



July 26, 2024

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

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

Scrip Code: 539450

Scrip Symbol: SHK

Dear Sir/ Madam,

Sub: Submission of Annual Report of S H Kelkar and Company Limited ('the Company') for the Financial Year 2023-24

In reference to our newspaper intimation dated July 23, 2024, wherein the Company informed that the 68th Annual General Meeting of the Company is scheduled to be held on Thursday, August 22, 2024 through Video Conferencing/Other Audio-Visual Means and in compliance with the provisions of Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of the Company for Financial Year 2023-24 along with Notice of the Annual General Meeting and Business Responsibility and Sustainability Report.

Aforesaid documents are being sent by email to those Members whose email address is registered with the Company / Depositories and the report is also available on the website of the Company at <https://keva.co.in/investor-updates/#92-226-fy-2023-2024-annual-reports-annual-reports>

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited

Rohit Saraogi
Company Secretary & Compliance Officer

Encl: As above



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Leveraging Opportunities. Driving Progress.

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Notice



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www.keva.co.in

Message from the Whole-time Director and Group CEO



“
In our core fragrance vertical, we strengthened our position in the domestic market and achieved growth in key export markets, with a focus on Southeast Asia, Africa, Europe and the United States.”

Kedar Vaze
Whole-time Director & Group CEO

Dear Shareholders,

I'm delighted to present the 68th Annual Report of SH Kelkar and Company Limited for FY 2023-24. Our century-long journey has been marked by relentless pursuit of innovation and quality, enriched by extensive experience and continuous investments in R&D capabilities. These investments have accelerated our progress and ability to deliver solutions tailored to customers' preferences. We aim to not only become the leading fragrance and flavour company in India but also establish ourselves as a global leader in the industry.

The outlook for the global flavours and fragrances (F&F) industry remains optimistic. Factors such as rising urbanisation and disposable incomes, the growing popularity of personal care products, innovations in the food and beverage (F&B) sector, shifting consumer preferences, and technological advancements, are expected to propel market growth. The Asia Pacific region, particularly China and India, dominated the global market in 2023 with a 32% revenue share, attracting significant business expansion and R&D investments.

Major accomplishments of the year

Despite subdued demand in the FMCG sector, we delivered a commendable performance in FY 2023-24. Revival of demand from midsized and smaller customers, traction from new accounts, and steady performance in key international markets fuelled our success. Total income rose to ₹ 1,936 crore from ₹ 1,698 crore in the previous year. EBITDA grew 37% to ₹ 313 crore, with margins expanding to 16.3%, driven by higher

volumes, better operating leverage, and improved contributions from smaller customers. While raw material prices are firming up in the upcoming fiscal, we are confident in our ability to maintain healthy margins going forward. Profit After Tax (PAT) grew by 96% to ₹ 124 crore in FY 2023-24 compared to ₹ 63 crore in the previous year. Consolidated revenue from operations reached ₹ 1,930 crore, up 14% from last year. The core fragrance division (including global ingredients) saw a 14% growth, while the flavours business, grew by 15%.

In our core fragrance vertical, we strengthened our position in the domestic market and achieved growth in key export markets, with a focus on Southeast Asia, Africa, Europe and the United States (US). Our ingredients business also performed well, overcoming past challenges through strategic backward integration in India and focussing on productivity improvements and cost reduction.

Our European segment performed impressively, with strong revenue growth and robust margins, contributing significantly to our growth trajectory. Europe, accounting for around 28% of our business, benefited from the recovery of Creative Fragrances and Flavours and Holland Aromatics, showcasing the resilience and strategic importance of our European operations.

We are pleased to report significant sales traction from a prestigious global MNC account. This achievement, a testament to our R&D, perfumers, and marketing teams' efforts over the years, resulted in a healthy order book for FY 2024-25, more

than doubling the previous year's value. We intend to fortify this partnership over the long term, marking a significant milestone in our expansion plans and reinforcing our vision to become a top fragrance and flavour company globally.

Our '3I' strategy, targeting India, Italy, and Indonesia, has proven to be highly successful. In India, we have solidified our market presence and continued to build strong relationships with our new and existing customers. In Italy, our strategic initiatives have strengthened our foothold, allowing us to expand our reach in the European market. In Indonesia, we have commenced operations at our new greenfield facility in Jakarta, significantly bolstering our presence in Southeast Asia and opening new avenues for growth.

Building on this success, we are now poised to emerge as a key player in the global fragrance and flavour industry by targeting the largest fragrance market in the world, the US. To capitalise on huge opportunities there, we have established Keva USA Inc. Our goal is to build a strong presence in the US over the next four to five years, leveraging our global expertise and innovative strategies to drive growth and success in this critical market.

Following a fire at our Vashivali facility on April 23, 2024, we activated our Business Continuity Plan and shifted production to alternate sites. By April 30, 2024, we had resumed customer servicing, progressively fulfilling our commitments. We are confident of restoring normal service levels soon, ensuring adequate capacity to meet customer requirements.

Our immediate focus is on navigating the aftermath of the fire incident and ramping up operations at alternate sites, including the new facility in Indonesia. Our transformative turnaround initiatives, coupled with recent wins and increasing demand, position us for a stronger and more sustainable future.

Sustainability: a key enabler of our business

Sustainability is more than a principle for us; it's the foundation of our entire operation. We are committed to integrating sustainable practices into every facet of our business, recognising that true success encompasses environmental responsibility alongside financial achievement. Aligned with the United Nations Sustainable Development Goals, we prioritise reducing both Scope 1 (direct greenhouse emissions) and Scope 2 (indirect greenhouse emissions) through targeted initiatives. Our unwavering dedication to environmental stewardship compels us to minimise our carbon footprint and introduce biodegradable elements across our product range. Significant changes are being made towards achieving net-zero emissions at our manufacturing facilities, reinforcing our commitment to a sustainable future.



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Poised for growth

We are confident in our future prospects within both domestic and international F&F markets. At Keva, our mission has always been to provide sensory delight and enhance customer value by integrating our brand's rich heritage into every creation. We are dedicated to investing in expanding our capabilities and technical expertise, while ensuring strict adherence to regulatory requirements and quality standards.

With strong foundation principles, a diverse product portfolio, access to in-house raw materials, and robust operational capabilities, we are well-positioned to seize emerging opportunities. Our focus remains on developing innovative and delightful

products that drive our growth and expansion.

I extend gratitude to our shareholders, partners, suppliers, employees, customers, and all stakeholders for their steadfast trust and support.

I look forward to your continued engagement in our pioneering journey of growth and value creation.

Kedar Vaze
 Whole-time Director & Group CEO

Management Discussion and Analysis

Economic overview

Global economic overview

Robust growth in advanced economies and a declining trend in overall inflation aided the global economy to exhibit resilience in 2023, amidst an uncertain environment. The key highlights of 2023 were the decline in inflation from the peaks of 2022, the Russia-Ukraine war and global energy crisis. Global economy expanded steadily driven by positive supply trends despite central banks raising interest rates to stabilise prices. The global economy grew by 3.2% in 2023, with a similar pace expected in 2024 and 2025. With supply chain issues resolving across the globe, headline inflation is expected to decline from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025.

Advanced economies benefited from steady employment growth and a resurgence in consumer confidence amidst continued monetary tightening by major central banks. Growth in advanced economies is expected to improve slightly from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. The emerging markets and developing economies (EMDE) are expected to maintain steady growth of 4.3% in 2023 in both 2024 and 2025 at 4.2%. Situation in EMDEs is characterised by high public debt and unstable inflation rates amidst challenging global environment with ongoing geopolitical tensions and era of sanctions. Global growth, though resilient, faces the risk from rising interest rates and new price spikes due to geopolitical conflicts like the Russia-Ukraine war, the Red Sea crisis the Israel-Palestine conflict. Multilateral cooperation will help limit the costs and risks of geo-economic fragmentation and climate change, speed the transition to green energy, and facilitate debt restructuring.

(Source: World Economic Outlook-IMF, April 2024)

Indian economic overview

India continued to be the fastest-growing major economy in the world with robust domestic demand. Led by continued government support in terms of reforms and financial push, strong expansion was witnessed across various sectors including manufacturing, infrastructure, power, etc. India's export competitiveness has enhanced manifolds further aided by China plus one strategy. The country has undertaken strong efforts in utilising technology to enhance knowledge-sharing, boost manufacturing, and promote export competitiveness.

According to the provisional estimates by the National Statistics Organisation (NSO), the Indian economy is expected to grow by 8.2% in FY 2023-24, surpassing the 7% growth in FY 2022-23. Main driving factors include continued increase in investment, boost in private consumption, improved business sentiments and the robust financial positions of banks and corporations. Key sectors such as the construction and manufacturing sectors witnessed robust 9.9% growth each. Strong economic growth prompted the RBI to refrain from reducing repo rates and maintained its stance of withdrawal of accommodation, particularly given the prevailing inflationary pressures. The RBI has reiterated its commitment to maintaining headline inflation at 4%, with an estimated inflation rate of 4.5% for FY 2023-24. The RBI is keeping a close watch on food inflation.

Growth momentum has been driven by several positive macroeconomic indicators, including improved labour market conditions, heightened urban demand, increased capital expenditure and emphasis on digitalisation and technology-driven solutions. The volume of digital payment transactions



surged from ₹ 2,071 crore in FY 2017-18 to ₹ 13,462 crore in FY 2022-23, at 45% CAGR.

With predictions of normal monsoon, and strong growth in manufacturing and service sectors, Indian economy is expected to continue on its growth journey. Increased household consumption, growth in fixed investment, upturn in the private capital expenditure cycle, improved business sentiments, healthy balance sheets of banks and corporates, and the government's unwavering commitment on capital expenditure are reflective of strong future growth potential.

(Source: National Statistics Office; RBI)

Industry overview

Global flavours and fragrance market

The global flavours and fragrances (F&F) market grew 3.8% in 2023 to US\$ 32.2 billion in 2023. The market demand is fuelled by expanding personal care industry, continuous innovations in food and beverage (F&B) market and rising awareness about personal grooming and hygiene. As the popularity of healthier and sustainable options is rising, the demand for natural and organic flavours and fragrances is also increasing. Rising awareness about the harmful effects of synthetic products in personal care products, is leading to a drastic shift in preference for natural and clean-label flavours and fragrances. According to IMARC, the flavours and fragrances market is expected to grow at 4.6% CAGR during 2024-32. The growth will be driven by the above-mentioned factors, aided by growing population and urbanisation.

In 2023, the fragrances application segment continued its dominance in the global industry with revenue share of more than 51.9%. Flourishing personal care industry is a key growth driver for fragrance market. Within personal care, the demand for natural fragrances is on the rise as they are perceived to be healthier and safer. Manufacturers are innovating new fragrances to meet dynamic customer demand for different aromas in various cosmetics. Also, the market for synthetic fragrances is on the rise too, due to their long-lasting effect. Another growth driver for fragrances is its application in aroma therapy.

Within flavours, F&B industry continues to drive the market. Continuous innovation and growing popularity of various ready to eat foods/processed foods like snacks, baked goods, soft drinks etc. are contributing significantly to the growth in flavours market. In the restaurant industry as well, new flavours are constantly in high demand especially in the beverages space. There is a tremendous growth in new and exotic flavours as well as a growing demand for nostalgic flavours. Consumers are increasingly looking out for healthier options and there is a budding segment of flavours with fortified ingredients, including probiotics, ginger, adaptogens, moringa, turmeric, and coffee bean extract. Plant-based flavours are gaining good traction among the vegan population.

Regionally, Asia Pacific continued to dominate the global F&F industry in 2023 with the largest revenue share of over 32% led by a large population in China and India. Asian flavours and fragrances are being increasingly appreciated in major regions of

Europe, Middle East and North America. Multiple manufacturing companies are focussing on expansion of their business and investments in R&D facilities in the Asia Pacific region.

Nature-identical substances manufactured in laboratories, having similar chemical composition and structure of naturally occurring flavours and fragrances, are gaining increased traction. They offer a cost-effective and reliable alternative to natural ingredients. Being widely applicable, readily available supply, providing consistency, ensuring stable production and formulation, the nature-identical substances are being preferred over natural ingredients. As the desired sensory profile of these substances can be controlled, it is possible to recreate specific flavours and fragrances with greater precision. In 2023, the natural chemicals segment continued to dominate the industry with over 74.5% revenue share. The robust growth of these substances is led by usage in multiple industries such as pharmaceuticals, aromatherapy, and natural cosmetics.

Flavors And Fragrances Market Size & Share Report, 2030 ([grandviewresearch.com](https://www.grandviewresearch.com))

Flavors & Fragrances Market Size, Share Report, 2024-32 ([imarcgroup.com](https://www.imarcgroup.com))

Flavors and Fragrances Market Size, Share & Forecast Analysis 2023 ([gmiresearch.com](https://www.gmiresearch.com))

Indian flavours and fragrance market

India is known as a land of olfactory indulgence, where aromatherapy, incense and ittar have long existed. Healing scents find mentions in old scriptures used for mental well-being, beauty, treatment of ailments, hygiene, and age control. The Indian F&F market is a dynamic and rapidly growing industry with a vast and huge assortment of various flavours and fragrances. Amidst strong competition spanning from global multinational corporations to local manufacturers, the market is witnessing strong traction led by the fast-paced growth in F&B sector, growing popularity of personal care and cosmetics products, and rising disposable income. The F&F market encompasses a wide array of products, including natural and synthetic flavours, essential oils, aroma chemicals, etc.

India is a significant part of the humungous Asia Pacific F&F market. With a focus on innovation, product development, and the adoption of sustainable and organic ingredients, the industry is poised for sustainable growth. India exports over 75% of its domestic production of F&F ingredients and is a leading supplier of natural ingredients catering to 80% of the global demand for mint extracts. The rapidly evolving retail landscape and influx of multiple brands across various FMCG product categories are providing strong boost to the F&F market.

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According to IMARC, the India flavours market is estimated at ₹ 4,287 crore in 2023 with prospects to reach ₹ 8,100 crore by 2032, at 7.1% CAGR during 2024-2032. The growth is mainly led by the F&B market with naturals and exotic flavours specially propelling market growth. Growing health-conscious and mindfulness of the ingredients used, is giving rise to demand for natural flavours derived from authentic sources such as fruits, vegetables, herbs, and spices. The demand for unique and exotic taste is also on the rise as consumers seek novel flavours and sensory experiences in their food and beverages. Development in technology like flavour encapsulation techniques and delivery systems is leading to enhanced shelf life of the flavours due to improved stability. Thus, flavours are finding wider application in a greater variety of products boosting the market growth. The government has implemented stringent regulations to ensure the safety and labelling of flavour ingredients, which bodes well for the organised players.

Fragrance holds significant cultural importance in India, where it has been used for centuries in rituals, ceremonies and daily life. The Indian fragrance sector has grown at 11% CAGR in the last few years driven by growing aspirational middle class, increasing disposable income, rising influence of Western culture, changing lifestyle preferences and affordable pricing of fragrance in the form of mass perfumes and deodorants. Earlier fragrances were used only as a necessity given the tropical climate. But there has been a cultural shift towards personal grooming and self-expression where fragrance has become a style statement. Increased health awareness, accessibility of quality products, and social media influence have led to a substantial growth in use of personal care products and cosmetics. Increased use of personal care and hygiene products has been associated with stress reduction. The rise of e-commerce has revolutionised retail, providing easier access to a wide range of products,

including perfumes. This growth in personal grooming and cosmetic products have been a key driving factor in the growth of fragrance industry. The resurgence of India's age-old traditions and a growing preference for natural and organic products have given an uplift to the traditional attar industry in the country and provided growth opportunities to fragrance manufacturers in the natural aroma space.

Source:

<https://www.mordorintelligence.com/industry-reports/flavor-and-fragrance-market>

[India Flavors Market Size, Share, Industry Report 2024-32 \(imarcgroup.com\)](https://www.imarcgroup.com)

[Fragrance & Flavour Industry in India | Ministry of Micro, Small & Medium Enterprises \(msme.gov.in\)](https://www.msme.gov.in)

[Scent of success: What's driving the growth of India's fragrance market \(indiaretailing.com\)](https://www.indiaretailing.com)

SWOT of the Indian F&F industry

Strength

Strong domestic demand led by huge population, growing disposable income and rapid urbanisation. Vast global market growing at robust pace. Leveraging technology to make F&F longer lasting.



