	5.25
Net assets	31.73	32.43
Net assets attributable to non-controlling interest	10.58	10.81

Summarised cash flow statement

Particulars	31 March 2020	31 March 2019
Cash flows from(used in) in operating activities	3.24	(0.50)
Cash flows from(used in) in invetsing activities	(1.14)	0.93
Cash flows from(used in) in financing activities	-	-
Net (decrease) in cash and cash equivalents	2.10	0.43

51 Disclosure under IND AS 115 - Revenue from contracts with customers

The Holding Company is engaged into manufacturing of Industrial Fragrances & Flavours. There is no impact on the Company's revenue on applying IND AS 115 from the contract with customers

Revenue from contracts with customers: Sale of products (Transferred at point in time).

a Major Segment

	Year ended 31 March 2020		
	Fragrance	Flavours	Total
Manufacturing			
India	658.26	46.05	704.32
South east asia	55.93	1.59	57.52
Europe	112.34	0.45	112.80
MENA	48.53	48.90	97.43
Others	87.60	10.01	97.61
	962.67	107.01	1,069.68
Trading			
India	33.55	-	33.55
South east asia	2.60	-	2.60
Europe	6.72	-	6.72
MENA	0.00	-	0.00
Others	0.13	-	0.13
	42.99	-	42.99
Total Sales	1,005.67	107.01	1,112.68

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

Major Segment

	Year ended 31 March 2019		
	Fragrance	Flavours	Total
Manufacturing			
India	616.57	55.51	672.08
South east asia	55.89	0.15	56.04
Europe	56.77	0.07	56.84
MENA	41.00	45.56	86.56
Others	26.61	5.85	32.46
	796.84	107.14	903.98
Trading			
India	35.77	-	35.77
South east asia	10.20	-	10.20
Europe	65.62	-	65.62
MENA	0.99	-	0.99
Others	29.56	-	29.56
	142.14	-	142.14
Total Sales	938.98	107.14	1,046.12

b Sales by performance obligations

	Year ended 31 March 2020		
	Fragrance	Flavours	Total
Manufacturing			
CIF	**428.40**	**98.41**	**526.81**
FOB	**40.41**	**8.49**	**48.90**
Ex work	**492.76**	**0.11**	**492.87**
DDP	**1.11**	**-**	**1.11**
	962.68	**107.01**	**1,069.68**
Trading			
CIF	**15.46**	**-**	**15.46**
FOB	**-**	**-**	**-**
Ex work	**27.54**	**-**	**27.54**
	42.99	**-**	**42.99**
Total Sales	**1,005.67**	**107.01**	**1,112.68**

	Year ended 31 March 2019		
	Fragrance	Flavours	Total
Manufacturing			
CIF	124.81	91.94	216.75
FOB	9.86	0.01	9.87
Ex work	662.17	15.19	677.36
	796.84	107.14	903.98
Trading			
CIF	112.07	-	112.07
FOB	12.98	-	12.98
Ex work	17.09	-	17.09
	142.14	-	142.14
Total Sales	938.98	107.14	1,046.12

Notes to the Consolidated Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

c Reconciliation of revenue from contract with customer

Revenue from contract with customer as per the contract price

Particulars	31 March 2020	31 March 2019
Revenue from contract with customer as per the contract price		
Manufacturing	**1,069.68**	903.98
Trading	**42.99**	142.14
	1,112.68	1,046.12
Adjustment made to contract price on account of:-		
Less : Excise Duty	**-**	-
Less : Discounts and Rebates	**7.60**	4.97
Revenue from contract with customer	**1,105.08**	1,041.15
Other operating revenue	**9.15**	2.45
Revenue from operations	**1,114.23**	1,043.60

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 has purchased 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 2020 were as follows:

Particulars	31 March 2020	31 March 2019
Sources of Funds		
Corpus	***0.00**	*0.00
Reserves and Surplus	**(10.48)**	(4.64)
Secured Loan		
Loan	**75.00**	75.00
Total	**64.52**	70.36
Application of Funds		
Investments	**72.95**	74.95
Current Assets, Loans and Advances (A)		
Cash and Cash Equivalents	**1.16**	0.17
Loans & Advances	**0.02**	

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

Particulars	31 March 2020	31 March 2019
Less: Current Liabilities and Provisions (B)		
Current Liabilities	9.57	4.73
Provisions	0.04	0.02
Net Current Assets (A- B)	(8.43)	(4.59)
Total	64.52	70.36

*Amount less than ₹ 0.01 crore

ii Impact on the Group's profit & loss post Trust consolidation for the year 31 March 2020

Particulars	31 March 2020	31 March 2019
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 2020 (previous year 74.95 crores). Further, the Trust during the year participated in the Company's buy-back of equity shares and consequently, sold 67,234 equity shares, aggregating to ₹ 2.00 crores. Accordingly, the adjustment pertaining to participation in buy-back, including the corresponding profit/loss on the sale of equity shares has been recorded in the Company's equity.

(B) Other Non Current Financial Assets and other Income

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 75 crores as at 31 March 2020 (previous year: ₹ 75 crores) and interest income of ₹ 5.25 crores (previous year: ₹ 4.36 crores) on the above loan is also eliminated.

(C) Other Current Financial Assets

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ 9.01 Crores as at 31 March 2020 (previous year: ₹ 4.28 crores).

(d) Details of STARs scheme

Particulars	31 March 2020	31 March 2019
Number of grant outstanding at the beginning of the year	10,26,403	10,26,403
Add : granted during the year	22,80,026	-
Less: lapsed during the year	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	21,30,026	10,26,403
Expense recognised from above share base payment transactions	-	-
Carrying amount of liability	-	-

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

53 Exceptional items

The manufacturing activities at PFW Aroma Ingredients B.V. had been significantly scaled down in the previous year ended 31 March 2019. 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 has 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, provision for employee severance cost and plant shutdown cost aggregating ₹ 36.46 crore has been recorded as an exceptional expenses.

Particulars	31 March 2020
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	43.95
Less: Impairment recognised and clubbed under 'Excepitonal item'	16.41
Net Assets held for sale	27.54

54 In view of the lockdown across the country due to the outbreak of COVID-19 pandemic, operations of the Group and its joint ventures (manufacturing, offices, etc.) were scaled down or shut down from second half of March 2020. The duration of this lockdown is uncertain at this point in time and resumption of full-fledged operations will depend upon directives issued by the Government authorities. While this has adversely impacted the sales performance of certain Group Companies, the Group and its joint ventures continue to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. As per the current assessment, no significant impact on carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets is expected, and we continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results. The operations have resumed for certain locations in compliance with Government directives in April, 2020. Further Management has taken into account the impact of COVID-19 on the business for the foreseeable future and have concluded that the Group and its joint ventures have sufficient resources to continue as a going concern.

55 The Board of Directors of the Holding Company, at its meeting held on 25 October 2019, had approved Scheme of Merger by Absorption of three of its wholly owned subsidiaries - Keva Chemicals Private Limited, Saiba Industries Private Limited and Rasiklal Hemani Agencies Private Limited - with the Holding Company and their respective shareholders and creditors, under the provisions of Section 230 to 232 of the Companies Act 2013. The application for Merger by Absorption has been filed with the National Company Law Tribunal, Mumbai Bench on 15 November 2019. There will be no impact on the Consolidated financial statements of the Company, pursuant to this Merger.

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
26 May 2020

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

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

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 2020, 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 ("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 2020, 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 and the evidence obtained by the other auditors in terms of their report referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Loss allowance on trade receivables

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 different jurisdictions within India. The carrying amount of trade receivables totaled to ₹ 145.34 crores as at 31 March 2020, representing 15.26% of the total assets of the Company. There are significant large number of customers, including traders and distributors. Customers in different jurisdictions are subject to their independent business and other risks. The Company assesses the expected credit loss (ECL) allowance for these customers resulting from all possible defaults over the expected life of the receivables. These are generally expected to be recognized before a trade receivable becomes past due. The measurement of ECL involves significant Company's judgements and assumptions, including: - Loss rate depending on days past due; - credit risk of customers - historical experience adjusted for certain future economic conditions For measuring ECL, the Company applied significant estimates and judgements. In addition, the exposure of the trade receivables involved significant amount. Accordingly, we identified the assessment of ECL on trade receivables as a key audit matter.	• Testing the design, implementation and operating effectiveness of key controls over processes of credit control, collection of trade receivables and follow up of overdue balances; • 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 inhouse IT specialists to assess and obtain comfort over ageing report of days past due; • Checking appropriateness and challenging the reasonableness of the key data and assumptions used by the Company for computing ECL on trade receivables. Assessing assumptions includes historical default rate, expected collections and other related factors; and • Circulating and Obtaining independent customers confirmations on the outstanding balances on sample (using statistical sampling) basis. Agreed the balances obtained from customer with balance in the books along with applicable reconciling items. Checking subsequent bank receipts from customers and other relevant documents relating to closing trade receivable balances at 31 March 2020, when confirmations are not received.

Impairment of Investment in Subsidiaries and joint ventures

The Key Audit Matter	How the matter was addressed in our audit
As of 31 March 2020, the carrying amount of investment in subsidiaries and joint venture amounted to ₹ 302.63 crores, representing 31.78 % of the total assets of the Company. The Company has considered incurring losses and underperformance compared to expectations in some of its subsidiaries and joint ventures, providing indication that the investment in the subsidiaries and joint venture needs to be tested for impairment. Impairment testing of investment in in subsidiaries and joint venture will require the Company to estimate the recoverable value of the investment applying appropriate valuation models including Discounted Cashflow (DCF). The valuation process is complex and involves significant judgment in considering various forward-looking assumptions and estimates. 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 of investments in subsidiaries and joint venture; • Comparing the carrying amount of investments in subsidiaries and joint ventures with their audited balance sheet to identify whether their net assets, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making; • For those subsidiaries and joint venture with indicators of impairment identified, obtaining Company's assessment of the recoverable value of the investment; • Involving valuation expert to test the appropriateness of valuation methodology and key parameters such as discount rate, cost of capital etc. considered by the Company; • Assessing and challenging the key assumptions used by management such as revenue growth rate, gross margins, sustainability of the working capital based on historical results, 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 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 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 and with the returns received from the Trust not visited by us.

   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 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, 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 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 2020 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 23 to the standalone financial statements

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   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 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   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) 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: 20122632AAAAAN7554

Mumbai
26 May 2020

Annexure A to the Independent Auditors' Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

(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 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 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 three companies 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 2020 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 2020 by the Company on account of disputes:

(Currency : Indian Rupees in crores)

Name of the statute	Nature of the dues	Demand	Amount deposited on account of demand	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income-tax	0.90	0.76	2007-08 2008-09 2010-11	Income-tax Appellate Tribunal
Income tax Act, 1961	Income-tax	14.88	14.08	2008-09 2009-10 2012-13 2016-17 2017-18	The Commissioner of Income-tax (appeals)
Income tax Act, 1961	Income-tax	3.51	2.05	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	11.27	2.63	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

(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 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
Membership No: 122632
UDIN: 20122632AAAAAN7554

Mumbai
26 May 2020

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 2020

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 A(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 financial statements of S H Kelkar and Company Limited ("the Company") as of 31 March 2020 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 financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to 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 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 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to 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 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 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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
Membership No: 122632
UDIN: 20122632AAAAAN7554

Mumbai
26 May 2020

Standalone Balance Sheet

as at 31 March 2020

(Currency : Indian Rupees in crores)

	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	**115.50**	117.00
Capital work in progress	4	**1.42**	5.33
Right of use asset	37	**20.93**	-
Investment property	5	**13.37**	13.83
Other intangible assets	6	**75.10**	70.14
Intangible assets under development		**11.79**	18.59
Financial assets			
Investments			
Investment in subsidiaries and joint venture	8A	**302.63**	267.91
Other investments	8B	**-**	-
Loans	7	**1.16**	1.14
Other tax assets (net)	34	**25.07**	21.80
Other non-current assets	10	**2.16**	2.40
Total non-current assets		**569.13**	518.14
Current assets			
Inventories	11	**176.78**	185.96
Financial assets			
Investments	12	**-**	1.53
Trade receivables	13	**145.34**	125.81
Cash and cash equivalents	14	**34.69**	6.08
Other bank balances	15	**1.17**	0.19
Loans	16	**8.09**	28.73
Others	9	**5.94**	8.76
Other current assets	10	**11.10**	15.94
Total current assets		**383.11**	373.00
TOTAL ASSETS		**952.24**	891.14
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	**141.32**	144.62
Other equity			
Retained earnings	18	**279.46**	267.99
Other reserves	18	**129.36**	183.94
Total equity		**550.14**	596.55
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	**17.32**	0.14
Others	20	**24.09**	24.09
Deferred tax liability (net)	35	**10.08**	4.97
Total non-current liabilities		**51.49**	29.20
Current liabilities			
Financial liabilities			
Borrowings	19	**52.50**	87.13
Trade payables	22		
- total outstanding dues of micro enterprises and small enterprises		**4.97**	4.79
- total outstanding dues of creditors other than micro enterprises and small enterprises		**236.94**	139.00
Other financial liabilities	23	**31.71**	15.57
Other current liabilities	24	**16.75**	9.20
Provisions	21	**7.74**	7.31
Current tax liabilities (net)	34	**-**	2.39
Total current liabilities		**350.61**	265.39
Total liabilities		**402.10**	294.59
TOTAL EQUITY AND LIABILITIES		**952.24**	891.14
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-51		