Weakness

Allergies associated with artificial flavours, chemicals and preservatives.



Opportunities

Growing personal care and hygiene products demand for fragrances. Growing popularity of car and room fresheners for fragrances. Natural F&F gaining significant traction. Aromatherapy and hospitality segment driving demand for fragrances. High growth in F&B industry driving growth in flavours.



Threats

- Economic risk
- Data security risk
- Innovation risk
- Geopolitical risk

Company overview

S H Kelkar and Company Limited ('the Company') is the largest Indian-origin fragrance & flavour company in India. With over 100 years of experience, the Company has built a strong brand equity. The Company's flavours and fragrances are sold under SHK, Cobra and Keva brands and find applications in various industries like personal care, fabric care, home care, fine fragrances, bakery products, dairy, pharmaceuticals, and other food and beverages.

The Company boasts of a strong and dedicated team of perfumers, flavourists, evaluators and application executives at its facilities and five creation and development centres in India, Singapore, Amsterdam, Indonesia and Italy for the development of fragrance and flavour products. The research team has developed 10 molecules over the last four years. The Company has filed 20 patent applications in respect of molecules, systems and processes developed by it, of which 6 have been commercially exploited in deodorant and fine fragrance categories. The Company has a diverse and large client base including leading national and multinational FMCG companies, blenders of fragrances & flavours and fragrance & flavour producers.

The Company has two primary business segments, namely, fragrance segment and flavours segment. The Company also has global ingredients business segment. Fragrance segment dominates the total revenue with ~88% share in FY 2023-24. The Company's fragrances find application in various consumption categories including personal care, soaps and detergents, sanitisers, home cleaners, fabric care, fine fragrances, etc. For over a decade now, the Company has outperformed the market and been the leader of the Indian fragrance industry. The Company's strength is its capability to provide innovative and customised products created by the proficient team of specialised perfumers at the creative development centres in India, Singapore and Europe.

Company is highly regarded in the domestic flavour manufacturing market, recognised for its expertise and innovative approach. The Company's flavour products find application as raw material in baked goods, dairy products, beverages and pharmaceutical products. Its products are FSSAI, USFDA and Halal approved and manufactured in state-of-the-art manufacturing facilities with a well-equipped R&D lab. The Company boasts of a 5-member skilled application team of flavourists responsible for exhaustive market research and analysis of emerging trends to maintain leadership.



Business segment performance: Key highlights in FY 2023-24

Fragrance segment

- Fragrance division achieved 14% growth led by strong traction in domestic market
- Core Europe segment also contributed positively to the growth trajectory during the period
- Engagement with global MNC clients has strengthened significantly marking an important milestone in the strategic global expansion and reinforcing the Company's vision to become one of the top Fragrance and Flavour companies globally
- Actively implementing strategy to better penetrate existing and new markets, particularly focussing on Southeast Asia, Africa, the United States and other markets

Region	Revenue contribution (%) in FY 2023-24	% Growth in FY 2023-24	% Growth in FY 2022-23
India	55.0	14.0	7.7
Europe	28.0	13.3	-0.1
RoW (Rest of the World)	17.0	23.2	3.9
Total	100.0	15.3	3.1

(including global ingredients business)

Flavour segment

- Domestic segment demonstrated a healthy growth of 15%
- Flavour segment experienced a revival in International market due to increased engagement with the customers

Region	Revenue contribution (%) in FY 2023-24	% Growth in FY 2023-24	% Growth in FY 2022-23
India	66.0	14.8	115.2
RoW (Rest of the World)	34.0	0.6	-3.0
Total	100.0	9.7	51.9

International business

- Core business sustained stable performance in Europe and achieved 7.4% revenue growth on a like-for-like basis. Company also recorded a strong profitability in its core European Business Operations
- In the global ingredients business, the Company has prioritised enhancing productivity and minimising losses by controlling costs. Additionally, strategies for backward integration have been put in place, with the anticipated benefits expected from FY 2024-25. During the year, sourcing from China was reduced by over 30% enhancing supply chain resilience
- Successfully completed the acquisition of the remaining 19% equity stake in Holland Aromatics through Keva Europe BV, making it a completely owned subsidiary of the Company. This strategic acquisition strengthens the Company's position in the European market and aligns with the long-term growth objectives

Financial performance

Consolidated total income stood at ₹ 1,936.02 crore in FY 2023-24, up 14% as compared to ₹ 1,698.33 crore in FY 2022-23. The growth is attributable to sustained momentum in both existing and new accounts, a revival in mid-sized company engagements, and resilient performance in key international markets.. The Company reported a robust performance, despite facing significant challenges arising from geopolitical uncertainty. Emerging markets contributed to 79% of business with 15.1% growth over previous year and Europe business comprising Creative Flavours and Fragrances S.p.A and Holland Aromatics BV, core business grew 7.4% on constant currency basis.

Gross margins stood at 43.8% and EBITDA margins were at 16.3%. EBITDA stood at ₹ 312.9 crore in FY 2023-24, up 36.5% from ₹ 229.13 crore in FY 2022-23 due to softening of raw material prices and better product mix driving gross margin profitability.

Reported PAT stood at ₹ 123.55 crore in FY 2023-24, up 96.27% from ₹ 62.95 crore in FY 2022-23.

The Company's net debt stood at ₹ 504.28 crore as of 31 March 2024, up by ₹28 crore over 31 March 2023 on a constant currency basis. Cash Profit (excluding exceptional items) stood at ₹ 219.76 crore as of 31 March 2024, as against ₹ 176.57 crore as of 31 March 2023.

During the year, shares held by SH Kelkar Employee Benefit Trust ('Trust') in the Company were divested. The proceeds from the sale were utilised to reduce the Company's debt, and the resulting loss from this transaction has been adjusted with the reserves.

Business outlook

Business growth was impacted in the recent years due to various external factors. However, the Company remains committed to growth and scaling up the global operations. The growth-oriented focus is fuelled by strong global presence, solid client base, robust cash flows and unwavering focus on R&D.

The Company's transformative turnaround initiatives over the past 12-15 months have laid a strong foundation. The Company is well prepared in terms of capacity to scale up operations efficiently to meet the increasing demand and capitalise on any such business opportunities. F&F industry is well known for its high entry barriers, particularly in establishing new accounts.

Owing to the dedicated efforts by the R&D, perfumers, marketing, and other teams for over 2 years, the Company was successful in securing multiple order wins from a global MNC player. This success is a testament to the team's perseverance and innovation capabilities and marks a significant breakthrough in

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penetrating the tightly held global accounts meeting stringent global standards of the F&F industry. Although the business contribution from the initial orders is modest, the Company remains fully committed to develop this partnership in the long-term with substantial growth potential over the next 3 to 5 years.

The Company remains optimistic about its long-term business growth prospects in both domestic and international F&F markets. The Company is committed to investing in capacity building and enhancing technical capabilities, while maintaining strict adherence to all requisite regulatory compliances and confer to highest quality standards.

Quality management

- All the Company's facilities are certified with FSSAI, ISO 9001:2008, ISO 14001:2015, FSSC 22000, ISO 2000:2005, ISO 9001, ISO/TS 22002-1:2009, ISO 14001 and ISO 45001 along with USFDA registration. The Company has in place rigorous certifications like HACCP for food safety, Integrated Management System for environment and occupational safety
- To foster a safe, healthy and productive work environment, the Company ensures strict adherence to rigorous HSE (Health, Safety and Environment) policy

- Reduced the quantity of wastes incinerated by disposing it through GPCB-approved co-processing and pre-processing facilities, thereby reduced the carbon emission and supported in reduction of fossil fuel consumption
- Installation of closed loop chemical transferring system to avoid emissions to the environment and avoiding human exposure to chemicals
- Acknowledged for in-house development of innovative molecules in the R&D centre by Department of Scientific and Industrial Research (DSIR)
- SAP-enabled processes facilitate better efficiency
- State-of-the-art plant is installed at the testing laboratory with modern scientifically advanced machinery including gas chromatographs, density meters, automatic polarimeters, tint meters, flashpoint testers, microbiological testing, etc.
- Strict adherence to world standard quality control practices
- Strict adherence to clean environment policies with effluent treatment plants installed at all facilities in close proximity
- The Company's plant is a Zero Liquid Discharge unit



Outlook:

In the F&F industry, strict adherence to compliance and conformance to highest quality standards are a pre-requisite. The Company is determined to ensure all products comply with all applicable regulatory compliances and conform with highest quality standards, both in domestic and international markets. Leveraging its stronghold in digitalisation, project portfolio management, innovation, process standardisation, and capability building, the Company aims to create a unique recall among the environment-conscious customers preferring greener, safer and more sustainable products.

Risk management

Succession planning for key managerial positions: In the absence of a strategic management team with a well-defined vision, loss of institutional knowledge, business growth and continuity may get hampered.

Mitigation: Thoroughly-crafted training and development opportunities are provided to employees with talent to foster in-house talent progression. This enables the Company to have a team with the Company's long-term growth vision well absorbed, ensuring smooth succession. The Company's comprehensive succession plans identify and groom potential successors, provide ongoing leadership development and training, regularly review and update succession strategies to adapt to changing circumstances. Cross-training and knowledge-sharing among employees enables the distribution of critical skills and reduces dependence on individual leaders.

Innovation risk: To maintain leadership position, it is imperative for the Company to stay relevant with changing times. Lack of innovative products pose a risk to the Company's dominance in the market.

Mitigation: Innovation is a key pillar of growth in SHK. The Company has significantly invested in a well-equipped R&D facility and a skilled team of professionals. The team is responsible for innovating superior products amidst a dynamic environment. The Company is embracing sustainability with well-defined goals. In addition, the Company is creating capability for in-house safety testing to fulfil increased expectations of Quality and Safety.

The Company constantly endeavours to find natural substitutes for chemical syntheses. Extensive research across two complementing divisions – Plant Biotechnology and Microbiology, allows the Company to conserve and propagate endangered plant species, and carry out efficacy studies of formulations, respectively. The Company employs cutting-edge techniques like genetic engineering, molecular marker technology, tissue culture studies, in-vitro antimicrobial testing, in-vivo efficacy studies, and more, to arrive at pioneering bio-transformations and gene cloning.

The Company constantly endeavours to find natural substitutes for chemical synthesis. Extensive research across two complementing divisions – Plant Biotechnology and Microbiology, allows the Company to conserve and propagate endangered plant species, and carry out efficacy studies of formulations, respectively.

The Company is committed to innovation, portfolio expansion, enhancing reach through relevant channels, and investment in consumer testing and consumer studies. The Company adeptly adapts to the dynamic shifts in market trends by prioritising the enhancement of its innovation capabilities. The Company is constantly striving to enhance its research capabilities for new molecules with improved biodegradability profile.

Data security and cyber risk: Amidst high proliferation of digitalisation and technology, business is undoubtedly exposed to data and cyber security risk.

Mitigation: Substantial investments are in place to ensure data protection, identification of critical IT systems of business and a recovery plan. ISO standards are followed for security implementation. Adequate security for data rooms and in-house data room for the protection of servers are in place. To further strengthen data security, the Company has implemented latest cyber security technologies with preventive, detective and reactive controls including firewalls, encryption, multi-factor authentication, and regular security audits. To ensure continuity of operations, the Company implements internal assessments for controls.

ESG compliances risk: It is mandatory for the Company to adhere to appropriate ESG compliances given the nature of the industry it operates in.

Mitigation: Every site of the Company has been assigned scope and tasks in accordance with a carefully crafted 3-phase roadmap. Adequate investments are being made for the installation of energy-efficient systems for energy conservation and emission

reduction. The Company has Reverse Osmosis Plant, Multi Effect Evaporator and foodie machines which convert waste food into manure. The Company has successfully embarked on the journey to increase renewable and clean energy share and to phase-out fossil fuel consumption completely.

The Company has successfully registered for Extended Producer Responsibility (EPR) to ensure collection, proper recycling/co-processing and environmentally safe disposal of plastic waste. It is investing in low-carbon technologies and equipment.

Geographical business risk: Presence in multiple geographies makes the Company susceptible to the economic situations in those regions. Risk increases if concentration of business in a particular geography increases, leading to greater sensitivity to changes in market conditions.

Mitigation: The Company's strong disaster recovery plan along with its strategically designed 3I 3C Strategy, enables it to expand its business operations in a calibrated manner mitigating the risks of high geographic concentration.

Competition risk: Heightened competitive intensity due to the lucrative growth prospects of the industry, increases the risk from both domestic and international players.

Mitigation measures: The Company has crafted a unique spot for itself in the F&F industry led by its rich heritage, strong brand equity, long-standing business relationships, unwavering focus on innovation and creativity, strong balance sheet, skilled team and continuous management support. This enables the Company to outperform the market and enjoy high brand equity, keeping competition at bay.

Internal control and their adequacy

The Company's well-crafted internal controls system is in keeping with the nature, size and complexity of its business operations. All business processes are required to adhere to comprehensive policies, guidelines and procedures. The internal control system ensures that financial and other records

are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Audit Committee of the Board of Directors is responsible for monitoring all business operations and ensure proper functioning of the internal audit functions. The findings of internal audit are vetted by the Audit Committee, which is also responsible for periodically suggesting appropriate actions, as deemed fit. The internal assessment is responsible to assess the existence, adequacy and operation and to ensure compliance with Companies Act, 2013, SEBI Listing Regulations and policies of the Company. Any deviations in business operations are detected and addressed by the internal controls.

Human resources

The Company considers human capital a crucial pillar of growth. The Company recruits from campuses and undertakes later hiring to ensure a high-quality talent pool. 'Ear2Hear', an Employee Assistance Programme (EAP), extends consultation on personal issues – professionally and confidentially, to the Company's employees and their family members.

PACT – Promise of Accountability, Commitment and Teamwork, an impactful morale-boosting programme helps employees in holistic career growth. Existing employees are offered differentiated engagement plans, conducive work habitats with short-term and medium-term international exposure and learning opportunities. The Company prioritises the health & safety of its employees, business partners and communities.

People-centric approach enables the Company to attract and retain the right talent. The Company follows a "people first" attitude and endorses performance-driven culture. This helps to foster a productive work environment. In-house talent is groomed with an integrated knowledge base of both flavours and fragrances.

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

	FY 2023-24	FY 2022-23	Change %	Remark
Net Profit Margin (%)	6.43%	3.75%	71.26%	Increase on account of better margin management
Return on Network	10.09%	5.75%	75.64%	On account of increase in profitability



Children making Seed-Balls

Corporate Social Responsibility (CSR) is a vital aspect of modern business practices, reflecting a company's commitment to ethical behaviour, sustainability, and social welfare. As an integral part of our corporate philosophy, our company views CSR not merely as a regulatory obligation but as a fundamental duty towards the community and environment in which we operate.

2,000+

Lives impacted and supporting livelihood

The Company's Corporate Social Responsibility (CSR) initiatives are aimed at sub-serving a larger national purpose and prioritise trusteeship. The Company fosters a culture that embraces the disadvantaged sections of society, especially in rural India. The Company's detailed CSR Policy defines the framework for the Company's CSR Programme. The CSR Policy can be accessed on the Company's website at the link: <https://keva.co.in/investor-updates/#92-178-policies>.

The Company focusses on areas like environmental sustainability, conservation of energy, child education and empowerment, rural development, equipping and upgradation of educational infrastructure with the aim of providing an improved and advanced education system, supporting visually challenged people through perfumery trainings and employability. During the year, the Company spent ₹1.41 crore on

CSR activities. The Annual Report on CSR activities is annexed as Annexure D to this report.

In FY 2023-24, we undertook various initiatives to upgrade school infrastructure and promote education in rural areas. We partnered with Raintree Foundation for 'Climate Shala'. This program is designed to empower children, ranging from ages 10 to 13, to address climate change and social justice challenges within their communities. By providing education, the initiative aims to immerse learners in the natural and social realities of their surroundings, offering them chances to understand, assess, and infer issues tied to the ecosystem. Through targeted capacity-building training on climate, climate change, environment conservation, water security, gender and mental health, children are encouraged to undertake 'positive actions' towards achieving resilience and comprehensive development.