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
of S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

Mumbai
26 May 2020

Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	25	**718.83**	694.03
Other income	26	**8.81**	18.89
Total income		**727.64**	712.92
Expenses			
Cost of materials consumed	27	**438.15**	452.02
Purchase of stock in trade		**-**	5.41
Changes in inventories of finished goods and work-in-progress	28	**11.16**	(31.48)
Employee benefits expense	29	**77.82**	78.47
Finance costs	30	**13.82**	6.51
Depreciation and amortisation expense	31	**27.81**	15.18
Other expenses	32	**120.20**	124.60
Total expenses		**688.96**	650.71
Profit before income tax		**38.68**	62.21
Tax expense:			
Current tax	34		
for current year		**5.29**	13.43
for earlier years		**-**	0.05
Deferred tax charge			
for current year		**5.06**	1.48
for earlier years		**-**	2.28
Profit for the year		**28.33**	44.97
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability		**0.19**	(0.83)
Income tax related to items that will not be reclassified to profit or loss		**(0.05)**	0.29
Other comprehensive income for the year, net of income tax		**0.14**	(0.54)
Total comprehensive income for the year		**28.47**	44.43
Earnings per equity share (Nominal value of ₹ 10 each, fully paid-up)	33		
Basic earnings per share (₹)		**2.03**	3.15
Diluted earnings per share (₹)		**2.03**	3.15
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-51		

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
of S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

Mumbai
26 May 2020

Standalone Statement of Changes in Equity

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

(a) Equity share capital

	31 March 2020	31 March 2019
Opening balance as at	144.62	144.62
Changes in equity share capital during the year (refer note 17)	(3.30)	-
Closing balance as at	**141.32**	144.62

(b) Other equity

	Attributable to the equity holders of the Company							
	Reserves and Surplus							
	Securities Premium Account	Capital Redemption Reserve	General Reserve	Retained earnings	STARs reserve	Other reserves	Treasury shares	Total Equity
Balance as at 01 April, 2019	194.14	*0.00	55.76	267.99	0.23	8.76	(74.95)	451.93
Total comprehensive income for the year ended 31 March 2020								
Profit for the year	-	-	-	28.33	-	-	-	28.33
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability	-	-	-	0.14	-	-	-	0.14
Total comprehensive income for the year	-	-	-	28.47	-	-	-	28.47
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								
Impact on transition to INDAS 116	-	-	-	(0.81)	-	-	-	(0.81)
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	**138.04**	**3.30**	**52.46**	**279.46**	**(0.25)**	**8.76**	**(72.95)**	**408.82**
Balance as at 01 April, 2018	194.14	*0.00	55.76	254.08	-	8.76	(29.80)	482.94
Total comprehensive income for the year ended 31 March 2019								
Profit for the year	-	-	-	44.97	-	-	-	44.97
Items of OCI for the year, net of tax								
Remeasurements of defined benefit liability	-	-	-	(0.54)	-	-	-	(0.54)
Total comprehensive income for the year	-	*0.00	-	44.43	-	-	-	44.43
Transaction with the owners of the Company, recorded directly in equity								
Contributions and distributions								
Dividend Distribution Tax (DDT)	-	-	-	(5.20)	-	-	-	(5.20)
Dividends	-	-	-	(25.32)	0.23		-	(25.09)
Others								
Purchase of treasury shares by the Trust during the year (refer note 49)	-	-	-	-	-	-	(45.15)	(45.15)
Balance at 31 March 2019	194.14	*0.00	55.76	267.99	0.23	8.76	(74.95)	451.93

*Amount in 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. 4-51

As per our report of even date attached.
For B S R & Co. LLP
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Standalone Statement of Cash Flow

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	31 March 2020	31 March 2019
Cash flow from operating activities		
Profit before tax	38.68	62.21
Adjustments for		
Depreciation and amortisation	27.81	15.18
Net loss on sale of property, plant and equipment	-	0.03
Intangible asset under development written off	18.01	20.40
Gain on sale of investment	(0.33)	(0.27)
Unrealised exchange fluctuation loss / (gain) (net)	5.20	(0.58)
Rent income	(4.90)	(4.69)
Interest income on Deposits with banks	-	*0.00
Interest income on loans to subsidiary	(1.59)	(2.53)
Provision for doubtful debts	2.76	0.92
Bad debts written off	0.01	0.11
Liabilities no longer required written back	(0.16)	(4.36)
Interest received on income tax refund	(0.09)	(1.50)
Interest expense and other finance costs	13.82	6.51
	99.22	91.43
Working capital adjustments		
(Increase) / decrease in inventories	9.19	(29.16)
(Increase) / decrease in trade receivables	(21.98)	59.22
(Increase) / decrease in loans and advances and other current assets	6.19	(0.32)
Increase / (decrease) in trade payables, other current liabilities and provisions	108.12	2.80
Net change in working capital	101.52	32.54
Cash flows generated from operating activities	200.74	123.97
Income tax paid (net)	(10.95)	(19.40)
Net cash flows generated from operating activities	189.79	104.57
Cash flows from investing activities		
Purchase of property, plant and equipment, investment property and intangibles (including cwip and intangible under development)	(29.37)	(87.08)
Investment in equity shares of subsidiary	(34.71)	-
Loan given to subsidiary	-	(44.05)
Loan recovered from subsidiary	20.00	36.95
Proceeds from sale of property, plant and equipment (net of related expenditure)	0.13	0.16
Proceeds from sale of mutual funds	77.86	77.09
Investment in mutual funds	(76.00)	(77.06)
Rent income	4.90	4.69
Increase / (decrease) in non-current deposits with bank	-	(0.03)
Interest received	3.24	2.46
Net cash flows (used in) investing activities	(33.95)	(86.87)

Standalone Statement of Cash Flow (continued)

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	31 March 2020	31 March 2019
Cash flows from financing activities		
Finance leases payment	-	(0.13)
Working capital loans taken	391.02	274.50
Working capital loans repaid	(425.04)	(205.50)
Borrowing from related party	2.50	-
Repayment of lease obligations	(4.44)	-
(Purchase)/Sale of Investment by Employee Benefit Trust	1.12	(45.18)
Dividend paid, including tax thereon	(16.19)	(30.51)
Dividend received on treasury shares	0.31	0.23
Buy back of equity share	(3.30)	-
Premium paid on buy back of equity share	(56.10)	-
Interest paid	(13.98)	(5.98)
Net cash flows (used in) from financing activities	(124.10)	(12.57)
Net Increase / (decrease) in cash and cash equivalents	31.74	5.13
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents at the beginning of the year	2.95	(2.18)
Cash and cash equivalents at the end of the year	34.69	2.95
	(31.74)	(5.13)
Notes:		
1. Cash and cash equivalents		
Balances with banks in:		
- current accounts	33.72	0.82
- exchange earners foreign currency account	0.81	5.08
Cash on hand	0.16	0.19
Bank overdrafts used for cash management purposes	-	(3.13)
Cash and cash equivalents in the statement of cash flows	34.69	2.95
Debt reconciliation statement in accordance with Ind AS 7		
Opening balances		
Long-term borrowing	0.28	0.28
Short-term borrowing	84.00	15.13
Movements		
Long-term borrowing	17.04	0.00
Short-term borrowing	(31.50)	68.87
Closing balances		
Long-term borrowing	17.32	0.28
Short-term borrowing	52.50	84.00

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. 4-51

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
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Mumbai
26 May 2020

Mumbai
26 May 2020

Mumbai
26 May 2020

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees 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 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 26 May 2020.

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 2020 are as follows:

a. **Property, plant and equipment**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b. **Recognition and measurement of defined benefit obligations**

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

c. **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

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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.

d. **Allowances for doubtful debts**

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts 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 doubtful debts expenses in the period in which such estimate has been changed.

e. **Fair value movement 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.

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 Company intends to and has sufficient resources to complete development and sell the asset.

g. **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.

h. **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 judgment 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 Company revises the lease term if there is a change in the non-cancellable period of a 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

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

The Company has adopted Ind AS 115 Revenue from contracts with customers, with effect from 01 April 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers.

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 which is usually on dispatch / delivery.

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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 is recognised on accrual basis.

c *Export incentives*

Export incentives principally comprise of focus market scheme, and other export incentive schemes. The benefits under these incentive schemes are available based on the guidelines formulated for respective schemes by the government authorities. These incentives are recognised as revenue on accrual basis to the extent it is probable that realisation is certain.

3.2 Foreign currency

Foreign currency transactions

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 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.

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 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

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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

ii *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes:

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

3.6 Inventories

Inventories comprise of raw materials, packing materials, work-in-progress and finished goods which 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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 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, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Companies Act, 2013.

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	8-15 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.

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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

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 standalone statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in standalone Statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible asset under development includes formulations.

Other intangible assets

Other intangible assets, 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 Statment of profit or loss as incurred.

iii. *Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the standalone statement of profit and loss.

Other 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	5 years
- Patent and trademarks	5 Years

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

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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. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the standalone statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

ii. *Classification*

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI) - debt investment or equity investment

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii *Subsequent measurement and gains and losses*

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the standalone statement of profit or loss.

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(Currency : Indian Rupees in crores)

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. 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 transaction in 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.

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. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the standalone statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

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. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

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

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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 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 of 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.

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

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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, variable lease payments, residual value guarantees, 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 o f 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.

ii 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 Company has adopted Ind AS 116, effective annual reporting period beginning 1 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 (1 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 1 April, 2019.

In the previous year under Ind AS 17 - Rental expense pertaining to properties taken on operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

3.14 Impairment of non-financial assets

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. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

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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.

3.15 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

3.16 Employee Stock Appreciation Rights Scheme:

Liability for the Company's Employee Stock Appreciation Rights (STARs), granted pursuant to the Company's Employee Stock Appreciation Rights Scheme, 2017 of the Company which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017, shall be measured, initially and at the end of each reporting period until settled, at the fair value of the STARs, by applying an option pricing model, be and is recognised as employee benefit expense over the relevant service period. The liability is presented as employee benefit obligation in the balance sheet.

3.17 Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

3.18 Dividend to equity shareholders

Dividend to equity shareholders is recognised as a liability and deducted from shareholders' equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.

3.19 Earnings per share (EPS)

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Company by the weighted average number 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

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

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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	Disposals during the year	As at 31 March 2020	As at 1 April 2019	Charge for the year	Transition impact of Ind AS 116	Disposals during the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Freehold land	13.92	-	-	-	13.92	-		-	-	-	13.92	13.92
Buildings	71.44	1.86	-	-	73.30	11.63	2.47	-	-	14.10	59.20	59.81
Leasehold improvements	10.33	-	-	-	10.33	3.17	1.42	-	-	4.59	5.74	7.16
Research and development - equipments	11.34	0.27	-	-	11.61	2.75	1.86	-	-	4.61	7.00	8.59
Furniture and fixtures	6.49	1.86	-	-	8.35	2.40	0.69	-	-	3.09	5.26	4.09
Computers	1.78	0.01	-	0.03	1.76	1.07	0.31	-	0.03	1.35	0.41	0.71
Office equipment	2.63	0.71	-	-	3.34	1.28	0.48	-	-	1.76	1.58	1.35
Plant and machinery	24.81	2.19	-	*0.00	27.00	5.65	1.66	-	*0.00	7.31	19.68	19.16
Electrical equipment and installations	3.10	1.16	-	*0.00	4.26	1.73	0.33	-	*0.00	2.06	2.20	1.37
Motor cars and vehicles	1.03	0.08	-	-	1.11	0.47	0.13	-	-	0.60	0.51	0.56
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
	148.35	8.13	(1.48)	0.03	154.97	31.35	9.35	(1.00)	0.03	39.47	115.50	117.00
Capital work in Progress											1.42	5.33

*Amount in less than ₹ 0.01 crores

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4 Property, plant and equipment (previous year)

Block of asset	Gross Block					Accumulated Depreciation					Net Block	
	As at 1 April 2018	Additions during the year	Block adjustment	Disposals during the year	As at 31 March 2019	As at 1 April 2018	Charge for the year	Block adjustment	Disposals during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold land	13.92	-	-	-	13.92	-				-	13.92	13.92
Buildings	70.92	0.15	0.37	*0.00	71.44	9.22	2.39	0.02	*0.00	11.63	59.81	61.70
Leasehold improvements	9.80	0.90	(0.37)	-	10.33	1.78	1.41	(0.02)	-	3.17	7.16	8.02
Research and development - equipments	8.66	2.14	0.55	0.01	11.34	1.85	0.89	0.02	0.01	2.75	8.59	6.81
Furniture and fixtures	6.67	0.52	(0.70)	-	6.49	1.84	0.59	(0.03)	-	2.40	4.09	4.83
Computers	1.60	0.19	-	0.01	1.78	0.69	0.39	-	0.01	1.07	0.71	0.91
Office equipment	2.33	0.15	0.15	-	2.63	0.85	0.42	0.01	*0.00	1.28	1.35	1.48
Plant and machinery	24.34	1.27	-	0.80	24.81	4.72	1.57	-	0.64	5.65	19.16	19.62
Electrical equipment and installations	2.89	0.21	-	-	3.10	1.49	0.24	-	-	1.73	1.37	1.40
Motor cars and vehicles	1.12	-	-	0.09	1.03	0.42	0.13	-	0.08	0.47	0.56	0.70
Assets under lease												
- Office equipments	0.35	-	-	-	0.35	0.34		-	-	0.34	0.01	0.01
- Motor cars	1.13	-	-	-	1.13	0.76	0.10	-	-	0.86	0.27	0.37
	143.73	5.53		0.91	148.35	23.96	8.13	0.00	0.74	31.35	117.00	119.77
Capital work in Progress											5.33	3.67

*Amount in less than ₹ 0.01 crores

1. The Company 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'.
2. The Company has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.
3. The Company has not recognised any impairment loss during the current year (31 March 2019 - ₹ Nil).