6

Education initiatives

We also partnered with Logic Centre and Community Welfare Association (LCCWA), a NGO based in Mumbai with an aim to empowering under-privileged children to promote their development. During the year, the proceeds were also utilised through their new initiative called 'Shakti' which focusses on empowering women in the community.

In conclusion, CSR is not an isolated initiative but an integral part of our corporate identity and business strategy. By integrating ethical practices, environmental stewardship, community engagement, employee well-being, and strong governance, we aim to create long-term value for all stakeholders while contributing positively to society. Through our actions and commitments, we endeavour to be a catalyst for positive change, setting a precedent for responsible business practices in our industry and beyond.



School children with Gender Workbook created and distributed under the ClimateShala program

Directors' Report

Dear Shareholders,

Your Directors are pleased to present 68th 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 2024.

In compliance with the applicable provisions of the Companies Act, 2013 (the Act) (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), this report covers the financial performance and other developments during the financial year 2023-24 and upto the date of the Board Meeting held on 27 May 2024 to approve this report in respect of SHK on a standalone basis as well as on a consolidated basis comprising of SHK and its subsidiaries. Consolidated SHK has been referred to as "Keva" in this report.

FINANCIAL HIGHLIGHTS & BUSINESS REVIEW

Financial Highlights:

(₹ in Cr)

Particulars	Standalone			Consolidated		
	2023-24	2022-23	Growth %	2023-24	2022-23	Growth %
Sales	928.58	868.30	6.94	1,921.74	1676.90	14.60
Other operating income	12.09	11.37	6.33	8.25	9.62	(14.24)
EBITDA	155.16	139.05	11.59	312.87	229.13	36.55
Finance Costs	6.82	4.95	37.78	41.26	23.89	72.71
Depreciation	25.70	27.32	(5.93)	89.31	80.45	11.01
Profit before Tax (PBT) before exceptional items	122.64	106.78	14.85	182.30	124.79	46.09
Share of profit in equity accounted investee	-	-	-	-	(0.16)	100.00
Profit before Tax (PBT) after exceptional items	122.64	76.59	60.13	182.30	104.36	74.68
Taxation	28.31	24.42	15.93	58.75	41.41	41.87
Profit after Tax (PAT)	94.33	52.17	80.81	123.55	62.95	96.27

Business Review:

The Directors are pleased to inform that Keva delivered a steady business performance in FY 2023-24. On a consolidated basis, the total revenues from operations during FY 2023-24 grew by 14.4% on a year-on-year basis i.e. from ₹ 1,686.52 crore during the previous year to ₹ 1,929.99 crore in FY 2023-24. In FY 2023-24, our healthy performance has been driven by contributions from new accounts, the recovery of business from mid-sized SME's including e-commerce & start-up companies, and healthy traction in exports. Additionally, our Core Europe segment has delivered healthy growth during the period. Keva's gross margins during the year stood at 43.8% and EBITDA margins were at 16.2%. EBITDA was higher 36.5%. The group generated a cash profit of ₹ 219.76 crore during the current year.

PAT in FY 2023-24 stood at ₹ 123.55 crore as against ₹ 62.95 crore in the previous year, higher by 96.3%

On a standalone basis, the Company achieved a topline growth of 6.94%. EBITDA stood at ₹ 155.16 Cr and the net profit was ₹ 94.33 Cr.

The fragrance division delivered an improved performance in India registering a growth of 14% while overall fragrance business was 15.3% growth in revenues. The Company saw improved wins from existing and new large and mid-sized FMCG customers in the domestic markets + Global MNC(HUL).

Flavour segment saw a robust revival in the international markets, driven by engagement with existing customer. Additionally, domestic Flavour revenues grew by 14.8%.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report forms an integral part of this report and gives details of the Overall industry structure, Economic developments, Segment-wise

overview of business performance, financial overview, Outlook, Human Resources, Risks & Opportunities, Internal control systems and their adequacy.

CORPORATE GOVERNANCE

Your Company is dedicated to align its corporate governance practices with appropriate standards of Corporate Governance. We have implemented a robust corporate governance system that ensures compliance with the provisions of the Act and Listing Regulations. As part of our commitment, a comprehensive report on corporate governance, accompanied by a certificate from our statutory auditors confirming compliance with listing regulations, forms an integral part of this annual report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As required under Regulation 34 of the Listing Regulations, Business Responsibility and Sustainability Report of the Company for the financial year ended March 31, 2024 forms part of this Annual Report.

DIVIDEND

In accordance with Regulation 43A of Listing Regulations, Company has formulated a Dividend Distribution Policy, which has been displayed on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>. Based on the parameters enunciated in the Dividend Distribution Policy, the Board of Directors on 29 March 2024, declared an interim dividend of 7.5% i.e. 0.75 Paise per equity share on 13,84,20,801 fully paid-up equity shares of face value of ₹ 10/- each for the financial year 2023-24. 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 12 April 2024.

The Board recommends that the said interim dividend be declared as final dividend for the financial year 2023-24 subject to approval of the shareholders at the ensuing Annual General Meeting.

The list of unpaid dividend declared upto the financial year 2023-24 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/unclaimed in the said list, they can approach the Company.

TRANSFER TO GENERAL RESERVE

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company for the financial year 2023-24, are prepared in compliance with applicable provisions of the Act, Indian Accounting Standards and the Listing Regulations. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries, as approved by their respective Board of Directors.

SUBSIDIARIES

As on 31 March 2024, the Company had subsidiaries in India, United Kingdom, the Netherlands, Italy, Singapore, China, Indonesia and United States of America as mentioned hereunder:

- Keva Fragrances Pvt. Ltd.
- Keva Flavours Pvt. Ltd.
- Keva Ventures Pvt. Ltd.
- NuTaste Food and Drink Labs Pvt. Ltd. (step-down subsidiary)
- Amikeva Pvt. Ltd. (step-down subsidiary)
- Keva UK Ltd. (step-down subsidiary)
- Keva USA Inc. (incorporated on 28 February 2024)
- Keva Europe BV
- Keva Fragrance Industries Pte. Ltd.
- Creative Flavours & Fragrances SpA (step-down subsidiary)
- PT SHKKEVA Indonesia (step-down subsidiary)
- Anhui Ruibang Aroma Company Ltd (step-down subsidiary)
- Keva Italy Srl (step-down subsidiary)
- Provier Beheer BV (step-down subsidiary)
- Holland Aromatics BV (subsidiary of step-down subsidiary)

The following key developments took place with regard to Subsidiaries of the Company:

- During the reporting period, Keva Fragrances Private Limited, Keva Flavours Private Limited, Keva Europe BV and Creative Flavours and Fragrances SpA, Italy are the material subsidiaries of the Company in terms of Listing Regulations.
- National Company Law Tribunal, Mumbai on 18 May 2023 passed an order for approval of merger of VN Creative

Chemicals Private Limited with Keva Fragrances Private Limited. The appointed date of merger was 01 April 2022 and effective date was 30 May 2023.

- NuTaste Food and Drink Labs Private Limited for the purpose of expansion of its business, has set up a new unit in Manesar to expand and strengthen its Nutrition business.
- Keva Europe BV - wholly owned subsidiary on 12 October 2023 acquired the balance 19% equity stake of Provier Beheer BV. With the completion of this acquisition, Provier Beheer BV is now a wholly-owned subsidiary of Keva Europe BV.
- The Company on 25 October 2023 made an additional investment of Euro 49,99,997.63/- in its wholly-owned subsidiary, Keva Europe BV by subscribing to 1,392,757 Equity Shares of nominal value of Euro 1 each.
- On 2 January 2024, Mr. Dhiren Kanwar was appointed as the Chief Executive Officer of Keva Flavours Private Limited, a material wholly-owned subsidiary.
- On 24 January 2024, Mr. Deepak Raj Bindra, Independent Director of the Company was appointed as a Director of Creative Flavours and Fragrances SpA (CFF), a material subsidiary and Mr. Mark Elliott, Independent Director, retired as a Director from CFF.
- Keva USA Inc., a wholly owned subsidiary Company, has been incorporated on 28 February 2024 in the United States of America and the Company is in the process of subscribing to Equity Shares of nominal value of USD 1 each.
- Keva Flavours Private Limited – wholly owned subsidiary on 21 March 2024 transferred 800 shares held in NuTaste Food & Drink Labs Private Limited to Mr. Manu Bajaj – Director of NuTaste Food & Drink Labs Private Limited.
- As part of Company's 3I 3C strategy and to open up new growth opportunity with Global Customers, PT SHKKEVA Indonesia's factory has been operational from 20 March 2024.

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

Statements of the Company along with the Audited Financial Statements of the subsidiaries will be available at the website of the Company, www.keva.co.in, and kept open for inspection at the registered office of the Company.

SHARE CAPITAL

During the year under review, the authorized share capital of the Company was ₹ 1,71,25,00,000 divided into 15,93,14,500 Equity shares of ₹ 10 each and 1,19,35,500 preference shares of ₹ 10 each and paid-up share capital was 13,84,20,801 fully paid-up equity shares of face value of ₹ 10 each. There was no change in the share capital during the year. The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity during the year.

PUBLIC DEPOSITS

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

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

Particulars of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements. The Company has granted loans, provided guarantee and made investment in its wholly owned subsidiary(ies) and other body corporates for their business purpose.

RELATED PARTY TRANSACTIONS

All related party transactions entered into by the Company during the financial year were conducted at arm's length and were in the ordinary course of business and in accordance with the provisions of the Act and rules made thereunder, Listing Regulations and Company's policy on Related Party Transactions. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, disclosure of Related Party Transaction as required under Section 134(3)(h) of the Companies Act 2013 read with Rule 8 of the Companies (Accounts) Rules 2014 in Form AOC-2 is not applicable.

During the year, the Audit Committee had granted an omnibus approval for transactions, which were repetitive in nature for one financial year. The Audit Committee on a quarterly basis reviewed all such omnibus approvals. All related party transactions were placed in the meetings of the Audit Committee and the Board of Directors for the necessary review and approval. In case of transactions which are unforeseen, the Audit Committee grants approval to enter into such unforeseen transactions provided that the value of a single transaction does not exceed the limit of ₹ 1 crore. Your Company's policy for transactions with the

related party which was reviewed by the Audit Committee and approved by the Board, and can be accessed at www.keva.co.in. Details of Related Party Transactions are set out in Notes to the Standalone Financial Statements.

Pursuant to Regulation 23(9) of the SEBI Listing Regulations, your Company has filed the report on related party transactions with the Stock Exchanges within statutory timelines.

DIRECTORS

Mr. Ramesh Vaze (DIN: 00509751), Non-Executive Non-Independent Director, retires by rotation at the 68th Annual General Meeting (AGM) and being eligible has offered himself for re-appointment. Based on the recommendation of Nomination and Remuneration Committee, the Board has recommended for approval of Members, re-appointment of Mr. Ramesh Vaze as Non-Executive Non-Independent Director at the ensuing AGM. Brief Profile and other information in this regard forms part of AGM Notice.

Members at the 67th AGM of the Company approved re-appointment of Mrs. Prabha Vaze (DIN: 00509817) as Non-Executive Non-Independent Director.

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

The Whole-time Director does not receive any remuneration or commission from any of its subsidiaries. None of the Directors of the Company have been disqualified to be a Director of the Company on account of non-compliance with any of the provisions of the Companies Act, 2013. The Independent Directors have been familiarised with the Company, their roles, rights and responsibilities in the Company, etc. The details of the Familiarization Programme are available on the website of the Company www.keva.co.in. All the Independent Directors have given their declaration of independence as required under Section 149(6) of the Companies Act, 2013. This has been noted by the Board of Directors. In the opinion of the Board, Independent Directors possess relevant expertise and experience (including proficiency) and fulfil the conditions specified in the Act, Rules made thereunder and Listing Regulations and are independent of the management.

BOARD MEETINGS

During the year, 6 (six) Board Meetings were convened and held on 30 May 2023, 07 August 2023, 07 September 2023, 03 November 2023, 07 February 2024 and 29 March 2024. 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 the Listing Regulations.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company meet without the presence of Executive Director and other Non-Independent Directors. The meeting is 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 29 March 2024.

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
- Risk Management Committee

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

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the 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, strategy, risk management and compliance. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings, internal controls, quality and appropriateness of disclosure. 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; iii) to recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

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

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, 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 paid to the Directors, Key Managerial Personnel and Senior Management was as per the Nomination and Remuneration Policy of the Company. The terms of reference of the Policy are outlined in the Corporate Governance Report and the Policy is available on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel in the Company as per Section 2(51) and 203 of the Companies Act, 2013 as on 31 March 2024 are as follows:

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

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors of the Company state that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to the material departures, if any;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS

Your Company's Auditors, M/s. Deloitte Haskins & Sells LLP [holding Registration No. 117366W/W-100018 with the Institute

of Chartered Accountants of India (ICAI)] were appointed as the Statutory Auditors at the 65th Annual General Meeting of the Company held on 10 August 2021 for a term of five years until the conclusion of 70th Annual General Meeting to be held in 2026. There has been an internal rotation among the Partner of Deloitte and accordingly, Ms. Falguni Bhor, (Membership No. 111787) will now represent as a partner of Deloitte from financial year 2023-24.

The Auditor's Report on the financial statements of the Company for the financial year ended March 31, 2024 forms part of the Annual Report. The said report was issued by the Statutory Auditors with an unmodified opinion and does not contain any qualifications, reservations or adverse remarks. During the year under review, the Auditors have not reported any fraud under Section 143(12) of the Act.

COST AUDITORS

During the year under review, in accordance with Section 148(1) of the Companies Act, 2013, the Company has maintained the accounts and cost records, as specified by the Central Government. Such accounts and cost records are subject to audit by M/s. Kishore Bhatia & Associates, Cost Auditors of the Company for the Financial Year 2023-24. During the year under review, the Cost Auditor has not reported any qualification in the Cost Audit Report.

The Board at its meeting held on 27 May 2024, based on the recommendation of the Audit Committee, appointed M/s. Kishore Bhatia & Associates (Firm Registration 00294) as the Cost Auditors of the Company to conduct Cost Audit of cost records of the Company for the FY 2024-25. A remuneration of ₹ 2,20,000/- (Rupees Two Lakhs Twenty Thousand only) plus applicable taxes and out-of-pocket expenses has been approved subject to ratification of remuneration by Members at ensuing AGM.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of the Listing Regulations, the Board of Directors of the Company had appointed M/s. Mehta & Mehta, Practicing Company Secretaries, to conduct Secretarial Audit of your Company for the Financial Year 2023-24.

The Secretarial Audit Report issued by M/s. Mehta & Mehta, for the Financial Year 2023-24 is annexed to this Report as Annexure B is self-explanatory.

Further, pursuant to Regulation 24A of the Listing Regulations, the Secretarial Audit of the Unlisted Indian Material Subsidiaries of the Company identified in terms of Regulation 16(1)(c) of the Listing Regulations viz. Keva Fragrances Private Limited and

Keva Flavours Private Limited was conducted by M/s. Ferrao MSR and Associates, Practicing Company Secretaries.

The Secretarial Audit Report of the afore-mentioned Unlisted Indian Material Subsidiaries issued by the Secretarial Auditor does not contain any qualifications, reservations, adverse remarks, or disclaimers that require any clarification or explanation. The Secretarial Audit Report of such Unlisted Indian Material Subsidiaries is available on the website of the Company at www.keva.co.in.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

RISK MANAGEMENT

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

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

The Board at its meeting held on 07 September 2023 reviewed the policy and decided to amend the same to align its scope with the existing terms of reference of the RMC.

Your Company continues to monitor legal and compliance functions through workflow-based compliance software tool. This tool helps to assist in creating an internal legal risk

management monitoring system to assess, monitor, mitigate and manage legal risks and is equipped with a tracking system along with timely reminders for compliances.

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

VIGIL MECHANISM

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

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

The Whistle Blower Policy can be accessed on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>. During the year under review, no protected disclosure from any Whistle Blower was received by the 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 has in place, a gender-neutral policy on prevention of sexual harassment at the workplace and a framework for employees to report sexual harassment cases at the workplace and its process ensures complete anonymity and confidentiality of information. An Internal Complaints Committee (ICC) has been constituted in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. On an ongoing basis, Keva's employees and managers are oriented on creating a safe and conducive work culture. During the year under review, no complaints with allegations of sexual harassment were reported.

STOCK APPRECIATION RIGHTS SCHEME

In terms of (SEBI Share Based Employees Benefits) Regulations, 2014 as amended from time to time including the amendment

of 2021 ('SEBI SBEB Regulations'), the Nomination and Remuneration Committee of the Board, inter alia, administered and monitored the SH Kelkar Stock Appreciation Rights Scheme, 2017 ('Scheme') of your Company.

During the year under review, the Nomination and Remuneration Committee and Board of Directors alongwith the management of the Company evaluated the scheme and came to a conclusion to shelve off the Scheme since the purpose of the Scheme - stock appreciation was not getting served, given the market price being below acquisition price. Accordingly, all the shares, i.e. 32,45,768 equity shares held by the Trust were sold in August 2023.

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

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to contributing positively towards social and economic development of the community as a whole and specifically for the cause of economically, socially and physically challenged groups to support their livelihood.

Your Company has adopted a comprehensive Corporate Social Responsibility Policy that defines the framework for your Company's CSR Programme. The CSR Policy can be accessed on the Company's website at the link: <https://keva.co.in/investor-updates/#92-178-policies>.

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

During the year, the Company has spent ₹ 1.41 crore on CSR activities. The Annual Report on CSR activities is annexed as Annexure D to this report.

CONSERVATION OF ENERGY

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

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

- Installation of energy efficient LED lights in place of conventional lights
- Installation of solar power generation units at our units
- Use of light sensors for street lights
- Motion sensor for wash room passage
- Use of solid fuel boiler in plant to reduce energy consumption and thereby benefiting low running costs
- Upgradation of briquette-fired boiler to cater full steam requirement
- Recycling of condensate water in distillation & reaction vessels at chemical plant
- Eliminating use of furnace oil in the site, thereby reducing carbon emissions
- Usage of steam jet ejectors in place of water ring vacuum pump to reduce water consumption and effluent generation
- Usage of flue gas heat recovery system for energy conservation in boiler
- Steam condensate recovery system for reducing fresh water consumption and energy consumption in boiler

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

ENVIRONMENT, HEALTH AND SAFETY

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

Keva's ingredients and extraction facility has been certified with ISO 9001, ISO 14001 and ISO 45000 are also assessed by other Sustainability Assessment platforms like SMETA, EcoVadis and Halal Certification. Our other facilities also have ISO certification for Quality, Environment Management System and the Occupational Health and Safety Management System.

Various EHS initiatives taken by Keva are as under:

- Use of STP-treated water for gardening
- Celebration of Road Safety Week, National Safety Week, Fire Service Week, World Environment Day
- Annual Health Check-up was organized for the employees
- Installation of an alkali scrubber to scrub the fugitive acidic vapour generated during effluent neutralization

- Usage of MEE steam condensate in cooling tower there by saving 4 KLD of fresh water consumption per day.
- Half yearly medical check-up for employees to identify occupational illness cases at preliminary stage and to ensure job allocation as per the employee's fitness
- Reduced the quantity of wastes incinerated by disposing, the incinerable waste, through GPCB approved co processing and pre-processing facilities there by reduced the carbon emission and supported in reduction of fossil fuel consumption
- Systematic training program to create awareness on various EHS and Sustainability related topics
- QR Code based near miss hazard reporting system for the employees to report the hazards identified
- Installation of closed loop chemical transferring system to avoid emissions to the environment and avoiding human exposure to chemicals

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

INNOVATION

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

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

Expenditure on R & D and creative development during the year under review was ₹ 33.29 Crores on standalone basis and ₹ 60.43 Crores on consolidated basis.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earned in terms of actual inflows during the financial year 2023-24 was ₹ 25.85 Crores as against ₹ 79.45 Crores in financial year 2022-23 on a standalone basis. The foreign exchange outgo in terms of actual outflows during the

financial year 2023-24 was ₹ 142.18 Crores as against ₹ 183.50 Crores in financial year 2022-23 on a standalone basis.

The foreign exchange earned in terms of actual inflows during the financial year 2023-24 was ₹ 331.87 Crores as against ₹ 406.40 Crores in financial year 2022-23 on a consolidated basis. The foreign exchange outgo in terms of actual outflows during the financial year 2023-24 was ₹ 326.51 Crores as against ₹ 413.48 Crores in financial year 2022-23 on a consolidated basis.

HUMAN RESOURCES

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

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

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees as required under section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure E to this Report. Further, for the 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, the members may write to the Company Secretary in this regard at investor@keva.co.in.

As per the provisions of Section 136 of the Companies Act, 2013, the report and Audited Standalone and Consolidated Financial Statements along with the Auditors' Report thereon are being sent to the Members and others entitled thereto, excluding the said information. If any Member wishes to obtain a copy thereof, may write to the Company Secretary in this regard at investor@keva.co.in.

INDUSTRIAL RELATIONS

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

INFORMATION TECHNOLOGY

Our advanced IT infrastructure is key to our success, enhancing efficiency across all business functions. Our SAP-powered centralized ERP system integrates critical areas such as sales, procurement, finance, inventory management, and logistics, ensuring seamless coordination. QLIK SENSE, our business intelligence tool, provides real-time data analytics for swift and accurate decision-making. We also use Cupid 2.0 and BMango to digitalize the product development lifecycle, improving project visibility and efficiency. DarwinBox, our comprehensive HR platform, gives our global workforce real-time access to essential HR information, supporting them wherever they are. For retail operations, the GOFRUGAL point-of-sale application ensures fast and efficient checkouts, enhancing the customer experience. To protect our IT infrastructure and data, we have robust cybersecurity measures, including threat detection, regular security audits, and continuous monitoring. Our commitment to security ensures a safe operating environment and instils confidence in our stakeholders.

ANNUAL RETURN

In accordance with the requirements of Section 92(3) of the Companies Act, 2013, the annual return of the Company in respect of FY 2023-24 has been hosted on the website of the Company at <https://keva.co.in/investor-updates/#92-226-fy-2023-2024-annual-reports-annual-reports>

CONFIRMATIONS

1. There has been no change in the nature of business and capital of the Company during the Financial Year 2023-24.
2. There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the period from 01 April 2023 to 31 March 2024 and the date of this Board's Report except that a fire incident occurred at Company's Vashivali facility, located in Maharashtra, India, on 23 April 2024. There was no loss of human life, and the safety of all personnel was ensured. The Company has taken adequate insurance cover against the loss/damage caused by such incident. In line with the Company's Business Continuity Plan, the Company shifted its fragrance production to other manufacturing sites & packing areas to ensure continuity of the business without any interruption.
3. The Company is fully compliant with the applicable Secretarial Standards (SS) issued by Institute of Company Secretaries of India viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

- There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year under review.
- There was no instance of one-time settlement of loan obtained from the Banks or Financial Institutions.

CAUTIONARY STATEMENT

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

Mumbai
27 May 2024

ACKNOWLEDGEMENTS

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

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

Ramesh Vaze
Director & Chairman of the Board
DIN: 00509751

Kedar Vaze
Whole-Time Director &
Group Chief Executive Officer
DIN: 00511325

Annexure A FORM AOC-1

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

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

Sr. No.	Name of the subsidiary	Amount ₹ in crores												
		1	2	3	4	5	6	7	8	9	10	11	12	13
	Keval Private Limited	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024	31.03.2024
	Keval Private Limited	105.29	104.04	0.01	83.37	0.0053	90.22	9.19	90.22	90.22	90.22	90.22	90.22	90.22
	Keval Private Limited	7.43	0.22	0.01	7.86	18.03	89.82	9.18	89.82	89.82	89.82	89.82	89.82	89.82
	Keval Private Limited	549.85	104.23	0.09	(56.01)	(35.90)	54.26	28.29	98.64	0.09	1.00	0.32	0.01	0.17
	Keval Private Limited	769.94	212.39	0.24	154.16	73.50	33.76	(23.23)	46.13	3.10	(0.681)	26.28	4.19	3.55
	Keval Private Limited	212.67	107.95	0.14	202.30	91.38	234.21	5.45	445.07	179.50	11.50	42.85	49.65	5.92
	Keval Private Limited	0.15	12.19	-	22.83	-	146.20	0.39	300.30	176.31	11.18	16.24	45.45	2.21
	Keval Private Limited	492.46	309.00	-	85.69	34.76	0.02	-	212.04	174.90	9.97	-	-	-
	Keval Private Limited	68.49	33.12	(0.03)	(13.12)	(12.53)	330.36	0.99	68.51	-	0.02	79.59	89.13	0.38
	Keval Private Limited	17.45	8.30	-	2.58	(1.97)	28.27	(0.22)	(16.06)	(3.64)	(0.72)	20.15	(1.91)	(1.88)
	Keval Private Limited	51.04	24.82	(0.03)	(15.71)	(10.56)	19.81	(0.22)	(4.55)	(1.38)	-	5.15	(0.47)	-
	Keval Private Limited	-	-	-	-	-	19.81	(0.22)	(11.51)	(2.25)	(0.72)	15.00	(1.44)	(1.88)
	Keval Private Limited	100	100	100	100	100	100	100	100	100	100	100	100	100
	Keval Private Limited	100	100	100	100	100	100	100	100	100	100	100	100	100
	Keval Private Limited	70.48	80	80	70.48	70.48	70.48	70.48	70.48	70.48	70.48	70.48	70.48	70.48

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

^Consolidated figures of Provier Beheer BV and Holland Aromatics BV

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No: 117366W/W-10018

Falguni Bhor
Partner
Membership No: 111787

Mumbai
27 May 2024

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

Kedar Vaze
Whole-Time Director & Group Chief Executive Officer
DIN: 00511325

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817
Mumbai
27 May 2024

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Annexure B

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

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

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024, according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowing;

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(during the period under review not applicable to the company);**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (e) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 **(during the period under review not applicable to the company);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(during the period under review not applicable to the Company);**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(during the period under review not applicable to the Company);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(during the period under review not applicable to the Company);**

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

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

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

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

We further report that:

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

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

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

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

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

- a. **The Board of Directors of the Company at their meeting held on May 30, 2023 recommended final dividend of ₹ 2/- (20%) per equity share of face value of ₹ 10/- each for the financial year 2022-23 which was subsequently approved by the Members of the Company at their Annual General Meeting held on August 10, 2023.**
- b. **The Board of Directors of the Company at their meeting held on August 07, 2023 approved the proposal of acquiring 19% stake in Holland Aromatics BV by Keva Europe BV, the wholly owned subsidiary of the Company.**

- c. **The Board of Directors of the Company at their meeting held on August 07, 2023 approved additional budget for setting up a factory in Indonesia.**
- d. **The Board of Directors of the Company at their meeting held on August 07, 2023 approved the expansion plan of Nutrition Business segment of NuTaste Food and Drinks Private Limited (Step down subsidiary) and setting up of new manufacturing facility to accommodate the expansion.**
- e. **The Board of Directors of the Company at their meeting held on September 07, 2023 approved the proposal for additional Equity Investment in its wholly owned subsidiary i.e Keva Europe BV by subscribing 13,92,757 Ordinary Shares. The said transaction was completed on 25th October, 2023.**
- f. **The Board of Directors of the Company at its meeting scheduled on November 03, 2023 had approved proposal for additional equity investment which was again placed before the Board at its meeting scheduled on March 29, 2024 for further consideration and approval.**
- g. **The Board of Directors of the Company at their meeting held on February 07, 2024 approved the proposal for incorporating a new subsidiary in USA.**
- h. **The Board of Directors of the Company, at their meeting held on 29th March, 2024 declared an Interim Dividend for FY 2023-24 @ ₹ 0.75 Paise per Equity Share.**

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

Dipti Mehta

Partner
FCS No:3667
CP No: 23905
PR No: 3686/2023
UDIN: F003667F000458000

Place: Mumbai
Date: 27 May 2024

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.

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

Annexure A

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

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

- 6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred in Secretarial Audit Report in Form MR-3, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
- 7) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Dipti Mehta
Partner
FCS No: 3667
CP No: 23905
PR No: 3686/2023
UDIN: F003667F000458000

Place: Mumbai
Date: 27 May 2024

Annexure C
Details related to STAR
SH Kelkar Stock Appreciation Rights Scheme 2017

1 Description of each Stock Appreciation Rights (STAR) Scheme that existed any time during the year, including the general terms and conditions of each STAR scheme	
a Date of Shareholders' approval	01 November 2017
b Total number of shares approved under the STAR Scheme	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 exercise. 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.
c Vesting requirements	As may be determined by the NRC as per the Scheme
d STAR price or pricing formula	STAR Price means the product of the number of shares bought by the Trust and the price of each share divided by the total number of shares bought by the Trust. It is clarified herein that the price of each Share while arriving the STAR Price, shall take into account all the costs relating to the acquisition of shares, including but not limited to the applicable securities transaction tax, brokerage and other incidental administrative expenses.
e Maximum term of STAR to be granted	As may be determined by the NRC as per the Scheme
f Method of settlement (whether in cash or equity)	Cash
g Choice of settlement (with the company or the employee or the combination)	Not Applicable
h Source of shares (primary, secondary or combination)	Secondary
i Variation in terms of scheme	None
2 Method used to account for STAR - Intrinsic or fair value	Fair Value
3 Where the Company opts for expensing of STAR using the intrinsic value of STAR, difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of STAR, shall be disclosed. The impact of this difference on the profits and on EPS of the company shall also be disclosed.	NA
4 STARs movement during the year	
Particulars	
Number of STARs outstanding at the beginning of the year	0
Number of STARs granted during the year	-
Number of STARs forfeited/lapsed during the year	-
Number of STARs vested during the year	-
Number of STARs exercised/settled during the year	-
Number of STARs outstanding at the end of the year	0
Number of STARs exercisable at the end of the year	-

5	Employee-wise details (name of employee, designation, number of STARs granted during the year, exercise price) of STAR	
a.	Senior Managerial Personnel	NA
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	NA
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.	NA
6	Disclosures in respect of grants made in three years prior to IPO under each STAR scheme until all STARs granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such STARs shall also be made.	NA

B Details related to Trust

1 The following details, inter alia, in connection with the transactions made by the Trust meant for the purpose of administering the scheme under the regulations are to be disclosed:

Particulars	Details
Name of the Trust	S H Kelkar Employee Benefit Trust
Details of the Trustee(s)	Barclays Wealth Trustees (India) Private Limited
Amount of loan disbursed by the company/any company in the group, during the year	NIL
Amount of loan outstanding (repayable to company/any company in the group) as at the end of the year	NIL
Amount of loan, if any, taken from any other source for which the company/any company in the group has provided any security or guarantee	-

2 Any other contribution made to the Trust during the year -

3 Brief details of transactions in shares by the Trust

Number of shares held at the beginning of the year	3,245,768
Number of shares acquired during the year	0
Acquisition (total) as a percentage of paid up equity capital as at the end of the previous financial year	0
Number of shares sold during the year	(3,245,768)
Number of shares transferred to the employees during the year	0
Number of Shares held at the end of the year	0

Note: Given that the fall in price of the shares rendered the scheme unattractive, the Company didn't grant STARs to any of its employees. During the year under review, the Nomination and Remuneration Committee and Board of Directors alongwith the management of the Company evaluated the scheme and came to a conclusion to shelve off the Scheme since the purpose of the Scheme - stock appreciation was not getting served, given the market price being below acquisition price. Accordingly, all the shares, i.e. 32,45,768 equity shares held by the Trust were sold.