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5 Investment property

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2019	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

5 Investment property *(previous year)*

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2018	Additions during the year	Disposals during the year	As at 31 March 2019	As at 1 April 2018	Charge for the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Buildings	14.72	-	-	14.72	0.42	0.47	0.89	13.83	14.30
	14.72	-	-	14.72	0.42	0.47	0.89	13.83	14.30

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 ₹ 20.20 crores (31 March 2019 ₹ 19.50 crores).

Fair Value

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 categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

The Company obtains 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 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.

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6 Other intangible assets

Block of asset	Gross Block					Accumulated Depreciation			Net Block	
	As at 1 April 2019	Additions during the year	Additions Internally generated	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
Computer software	8.97	0.35	-	-	9.32	5.44	1.44	6.88	2.44	3.53
Technical know-how	68.51	10.67	-	-	79.18	5.84	7.10	12.94	66.24	62.67
Formulation	4.47	-	4.61	-	9.08	0.66	2.16	2.82	6.26	3.81
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
	82.13	11.09	4.61	-	97.83	11.99	10.74	22.73	75.10	70.14

6 Other intangible assets *(previous year)*

Block of asset	Gross Block					Accumulated Depreciation			Net Block	
	As at 1 April 2018	Additions during the year	Additions Internally generated	Disposals during the year	As at 31 March 2019	As at 1 April 2018	Charge for the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Computer software	8.10	0.87	-	-	8.97	3.81	1.63	5.44	3.53	4.29
Technical know-how	15.47	53.04	-	-	68.51	1.55	4.29	5.84	62.67	13.92
Formulation	1.64	-	2.83	-	4.47	0.03	0.63	0.66	3.81	1.61
Non compete fees	0.17	-	-	-	0.17	0.02	0.03	0.05	0.12	0.15
Patents & Trademarks	-	0.01	-	-	0.01	-	-	-	0.01	-
	25.38	53.92	2.83	-	82.13	5.41	6.58	11.99	70.14	19.97
Intangible assets under development	14.49	27.33		23.23	18.59	-	-	-	18.59	14
	14.49	27.33	-	23.23	18.59	-	-	-	18.59	

Notes:

The Company has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.

7 Non-current Loans *((unsecured)*

	March 31, 2020	March 31, 2019
To other than related parties		
Security deposits		
- considered good	1.16	1.14
- considered doubtful	0.18	0.18
	1.34	1.32
Less: Allowance for bad and doubtful deposits	(0.18)	(0.18)
	1.16	1.14

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(Currency : Indian Rupees in crores)

8 Non-current investments

	Number of shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
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	9,900	25.20	0.10
Keva UK Ltd. (face value GBP 1 per share)	9,85,600	8,33,350	71.19	61.61
Saiba Industries Private Limited (face value ₹ 1,000 per share)	2,198	2,198	12.42	12.42
Keva Fragrance Industries Pte Ltd., Singapore (face value Singapore Dollar 1 per share)	16,32,926	16,32,926	7.86	7.86
Rasiklal Hemani Agencies Pvt Ltd., (face value ₹ 100 per share)	25,000	25,000	33.17	33.17
Keva Chemicals Pvt Ltd., (face value ₹ 10 per share)	40,30,000	40,00,000	4.03	4.00
Keva Europe BV (face value Euro 1 per share)	1,000	-	0.01	-
Investment in Joint venture				
Creative Flavours & Fragrances SpA (face value Euro 1 per share)	10,20,000	10,20,000	93.30	93.30
Total (A)			302.63	267.91
B) Other investments				
Quoted equity shares at FVTPL				
Hico Products Ltd. (face value ₹ 10 per share)*	19,250	19,250	-	-
Total (B)			-	-
Total (A) + (B)			302.63	267.91
The aggregate book value and market value of quoted and unquoted non-current investments are as follows:				
Aggregate book value of quoted investments			-	-
Aggregate market value of quoted investments			-	-
Aggregate value of unquoted investments			302.63	267.81
Aggregate amount of impairment in value of investments			-	-

*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 2020

(Currency : Indian Rupees in crores)

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

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
To other than related parties				
Other receivables (rent straight lining)	-	-	-	0.09
Interest receivable from Income tax	-	-	1.47	1.47
To related parties (refer note 43)				
Other receivables (expense cross charge)*	-	-	3.59	4.67
Interest accrued on loan to subsidiaries **	-	-	0.88	2.53
	-	-	5.94	8.76

* 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 company is a partner

	March 31, 2020	March 31, 2019
Keva Fragrances Private Limited	-	0.47
Keva Flavours Private Limited	1.44	0.48
PFW Aroma Ingredients B.V	1.30	0.14
Keva Fragrance Industries Pte Limited	0.17	0.16
V N Creative Chemicals Private Limited	0.68	3.33
Keva Constructions Private Limited	-	0.09
	3.59	4.67

** 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 company is a partner

	March 31, 2020	March 31, 2019
Saiba Industries Private Limited	0.78	0.29
VN Creative Chemicals Private Limited	0.10	2.24
	0.88	2.53

10 Other assets *(unsecured, considered good)*

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Capital advances	0.56	0.25	-	-
To other than related parties				
Advance to suppliers	-	-	5.34	0.87
Prepaid expenses	-	-	3.17	3.96
Balances with government authorities	1.02	1.27	0.80	1.97
VAT/Sales tax refund receivable	0.58	0.88	1.53	1.08
Others (inventory receivable on returns)	-	-	-	7.99
To related parties				
Advance to suppliers (refer note 43)**	-	-	0.26	0.07
	2.16	2.40	11.10	15.94

** 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

	March 31, 2020	March 31, 2019
Keva Aromatics Private Limited	0.14	-
Keva Constructions Private Limited	0.12	0.07
	0.26	0.07

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

11 Inventories

	March 31, 2020	March 31, 2019
Raw materials	**109.09**	113.51
Raw materials in transit	**8.50**	2.66
Packing materials	**2.66**	2.10
Work-in-progress	**41.36**	49.86
Finished goods	**15.16**	17.83
	176.78	185.96

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in note 3.6)

The write-down of inventories to net realisable value during the year amounted to ₹ 1.76 crores (31 March 2019: ₹ 2.37 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 19).

12 Current investments

	Number of units			
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unquoted mutual funds				
Mutual funds at FVTPL				
DHFL Pramerica Insta Cash Fund	-	62,829	-	1.53
Aggregate book value of unquoted investments				1.53
Aggregate amount of impairment in value of investments			-	1.53

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 38.

13 Trade receivables

	March 31, 2020	March 31, 2019
Trade receivables		
Unsecured		
- Considered good*	**145.34**	125.81
- Significant increase in credit risk	-	-
- Credit impaired	**5.46**	2.70
- Less: Loss allowance**	**(5.46)**	(2.70)
Net trade receivables	**145.34**	125.81

* Trade receivables (unsecured, considered good) as at 31 March 2020 include ₹ 63.48 crores (31 March 2019: ₹ 10.25 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

** 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	March 31, 2020	March 31, 2019
Keva Fragrances Private Limited	-	6.71
Keva Flavours Private Limited	**61.89**	3.34
Keva Aromatics Private Limited	**0.09**	-
VN Creative Chemicals Private Limited	**1.51**	-
KNP Industries Pte Limited	-	0.20
Keva Chemicals Pvt Ltd	***0.00**	-
	63.48	10.25

* Amount in less than ₹ 0.01 crores

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 19).

14 Cash and cash equivalents

	March 31, 2020	March 31, 2019
Balances with banks in:		
- current accounts	**33.72**	0.81
- exchange earners foreign currency account	**0.81**	5.08
Cash on hand	**0.16**	0.19
Cash and cash equivalents in the balance sheet	**34.69**	6.08
Bank overdrafts used for cash management purposes	-	(3.13)
Cash and cash equivalents in the statement of cash flows	**34.69**	2.95

15 Other bank balances

	March 31, 2020	March 31, 2019
Current account of Company's employee benefit trust (refer note 49)	**1.16**	0.18
Unclaimed dividend accounts	**0.01**	0.01
	1.17	0.19

16 Current loans *(unsecured, considered good)*

	March 31, 2020	March 31, 2019
To other than related parties		
Loans to employees	**2.09**	2.73
To related parties		
Loans to subsidiaries*	**6.00**	26.00
	8.09	28.73

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 company is a partner

Saiba Industries Private Limited	**6.00**	6.00
V N Creative Chemicals Private Limited	-	20.00
	6.00	26.00

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

17 Equity share capital

	Number of shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Authorised				
Equity shares of ₹ 10 each	**15,40,64,500**	15,40,64,500	**154.06**	154.06
Preference shares of ₹ 10 each	**1,19,35,500**	1,19,35,500	**11.94**	11.94
			166.00	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	**14,13,20,801**	14,46,20,801	**141.32**	144.62
			141.32	144.62

17 Equity share capital *(Continued)*

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

	Number of shares		Amount	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
i) **Equity share of ₹ 10 (Previous year ₹ 10) each fully paid-up**				
Outstanding at the beginning of the year	**14,46,20,801**	14,46,20,801	**144.62**	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**	14,46,20,801	**141.32**	144.62

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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

	31 March 2020		31 March 2019	
	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	9.98%
Ramesh V. Vaze*	**2,57,49,524**	**18.22%**	2,59,65,600	17.95%
KNP Industries Pte. Ltd.	**1,52,29,000**	**10.78%**	1,53,24,000	10.60%
Kedar R. Vaze**	**1,39,35,100**	**9.86%**	1,33,25,000	9.21%
Keva Constructions Private Limited	**1,06,91,139**	**7.57%**	76,15,000	5.27%
Stichting Depositary Apg Emerging Markets Equity Pool	**79,07,541**	**5.60%**	83,10,359	5.75%
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	**83,73,212**	**5.92%**	13,87,444	0.96%

Note:

* 1,65,500 equity shares purchased by Mr. Ramesh Vaze on market on 31 March 2020 were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Ramesh Vaze as on 31 March 2020 is 2,59,15,024.

** 1,00,000 and 67,500 equity shares purchased by Mr. Kedar Vaze on market on 30 March 2020 and 31 March 2020 respectively, were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Kedar Vaze as on 31 March 2020 is 1,41,02,600.

d The Company during the year bought back 3,300,000 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 2020 (Nil as at 31 March 2019)

18 Other equity

Other reserves	Note	March 31, 2020	March 31, 2019
Capital redemption reserve	i.	**3.30**	*0.00
Securities premium account	ii.	**138.04**	194.14
General reserve	iii.	**52.46**	55.76
Treasury shares	iv.	**(72.95)**	(74.95)
Other reserves	v.	**8.76**	8.76
STARs reserves	vi.	**(0.25)**	0.23
Retained earnings	vii.	**279.46**	267.99
		408.82	451.93

A. Notes:

		March 31, 2020	March 31, 2019
i.	***Capital redemption reserve***		
	Opening Balance	***0.00**	*0.00
	Transfer from general reserve pursuant to buy-back	**3.30**	-
	Closing Balance	**3.30**	*0.00
ii	***Securities premium account***		
	Opening Balance	**194.14**	194.14
	Buy back of equity shares	**(56.10)**	-
	Closing Balance	**138.04**	194.14

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

		March 31, 2020	March 31, 2019
iii.	*General reserve*		
	Opening Balance	**55.76**	55.76
	Transfer to capital redemption reserve pursuant to buy-back	**(3.30)**	
	Closing Balance	**52.46**	55.76
iv.	*Treasury shares*		
	Opening Balance	**(74.95)**	(29.80)
	Add : Purchase of treasury shares Nil (previous year 2,347,260 shares) by the Trust during the year	**-**	(45.15)
	Less : Participation in buy back of equity shares by the Trust	**2.00**	-
	Closing Balance	**(72.95)**	(74.95)
v.	*Other reserves*		
	Opening Balance	**8.76**	8.76
	Addition during the year	**-**	-
	Closing Balance	**8.76**	8.76
vi.	*STARs reserve*		
	Opening Balance	**0.23**	-
	Add: Income of the Trust for the year	**0.31**	0.23
	Less: Loss on participation in buy back of equity shares by the Trust	**(0.79)**	-
	Closing Balance	**(0.25)**	0.23
vii.	*Retained earnings*		
	Opening Balance	267.99	254.08
	Add: Total comprehensive income for the year	28.47	44.43
	Less: Dividend paid (including DDT)	(16.19)	(30.52)
	Imapact on transition to INDAS 116	(0.81)	
	Closing Balance	279.46	267.99

* Amount in less than ₹ 0.01 crores

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 account

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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

STARs reserves

The profit/loss on sale of treasury shares and dividend earned on the same by the trust is recognised in STARs reserves.

Other reserves

The Company had received a private equity investment in the form of equity shares and preference shares. Such amounts received were classified as financial liability with reference to the terms and conditions attached with such investment. On completion of the initial public offering, the private equity investor's rights were contractually extinguished and consequently, the liability was derecognised on such date, with corresponding credit to equity share capital and other relevant components of equity (including related gain on extinguishment).

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any INDAS transition adjustments, transfers to general reserve, dividends or other distributions paid to shareholders.

B. Dividends

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

	March 31, 2020	March 31, 2019
Final equity dividend of 2017-2018 paid at ₹ 1.75 per equity share	**-**	25.31
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**	5.20
	16.19	30.51

19 Borrowings *(Secured)*

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(Secured)				
Working capital loans (refer note 'a')	**-**	-	**50.00**	84.00
Finance lease obligations	**17.32**	0.14	**7.12**	0.14
Bank over draft (refer note 'b')	**-**	-	**-**	3.13
(Unsecured)				
Loan from subsidiary (refer note 'c')	**-**	-	**2.50**	-
	17.32	0.14	**59.62**	87.27
Less: Amount included under 'other financial liabilities' (refer note 23)	**-**	-	**(7.12)**	(0.14)
	17.32	0.14	**52.50**	87.13

Notes:

a) Working capital loans from banks of ₹ 50.00 crores (previous year: ₹ 84.00 crores) carry interest ranging between 7.65% p.a. - 8.65% (previous year : 7.7%-7.95% p.a.), 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) Bank overdraft from banks carry interest ranging between 9.55% p.a. to 9.55%, computed on a monthly basis on the actual amount utilised, and are repayable on demand. Bank over draft 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.

c) Loan from subsidiary, Keva Chemicals Pvt Ltd ₹ 2.5 Cr repayable on demand, carries interest at 9%.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

20 Other non-current financial liabilities

	March 31, 2020	March 31, 2019
Security deposits	24.09	24.09
	24.09	24.09

21 Current provisions

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Gratuity (refer note 36)	0.39	0.30
Compensated absences	7.35	7.01
	7.74	7.31

22 Trade payables

	March 31, 2020	March 31, 2019
Dues to micro and small enterprises (refer note 41)	4.97	4.79
Other trade payables	236.94	139.00
	241.91	143.79

The Company's exposure to currency and liquidity risks related to trade payables is discloses in Note 38.

23 Other financial liabilities - current

	March 31, 2020	March 31, 2019
Current maturities of finance lease obligations	7.12	0.14
Interest accrued but not due on borrowings	0.09	0.35
Interest accrued under MSMED Act, 2006	0.55	0.45
Employee benefits payable	16.08	12.69
Security deposit	0.15	0.10
Derivative liability- Foreign currency forward contract	0.20	-
Unclaimed dividend account	0.01	0.01
Other payables		
For capital goods	2.28	0.62
Payable to related parties		
Interest on Deposits	3.94	-
For Capital goods	1.29	1.21
	31.71	15.57

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

24 Other current liabilities

	March 31, 2020	March 31, 2019
Advances received from customers	4.50	2.78
Advances received from related parties	8.20	-
Statutory dues payable**		
Tax deducted at source	1.20	3.51
GST	0.40	0.07
Provident fund	2.01	1.41
ESIC	*0.00	*0.00
Profession tax	0.03	0.01
VAT/CST tax	-	0.39
Others (Social security)	0.41	1.03
	16.75	9.20

*Amount in less than ₹ 0.01 crores

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

25 Revenue from operations

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Gross sales (Refer Note 48)	720.39	696.87
Less: Discounts	7.53	4.78
Net Sales	712.86	692.09
Other operating revenue		
Sale of scrap	0.84	0.73
Techincal Knowhow	4.85	0.96
Export Incentive	0.28	0.25
	5.97	1.94
Total revenue from operations	718.83	694.03

26 Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income under the effective interest method on:		
Loans to subsidiary	1.59	2.53
Interest received on income tax refund	0.09	1.50
MTM of Investment in Mutual Funds	-	*0.00
Rental income (including from property subleases)	4.90	4.69
Dividend income from mutual fund	-	*0.00
Guarantee commission income	1.64	1.55
Employee liabilities no longer required is written back	-	4.36
Gain on sale of investment	0.33	0.27
Miscellaneous income	0.26	0.21
Exchange rate difference on translation (net)	-	3.78
Total Other income	8.81	18.89

*Amount in less than ₹ 0.01 crores

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

27 Cost of materials consumed

	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock		
- Raw materials	113.51	113.67
- Packing materials	2.10	1.81
	115.61	115.48
Add: Purchases		
- Raw materials	431.21	444.56
- Packing materials	11.58	13.00
	442.79	457.56
Less: Closing Stock		
- Raw materials	117.59	113.51
- Packing materials	2.66	2.10
	120.25	115.61
Materials consumed		
- Raw materials	427.13	444.72
- Packing materials	11.02	12.71
Total cost of materials consumed	438.15	457.43

28 Changes in inventories of finished goods and work in progress

	Year ended 31 March 2020	Year ended 31 March 2019
Opening Stock :		
Finished goods	17.83	9.00
Work-in-progress	49.86	27.21
Closing Stock:		
Finished goods	15.16	17.83
Work-in-progress	41.36	49.86
Changes in inventories:		
Finished goods	2.66	(8.83)
Work-in-progress	8.50	(22.65)
Changes in inventories of finished goods and work in progress	11.16	(31.48)

29 Employee benefits expense

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and bonus	75.77	84.30
Contribution to provident and other funds	9.64	9.34
Compensated absences	2.03	-
Staff welfare expenses	3.26	3.40
	90.70	97.04
Less: Transferred to intangible assets under development	(12.88)	(18.57)
	77.82	78.47

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

30 Finance costs

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on working capital loans	8.92	4.10
Interest on dues to micro and small enterprises	0.10	0.18
Other finance costs	4.80	2.23
	13.82	6.51

31 Depreciation and amortisation

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment	9.35	8.13
Depreciation of investment properties	0.46	0.47
Amortisation of intangible assets	10.74	6.58
Amortisation of Right of use assets	7.26	-
	27.81	15.18

32 Other expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Cleaning and housekeeping expenses	2.22	2.00
Stores and spares consumed	1.26	1.18
Repairs and maintenance:		
- Buildings	0.61	0.93
- Plant and machinery	0.75	0.54
- Others	2.07	1.88
Rent	0.98	8.84
Rates and taxes	1.58	1.47
Insurance	1.34	0.81
Power and fuel (net of reimbursements of ₹ 1.69 crores (previous year: ₹ 1.22 crores))	4.16	4.16
Selling and promotion expenses	1.49	2.63
Brokerage and commission	9.13	10.25
Freight, forwarding and delivery	6.24	4.26
Postage and telephone expenses	0.72	0.70
Travelling and conveyance	5.87	7.33
Security charges	1.96	1.71
Legal and professional charges	26.78	31.00
Payment to auditors (refer details below)	0.65	0.76
Bank charges	0.16	0.20
Corporate social responsibility expense	1.73	1.85
Provision for doubtful debts	2.76	0.92
Bad debts written off	0.01	0.11
Royalty expense	16.47	18.50
Directors' sitting fees	0.67	0.81
Directors' commission	1.17	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

	Year ended 31 March 2020	Year ended 31 March 2019
Exchange rate difference on translation (net)	5.31	-
Intangible asset under development written off	18.01	20.40
Loss on sale of property, plant and equipment	-	0.03
Information technology expenses	3.28	3.38
Miscellaneous expenses	5.76	6.70
	123.14	133.35
Less: Transferred to intangible assets under development	(2.94)	(8.75)
R&D Expense	(2.94)	(7.02)
Retainer fees	-	(0.51)
Rent expense	-	(1.22)
	120.20	124.60
Payment to auditors' (excluding service tax)		
Statutory audit	0.45	0.55
Tax audit	0.03	0.03
Other matters	0.17	0.18
	0.65	0.76

33 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 2020	31 March 2019
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	28.33	44.97
Weighted average number of equity shares for basic and diluted earnings per share			
Number of equity shares at beginning of the year		14,46,20,801	14,46,20,801
Equity shares held in controlled trust		(33,06,429)	(33,73,663)
Buy back of share		(32,32,766)	-
Number of equity shares outstanding at the end of the year		13,80,81,606	14,12,47,138
Weighted average number of equity shares for the year	(B)	13,91,53,790	14,26,97,501
Basic earnings per share of face value of ₹ 10 each	(A) / (B)	2.03	3.15
Diluted earnings per share of face value of ₹ 10 each	(A) / (B)	2.03	3.15

34 Tax expense

(a) Amounts recognised in Standalone balance sheet

	31 March 2020	31 March 2019
Non current tax assets (net of provision ₹ 81.35 crores (31 March 2019 : ₹ 42.88 crores)	25.07	21.8
Current tax liabilities (net of advance tax ₹ Nil (31 March 2019 : ₹ 30.78 crores)	-	2.39

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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(b) Amounts recognised in Standalone statement of profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax		
Current year	5.29	13.43
Earlier years	-	0.05
	5.29	13.48
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences		
Current year	5.06	1.48
Earlier years	-	2.28
Deferred tax expense	5.06	3.76
	10.35	17.24

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2020			For the year ended 31 March 2019		
	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	0.19	(0.05)	0.14	(0.83)	0.29	(0.54)
	0.19	(0.05)	0.14	(0.83)	0.29	(0.54)

(d) Reconciliation of effective tax rate

	31 March 2020	31 March 2019
Profit before tax	38.68	62.21
Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 34.94%)	9.73	21.74
Tax effect of:		
Non-deductible tax expenses	0.46	0.67
Incremental deduction allowed for research and development costs	-	(2.95)
Tax pertaining to prior years (net)	-	(2.23)
Reversal of MAT credit	1.15	-
Change in tax rate on deferred tax	(1.19)	-
Others	0.20	0.01
	10.35	17.24

The Company's standalone weighted average tax rates for the years ended 31 March 2020 and 2019 were 26.72% and 27.72% respectively.

The Company has 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 September 20, 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 for the current year. Further minimum alternate tax (MAT) is not applicable on adoption of the new concessional tax rate.

Notes to the Standalone Financial Statements
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35 Deferred Tax

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax asset (liabilities)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Property, plant and equipment and intangible assets	-	-	(13.93)	(10.16)	(13.93)	(10.16)
Trade receivables	1.43	1.00	-	-	1.43	1.00
Provisions	2.42	3.04	-	-	2.42	3.04
MAT credit entitlement	-	-	-	-	-	1.15
Net deferred tax asset (liabilities)	3.85	4.04	(13.93)	(10.16)	(10.08)	(4.97)

Movement in deferred tax balances

	31 March 2020					
	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	(10.16)	(3.77)	-	(13.93)	-	(13.93)
Trade receivables	1.00	0.43	-	1.43	1.43	-
Provisions	3.04	(0.57)	(0.05)	2.42	2.42	-
MAT credit entitlement	1.15	(1.15)	-	-	-	-
Net deferred tax asset (liabilities)	(4.97)	(5.06)	(0.05)	(10.08)	3.85	(13.93)

Movement in deferred tax balances *(previous year)*

	31 March 2019					
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	(7.21)	(2.95)	-	(10.16)	-	(10.16)
Trade receivables	0.68	0.32	-	1.00	1.00	-
Provisions	5.02	(2.27)	0.29	3.04	3.04	-
MAT credit entitlement	-	1.15	-	1.15	1.15	-
Net deferred tax asset (liabilities)	(1.51)	(3.75)	0.29	(4.97)	5.19	(10.16)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

Notes to the Standalone Financial Statements
for the year ended 31 March 2020

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36 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 2020	31 March 2019
Employer's contribution to Superannuation Fund	1.29	1.28
Employer's contribution towards foreign defined contribution plan in accordance with local laws	1.22	2.12
Employer's Contribution to ESIC	0.02	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 in less than ₹ 0.01 crores

(ii) Defined Benefit Plans

Gratuity:

The Employees Gratuity Fund Scheme is managed by "S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund". The fund has the form of trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

The contribution to the fund is made by the Company based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Company on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

These plans typically expose the Company to actuarial risk such as: investment risk, interest rate risk, longevity risk and salary risk.