Mumbai
27 May 2024

Ramesh Vaze
Director & Chairman of the Board
DIN: 00509751

**For and on behalf of the Board of Directors
of S H Kelkar and Company Limited**
CIN: L74999MH1955PLC009593
Kedar Vaze
Whole-Time Director & Group Chief Executive Officer
DIN: 00511325

Annexure D

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2023-24

1. Brief outline on CSR Policy of the Company:

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

a. 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.

c. Research Activities –

- Empower research activities with associations

2. Composition of CSR Committee:

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

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

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

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

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

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

- 5.**
- Average net profit of the Company as per sub-section (5) of Section 135 of the Act: ₹ 76.71 Crore
 - Two percent of average net profit of the Company as per sub-section (5) of Section 135 of the Act: ₹ 1.53 Crore (rounded off)
 - Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
 - Amount required to be set-off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off (₹ in actuals)	Amount set-off in the financial year, if any (in ₹ in actuals)	Balance Amount (in ₹ in actuals)
1	FY 2022-23	8,95,649	8,95,649	0.00
2	FY 2021-22	0.00	0.00	0.00
3	FY 2020-21	4,00,000	4,00,000	0.00
Total		12,95,649	12,95,649 (Rounded off to ₹ 12,95,000)	0.00

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 1.41 Crore (rounded off)

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 1.41 Crore
 (b) Amount spent in Administrative Overheads: Nil
 (c) Amount spent on Impact Assessment, if applicable: Not Applicable
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 1.41 Crore
 (e) CSR amount spent or unspent for the Financial Year:

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

NA – Not Applicable

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

Sr. No.	Particular	Amount (₹ in Crore)
(i)	Two percent of average net profit of the Company as per section 135(5) of the Act	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. **Details of Unspent CSR amount for the preceding three financial years:** Not Applicable
 8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** Not Applicable
 9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per of Section 135(5) of the Act:** Not Applicable

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

Mumbai
 27 May 2024

Ramesh Vaze
 Director & Chairman of the Board
 DIN: 00509751

Kedar Vaze
 Whole-Time Director & Group Chief Executive Officer
 DIN: 00511325

Annexure E

Details of Remuneration of Directors, KMPs and Employees

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

Sr. No.	Particulars	Name of the Director / KMP	Designation	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company	Percentage increase/ (decrease) in remuneration
i)	The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year and the percentage increase / (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year 2023-24	Mr. Ramesh Vaze	Non-Executive Director – Chairman	10.75:1	66.7
		Mrs. Prabha Vaze	Non-Executive Director	0.65:1	(25.0)
		Mr. Kedar Vaze	Whole-time Director & CEO	41.81:1	37.4
		Mr. Vasant Gujarathi	Non-Executive Independent Director	1.83:1	13.3
		Mr. Shrikant Oka	Non-Executive Independent Director	1.61:1	(6.3)
		Mr. Mark Elliott	Non-Executive Independent Director	0.65:1	(14.3)
		Mr. Deepak Raj Bindra	Non-Executive Independent Director	1.08:1	(9.1)
		Ms. Neela Bhattacharjee	Non-Executive Independent Director	1.51:1	55.6
		Mr. Rohit Saraogi	EVP Group CFO & Company Secretary	20.90:1	21.8
ii)	The percentage increase in the median remuneration of employees in the Financial Year	2.98 %			
iii)	The number of permanent employees on the rolls of the Company.	603 (standalone basis)			
iv)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average % increase in remuneration of management employees has been 8.63 %. 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 3.47% (normal slab change increase)			
v)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.				

Notes:

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

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

Mumbai
 27 May 2024

Ramesh Vaze
 Director & Chairman of the Board
 DIN: 00509751

Kedar Vaze
 Whole-Time Director & Group Chief Executive Officer
 DIN: 00511325

Report on Corporate Governance

COMPANY'S PHILOSOPHY

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

BOARD OF DIRECTORS

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

Name of the Director and DIN	No. of board meetings attended	Category	Attendance at last AGM	Number of Other Directorships*	Committee Positions of the Board of other companies [^]		Directorship in other listed entities
					Chairman	Member	
Mr. Ramesh Vaze DIN: 00509751	5/6	Non-Executive Chairman/Promoter	Yes	3	-	1	-
Mrs. Prabha Vaze DIN: 00509817	5/6	Non-Executive/Promoter	Yes	3	-	-	-
Mr. Kedar Vaze DIN: 00511325	5/6	Whole-time Director & CEO/Promoter	Yes	3	-	2	-

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

All the Non-Executive Non-Independent Directors are liable to retire by rotation. Mr. Ramesh Vaze is husband of Mrs. Prabha Vaze and father of Mr. Kedar Vaze. Mr. Ramesh Vaze and Mrs. Prabha Vaze are parents of Mr. Kedar Vaze. None of the other Directors are related to any other Directors on the Board.

Appointment of Mr. Kedar Vaze - Whole-time Director & Group Chief Executive Officer including his tenure and terms of remuneration are approved by the Members of the Company at the 64th Annual General Meeting of the Company

During the year under review, 6 (six) Board Meetings were held on 30 May 2023, 07 August 2023, 07 September 2023, 03 November 2023, 07 February 2024 and 29 March 2024. The intervening gap between any two consecutive meetings did not exceed 120 days.

Below table, illustrates the composition of the Board, Director's attendance at Board Meetings held during the financial year under review and at the last AGM, number of Directorships held in other companies, total number of committee positions held in other companies and names of other listed entities in which Directorship is held, including Category of Directorships, as at 31 March 2024:

Name of the Director and DIN	No. of board meetings attended	Category	Attendance at last AGM	Number of Other Directorships*	Committee Positions of the Board of other companies [^]		Directorship in other listed entities
					Chairman	Member	
Mr. Shrikant Oka DIN: 08135918	6/6	Non-Executive/Independent	Yes	-	-	2	-
Mr. Mark Elliott DIN: 08594890	6/6	Non-Executive/Independent	Yes	-	-	-	-
Mr. Deepak Raj Bindra DIN: 06835196	6/6	Non-Executive/Independent	Yes	-	-	1	-
Mr. Vasant Gujarathi DIN: 06863505	6/6	Non-Executive/Independent	Yes	1	3	-	Aurum Proptech Limited
Ms. Neela Bhattacharjee DIN: 01912483	6/6	Non-Executive/Independent	Yes	1	-	1	-

*Excluding S H Kelkar and Company Limited and Private Limited Companies (other than subsidiaries of public companies), foreign companies, high value debt listed entities and Companies incorporated under Section 8 of the Act.

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

Limit on the number of Directorships/Committee Memberships

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

Independent Directors

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

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

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

In the opinion of the Board, the Independent Directors fulfill the conditions specified under the Act and the Listing Regulations and are independent of the management. During financial year 2023-2024, none of the Independent Director resigned from the Company before the expiry of his/her tenure.

One Independent Directors' meeting was convened on 29 March 2024, to review the performance of the Non-Independent Directors including the Chairman and performance of the Board as a whole and to assess the quality, quantity and timeliness of

flow of information between the Management of the Company and the Board of Directors. The Non-Independent Directors did not take part in the meeting.

Board Effectiveness Evaluation

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

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

The Independent Directors discussed the performance of Non-Independent Directors and Board as a whole. The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance. The performance evaluation

of all Independent Directors has been done by entire Board, excluding the Director being evaluated.

The Directors expressed their satisfaction with the evaluation process.

Familiarization Programme

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

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

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

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

Board Procedures

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

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

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

The Company Secretary attends all the meetings of the Board and its Committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments

in accordance with the Secretarial Standard on Meetings of the Board of Directors ("SS-1") issued by the Institute of Company Secretaries of India. Thereafter, the minutes are entered in the minutes book within 30 (thirty) days of conclusion of the meetings, subsequent to incorporation of the comments, if any, received from the members.

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

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

CEO/CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board inter alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) of the Listing Regulations, pertaining to CEO and CFO certification for the Financial Year ended 31 March 2024.

Code of Conduct

Your Company is committed to ensure that its business is conducted, in all respects and at all the times, according to ethical, professional and legal standards, which prevail from time to time, in the industrial sector in which Company conducts its business. The Company has laid down Code of Conduct for all the Board Members (including Independent Directors), Senior Management and other Employees of the Company. The Code is intended to serve as a source of guiding principles for Directors, Officers and Employees. The Code has been posted on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>. A declaration signed by the

Group CEO to this effect is enclosed at the end of this Report. Additionally, a Policy for Management of Conflict of Interest involving Promoters, Directors, Key Managerial Personnel and Senior Leadership Team has been incorporated by the Company to promote honest and ethical conduct, including the handling of actual, apparent or potential conflict of interests between personal and professional relationships, enhance transparency in the governance and to abide by values and follow ethical business practices to ensure that no inconvenience is caused to Keva's internal and external stakeholders.

Remuneration of Directors

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

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

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

Details of remuneration paid to Directors for the Financial Year 2023-24 along with their respective shareholding in the Company are as under:

Name of Director	Salary & Perquisites	Contribution to Funds	Performance Linked Variable Incentive	Commission	Sitting Fees	Amount ₹ in Crores	
						Total	Number of Equity Shares held as on 31 March 2024
Mr. Ramesh Vaze	-	-	-	0.94	0.06	1.00	14,48,980
Mrs. Prabha Vaze	-	-	-	-	0.06	0.06	17,97,309
Mr. Kedar Vaze	2.17	0.21	0.19	1.32	-	3.89	1,71,93,055
Mr. Shrikant Oka	-	-	-	-	0.15	0.15	-
Mr. Deepak Raj Bindra	-	-	-	-	0.10	0.10	-
Mr. Mark Elliott	-	-	-	-	0.06	0.06	-
Mr. Vasant Gujarathi	-	-	-	-	0.17	0.17	-
Ms. Neela Bhattacharjee	-	-	-	-	0.14	0.14	-

All the Non-Executive Director of the Company are remunerated by way of Sitting Fees. In addition, the Chairman of the Board is also remunerated by way of Commission. During the FY 2023-24, the Company did not advance any loan to any of its Directors. Further, the Company does not have a practice of paying severance fees to any of its Directors.

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

The Company's Board consisted of one Executive Director as on 31 March 2024 viz. Mr. Kedar Vaze - Whole-time Director & Group CEO. The NRC comprising of Non-Executive Directors recommends to the Board the remuneration payable to the Executive Director within the overall limits approved by the Members of the Company. The remuneration to Executive Director comprises of three broad terms – fixed remuneration, variable remuneration in the form of performance incentive and commission on consolidated net profits of the Company. The performance incentive is based on the prevailing policy of the

AUDIT COMMITTEE

Composition, Meetings and Attendance

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

As on 31 March 2024, the Audit Committee comprised of the following members of which three are Non-Executive Independent Directors and one is an Executive Director. The Members of the Committee possess knowledge of accounting and financial management. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India. The Company Secretary is the Secretary to the Committee. The Committee invites representative of Internal Auditors and Statutory Auditors and any other such executives to be present at the meetings of the Committee. The Committee met 5 (five) times during the year on 30 May 2023, 07 August 2023, 03 November 2023, 07 February 2024 and 29 March 2024. The gap between two Meetings did not exceed 120 days.

Composition of the Committee and attendance of the members at the meetings held during the year:

Name of the member of Committee	Category of the Director	Nature of Membership	No. of Meetings	
			Held	Attended
Mr. Vasant Gujarathi	Non-Executive/ Independent	Chairman	5	5
Mr. Kedar Vaze	Whole-time Director & CEO/ Promoter	Member	5	4
Mr. Shrikant Oka	Non-Executive/ Independent	Member	5	5
Ms. Neela Bhattacharjee	Non-Executive/ Independent	Member	5	5

Mr. Vasant Gujarathi, Chairman of the Committee was present at the previous Annual General Meeting of the Company held on 10 August 2023.

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

Company. Annual revisions in the remuneration are within the limits approved by the Members.

COMMITTEES OF THE BOARD

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

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

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

information to ensure that the financial statement is correct, sufficient and credible;

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

- 3) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- 4) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- 5) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 6) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the 'Director's Responsibility Statement' to be included in the Board's report;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Qualifications in the draft audit report.
- 7) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 8) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 9) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- 10) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the

- department, reporting structure coverage and frequency of internal audit;
- 11) Discussion with internal auditors on any significant findings and follow up there on;
- 12) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 13) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 14) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 15) To review the functioning of the whistle blower mechanism, in case the same is existing;
- 16) Approval of appointment of the chief financial officer (i.e., the whole time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- 17) To investigate any activity within its terms of reference;
- 18) To seek information from any employee;
- 19) To obtain outside legal or other professional advice;
- 20) To secure attendance of outsiders with relevant expertise, if it considers necessary;
- 21) Approval or any subsequent modification of transactions of the company with related parties;
- 22) Scrutiny of inter-corporate loans and investments;
- 23) Valuation of undertakings or assets of the company, wherever it is necessary;
- 24) Evaluation of internal financial controls and risk management systems;
- 25) Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

- 26) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and
- 27) Carry out any other function as mentioned in the terms of reference.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Composition, Meetings and Attendance

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

As on 31 March 2024, the Nomination and Remuneration Committee comprised of the members, all of them being Non-Executive Directors. The Committee met 3 (three) times during the year on 30 May 2023, 07 August 2023 and 29 March 2024. The Chairperson of the Nomination and Remuneration Committee was present at the previous Annual General Meeting of the Company. Composition of the Committee and attendance of the members at the meetings held during the year:

Name of the member of the Committee	Category of Director	Nature of Membership	No. of Meetings	
			Held	Attended
Ms. Neela Bhattacharjee	Non-Executive/ Independent	Chairperson	3	3
Mr. Deepak Raj Bindra	Non-Executive/ Independent	Member	3	3
Mr. Vasant Gujarathi	Non-Executive/ Independent	Member	3	3

The Company Secretary is the Secretary to the Committee.

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;
- 5) Ensure that 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;
- 6) Ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 7) Ensure 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;
- 8) For every appointment of an independent director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director; and
- 9) To recommend to the Board remuneration payable to senior management.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition, Meeting and Attendance

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

As on 31 March 2024, the CSR Committee comprised of the following members, all of which were Non-Executive Directors and the committee met once during the year on 30 May 2023, attendance of which is mentioned below:

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

The Company Secretary is the Secretary to the Committee.

Terms of Reference

The terms of reference of the CSR Committee, inter alia, 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 (SRC)

Composition, meetings and attendance

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

As on 31 March 2024, the Stakeholders' Relationship Committee comprises of the following members, all of them being Non-Executive Directors and the committee met once during the year on 30 May 2023.

Name of the member of the Committee	Category of Director	Nature of Membership	No. of Meetings	
			Held	Attended
Mr. Vasant Gujarathi	Non-Executive/ Independent	Chairman	1	1
Mr. Deepak Raj Bindra	Non-Executive/ Independent	Member	1	1
Mr. Shrikant Oka	Non-Executive/ Independent	Member	1	1

The Company Secretary acts as 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.

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee, inter alia, include the following:

- 1) Considering and resolving the grievances of security holders of the company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc;

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

Summary of complaints during 2023-24:

Four complaints were received from shareholder/investors during 3rd quarter of the Financial Year ended 31 March 2024 with respect to non receipt of offer document for buyback done in 2019. M/s Link Intime Private Limited, RTA addressed to the queries of the shareholders and the same were duly resolved within the specified timeline. There were no pending complaints as on 31 March 2024.

RISK MANAGEMENT COMMITTEE

Composition, meetings and attendance

The Risk Management Committee was constituted by the Board of Directors at its meeting held on 06 August 2021. The Committee was last re-constituted by the Board of Directors of the Company on 02 February 2023.

As on 31 March 2024, the Risk Management Committee comprises a combination of Board Members and Senior Executive of the Company. The Committee met twice during the year on 07 September 2023 and 07 February 2024. Composition of the Committee and attendance of the members at the meetings held during the year:

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

The Company Secretary is the Secretary to the Committee.

Terms of Reference

The terms of reference of the Risk Management Committee, inter alia, include the following:

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

DISCLOSURES

General Body Meetings

Annual General Meetings

Year	Venue	Date	Time	Special Resolutions passed
2020-21	Through Video Conferencing and Other Audio- Visual Means	10 August 2021	04:00 p.m.	1. Payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board.
2021-22	Through Video Conferencing and Other Audio-Visual Means	10 August 2022	4:30 p.m.	1. Appointment of Ms. Neela Bhattacharjee (DIN: 01912483) as an Independent Director of the Company for a term of 5 (five) years with effect from 25 May 2022. 2. Payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board.
2022-23	Through Video Conferencing and Other Audio-Visual Means	10 August 2023	4:30 p.m.	1. Payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board.