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."

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:

Notes to the Standalone Financial Statements

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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 2020	31 March 2019
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	**13.02**	10.80
Past service cost	**-**	-
Current service cost	**1.17**	1.02
Interest cost (income)	**1.00**	0.81
Benefits paid	**(1.26)**	(0.36)
Actuarial losses/ (gains) recognised in other comprehensive income		
- financial assumptions	**(0.88)**	0.86
- experience adjustments	**0.31**	(0.11)
Balance at the end of the year	**13.36**	13.02
Reconciliation of present value of plan assets		
Balance at the beginning of the year	**12.72**	9.75
Interest income	**0.98**	0.78
Remeasurements :		
Return on plan assets, excluding amount included in interest (expense)/income	**(0.38)**	(0.09)
Employer contributions	**0.91**	2.64
Benefits paid	**(1.26)**	(0.36)
Balance at the end of the year	**12.97**	12.72
Net defined benefit (asset)/ liability	**0.39**	0.30

B. Plan assets

Plan assets comprise the following:

	31 March 2020	31 March 2019
Investment		
Investment in Government Securities	**4%**	5%
Bank Special Deposit	**2%**	2%
Investment in other securities	**12%**	16%
Corporate Bonds	**35%**	33%
State Government Bonds	**47%**	44%
Others	**0%**	0%
	100%	100%

C. The components of defined benefit plan expense are as follows:

	31 March 2020	31 March 2019
Recognised in income statement		
Current service cost	**1.17**	1.02
Interest cost	**1.00**	0.81
Past service cost	**-**	-
Interest income	**(0.98)**	(0.78)
Total	**1.19**	1.05
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	**(0.58)**	0.75
Return on Plan Assets, Excluding Interest Income	**0.38**	0.08
Total	**(0.19)**	0.83

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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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 2020	31 March 2019
Expected return on plan assets	**6.93%**	7.94%
Discount rate	**6.93%**	7.94%
Salary escalation rate	**5.00%**	7.00%
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.

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 2020		31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**(1.07)**	**1.25**	(1.07)	1.25
Rate of salary increase (1% movement)	**1.09**	**(0.99)**	1.04	(0.96)
Rate of employee turnover (1% movement)	**0.22**	**(0.24)**	0.12	(0.14)

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 2020						
Defined benefit obligations (Gratuity)	**1.33**	**0.88**	**2.32**	**4.73**	**4.09**	**13.36**
Total	**1.33**	**0.88**	**2.32**	**4.73**	**4.09**	**13.36**
31 March 2019						
Defined benefit obligations (Gratuity)	1.35	0.53	2.40	4.78	3.96	13.02
Total	1.35	0.53	2.40	4.78	3.96	13.02

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 ₹ 5.03 crores (2018-19: ₹ 4.86 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 2020	31 March 2019
Plan assets at the period end, at fair value	**54.49**	54.84
Present value of benefit obligation at period end	**55.34**	55.34
Interest short fall liability	**0.42**	0.15
Liability recognised in balance sheet	**1.27**	0.65

Amount of ₹ 0.42 crores (previous year ₹ 0.65 crores) towards provident fund is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year and corresponding liability is recognised and included in "other current liability" in the balance sheet as on 31 March 2020.

Plan assets comprise the following:

	31 March 2020	31 March 2019
Investment		
Investment in Government Securities	**52%**	50%
Bank Special Deposit	**1%**	6%
Investment in other securities	**9%**	9%
Corporate Bonds	**10%**	10%
Debt Securities	**28%**	25%
	100%	100%

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

Particulars	31 March 2020	31 March 2019
Discount rate (%)	**6.93%**	7.94%
Guaranteed Interest Rate (%)	**8.50%**	8.65%
Expected average remaining working lives of employees (Years)	**15**	16

Other long term employee benefit plans

Compensated absences:

Amount of ₹ 2.03 crores (previous year ₹ (0.86) 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.

Long-term incentive plan:

The obligation for long-term incentive plan is recognised arithmatically as percentage of fixed salary, based on certain vesting conditions. In the previous year, on account of organisation restructuring excess provision of previous years with respect to the long term incentive plan of ₹ 3.50 crores has been reversed and is disclosed under other income for the year ended March 2019. No amount recognised towards long-term incentive plan for the year ended 31 March 2020.

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37 Leases

The Company's leasing arrangements are in respect of lease land, building and equipment occupied by the Company. 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 2019 (on transition to IND AS 116)	23.13	0.35	1.13	24.61
Additions	4.92	-	-	4.92
Disposals	-	-	0.90	0.90
Balance at 31 March 2020	**28.05**	**0.35**	**0.23**	**28.63**
Accumulated depreciation and impairment				
As at 1 April 2019 (on transition to IND AS 116)	-	0.34	0.86	1.20
Depreciation	7.12	0.01	0.13	7.26
Impairment loss	-	-	-	-
Eliminated on disposals of assets	-	-	0.76	0.76
Balance at 31 March 2020	**7.12**	**0.35**	**0.23**	**7.70**
Carrying amounts				
As at 1 April 2019	23.13	0.01	0.27	23.41
Balance at 31 March 2020	**20.93**	-	-	**20.93**

Breakdown of lease expenses

	Year ended 31 March 2020
Short-term lease expense	**0.98**
Total lease expense	**0.98**

Cash outflow on leases

	Year ended 31 March 2020
Repayment of lease liabilities	**4.44**
Interest on lease liabilities	**2.47**
Short-term lease expense	**0.98**
Total cash outflow on leases	**7.89**

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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	
Right-of-use assets	23.13
Total assets	**23.13**
Lease liabilities	23.94
Total liabilities	**23.94**
Retained earnings	0.81
Total equity	**0.81**

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 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 2020	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	1.16	1.16	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	34.69	34.69	-	-	-	-
Other bank balances	-	1.17	1.17	-	-	-	-
Loans	-	8.09	8.09	-	-	-	-
Trade receivables	-	145.34	145.34	-	-	-	-
Other financial assets	-	5.94	5.94	-	-	-	
	-	196.39	196.39	-	-	-	-
Financial liabilities							
Non current financial liabilities							
Borrowings	-	17.32	17.32	-	-	-	-
Others	-	24.09	24.09	-	-	-	-
Current financial liabilities							
Borrowings	-	52.50	52.50	-	-	-	-
Trade payables	-	241.91	241.91	-	-	-	-
Other financial liabilities	0.20	31.51	31.71	-	0.20	-	0.20
	0.20	367.33	367.53	-	0.20	-	0.20

Notes to the Standalone Financial Statements

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31 March 2019	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	1.14	1.14	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	6.08	6.08	-	-	-	-
Current investments	1.53	-	1.53	-	1.53	-	1.53
Other bank balances	-	0.19	0.19	-	-	-	-
Loans	-	28.73	28.73	-	-	-	-
Trade receivables	-	125.81	125.81	-	-	-	-
Other financial assets	-	8.76	8.76	-	-	-	
	1.53	170.71	172.24	-	1.53	-	1.53
Financial liabilities							
Non current financial liabilities							
Borrowings	-	0.14	0.14	-	0.14	-	0.14
Others	-	24.09	24.09	-	-	-	-
Current financial liabilities							
Borrowings	-	87.13	87.13	-	-	-	-
Trade payables	-	143.79	143.79	-	-	-	-
Other financial liabilities	-	15.57	15.57	-	0.14	-	0.14
	-	270.72	270.72	-	0.28	-	0.28

The carrying amount of loans and advances, cash and cash equivalents, other bank balances, trade receivables, trade payables, other current, non-current financial assets and liabilities and short-term borrowings recognised at amortised cost, are considered to be the same as their fair values, due to their short-term nature.

B. Financial risk management

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

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

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.

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

The maximum exposure to credit risk for trade and other receivables was as follows :

	Carrying amount	
	31 March 2020	31 March 2019
India	142.92	121.11
Other regions	2.42	4.70
Total Trade receivables	145.34	125.81
Total other receivables	15.19	38.63

At 31 March 2020, the Company's most significant one customer, accounted for ₹ 13.28 crores (31 March 2019: ₹ 19.89 crores) of the trade and other receivables carrying amount.

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

	31 March 2020		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	63.48	0.00%	-
Neither past due not impaired	36.98	0.57%	0.21
Past due not impaired			
Past due 0 to 180 days	41.28	2.64%	1.09
Past due 181-360 days	5.45	23.75%	1.30
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
	150.80		5.46

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	31 March 2019		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	10.25	0.00%	-
Neither past due nor impaired	75.61	0.32%	0.25
Past due not impaired			
Past due 0-180 days	37.17	1.32%	0.49
Past due 181-360 days	3.04	12.54%	0.38
Past due 361-540 days	1.14	42.16%	0.48
Past due 541-730 days	1.11	79.96%	0.89
More than 730 days	0.21	100.00%	0.21
	128.51		2.70

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

For Trade receivable	Amount
Balance as at 31 March 2018	**1.78**
Impairment loss/(gain) recognised	1.03
Amount utilised	(0.11)
Balance as at 31 March 2019	**2.70**
Impairment loss/(gain) recognised	2.77
Amount utilised	(0.01)
Balance as at 31 March 2020	**5.46**

For other receivable	Amount
Balance as at 31 March 2018	**0.18**
Impairment loss/(gain) recognised	-
Balance as at 31 March 2019	**0.18**
Impairment loss/(gain) recognised	-
Balance as at 31 March 2020	**0.18**

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 34.69 crores at 31 March 2020 (31 March 2019: ₹ 6.08 crores). The cash and cash equivalents are held with banks with good credit rating.

Other bank balances

The Company held other balance of ₹ 1.17 crores at 31 March 2020 (31 March 2019: ₹ 0.19 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.

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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 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					
Borrowing	**17.32**	**24.52**	**-**	**14.85**	**9.67**
Others	**24.09**	**24.09**	**-**	**0.19**	**23.90**
Current financial liabilities					
Borrowings	**52.50**	**52.52**	**52.52**		
Other financial liabilities	**31.51**	**33.40**	**33.40**	**-**	**-**
Trade payables	**241.91**	**241.91**	**241.91**	**-**	**-**
Derivative financial liabilities					
Forward exchange contract					
- Outflow	**-**	**-**	**-**	**-**	**-**
- Inflow	**0.20**	**6.74**	**6.74**	**-**	**-**
	367.53	**383.18**	**334.57**	**15.04**	**33.57**

31 March 2019		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	0.14	0.15	-	0.15	-
Others	24.09	24.09	-	0.19	23.90
Current financial liabilities					
Borrowings	87.13	87.13	87.13		
Other financial liabilities	15.57	15.57	15.57	-	-
Trade payables	143.79	143.79	143.79	-	-
	270.72	270.73	246.49	0.34	23.90

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.

Notes to the Standalone Financial Statements

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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 value in ₹ as at 31 March 2020 and 31 March 2019 are as below:

	31 March 2020 USD	31 March 2020 EUR	31 March 2020 SGD	31 March 2020 CHF	31 March 2020 Others**
Financial assets	**3.17**	**1.53**	**-**	**-**	**-**
Financial liabilities	**(60.72)**	**(32.90)**	**(1.98)**	**(1.08)**	**(0.03)**
Derivatives (net settled)	**(6.74)**				
Net Exposure	**(64.29)**	**(31.37)**	**(1.98)**	**(1.08)**	**(0.03)**

	31 March 2019 USD	31 March 2019 EUR	31 March 2019 SGD	31 March 2019 CHF	31 March 2019 Others**
Financial assets	9.90	0.17	-	-	-
Financial liabilities	(17.02)	(13.40)	-	(1.16)	*(0.00)
Net Exposure	(7.13)	(13.23)	-	(1.16)	*(0.00)

*Amount in less than ₹ 0.01 crores.

**Others includes AED, THB, HKD and LKR.

a. The forward contracts booked also includes the future sales transaction exposure.

b. **Hedged foreign currency exposure**

	31 March 2020		31 March 2019	
	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 2020 and 2019 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	
31 March 2020	Strengthening	Weakening
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)**

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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Effect in INR 31 March 2019	Profit or loss	
	Strengthening	Weakening
USD (3% movement)	0.21	(0.21)
EUR (3% movement)	0.40	(0.40)
CHF (2% movement)	0.02	(0.02)
	0.63	(0.63)

iv. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

	Nominal amount	
	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets	**6.00**	26.00
Financial liabilities	**(101.03)**	(111.50)
	(95.03)	(85.50)

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 2020, 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

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 2020	31 March 2019
Non-current borrowings (finance lease obligations)	17.32	0.14
Current borrowings	52.50	87.13
Current maturity of long term debt	7.12	0.14
Gross debt	76.94	87.41
Less - Cash and cash equivalents	34.69	6.08
Less - Current investments	-	1.53
Adjusted net debt	42.25	79.80
Total equity	550.14	596.55
Adjusted net debt to equity ratio	0.08	0.13

40 Contingent liabilities and commitments

A. Contingent liabilities

		31 March 2020	31 March 2019
a.	**Direct and Indirect taxes**		
	Income Taxes	19.29	5.81
	Excise Duty / Custom duty	0.11	0.57
	Service Taxes	11.44	11.94
	Sales Tax	-	0.86
b.	**Corporate Guarantee**		
	Corporate guarantees given for loans taken by subsidiary companies	339.81	336.44

c. The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. The Company has started complying with this prospectively from the month of March 2019. In respect of the past period there are significant implementation and interpretative challenges that the management is facing and is awaiting for clarity to emerge in this regard, pending which, this matter has been disclosed under the Contingent liability section in the financial statements. The impact of the same is not ascertainable.