Postal Ballot:

Resolutions passed through Postal Ballot during the Financial Year 2023-24:

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

Details	Type of Resolution	Votes cast in favour		Votes cast against	
		No. of Votes	%	No of Votes	%
Re-appointment of Mr. Shrikant Oka (DIN: 08135918) as an Independent Director on the Board of Directors of the Company to hold office for a period of 5 (five) consecutive years from 25 May 2022 to 24 May 2028.	Special Resolution	9,49,13,605	99.96	36,302	0.04
Scrutinizer for Postal Ballot	Mr. Vishwanath (Membership No. A14521/CP.No.25099), Designated Partner, M/s Sharma and Trivedi LLP, Company Secretaries				
Date of commencement of Postal Ballot	Friday, 14 April 2023				
Date of closing of Postal Ballot	Saturday, 13 May 2023				
Declaration of results of Postal Ballot	Monday, 15 May 2023				

Procedure followed by the Company for conducting Postal Ballot:

Pursuant to Section 110, 108 and other applicable provisions, if any, of the Act, read together with the Companies (Management and Administration) Rules, 2014, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs (the "MCA") for holding general meetings/conducting postal ballot through e-voting vide General Circular Nos. 14/2020 dated 08 April 2020; 17/2020 dated 13 April 2020; 22/2020 dated 15 June 2020; 33/2020 dated 28 September 2020; 39/2020 dated 31 December 2020; 10/2021 dated 23 June 2021; 20/2021 dated 08 December 2021; 03/2022 dated 05 May 2022 and 11/2022 dated 28 December 2022 (the

"MCA Circulars") and Regulation 44 of the Listing Regulations, the Company conducted postal ballot by way of voting through electronic means (remote e-voting) to obtain approval of its Members for the afore-mentioned Special Resolution.

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

had availed the services of Central Depository Services (India) Limited ("CDSL").

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

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

Particulars of the proposed Postal Ballot are mentioned below:

Details	Type of Resolution
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	Special Resolution
Scrutinizer for Postal Ballot	Mr. Sachin Sharma (Membership No. A46900/CP. No. 20423), Designated Partner, M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai or failing him Mr. Dinesh Trivedi (Membership No. A23841/CP. No. 22407), Designated Partner or failing him Mr. Vishwanath (Membership No. A14521/CP. No.25099), M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai
Date of commencement of Postal Ballot	Wednesday, 05 June 2024
Date of closing of Postal Ballot	Thursday, 04 July 2024
Declaration of results of Postal Ballot	Within 2 working days from the closure of remote e-voting

Means of Communication

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

On 27 May 2024, the Board of Directors of the Company approved notice of Postal Ballot alongwith the explanatory statement, seeking approval of the Shareholders of the Company 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.

In accordance with Section 110 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, read with the General Circular No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 9/2023 dated September 25, 2023 and other related circulars issued by the Ministry of Corporate Affairs ("MCA Circulars") and the SEBI Listing Regulations, the Notice would be sent electronically to the Members whose names appeared in the Register of Members/List of Beneficial Owners as on Friday, 31 May 2024 (Cut-off Date) whose e-mail addresses are registered with the Company/Depositories.

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

General Shareholder Information

Annual General Meeting	:	Date and Time – Thursday, 22 August 2024; 4:00 pm (through Video Conferencing / Other Audio Visual Means as set out in the Notice convening the Annual General Meeting)
Financial Year	:	The Financial Year of the Company is from 01 April to 31 March of every year.
Financial Reporting for Quarter ending June 30, 2024	:	On or before 14 August 2024
Half-year ending September 30, 2024	:	On or before 14 November 2024
Quarter ending December 31, 2024	:	On or before 14 February 2025
Year ending March 31, 2025	:	On or before 30 May 2025
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, Gurugram, Milan, Amsterdam and Almere

Listing Details

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

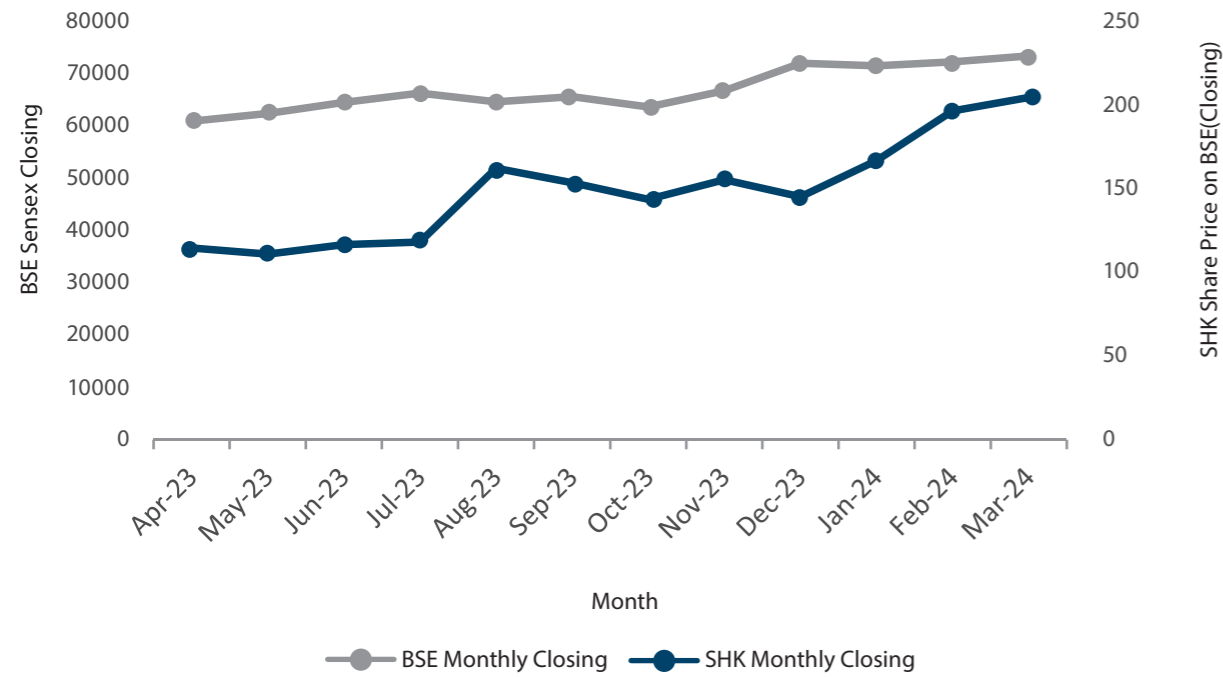
The Company has paid the Listing Fees for the Financial Year 2024-25 to the above Stock Exchanges.

Stock Price Data

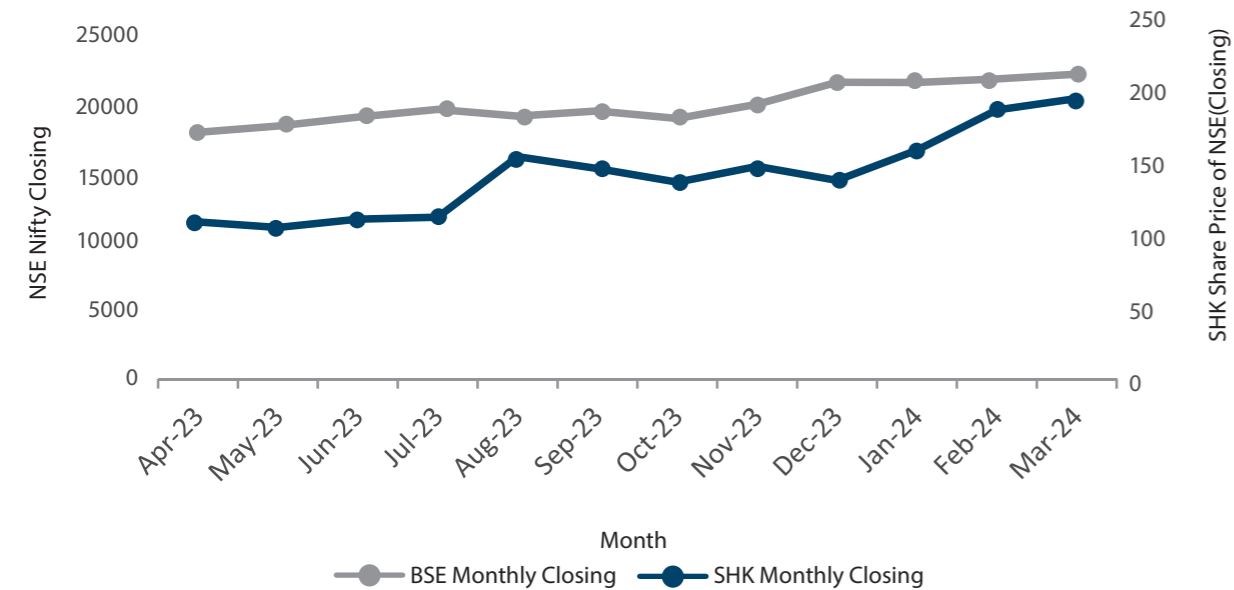
Month	(In ₹)							
	High	BSE Low	Close	BSE (Sensex) (Monthly closing)	High	NSE Low	Close	NSE (Nifty) (Monthly closing)
April 2023	117.91	99.65	115.01	61112.44	117.85	99.65	115.05	18065.00
May 2023	117.20	103.00	111.35	62622.24	116.80	102.70	111.00	18534.40
June 2023	121.60	107.00	117.05	64718.56	121.60	107.75	117.10	19189.05
July 2023	122.30	111.65	118.60	66527.67	122.90	111.10	118.55	19753.80
August 2023	169.10	116.20	162.80	64831.41	169.20	117.75	162.90	19253.80
September 2023	172.50	146.70	154.15	65828.41	172.90	145.65	154.25	19638.30
October 2023	158.50	128.70	144.20	63874.93	158.80	128.60	144.25	19079.60
November 2023	164.15	143.10	155.95	66988.44	164.05	142.55	155.80	20133.15
December 2023	167.95	137.60	145.75	72240.26	168.00	136.10	145.45	21731.40
January 2024	189.20	143.20	167.40	71752.11	189.00	143.35	167.65	21725.70
February 2024	226.35	164.95	197.15	72500.30	226.35	164.65	197.10	21982.80
March 2024	219.30	163.90	205.25	73651.35	219.40	163.60	205.50	22326.90

Stock Performance

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



The performance of the Company's shares relative to the NSE Nifty 50 Index is given in the chart below:



Share Transfer System, Dematerialisation of Shares and Liquidity

As per the Listing Regulations, Transfer / Transmission of Equity Shares of the Company can be made only in dematerialised form. As on 31 March 2024, the entire paid-up Equity Share Capital of the Company is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited and is listed on BSE Limited and National Stock Exchange of India Limited.

Distribution of Shareholding as on 31 March 2024

Category of Shares	Number of Shareholders#	% of Shareholders	Number of Shares held	% of Shareholding
0	1*	0.00	0	0.00
1 – 500	41278	87.58	39,17,433	2.83
501 – 1000	2442	5.18	19,54,890	1.41
1001 – 2000	1522	3.23	22,92,215	1.66
2001 – 3000	607	1.29	15,48,532	1.12
3001 – 4000	312	0.66	10,98,407	0.79
4001 – 5000	238	0.51	11,21,090	0.81
5001 – 10000	343	0.73	25,34,239	1.83
10001 and above	390	0.83	12,39,53,995	89.55
Total	47133	100.00	13,84,20,801	100.00

* Belongs to promoter group

Number of Shareholders are calculated on the basis of number of folios

Category wise Shareholding Pattern as on 31 March 2024

Category of Shareholder	Number of Shareholders	Number of Shares held	% of Shareholding
Promoter & Promoter Group	20**	8,15,97,608	58.65
Public	47112	5,68,23,193	39.01
Total	47,132	13,84,20,801	100.00

**Includes Promoter & Promoter Group plus the folios held by them.

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

The Company has no outstanding GDRs/ADRs/Warrants/Convertible instruments as on 31 March 2024

Details of public funding obtained in the previous three years

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

Unclaimed Dividend

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

Financial Year	Type of Dividend	Date of Declaration	Due date for transfer to IEPF	Amount unclaimed as on March 31, 2024
2017-18	Final	09 August 2018	15 September 2025	56,595.00
2019-20	Interim	18 March 2020	24 April 2027	24,388.40
2020-21	Interim	11 November 2020	18 December 2027	46,458.00
2020-21	Final	19 August 2021	16 September 2028	55,808.00
2021-22	Final	10 August 2022	16 September 2029	30,065.25
2022-23	Final	10 August 2023	16 September 2030	85,452.00
2023-24	Interim	24 March 2024	05 May 2031	NA

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

Section 124 of the Act read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules") stipulates transfer of dividend that has remained unclaimed for a period of seven years, from the unpaid dividend account to IEPF. The Company has appointed a Nodal Officer under the provisions of the Rules, the details of which are available on the website of the Company. In view of the above, the Company shall on or before 16 September 2024 transfer to IEPF an amount of Rs. 65,224.25/- being unpaid/unclaimed dividend for the FY 2016-17.

Transfer of shares to Investor Education and Protection Fund

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

Audit of Reconciliation of Share Capital

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

Compliance with Secretarial Standards

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

Address for Correspondence

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

Link Intime India Private Limited

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

Tel. No.: +91 22 4918 6000

Fax No.: +91 22 4918 6060

Email: rnt.helpdesk@linkintime.co.in

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

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

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

Mr. Rohit Saraogi

EVP Group Chief Financial Officer and Company Secretary

S H Kelkar and Company Limited

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

Tel. No: +91 22 6606 7777

Fax No.: +91 22 6606 7726

Email: investors@keva.co.in

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

Credit Rating

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

Particulars	Rating
Bank facilities of Rs. 187 Crore	CRISIL AA-(Stable)

Other Disclosures

A. Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions in line with the requirements of Section 177(4) (iv) and 188 of the Act read with Rules framed thereunder and the Listing Regulations. This Policy is available on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>.

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

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

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

B. Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. The employees are encouraged to raise any of their concerns by way of whistle blowing by conducting workshops at various units from time to time. The Whistle Blower Policy is available on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>.

[178-policies](#). No personnel have been denied access to the Whistle Officer / CEO / Chairman of the Audit Committee.

C. Subsidiary Companies

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations and is available on the website of the Company at <https://keva.co.in/investor-updates/#92-178-policies>. During the Financial Year 2023-24, the Company had 4 (four) material subsidiaries viz. Keva Fragrances Pvt. Ltd. ('KFG'), Keva Flavours Pvt. Ltd., Keva Europe BV, Singapore and Creative Flavours & Fragrances SpA ('CFF'), Italy.

Of these 4 material subsidiaries, KFG falls within the criteria of Regulation 24 of Listing Regulations and accordingly, Ms. Neela Bhattacharjee acts as an Independent Director on the Board of KFG.

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

Details of Material Subsidiaries:

Name of Material Subsidiary	Date and Place of Incorporation	Name of Statutory Auditor	Date of Appointment of Statutory Auditor
Keva Fragrances Pvt. Ltd.	01 August 1978; Mumbai	Deloitte Haskins & Sells LLP	10 August 2021
Keva Flavours Pvt. Ltd.	29 October 1980; Mumbai	Batliboi & Purohit	08 August 2019
Keva Europe B.V	02 April 2019, Netherlands	Auren Audit & Assurance Amsterdam B.V.	17 May 2024
Creative Flavours & Fragrances SpA	29 July 1998; Italy	BDO Italia Spa	16 December 2021

D. Policy on Dividend Distribution

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

E. Fees paid to Statutory Auditors

During the year under review, a total fee of Rs. 0.75 crore was paid by the Company and its subsidiary, on a consolidated basis, for all services to M/s. Deloitte Haskins and Sells LLP, Statutory Auditors and all entities in the network firm / network entity of which they are part.

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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has adopted a Code of Conduct to regulate, monitor and report trading by Insiders ("Code"). Your Company has amended the Code in line with the recent amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to restrict an insider from dealing in the shares of the Company either directly or indirectly when in possession of unpublished price sensitive information (UPSI). The Company maintains structured digital database for insiders. The Code enumerates the procedure to be followed for dealing in the shares of the Company and

periodic disclosures to be made. It also restricts the insiders from dealing in the Company's shares during the period when the 'Trading Window' is announced closed. The Company Secretary has been designated as the Compliance Officer.

G. Code of Corporate Disclosure Practices

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

H. Disclosure of Accounting Treatment

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

I. Compliance Reports

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

J. Compliance with Mandatory Requirements

Your Company has complied with all the mandatory requirements relating to Corporate Governance under the Listing Regulations as well as the Corporate Governance Requirements specified in Regulation 17 to 27 to the extent applicable and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations except under Regulation 21(3C) of the Listing Regulations, there was gap of more than a period of one hundred and eighty days between the two consecutive meetings of the Risk Management Committee. No penalties, strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

K. Compliance with Non-mandatory Requirements

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

- There is no audit qualification in the Company's financial statements for the year ended 31 March 2024. 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 internal audit observations to the Audit Committee.

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

Please refer Director's Report for details.

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

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

N. Disclosure of commodity price risks and commodity hedging activities

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

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

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

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

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

Nature of Loans advanced by the Company / Subsidiary	Name of the Company extending loan	Name of the Group Company to whom the loan is extended	Name of Interested Director	Amount (in crore)
Inter Corporate Deposit	S H Kelkar and Company Limited	Keva Ventures Private Limited	Mr. Ramesh Vaze Mr. Kedar Vaze	₹10.19
	Keva Fragrances Private Limited	S H Kelkar and Company Limited	Mrs. Prabha Vaze	₹68.50
	Keva Ventures Private Limited	Amikeva Private Limited		₹1.13
	Keva Fragrance Industries Pte Ltd	PT SHKKEVA Indonesia	Mr. Ramesh Vaze	₹68.37

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

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

Ramesh Vaze
 Director & Chairman of the Board
 DIN: 00509751

Kedar Vaze
 Whole-Time Director &
 Group Chief Executive Officer
 DIN: 00511325

Mumbai
 27 May 2024

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

To the Board of Directors 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 2024.

Date: 27 May 2024
Place: Mumbai

Kedar Vaze
Whole-Time Director & Group Chief Executive Officer

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

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

To the Board of Directors of
S H Kelkar and Company Limited

Dear Sir/Madam,

Sub: CEO / CFO Certificate

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

- | | |
|---|--|
| <p>A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2024 and that to the best of our knowledge and belief we state that:</p> <p>a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;</p> <p>b) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.</p> <p>B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.</p> | <p>C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.</p> <p>D. We have indicated, based in our most recent evaluation, wherever applicable, to the auditors and the Audit committee</p> <p>a) significant changes in internal control over financial reporting during the year;</p> <p>b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and</p> <p>c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.</p> |
|---|--|

Place: Mumbai
Date: 27 May 2024

Kedar Vaze
Wholetime Director & Group CEO

Rohit Saraogi
EVP Group CFO & Company Secretary

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

TO THE MEMBERS OF
S H KELKAR AND COMPANY LIMITED

- This certificate is issued in accordance with the terms of our engagement letter reference FB/2023-24/12 dated October 06, 2023.
- We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of SH Kelkar Company Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2024, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

- Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the

Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

- 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

- Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2024.
- 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.

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

Falguni Bhor
Partner

Place: Mumbai
Date: May 27, 2024

Membership No. 111787
UDIN: 24111787BKGYP4308

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L74999MH1955PLC009593
2. Name of the Entity	S H KELKAR AND COMPANY LIMITED
3. Year of Incorporation	01/07/1955
4. Registered office address	Devkaran Mansion, 36 Mangaldas Road, Mumbai -400002
5. Corporate address	S H Kelkar and Company Limited, LBS Marg, Mulund (West), Mumbai - 400080
6. E-mail	investors@keva.co.in
7. Telephone	+ 91 22 6606 7777
8. Website	www.keva.co.in
9. Financial year for which reporting is being done	2023-24
10. Name of the Stock Exchange(s) where shares are listed	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
11. Paid-up Capital	₹ 138.42 crore
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Nikita Dedhia Assistant Company Secretary investors@keva.co.in + 91 22 6606 7777
13. Reporting boundary Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures under this report are made on standalone basis for S H Kelkar and Company Limited and includes locations where Company has operational control.
14. Name of assurance provider	Assurance is not mandatory and therefore assurance on the report is not carried out for the financial year 2023-2024.
15. Type of assurance obtained	Not Applicable

II. Products/services

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

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity (FY 2023-24)
1.	Fragrances and Flavours	Manufacture, supply and export of fragrances and flavours including aroma & natural ingredients.	100%

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

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1.	Fragrances, Aroma Ingredients and Flavours	20119	100%

III. Operations

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

Location	Number of operational locations	Number of offices	Total
National	1	5	6
International [^]	-	-	-

[^] The international operations are carried out by the Company through its subsidiary companies and are outside the reporting boundary of this report.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	28 states & 8 Union Territories
International (No. of Countries) [^]	11 Countries

[^] The international operations are carried out by the Company through its subsidiary companies and are outside the reporting boundary of this report.

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

In the financial year 2023-24, 3.10% of turnover was from exports outside India.

c. A brief on types of customers

S H Kelkar and Company Limited (SHK/Company) is the largest Indian-origin Fragrance & Flavour Company in India. It has a long-standing reputation in the fragrance industry and has been developed with more than 100 years of experience. Its fragrance products and ingredients are used as a raw material in personal wash, fabric care, skin and hair care, fine fragrances and household products. Its flavour products are used as a raw material by producers of baked goods, dairy products, beverages and pharmaceutical products. The Company has a diverse and large client base including leading national and multinational FMCG companies, blenders of fragrances & flavours and its producers.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	437	302	69.10%	135	30.90%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	437	302	69.10%	135	30.90%
Workers						
4.	Permanent (F)	166	166	100%	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	Total employees (F + G)	166	166	100%	-	-

b. Differently abled Employees:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	2	2	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total employees (D + E)	2	2	100%	-	-

c. Differently abled Workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Workers						
1.	Permanent (D)					
2.	Other than Permanent (E)					
3.	Total employees (D + E)					

There are no differently abled workers

21. Participation/Inclusion/Representation of women

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

22. Turnover rate for permanent employees and workers

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10%	11%	10%	12%	30%	17%	5%	13%	7%
Permanent Workers	2%	-	2%	1%	-	1%	3%	-	3%

V. Holding, Subsidiary and Associate Companies (including joint ventures)
23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Keva Fragrances Private Limited	Subsidiary	100%	No
2	Keva Flavours Private Limited	Subsidiary	99%	No
3	Keva Ventures Private Limited	Subsidiary	100%	No
4	Creative Flavours & Fragrances S.p.A.	Step down subsidiary	17%	No
5	Keva Europe BV	Subsidiary	100%	No
6	Keva Fragrance Industries Pte. Ltd	Subsidiary	100%	No
7	NuTaste Food and Drink Labs Private Limited	Step down subsidiary	80%	No
8	Amikeva Private Limited	Step down subsidiary	70.48%	No
9	PT SHKKEVA Indonesia	Step down subsidiary	99.75%	No
10	Anhui Ruibang Aroma Company Ltd	Step down subsidiary	90%	No
11	Keva UK Ltd	Step down subsidiary	100%	No
12	Keva Italy Srl	Step down subsidiary	100%	No
13	Provier Beheer BV	Step down subsidiary	100%	No
14	Holland Aromatics BV	Subsidiary of step-down subsidiary	100%	No
15	Keva USA Inc	Subsidiary	100%	No

VI. CSR Details

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

(ii) Turnover (FY 2023-24) in INR - ₹ 940.67 crore

(iii) Net worth (FY 2023-24) in INR – ₹ 773.71 crore

VII. Transparency and Disclosures Compliances
25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	4	0	The compliants received from shareholders were addressed. Details of the compliants received can be referred to in Corporate Governance Report.	-	-	-
Employees and workers	Yes	-	-	-	-	-	-
Customers	Yes	105	0	All Compliants were closed by the end of the year	151	-	All Compliants were closed by the end of the year
Value Chain Partners	Yes	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

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

Note: Complaints listed under Customers represent Vendors.

26. Overview of the entity’s material responsible business conduct issues

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

S. No	Material issue identified	Indicate Risk/ Opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (Indicate positive/ negative implications)
1	GHG Emissions	Risk	Given that SHK manufactures fragrances, the processes consumes electricity and other fuels, thereby resulting in GHG emissions. With increasing regulations on GHG emissions, there may be a direct impact on the Company.	To mitigate these risks, SHK has implemented a Solar Energy project at their manufacturing plants, lowering CO2 emissions as compared to the use of conventional energy sources. At Company's Vashivali manufacturing unit, SHK has replaced the boiler's fuel source with a briquette boiler equipped with a dust collector. This upgrade has not only eliminated particulate discharge but also reduces CO2 emissions compared to traditional boiler systems.	<p>Negative:</p> <ul style="list-style-type: none"> Taxes on fossil fuels <p>Positive:</p> <ul style="list-style-type: none"> Reduction of GHG emissions Increased trust and credibility from stakeholders
2	Energy Management	Risk	SHK's manufacturing processes require electricity and fuel, posing potential risks from high energy consumption. This could lead to higher costs, regulatory issues, and damage to reputation.	SHK has taken steps to reduce power consumption at Vashivali factory by setting up a 360kWh Solar PV power plant. This project will produce 6,20,500 kWh of energy annually, and has helped reduce costs. This project has helped reduce 30% of our electric power requirement.	<p>Negative:</p> <ul style="list-style-type: none"> Increased costs on higher energy consumption <p>Positive:</p> <ul style="list-style-type: none"> Increased trust and credibility from stakeholders Effective energy management can lead to significant cost savings
3	Water & Wastewater Management	Risk	SHK's manufacturing operations utilize water and generate wastewater. Inadequate water management could lead to higher water consumption and increased expenses. Ineffective wastewater treatment poses risks such as contamination of surrounding areas and environmental degradation, impacting water quality.	SHK has installed a rainwater harvesting at its Vashivali plant, to collect rainwater on site. This has helped harvest close to 5,000- 5,500 kilo liters of water year-on-year. As a result of the implementation of a Multi-effect Evaporator (MEE) and Reverse Osmosis (RO) facility, the Company's Vashivali facility has Zero Liquid Discharge.	<p>Negative:</p> <ul style="list-style-type: none"> Increased costs due to higher water consumption <p>Positive:</p> <ul style="list-style-type: none"> Effective management of water thereby reducing the overall water consumption Reduction in costs from better water management Effective treatment of wastewater reducing the impact on the environment and surroundings.

S. No	Material issue identified	Indicate Risk/ Opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (Indicate positive/ negative implications)
4	Human Rights & Community Relations	Opportunity	SHK sees Human Rights and Community Relations as an opportunity to strengthen its brand reputation, foster trust, and garner support from internal employees and the broader community. Streamlining and improving Human Rights procedures and policies can cultivate a positive work environment. By engaging in local communities through philanthropy, volunteerism, and environmental stewardship, SHK demonstrates its dedication to social responsibility and sustainability.	SHK has a Human Rights Policy addressing steps and processes to help employees in all stages of the employee lifecycle. Necessary trainings and employee engagement activities are conducted throughout the year. As a part of CSR programs, SHK focuses on environmental sustainability, conservation of energy, child education and empowerment, rural development, equipping and upgradation of educational infrastructure with the aim of providing an improved and advanced education system, supporting visually challenged people through perfumery trainings and employability.	<p>Positive:</p> <ul style="list-style-type: none"> Community relations will enhance a Company's reputation, attracting customers and investors, and improving brand loyalty, leading to increased revenue and market share. Human Rights processes can help gain the trust of Employees and Workers.
5	Workforce Health & Safety	Risk	As SHK's manufacturing processes involve handling of chemicals there may be a risk to worker's health and safety, if not handled properly.	SHK conducts training for all its employees on Health and Safety. The Code of Conduct also emphasizes on the Health and Safety measures for all the employees and workmen. SHK also has a dedicated EHS policy that is committed towards occupational health, safety and environment protection.	<p>Negative:</p> <ul style="list-style-type: none"> Risks related to employee well-being <p>Positive:</p> <ul style="list-style-type: none"> Increased awareness and training on Health and Safety aspects will have a positive impact by reducing the overall number of safety related incidents.
6	Supply Chain Management	Risk	As SHK is reliant on many raw materials from different suppliers, Risks may arise due to supply chain disruption, moderate supplier performance and sustainability practices of suppliers, and geo-political challenges.	SHK has a dedicated Policy towards Sustainable Supply Chain and Responsible Sourcing Policy. All aspects of Environmental, Social and Governance (ESG) be complied by suppliers. SHK assesses its suppliers' manufacturing to ensure all aspects of quality and timely delivery of products. Alternate Supply of Raw Materials, supported by Innovation, Backward Integration and Operational Efficiency.	<p>Negative:</p> <ul style="list-style-type: none"> Delays in production due to substandard supply chain management. <p>Positive:</p> <ul style="list-style-type: none"> Increased awareness and compliance from suppliers will help towards creating a Sustainable Supply Chain. This will help reduce delays from suppliers, increased quality of products and better management of ESG issues in the supply chain.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)					Yes				
b. Has the policy been approved by the Board? (Yes/No)					Yes				
c. Web Link of the Policies, if available									https://keva.co.in/investor-updates/#92-178-policies
2. Whether the entity has translated the policy into procedures. (Yes / No)					Yes				
3. Do the enlisted policies extend to your value chain partners? (Yes/No)					Yes				
4. Name of the national and international codes/ certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) mapped to each principle.									<ul style="list-style-type: none"> ISO 9001 SEDEX Verified ISO 14000 ISO 45000. HALAL certification
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.									Sustainability and Environmental protection is a priority for SHK. The company is dedicated to advancing ESG (Environmental, Social, and Governance) activities. As an initial initiative, SHK has begun measuring its Scope 1 and Scope 2 emissions, implementing waste management strategies, and optimizing resource allocation across its sites in India. Additionally, for the current year, SHK has calculated the carbon footprint of three key products as part of its commitment to environmental stewardship and sustainability.
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.									SHK has taken up monitoring of Scope 1 and Scope 2 emissions, waste management, and resource consumption.

Governance, leadership, and oversight

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies									
The Chief Executive Officer (CEO) is the highest authority responsible for implementation and oversight of the Business Responsibility policies, alongwith the recommendations of Board and Committees. Head of EHS/Head of HR are also responsible and assist for implementation.									
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.									
Yes, The CEO who is also a member of the Board of the Company is responsible for decision making on sustainability related issues.									

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/ Quarterly/ Any other- please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action																		
Performance against above mentioned policies and follow up action is reviewed by the Board of Directors and the management of the Company. The frequency of these reviews is as and when required or whenever an update is required due to change in applicable laws.																		
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances																		
The Company complies with all the applicable statutory requirements and rectifies, non-compliance, if any. This is reviewed by the Audit Committee. Frequency is as per the statutory requirements.																		

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
As a part of the oversight of the internal financial controls, the Management and the Board reviews the adherence to the policies. Internal Audit assists with the above.									
Internal audits review the policies on a periodic basis and evaluate working of the same and assess the adequacy and effectiveness in terms of best practices followed by other organizations of repute. SHK has taken up audits of from IMS, SEDEX on Sustainable parameters. External safety audit (DISH) was also conducted for its manufacturing location at Vashivali. The Company will take up independent assessment in the coming years.									

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The entity does not consider the principles material to its business (Yes/No)									
NA									
2. The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
3. The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
4. It is planned to be done in the next financial year (Yes/No)									
5. Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	6	The Board of Directors of the Company (including its committees) have during the year, spent time training on range of topics related to business, regulations, the economy, and environmental, social, and governance aspects.	100%
KMP	1	<ul style="list-style-type: none"> Code of conduct Prevention of Sexual Harassment Anti-Bribery and Anti-Corruption 	100%
Employees other than BoD and KMPs	15	<ul style="list-style-type: none"> Health & Safety 5S awareness IMS /EMS Audit awareness Workplace safety Fire fighting Governance Anti -Bribery Posh Awareness Soft Skills 	94%
Workers	13	<ul style="list-style-type: none"> Health & Safety 5S awareness Workplace safety Fire fighting Governance Anti -Bribery Posh Awareness Soft Skills 	94%

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

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

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

Not Applicable.