B. Commitments

		31 March 2020	31 March 2019
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	0.83	0.03

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

41 Dues to micro and small suppliers

		31 March 2020	31 March 2019
1.	The amounts remaining unpaid to micro and small suppliers as at the end of the year		
	- Principal	4.97	4.79
	- Interest on the above	0.55	0.45
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	5.27	9.12
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	0.10	0.18
5.	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.55	0.45
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	0.55	0.45

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 2.22% (previous year 2.24 %), separate geographical segment information has not been given in the standalone financial statements.

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 & Joint ventures

Name of the related party	Relationship	Country of incorporation	Ownership interest 31 March 2020	Ownership interest 31 March 2019
Keva Flavours Private Limited	Subsidiary	India	100%	100%
Keva Fragrances Private Limited	Subsidiary	India	100%	100%
Keva UK Limited	Subsidiary	United Kingdom	100%	100%
Saiba Industries Private Limited	Subsidiary	India	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
Rasiklal Hemani Agencies Private Limited	Subsidiary	India	100%	100%
Keva Chemicals Private Limited	Subsidiary	India	100%	100%
Keva Europe B.V (wef 02 April 2019)	Subsidiary	Netherlands	100%	-
Creative Flavours & Fragrances SpA (wef 15 January 2018)	Joint venture	Italy	51%	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%
Tanishka Fragrance Encapsulation Technologies LLP (Subsidiary of Keva Chemicals Private Limited)	Step down subsidiary	India	51%	51%
Purandar Fine Chemicals Private Limited (Joint venture of Keva Frangrances Private Limited) (wef 1 November 2018)	Joint venture	India	50%	50%
Anhui Ruibang Aroma Co Ltd (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore) (wef 25 May 2018)	Step down subsidiary	China	66.7%	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 & Chief Executive Officer
	Ratul Bhaduri (Chief financial officer) (from 15 November 2017 upto 03 December 2018)
	Shrikant Mate (Chief financial officer) from 04 December 2018
	Deepti Chandratre (Company Secretary)
b) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	ASN Investment Advisors Private Limited
	Evolutis India Private Limited
	Keva Aromatics Private Limited
	Keva Constructions Private Limited
	Keva Biotech Private Limited
	KNP Industries Pte. Limited
	Purandar Fine Chemicals Private Limited
	Ramesh Vinayak Vaze Family Trust
	Kedar Ramesh Vaze Family Trust
	SKK Industries Private Limited
	Vinayak Ganesh Vaze Charities
c) Relatives of Key Management Personnel	Anagha Nene
	Sumedha Karmarkar
	Prabha R Vaze
	Nandan K Vaze
	Parth K Vaze
	Milena Rubene
d) Non-executive directors	Dalip Sehgal
	Alpana Parida
	Jairaj Purandare
	Sangeeta Singh
	Prabha Vaze
	Amit Dalmia
	Deepak Bindra (from 25 May 2018 to 25 October 2019)
	Shrikant Oka (from 25 May 2018)
	Amit Dixit (upto 25 May 2018)
	Nitin Potdar (upto 28 February 2018)
	Mark Elliott (from 15 December 2019)
	Ramesh V Vaze (Chairman from 01 September 2019)

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

ii) Details of transactions with related parties

Particulars	Transaction value	
	Year ended 31 March 2020	Year ended 31 March 2019
Sale of goods		
Keva Fragrances Private Limited	68.46	76.73
Keva Flavours Private Limited	95.85	5.78
PFW Aroma Ingredients B.V.	-	0.81
Keva Chemicals Private Limited	0.02	-
Keva Aromatics Pvt. Ltd.	0.07	-
Purchase of goods		
Keva Fragrances Private Limited	54.69	62.29
Keva Flavours Private Limited	1.50	4.80
Purandar Fine Chemicals Private Limited	0.24	0.23
Keva Frangrance Industries Pte. Ltd	74.72	45.90
Keva Chemicals Private Limited	0.68	0.23
Keva Biotech Pvt. Ltd.	0.01	0.25
VN Creative Chemicals Private Ltd	10.85	3.57
Keva Aromatics Pvt. Ltd.	1.48	0.71
Commission expense		
Rasiklal Hemani Agencies Private Limited	2.28	3.03
Rent income		
Keva Fragrances Private Limited	3.51	3.42
Keva Flavours Private Limited	0.65	0.57
Interest income		
Keva Flavours Private Limited	-	*0.00
Saiba Industries Private Limited	0.54	0.58
V N Creative Chemicals Private Limited	1.05	1.92
Techincal know how income		
Keva Fragrances Private Limited	0.91	0.96
V N Creative Chemicals Private Limited	3.95	-
Interest expense		
Rasiklal Hemani Agencies Private Limited	2.19	2.19
Keva Chemicals Private Limited	0.01	-
Commission on guarantee given		
PFW Aroma Ingredients B.V.	0.20	0.20
Keva Flavours Private Limited	0.23	0.23
Keva Frangrance Industries Pte. Ltd	0.61	0.59
Keva Fragrances Private Limited	0.29	0.23
V N Creative Chemicals Private Limited	0.31	0.30
Other services reimbursement received (netted off against respective expenses)		
Keva Fragrances Private Limited	1.56	1.42
Keva Flavours Private Limited	0.31	0.27
Recharge cost paid		
PFW Aroma Ingredients B.V	1.07	5.99
Keva Europe B.V	3.32	-
Discovery and Research cost paid		
PFW Aroma Ingredients B.V	12.53	14.64

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for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

Particulars	Transaction value	
	Year ended 31 March 2020	Year ended 31 March 2019
Rent Paid		
Keva Constructions Private Limited	5.25	5.06
Saiba Industries Private Limited	0.88	0.88
Keva Frangrance Industries Pte. Ltd	0.96	1.22
Job Work Charges paid		
Keva Fragrances Private Limited	0.74	0.97
Royalty expense		
Keva Fragrances Private Limited	16.47	18.50
Reimbursement (for expenses incurred by related parties on behalf of company)		
PFW Aroma Ingredients B.V	-	1.22
PT SHKKeva Indonesia	-	0.04
Keva Frangrance Industries Pte. Ltd	-	0.49
Keva Constructions Private Limited	-	0.04
Transer pricing cross charge		
Keva Frangrance Industries Pte. Ltd	3.31	-
Reimbursement (for expenses incurred by company on behalf of related party)		
Keva Constructions Private Limited	0.04	0.12
Keva Frangrance Industries Pte. Ltd	-	0.60
Keva Fragrances Private Limited	1.45	
Keva Flavours Private Limited	0.47	-
Saiba Industries Private Limited	*0.00	
Rasiklal Hemani Agencies Private Limited	*0.00	
PFW Aroma Ingredients B.V	0.73	1.75
V N Creative Chemicals Private Limited	0.74	2.22
KNP Industries PTE Ltd	-	0.20
Fixed assets and Intangible assets purchased		
Keva Chemicals Private Limited	0.66	-
PFW Aroma Ingredients B.V	-	54.01
Fixed assets sold		
V N Creative Chemicals Private Limited	-	0.08
Loan taken		
Keva Chemicals Private Limited	2.50	-
Loan given		
Saiba Industries Private Limited	-	-
Keva Flavours Private Limited	-	2.25
V N Creative Chemicals Private Limited	5.00	41.80
Loan Repaid		
Saiba Industries Private Limited	-	1.00
Keva Flavours Private Limited	-	2.25
V N Creative Chemicals Private Limited	25.00	33.70
Sitting fees to non-executive directors	0.67	0.81
Commission to non-executive director	1.17	-
Key managerial personnel		
Remuneration	4.61	6.59
Post-empleyement benefits	0.36	0.55
Market research expense		
Milena Rubene	-	0.19

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

Particulars	Transaction value	
	Year ended 31 March 2020	Year ended 31 March 2019
Dividend paid during the year		
Ramesh V. Vaze	2.45	4.54
Kedar R.Vaze	1.32	2.49
Prabha R. Vaze	0.47	0.88
Sumedha Karmarkar	*0.00	*0.00
Anagha S Nene	0.14	0.14
Nandan K. Vaze	0.13	0.23
Parth K. Vaze	0.13	0.23
Ramesh Vinayak Vaze Family Trust	*0.00	*0.00
Kedar Ramesh Vaze Family Trust	*0.00	*0.00
KNP Industries Pte Ltd	1.45	3.00
Vinayak Ganesh Vaze Charities	0.19	0.36
SKK Industries Private Limited	0.14	0.27
ASN Investment Advisors Private Limited	0.14	0.27
Keva Constructions Private Limited	1.02	1.57
Guarantee given/ (revoked)		
Keva Fragrances Private Limited	40.00	(38.16)
PFW Aroma Ingredients B.V.	-	7.77
V N Creative Chemicals Private Limited	(50.00)	40.00

Particulars	Balances outstanding	
	31 March 2020	31 March 2019
Trade receivables		
Keva Fragrances Private Limited	-	6.71
Keva Flavours Private Limited	61.89	3.34
Keva Chemicals Private Limited	*0.00	-
Keva Aromatics Pvt. Ltd.	0.09	-
V N Creative Chemicals Private Limited	1.51	-
KNP Industries Pte. Ltd	-	0.20
Trade and Other payables		
Keva Fragrances Private Limited	70.40	53.36
Keva Flavours Private Limited	0.65	*0.00
Purandar Fine Chemicals Private Limited	0.01	-
Keva Frangrance Industries Pte. Ltd	59.93	10.26
Keva Chemicals Private Limited	0.71	0.42
Keva Biotech Pvt. Ltd.	-	0.02
V N Creative Chemicals Private Limited	0.15	2.77
Keva Aromatics Pvt. Ltd.	-	0.84
PFW Aroma Ingredients B.V.	24.32	10.91
Keva Europe B.V	4.22	-
Saiba Industries Private Limited	1.49	0.55
Rasiklal Hemani Agencies Private Limited	1.46	3.82
PT SHKKeva Indonesia	-	0.04
Milena Rubene	-	0.19

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Particulars	Balances outstanding	
	31 March 2020	31 March 2019
Other current financial assets		
Keva Fragrances Private Limited	-	0.47
Keva Flavours Private Limited	1.44	0.48
PFW Aroma Ingredients B.V.	1.30	0.14
Keva Frangrance Industries Pte. Ltd	0.17	0.16
V N Creative Chemicals Private Limited	0.68	3.33
Keva Constructions Private Limited	-	0.09
Interest receivable on Loan		
Saiba Industries Private Limited	0.78	0.29
V N Creative Chemicals Private Limited	0.10	2.24
Other current financial liabilities		
PFW Aroma Ingredients B.V.	1.29	1.21
Interest payable		
Rasiklal Hemani Agencies Private Limited	3.93	-
Keva Chemicals Private Limited	0.01	-
Advances received for supplies and services		
Keva Fragrances Private Limited	8.20	-
Advances given for supplies and services		
Keva Aromatics Private Limited	0.14	-
Keva Constructions Private Limited	0.12	0.07
Deposits received		
Rasiklal Hemani Agencies Private Limited	23.00	23.00
Loan taken		
Keva Chemicals Private Limited	2.50	-
Loan given		
Saiba Industries Private Limited	6.00	6.00
V N Creative Chemicals Private Limited	-	20.00
Corporate guarantees		
Keva Fragrances Private Limited	85.00	45.00
PFW Aroma Ingredients B.V.	41.73	38.85
Keva Frangrance Industries Pte. Ltd	128.08	117.59
V N Creative Chemicals Private Limited	40.00	90.00
Keva Flavours Private Limited	45.00	45.00

* Amount in less than ₹ 0.01 crores

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 loans given to subsidiaries is 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 and specified domestic transactions are at arm's length as per the independent accountants report for the year ended 31 March 2019. Management continues to believe that its international transactions post March 2019 and the specified domestic transactions covered by the new regulations 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

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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: ₹ 1.78 crores (previous year: ₹ 1.87 crores)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year	31 March 2020	31 March 2019
Contribution to Clean Ganga Fund	-	0.30
Promotion of education	1.61	0.88
Distress/Disaster Relief	-	0.25
Development of infrastructure in rural area	0.13	0.42
Total	1.73	1.85

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

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
Saiba Industries Private Limited, subsidiary of the Company	Unsecured loans given @ 9% for the purpose of financial support for acquisition of assets to subsidiary which is repayable on demand
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 @ 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 2020 is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance(excluding accrued interest)
Saiba Industries Private Limited	Year ended 31 March 2020	6.00	-	-	6.00
V N Creative Chemicals Private Limited	Year ended 31 March 2020	20.00	5.00	(25.00)	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

Movement of loans during the financial year ended 31 March 2019 is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance(excluding accrued interest)
Saiba Industries Private Limited	Year ended 31 March 2019	7.00	-	(1.00)	6.00
Keva Flavours Private Limited	Year ended 31 March 2019	-	2.25	(2.25)	-
V N Creative Chemicals Private Limited	Year ended 31 March 2019	11.90	41.80	(33.70)	20.00

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 and relation with the Company, if applicable	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

Name of the entity and relation with the Company, if applicable	Financial year	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Non cash changes	Closing Balance
Keva Fragrances Private Limited	Year ended 31 March 2019	83.16	-	(38.16)	-	45.00
PFW Aroma Ingredients B. V.	Year ended 31 March 2019	26.02	7.77	-	5.06	38.85
Keva Fragrance Industries Pte. Ltd.	Year ended 31 March 2019	110.57	-	-	7.02	117.59
Keva Flavours Private Limited	Year ended 31 March 2019	45.00	-	-	-	45.00
V N Creative Chemicals Private Limited	Year ended 31 March 2019	50.00	40.00	-	-	90.00
		314.74	47.77	(38.16)	12.08	336.44

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

c) Details of investments made:

Entity	Financial year	Opening		Investment made		Sale of Investment		Closing	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Keva Chemicals Pvt. Ltd. (face value ₹ 10 per share)	Year ended 31 March 2020	40,00,000	4.00	30,000	0.03	-	-	40,30,000	4.03
Keva Flavours Pvt. Ltd. (face value ₹ 10 per share)	Year ended 31 March 2020	9,900	0.10	11,600	25.09	-	-	21,500	25.19
Keva UK Limited (face value GBP 1 per share)	Year ended 31 March 2020	8,33,350	61.61	1,52,250	9.58	-	-	9,85.600	71.19
Keva Europe BV (face value Euro 1 per share)	Year ended 31 March 2020	-	-	1,000	0.01	-	-	1,000	0.01

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 2020	Amount outstanding as at 31 March 2019	Maximum balance outstanding during the year 31 March 2020	Maximum balance outstanding during the year 31 March 2019
Saiba Industries Private Limited	Wholly Owned Subsidiary Company	6.00	6.00	6.00	7.00
Keva Flavours Private Limited	Wholly Owned Subsidiary Company	-	-	-	2.25
V N Creative Chemicals Private Limited	Step down subsidiary of the Company	-	20.00	25.00	25.00

48 Dislosure under Ind AS 115 - Revenue from contracts with customers

The Company is engaged into manufacturing of Industrial Fragrances.There is no impact on the Company's revenue on applying Ind AS 115 from the contract with customers.

Revenue from contracts with customers: Sale of products (Transferred at point in time)

a Major Segment

	Fragrance	
	31 March 2020	31 March 2019
Manufacturing		
India	704.58	675.48
South east asia	1.15	1.16
Europe	4.77	2.15
MEENA	9.03	11.61
others	0.86	0.59
	720.39	691.00
Trading		
India	-	5.87
	-	5.87
Total Sales	720.39	696.87

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

b Sales by performance obligations

	Fragrance	
	31 March 2020	31 March 2019
Manufacturing		
CIF	237.66	47.00
FOB	1.86	1.23
Ex work	480.87	642.77
	720.39	691.00
Trading		
Ex work	-	5.87
	-	5.87
	720.39	696.87

c Reconciliation of revenue from contract with customer

	Fragrance	
	31 March 2020	31 March 2019
Revenue from contract with customer as per the contract price		
Manufacturing	720.39	691.00
Trading	-	5.87
	720.39	696.87
Adjustments made to contract price on account of :-		
Less : Discounts and Rebates	7.53	4.78
Revenue from contract with customer	712.86	692.09
Other operating revenue	5.97	1.94
Revenue from operations	718.83	694.03

49 Consolidation of Trust

The Company has 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 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.

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

i The sources and application of funds of the Trust Consolidated as at 31 March, 2020 were as follows:

Particulars	31 March 2020	31 March 2019
Sources of Funds		
Corpus	*0.00	*0.00
Reserves and Surplus	(10.48)	(4.64)
Secured Loan		
Loan from the company	75.00	75.00
Total	64.52	70.36
Application of Funds		
Investments	72.95	74.95
Current Assets, Loans and Advances (A)		
Cash and Cash Equivalents	1.16	0.17
Loans and Advances	0.02	-
Less: Current Liabilities and Provisions (B)		
Current Liabilities	9.57	4.73
Provisions	0.04	0.02
Net Current Assets (A- B)	(8.43)	(4.59)
Total	64.52	70.36

* 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 2020	31 March 2019
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, 2020 (previous year ₹ 74.95 crores). Further, the Trust during the 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.

(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, 2020 (previous year 75 crores) and interest income of ₹ 5.25 crores (previous year ₹ 4.36 crores) on the above loan is also eliminated.

(c) Other Current Financial Assets

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ 9.01 Crores as at 31 March, 2020 (previous year ₹ 4.28 crores).

Notes to the Standalone Financial Statements

for the year ended 31 March 2020

(Currency : Indian Rupees in crores)

(d) Details of STARs scheme

Particulars	31 March 2020	31 March 2019
Number of grant outstanding at the beginning of the year	1,026,403	1,026,403
Add : granted during the year	2,280,026	-
Less: lapsed during the year	150,000	-
Less: vested during the year	1,026,403	-
Less: exercised during the year	-	-
Number of grants at the end of the year	2,130,026	1,026,403
Expense recognised from above share base payment transactions	-	-
Carrying amount of liability	-	-

50 In view of the lockdown across the country due to the outbreak of COVID pandemic, operations of the Company (manufacturing, offices, etc.) are scaled down or shut down from second half of March 2020. The duration of this lockdown is uncertain at this point in time and resumption of full-fledged operations will depend upon directives issued by the Government authorities. While this has adversely impacted the sales performance , the Company continues to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. As per the current assessment, no significant impact on carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets is expected, and we continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results. The operations have resumed for certain locations in compliance with Government directives in April, 2020. Further Management has taken into account the impact of COVID-19 on the business for the foreseeable future and have concluded that the Company has sufficient resources to continue as a going concern.

51 The Board of Directors of the Company, at its meeting held on 25 October 2019, had approved Scheme of Merger by Absorption of three of its wholly owned subsidiaries - Keva Chemicals Private Limited, Saiba Industries Private Limited and Rasiklal Hemani Agencies Private Limited - with the Company and their respective shareholders and creditors, under the provisions of Section 230 to 232 of the Companies Act 2013. The application for Merger by Absorption has been filed with the National Company Law Tribunal, Mumbai Bench on 15 November 2019.

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
of S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Balajirao Pothana
Partner
Membership No: 122632

Ramesh Vaze
Director & Chairman
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Shrikant Mate
Chief Financial Officer
ICAI Membership No: 37556

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
26 May 2020

Mumbai
26 May 2020

Mumbai
26 May 2020

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 9766
Website: www.keva.co.in; Email Id: investors@keva.co.in

NOTICE

NOTICE is hereby given that the 64th Annual General Meeting of the Members of S H KELKAR AND COMPANY LIMITED (the "Company") will be held on Tuesday, 01 September 2020 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 2020 alongwith the Report of Board of Directors and Auditors thereon.

2. To confirm interim dividend on equity shares declared during the financial year ended 31 March 2020 as final dividend for financial year ended 31 March 2020.

3. To appoint a Director in place of Ms. Prabha Vaze (DIN: 00509817), a Non-Executive/Non-Independent Director, who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS

4. To pay remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board and in this regard, to consider and if thought fit, to pass, 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 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 01 September 2020 to 31 August 2021 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."

5. To re-appoint Mr. Kedar Vaze (DIN: 00511325) as a Whole-time Director of the Company, designated as Whole-time Director & Group Chief Executive Officer, for a period of 5 (five) years with effect from 01 September 2020 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 the recommendation of the Nomination and Remuneration Committee and Audit Committee and approval of the Board of Directors of the Company and in accordance with the provisions of Section 152, 196, 197, 203 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013, Mr. Kedar Vaze (DIN: 00511325) Whole-time Director of the Company (designated as Whole-time Director & Group Chief Executive Officer), whose period of office is liable to expire on 31 August 2020, be and is hereby re-appointed as Whole-time Director of the Company (designated as Whole-time Director & Group Chief Executive Officer), not liable to retire by rotation, to hold office for a period of five years from 01 September 2020 to 31 August 2025 upon the terms and conditions of appointment including the payment of remuneration, perquisites and other benefits and including the remuneration to be paid as minimum remuneration in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment, as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with authority to the Board of Directors (including its Committee thereof) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Kedar Vaze.

   RESOLVED FURTHER THAT the Board of Directors (including its Committee thereof) be and is hereby authorised to revise the remuneration of Mr. Kedar Vaze from time to time to the extent the Board of Directors may deem appropriate, notwithstanding that the limits of the remuneration are in excess of the limits prescribed under Regulation 17 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provided that such revision is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto and/or any guidelines prescribed by the Government from time to time.

   RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. To increase the 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 and in this regard, to consider and if thought fit, to give assent or dissent to the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** in supersession of earlier resolution passed by the Members through Postal Ballot conducted in July 2019 and pursuant to Section 186 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in terms of Articles of Association of the Company and upon recommendation of the Audit Committee, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, as the Board may in its absolute discretion deem beneficial and in the interest of the Company, subject however to the condition that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future and remaining outstanding, at any point of time, shall not exceed a sum of ₹ 580 Crores over and above the limit prescribed under Section 186 (2) of the Companies Act, 2013 (presently being 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more).

   RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to finalize and execute all agreements, documents and writings and to do all such acts, deeds and things in this connection and incidental thereto as it may in its absolute discretion deem fit to give effect to this resolution."

7. To ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the financial year 2020-21 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 2020-21, be paid a remuneration of ₹ 1,80,000/- 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: 30 June 2020
Place: Mumbai
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400 002
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 7 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 its circular Nos.14/2020, 17/2020, 20/2020 and 22/2020 05 dated 08 April 2020, 13 April 2020, 05 May, 2020 and 15 June 2020 (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 2019-20 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 2019-20 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, 26 August 2020 to Tuesday, 01 September 2020 (both days inclusive) for annual closing.

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, 25 August 2020. 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, 25 August 2020, 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 shareholders for remote e-voting are as under:

    i) The remote e-voting period begins on Friday, 28 August 2020 (9.00 a.m.) and ends on Monday, 31 August 2020 (5.00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, 25 August 2020 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) Log on to the e-voting website: www.evotingindia.com.

    iv) Click on "Shareholders" module.

    v) Enter your User ID

        a) For CDSL: 16 digits beneficiary ID

        b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID

vi) Enter the Image Verification as displayed and Click on Login.

vii) 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.

viii) 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 10 digit sequence number sent by Link Intime India Pvt. Ltd., the Company's Registrar & Transfer Agent or contact the said Registrar and Share Transfer Agent.
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).

ix) After entering these details appropriately, click on "SUBMIT" tab.

x) 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.

xi) Click on Electronic Voting Sequence Number (EVSN) for S H Kelkar and Company Limited on which you choose to vote.

xii) 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.

xiii) Click on the "RESOLUTIONS FILE LINK", if you wish to view the entire Resolution details.

xiv) 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.

xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

xvii) 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.

xviii) Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

xix) Note for Non–Individual Members and Custodians:

a) Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c) 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.

d) 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.

e) 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.

f) 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 resolutions 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. Members may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of the Company will be displayed.

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 in advance atleast 3 (three) days prior to Meeting i.e. on or before Friday, 28 August 2020 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 in advance atleast 5 (five) days prior to Meeting i.e. on or before Wednesday, 26 August 2020 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 e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542). 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

Date: 30 June 2020
Place: Mumbai
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400 002
e-mail: investors@keva.co.in

Deepti Chandratre
Company Secretary

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 7 mentioned in the accompanying the Notice.

Item No 4:

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 Board with effect from 01 September 2019.

The Board of Directors of the Company (the 'Board'), in its meeting held on 30 June 2020, 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 2020 to 31 August 2021 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 Keva 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 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 2020-21 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. 4 of the Notice as it pertains to remuneration payable to him. Ms. Prabha Vaze – Director and Mr. Kedar Vaze – Wholetime Director & Group CEO, who are related to Mr. Ramesh Vaze, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their directorship and their shareholding interest in the Company. Other relatives of Mr. Ramesh Vaze, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest in the Company, if any.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board of Directors recommends the Special Resolution as set out in Item No. 4 of the Notice for the approval of the Members.

Item No. 5:

The Board, in its meeting held on 30 June 2020, as per recommendation of the Nomination and Remuneration Committee and Audit Committee, subject to the approval of Members, has re-appointed Mr. Kedar Vaze, 46, as Whole-time Director designated as Whole-time Director & Group Chief Executive Officer, for a period of 5 (five) years from 01 September 2020, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board, more particularly mentioned below. It is proposed to seek the Members' approval for the re-appointment of and remuneration payable to Mr. Kedar Vaze as Whole-time Director designated as Whole-time Director & Group Chief Executive Officer in terms of the applicable provisions of the Companies Act, 2013.

Brief resume of Mr. Kedar Vaze, nature of his expertise, names of companies in which he holds directorships and memberships / chairmanships of Board Committees and shareholding etc. as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided as an Annexure to this notice.

The principal terms and conditions of appointment of Mr. Kedar Vaze as the Whole-time Director and Group Chief Executive Office CEO are as follows:

I. **Period of appointment:** 01 September 2020 to 31 August 2025

II. **Remuneration:**

A. Fixed Compensation:

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity. The Basic Salary shall be in the range of ₹ 0.84 Crore and ₹ 2.00 Crore (starting with ₹ 0.84 Cr for first year) per annum to be paid on a monthly basis. The annual increments will be decided by the Board of Directors and will be merit based and take into account other relevant factors including performance of the Company. The Company's contribution to Gratuity shall be according to the rules of the Company, in force from time-to-time.

B. Commission:

A commission of 1% of the consolidated net profits of the Company will be calculated and payable every quarter on the quarterly net profits of the Company computed in accordance with the provisions of the Companies Act, 2013. The Commission payable on a quarterly basis shall be adjusted for the relative performance of the Company as per the method approved by the Nomination and Remuneration Committee. The commission paid on a quarterly basis shall however be re-computed based on the consolidated net profits of the Company for the full year.

C. Variable Compensation:

Performance Linked Variable Remuneration relating to the financial years during the period of appointment shall be according to the applicable scheme of the Company or as may be decided by the Board of Directors.

D. Other:

In addition to the fixed compensation and variable compensation, Mr. Kedar Vaze will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances") in such form and manner as the Board may decide.

- House Rent Allowance as per Company's rules
- Special Allowance
- Employer's Contribution to Superannuation Fund
- Fully Paid Earned Leave (Privilege Leave) of 22 working days per Calendar Year
- Fully Paid Exigency Leave of 8 working days per Calendar year (Jan – Dec)
- Company Maintained Car
- Group Mediclaim coverage (Health Insurance)
- Group Personal Accident Coverage
- Keyman Insurance cover (the Company shall be paying 50% of the insurance premium amount to the insurance company while the remaining 50% paid on behalf of Mr. Kedar Vaze shall be treated as part of the remuneration payable to Mr. Kedar Vaze)
- Such other perquisites and allowances as per the policy/ rules of the Company in force and/or as may be approved by the Board from time to time

III. Overall Remuneration:

The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion may pay to Mr. Kedar Vaze from time-to-time, shall not exceed the limits prescribed from time-to-time under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may for the time being, be in force.

IV. Minimum Remuneration:

Not withstanding the foregoing, where in any financial year during the currency of the tenure of Mr. Kedar Vaze, the Company has no profits or its profits are inadequate, the remuneration will be subject to the limits specified in Schedule V to the Companies Act, 2013.

Approval of the Members is sought for passing the Ordinary Resolution as set out at Item No. 5 of the Notice, in terms of provisions of Section 196 (3) of the Companies Act, 2013 read with Schedule V to the said Act. Mr. Kedar Vaze satisfies all the conditions set out in Part-I of Schedule V to the Companies Act, 2013 as also all other conditions set out under sub-section (3) of Section 196 of the said Act for being eligible for his appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Kedar Vaze under Section 190 of the Act.

Mr. Kedar Vaze is interested in the resolution set out at Item No. 5 of the Notice, which pertains to his appointment and remuneration payable to him. Mr. Ramesh Vaze – Non-Executive Chairman and Ms. Prabha Vaze – Non-Executive Director, who are related to Mr. Kedar 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. Kedar Vaze, may be deemed to be interested in the resolution set out at Item Nos. 5 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 Ordinary Resolution as set out in Item No. 5 of the Notice for the approval of the Members.

Item No. 6:

Pursuant to postal ballot conducted in July 2019, the Members had approved limits to the extent of ₹ 450 Crores over and above the limit prescribed under Section 186(2) of the Companies Act, 2013 ("the Act") (presently being 60% of aggregate of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more). The limit as per the financial statements for the year ended 31 March 2020, works out to ₹ 858.82 Crores. The aggregate amount of equity investments made, loans and guarantee given and security provided in connection with loan given as on 31 March 2020 is ₹ 723.44 Crores. The said amount pertains to equity investments made, loans and guarantee given and security provided in connection with loan in respect of subsidiaries (directly owned/owned through 100% subsidiaries) and joint ventures in India and abroad, acquisitions by way of equity investment in Italy and China based companies (as intimated to the stock exchanges at the time of acquisition), as also loan given to Employee Benefit Trust for implementing STARS scheme (Employee Stock Appreciation Rights Scheme).

Considering the investments to be made in various projects approved by the Board and those being pursued as also to support its business activities, the Company may be required to make equity investments in its subsidiaries/joint ventures, incorporate new subsidiaries, make acquisitions, give loan or guarantee or provide security in connection with a loan to its subsidiaries/joint ventures, in excess of the limits provided under Section 186 of the Act upon a conservative interpretation of provisions of Section 186.

As per Section 186 of the Act, a company may directly or indirectly give any loan to any person or other body corporate, give guarantee or provide security in connection with a loan to any other body corporate or person; and acquire by way of subscription purchase or otherwise, the securities of any other body corporate upto 60% of aggregate of its paid-up capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more, unless authorisation of Members is obtained by way of a special resolution passed by Members for setting higher limits in this regard.

It may be noted that as per first proviso to Section 186(3) of the Act, approval of Members would not be required where a loan or guarantee is given or where a security is provided by a company to its wholly owned subsidiary company or a joint venture company or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company.

As a good governance practice, it is therefore proposed to obtain an enabling approval of the Members by means of a Special Resolution authorising the Board to exercise the aforesaid powers upto a sum not exceeding ₹ 580 Crores over and above the limit prescribed under Section 186 (2) of the Act.

None of the Directors / Key Managerial Personnel of the Company / and their relatives is in any way, concerned or interested, financially or otherwise, in the said resolution.

The Board recommends the Special Resolution as set out in Item No. 6 of the Notice for the approval of the Members through Postal Ballot.

Item No. 7:

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 26 May 2020, the Board considered and approved the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor for the financial year 2020-21 at a remuneration of ₹ 1,80,000/- 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. 7.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 7 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

Date: 30 June 2020
Place: Mumbai
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400 002
e-mail: investors@keva.co.in

Deepti Chandratre
Company Secretary

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	Prabha Vaze	Kedar Vaze
Category	Non-Executive Director	Executive Director
DIN	00509817	00511325
Date of Birth and Age	19 June 1946, 74 years	12 November 1973, 46 years
Qualification	Bachelor of Science from University of Mumbai	- Bachelor of Science from University of Mumbai - Master of Science in organic chemistry from the Indian Institute of Technology, Mumbai
Nature of Expertise/Experience	Industrialist	Perfumery / F&F (Fragrance & Flavour) Business
Brief Resume	Appended at the end of this table	Appended at the end of this table
First Appointment on the Board	29 October 1980	27 August 2010
Terms & Conditions of Appointment/re-appointment	Appointment as a Non – Executive Director liable to retire by rotation	Appointed as Whole-time Director & Group CEO for a term of 5 years from 01 September 2015
Last Drawn remuneration details along with remuneration sought to be paid	Sitting Fees as mentioned in the Corporate Governance Report for the year ended 31 March 2020	As mentioned in the Financial Statements of the Company for the year ended 31 March 2020
No. of shares held in S H Kelkar and Company Limited as at 31 March 2020	49,14,514	1,39,35,100*
Relationship with Directors/ Manager/KMP	Spouse of Mr. Ramesh Vaze & Mother of Mr. Kedar Vaze	Son of Mr. Ramesh Vaze and Mrs. Prabha Vaze
No. of Board meetings attended out of 6 meetings held during the year	4	6
Directorship Details	Listed Company: S H Kelkar and Company Limited Private Companies: Keva Flavours Pvt Ltd Keva Biotech Pvt Ltd Keva Fragrances Pvt Ltd Keva Aromatics Pvt Ltd Saiba Industries Pvt Ltd Keva Properties Pvt Ltd Keva Constructions Pvt Ltd ASN Investment Advisors Pvt Ltd SKK Industries Pvt Ltd Rasiklal Hemani Agencies Pvt Ltd VN Creative Chemicals Pvt Ltd Keva Chemicals Pvt Ltd	Listed Company: S H Kelkar and Company Limited Private Companies: Keva Fragrances Pvt Ltd Keva Flavours Pvt Ltd Saiba Industries Pvt Ltd Keva Chemicals Pvt Ltd VN Creative Chemicals Pvt Ltd Rasiklal Hemani Agencies Private Limited Keva Fragrance Industries Pte Ltd PT SHKKeva Indonesia KNP Industries Pte Ltd Keva Constructions Pvt Ltd Keva Aromatics Pvt Ltd Keva Industries Pvt Ltd Keva Properties Pvt Ltd Keva Biotech Pvt Ltd Evolutis India Pvt Ltd Keva UK Ltd PFW Aroma Ingredients B.V. Keva Europe B.V. Keva Italy S.r.l.
Committee Positions	Member of Corporate Social Responsibility Committee: - S H Kelkar and Company Limited	Member of Audit Committee: - S H Kelkar and Company Limited - Keva Fragrances Pvt Ltd Member of Nomination & Remuneration Committee: - Keva Fragrances Pvt Ltd Member of Corporate Social Responsibility: - Keva Fragrances Pvt Ltd

*1,00,000 and 67,500 equity shares purchased by Mr. Kedar Vaze on market on 30 March 2020 and 31 March 2020 respectively, were in the pool with the clearing members as on 31 March 2020. Including the said purchase, the number of equity shares held by Mr. Kedar Vaze as on 31 March 2020 is 1,41,02,600.

Brief Profile of Ms. Prabha Vaze:

Ms. Prabha Vaze is a Non-Executive Director of our Company. She holds a degree of Bachelor of Science from University of Bombay. She has a rich experience of over 37 years in the Company. She is actively involved in various CSR (Corporate Social Responsibility) activities of Keva group.

Brief Profile of Mr. Kedar Vaze:

Mr. Kedar Vaze has been a key architect of Keva Group's strategy and transformation in the last decade. Mr. Kedar Vaze completed his schooling from Smt. Sulochana Devi Singhania School, Thane. He completed B. Sc from Ramnarain Ruia College, Mumbai. He has done MSc. (Chemistry) from IIT Mumbai and subsequently attended Global Managers Program in Stanford University, USA. Mr. Kedar Vaze, a third generation founder- family, has been associated with Keva since 1996. He took over the role of Group Chief Executive Officer in 2015 prior to which he has worked within Keva Group in different roles of Chief Technology Officer (CTO) and Group Chief Operating Officer (COO). He has made Keva Group a highly performance driven organisation, while keeping the Group's values front and centre.

Notes

Corporate Information

Board of Directors

Mr. Ramesh Vaze
Non-Executive Chairman of Board

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

Mr. Dalip Sehgal
Independent Director

Mr. Jairaj Purandare
Independent Director

Mr. Mark Elliott
Independent Director
(w.e.f. 15 December 2019)

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)
Ms. Alpana Parida
Mr. Amit Dalmia

Corporate Social Responsibility Committee

Mr. Ramesh Vaze (C)
Ms. Prabha Vaze
Ms. Alpana Parida

Stakeholders' Relationship Committee

Mr. Dalip Sehgal (C)
Ms. Alpana Parida
Mr. Shrikant Oka

[(C) – Chairperson]

Auditors

B S R & Co. LLP
Chartered Accountants

Subsidiaries

Domestic
Keva Fragrances Pvt. Ltd.
Keva Flavours Pvt. Ltd.
Saiba Industries Pvt. Ltd.*
VN Creative Chemicals Pvt. Ltd.
Rasiklal Hemani Agencies Pvt. Ltd.*
Keva Chemicals Pvt. Ltd.*
Tanishka Fragrance Encapsulation Technologies LLP
**under merger*

Overseas
Keva UK Ltd.
(England)
Keva Fragrance Industries Pte. Ltd.
(Singapore)
PFW Aroma Ingredients B.V.
(The Netherlands)
Keva Europe B.V.
(The Netherlands)
PT SHKKEVA Indonesia
(Indonesia)
Creative Flavours & Fragrances S.p.A.
(Italy)
Keva Italy Srl
(Italy)
Anhui Ruibang Aroma Company Ltd
(China)

Joint Venture
Purandar Fine Chemicals Pvt. Ltd.

Registered Office

Devkaran Mansion,
36, Mangaldas Road,
Mumbai – 400 002

Corporate Office

S H Kelkar and Company Limited
LBS Marg, Mulund (West),
Mumbai – 400 080

Website

www.keva.co.in

Keva

S H Kelkar and Company Limited
Devkaran Mansion, 36, Mangaldas Road,
Mumbai - 400 002

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