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

SHK has in place Anti-Corruption Policy. The Policy applies to directors, officers, employees at all levels, as well as to the agents, representatives, and other associated persons. The Policy defines responsibilities of the management, employees and detailed processes for managing any issues of corruption. <https://keva.co.in/investor-updates/#92-178-policies>

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

During the year and previous year, there are no directors/KMP/employees/workers against whom disciplinary actions was taken by any agency in view of bribery/corruption.

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

During the year under review and in previous year, there have been no complaints received in relation to issues of Conflict of Interest of the Directors and KMP.

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

Not Applicable

8. Number of days of accounts payables ((Accounts payable*365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	168 days	169 days

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	16.9%	20.8%
	b. Number of trading houses where purchases are made from	58	57
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	88.1%	91.4%
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	14.2%	14.8%
	b. Number of dealers / distributors to whom sales are made	1389	1528
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	33.6%	32.7%
Share of Related Party Transactions in	a. Purchases (Purchases with related parties / Total Purchases)	27.6%	39.4%
	b. Sales (Sales to related parties / Total Sales)	23.9%	28.2%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	77.4%	75.6%
	d. Investments (Investments in related parties / Total Investments made)	97.7%	93.6%

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

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

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

Yes, SHK has a Policy for Management of Conflict of Interest involving Promoters, Directors, Key Managerial Personnel and Senior Leadership Team. The Policy acts as a guide to determine Conflict of Interest and outlines the process to deal with the same. Link - <https://keva.co.in/investor-updates/#92-178-policies>

Principle 2: Businesses should provide goods and services in a manner that is Sustainable and Safe
Essential Indicators
1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	16.1%	15.3%	R&D investments are mainly focused to minimize environmental impact and optimize use of resources through efficient management. The Company invests towards enhancing its research capabilities for development of new molecules with better biodegradability profile
Capex	4.6%	6.5%	The capex investments are mainly focused towards conservation of energy and resources through installation of energy efficient systems, investments in low-carbon technologies and equipments; employee health & safety; and improvement in production processes.

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

Yes. The Company engages with the farmers across the country to encourage cultivation of aromatic oils. The Company offers trainings to farmers and also provides them with aromatic plants for cultivation. The Company has adopted a Policy towards Sustainable Supply Chain and Responsible Sourcing which identifies different standards and processes of Sustainability that should be adopted by all Suppliers.

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

- Processes to safely manage and handle waste material include: There is no process to reclaim Plastic waste or E-waste.
- Non-Hazardous Waste: Non-hazardous waste generated through cartons, etc., are recycled through authorized vendors. Hazardous Waste: Discarded Drums/Barrels are recycled through authorized vendors.
- Other Wastes: Canteen and garden waste at the Vashivali plant are treated in a food machine. The food machine converts the waste into manure within 24 hours which processes upto 75 kgs of waste per day thereby converting it into 7.5kgs of manure. This manure is used to nourish the plants within the factory premises.

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

Yes. SHK is registered with Central Pollution Control Board ('CPCB') for Extended Producer Responsibility (EPR) as an importer for disposal of plastic waste generated from packaging.

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

To track the overall product emissions, SHK conducted product carbon footprint assessment for 3 of its key fragrance products. Boundary of life cycle assessment was from cradle to gate. Through this assessment, the Company has identified opportunities for optimizing supply chain for carbon foot print reduction.

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

None.

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

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

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

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

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

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

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

Essential Indicators

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

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	302	302	100%	302	100%	NA	NA	302	100%	302	100%
Female	135	135	100%	135	100%	135	100%	NA	NA	135	100%
Total	437	437	100%	437	100%	135	100%	302	100%	437	100%
Other than Permanent employees											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

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

Category	% of Workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	166	166	100%	166	100%	-	-	-	-	166	100%
Female	-	-	-	-	-	-	-	-	-	-	-
Total	166	166	100%	166	100%	-	-	-	-	166	100%
Other than Permanent workers											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the company	0.17%	0.28%

2. Details of retirement benefits.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	-	-	-	-	-	-
Others	-	-	-	-	-	-

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

Yes. The Company has provisions for disabled employees at its offices and manufacturing facilities.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company has a strong commitment to providing equal opportunities of employment and non-discrimination in all processes including, but not limited to, recruiting, hiring, promotion and termination. A dedicated Equal Opportunity Policy is available at - <https://keva.co.in/investor-updates/#92-178-policies>

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

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

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

Permanent Workers	Yes, the Company has formalized a Grievance Redressal Policy that forms a transparent and fair redressal system. This Policy acts as a mechanism and is accessible to all employees and workers.. The Policy clearly lays out the process to be followed by an employee/worker to raise a grievance. More details can be found in this https://keva.co.in/investor-updates/#92-178-policies .
Other than Permanent Worker	
Permanent Employees	
Other than Permanent Employees	

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

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	437	0	0	387	0	0
Male	302	0	0	279	0	0
Female	135	0	0	108	0	0
Total Permanent Workers	166	166	100%	170	170	100%
Male	166	166	100%	170	170	100%
Female	-	-	-	-	-	-

There is no restriction for employees and workers to be a member of any association or Unions.

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	302	302	100%	302	100%	279	279	100%	279	100%
Female	135	135	100%	135	100%	108	108	100%	108	100%
Total	437	437	100%	437	100%	387	387	100%	387	100%
Permanent Workers										
Male	166	166	100%	166	100%	170	170	100%	83	48.82%
Female	-	-	-	-	-	-	-	-	-	-
Total	166	166	100%	166	100%	170	170	100%	83	48.82%

Note: Training on skill upgradation includes both soft skill and functional skills. These trainings are imparted on an individual basis or group basis by respective functional heads.

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

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	302	302	100%	279	279	100%
Female	135	135	100%	108	108	100%
Total	437	437	100%	387	387	100%

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Workers						
Male	166	166	100%	170	170	100%
Female	-	-	-	-	-	100%
Total	166	166	100%	170	170	100%

Note: Employees who have joined on or before January 01, 2024 are eligible to participate in Annual Performance Review. However, career development reviews are done for all.

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

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

The Company has also completed ISO 14001:2015, ISO 45001:2018, ISO 9001:2015 audit for its manufacturing facilities.

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

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

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

These Risks are reviewed on a regular basis by the Company. The Company ensures that the best practices in Health and Safety are adopted.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes, The Company has processes for its employees and workers to identify and report on work-related hazards and the subsequent steps to mitigate them. In addition, the Company trains all its employees and workers with occupational health and safety modules. These training modules cover aspects of the methodology to identify work-related hazards, analyse the risks associated with it and take subsequent steps to mitigate them. During the safety and emergency evacuation drills, employees are trained in dealing with emergency situations and demonstrations are given to equip the employees with right procedure of reporting work-related hazards and the steps to remove themselves from such situations.

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes, all employees and workers have access to non-occupational medical and healthcare services. At Company's premises there is a dedicated first aid room to treat any minor injuries.

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

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees & Workers	0	0
Total recordable work-related injuries			
No. of fatalities			
High consequence work-related injury or ill-health (excluding fatalities)			

For the reporting year FY 2023-2024 there have been no safety related incidents

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

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

- Regular health and safety trainings to tackle any potential hazards
- Periodic medical check-ups for employees
- Use technology and safety measures
- Periodical testing of equipments

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

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions						
Health and Safety		Nil			Nil	

14. Assessments for the year:

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

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

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

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

Employees – Yes
Workers – Yes

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

The Company ensures that all statutory dues have been deducted and deposited in a timely manner by the value chain partners basis the agreements/contracts/purchase orders.

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

Not Applicable.

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

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

5. Details on assessment of value chain partners:

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

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

Based on the assessment done by the Company's Internal Audit team, an Opportunity report is issued based on the findings. The report mentions ways to address the risks and opportunities associated with any risk/concern. Regular checks are conducted by the team to check whether the risks/concerns highlighted are addressed as per the mutually agreed timelines. As per the Assessment of the Value chain partners, the team comes up with the audit score and reports them internally.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders
Essential Indicators
1. Describe the processes for identifying key stakeholder groups of the entity.

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

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government and Regulatory Authorities	No	<ul style="list-style-type: none"> Industry Bodies/Forums Corporate Presentations/ Reports Written/Email Communication One-to-One Meetings 	Ongoing-throughout the year	Purpose and scope of engagement a. Regulatory Compliance Key topics raised during the engagement a. Compliance monitoring and reporting b. Policies c. Regulations related to Product Safety and Quality d. Regulations related to welfare
Employees and Workers	No	<ul style="list-style-type: none"> Review meets Townhall meetings Learning and development initiatives Company's in house Portal Discussions with senior leaders Engagement initiatives/offsites 	Ongoing-throughout the year	Purpose and scope of engagement a. Collaboration b. Employee Well-being c. Improving work efficiency Key topics raised during the engagement a. Compensation and Benefits b. Work-life balance c. Training programs for enhancing their knowledge and skills
Customers	No	<ul style="list-style-type: none"> Corporate website Toll-free number Digital platforms Social media Customer relationship managers Customer satisfaction surveys Advertising Knowledge seminars and events 	Ongoing-throughout the year	Purpose and scope of engagement a. Understanding customer needs and preferences b. Customer feedback Key topics raised during the engagement a. Product features and specifications b. Product quality
Suppliers/ Business Partners & Vendors	No	<ul style="list-style-type: none"> Online one-to-one meeting with management Product/process trainings for new and old partners Industry Speak and Product Team meets for product updates Channel partner meets Conferences and Forums Written communications 	Ongoing-throughout the year	Purpose and scope of engagement a. Quality of products provided by suppliers b. Supplier's pricing structure c. Supplier's capacity and delivery capabilities d. Supplier assessments Key topics raised during the engagement a. Supplier's quality control procedures b. Product delivery time frame c. Compliance with laws and regulations d. Supplier assessments w.r.t. environmental and ethical standards

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors & Shareholders	No	<ul style="list-style-type: none"> Annual General Meetings Conferences Investor and Analyst meets Conference calls Annual Report Investor Presentations Press Release Business Updates Website 	Ongoing-throughout the year	Purpose and scope of engagement a. Respond to their concerns and inquiries b. Company's financial performance c. Corporate strategy and governance d. Sustainability practices Key topics raised during the engagement a. Company's financial results, year-on-year performance b. Corporate strategy updates c. Innovation and key investments d. Corporate Governance e. Sustainability practices including the Company's approach to ESG issues, and Human Rights policies
Communities	Yes	<ul style="list-style-type: none"> CSR initiatives Empowerment programs 	Ongoing-throughout the year	Purpose and scope of engagement a. Identify Community needs b. Programs for community Key topics raised during the engagement a. Identify marginalized groups for their well-being. b. CSR activities

Leadership Indicators

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**
 The Company's Management engages with its various Stakeholders in a consistent and systematic manner to understand their concerns and assess their requirements, respond to their needs, and resolve their concerns in the most effective manner.
- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**
 Yes, the Company conducts a survey and assessments with its key stakeholders (employees, suppliers, investors, and society) to identify material issues. Regular engagement with various stakeholders ensures that expectations are identified in a timely manner and are addressed responsibly.
- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**
 The Company's CSR activities focuses on the disadvantaged, vulnerable and marginalized segments of the society. All CSR programs are aligned to the CSR Policy of the Company. Critical focus areas of Company's CSR mandate include education, women empowerment, addressing hunger, poverty, nutrition and health, environmental sustainability. More details of CSR can be accessed in the Annual Report under CSR section.

Apart from this, the Company also sources some of the raw materials from farmers. The Company provides support on growing crops for fragrances and essential oils to these farmers. This helps provide livelihood for vulnerable/ marginalized stakeholder groups.

Principle 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	437	437	100%	387	387	100%
Other than permanent	-	-	-	-	-	-
Total Employees	437	437	100%	387	387	100%
Workers						
Permanent	166	166	100%	170	170	100%
Other than permanent	-	-	-	-	-	-
Total Workers	166	166	100%	170	170	100%

Note: Training on Human Rights and Policies includes an internal awareness sessions and discussions. Such sessions are not tracked as these are internal discussions and the policies are deployed on the website and internal portal for employee's self-awareness.

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY2023-24				FY-2022-23					
	Total (A)	Equal to minimum wage No. (B)	% (B/A)	More than minimum wage No. (C)	% (C/A)	Total (D)	Equal to minimum wage No. (E)	% (E/D)	More than minimum wage No. (F)	% (F/D)
Employees										
Total	437	-	-	437	100%	387	-	-	387	100%
Male	302	-	-	302	100%	279	-	-	279	100%
Female	135	-	-	135	100%	108	-	-	108	100%
Workers										
Total	166	-	-	166	100%	170	-	-	170	100%
Male	166	-	-	166	100%	170	-	-	170	100%
Female	-	-	-	-	-	-	-	-	-	-

3. a. Details of remuneration/salary/wages, in the following format:

Median remuneration / wages

(₹ in crores)

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	6	0.15	2	0.10
Key Managerial Personnel	2	3.01	0	-
Employees other than BoD and KMP	300	0.11	135	0.09
Workers	166	0.08	0	0

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	23.76%	25.84%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Company has adopted a Grievance Redressal Policy to develop and maintain an effective, timely, fair and equitable grievance handling system which is easily available and offered to all employees. Based on the nature of the complaints, the Point of Contacts (PoCs) shall be assigned to receive and acknowledge the complaints accordingly.

Channels through which the complaints can be registered

Hotline Number: + 91 22 6606 7777

Email: contactus@keva.co.in

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a Grievance Policy that provides details on the processes and procedures to be followed to redress all employee's grievances. The redressal mechanism has been designed to protect the confidentiality of aggrieved employees and provide redress in a timely and effective manner.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment			NIL			NIL
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	NIL	NIL
Complaints on POSH as a % of female employees / workers		
Complaints on POSH upheld		

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company is committed to prohibiting discrimination, retaliation or harassment of any kind against any employee who reports under the Whistle Blower Policy or participates in the investigation. The Whistle Blower Policy, Code of Conduct, and Grievance Redressal Policy holds a strong commitment to protect the identity of the complainant and maintain confidentiality through each stage of investigation.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

These requirements are covered in the Supplier Code of Conduct.

10. Assessments of the year

Aspects	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	
Forced labour	
Sexual harassment	100%
Discrimination at workplace	
Wages	

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

No concerns were raised from the assessments, hence there are no corrective actions taken or needed.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

No such grievances/complaints have been reported on Human Rights violations.

2. Details of the scope and coverage of any Human rights due diligence conducted.

During the year, the Company has not conducted Human Rights Due Diligence. However, the Company covers protection of Human Rights through various assessments conducted.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, all premises and offices are accessible to differently abled visitors.

4. Details on assessment of value chain partners:

Upholding Human Rights is critical to the Company's business. Internal vigilance is maintained to ensure the prevention of discrimination and conduct of operations in a fair and transparent manner.

The Company considers factors related to the workplace and amenities offered by the Vendor to its employees during the vendor assessments, which aid in determining the well-being of those employees.

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Nil

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity:

Parameter	Unit	FY 2023-24	FY 2022-23
From renewable sources (in gigajoules)			
Total electricity consumption (A)	GJ		
Total fuel consumption (B)	GJ	-	-
Energy consumption through other sources – Solar (C)	GJ	1,442	1,528
Total energy consumption from renewable sources (A+B+C) (GJ)	GJ	1,442	1,528
From non - renewable sources (in gigajoules)			
Total electricity consumption (D)	GJ	6,464	4,152
Total fuel consumption – DG Sets, Diesel from Company Owned vehicles (E)	GJ	1,503	18,288
Energy consumption through other sources – Total fuel consumption - DG Sets, Diesel from Company Owned vehicles, Diesel and Furnace Oil for Boiler (E)	GJ	25,905	18,303
Total energy consumption from non - renewable sources (D+E+F) (GJ)	GJ	33,872	40,743
Total energy consumption (A+B+C+D+E+F) (GJ)	GJ	33,872	42,325
Energy intensity per rupee of turnover (Total energy consumption in GJ/ Revenue from operations)	GJ/Cr (INR)	38	48
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	GJ/Cr adjusted for PPP PPP for India is taken as 22.4 for FY 24 & 22.17 for FY23 Source: IMF	1.69	2.16
Energy intensity in terms of physical output	-	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity			

We have reduced Furnace Oil consumption as compared to last year

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There is no Independent Assessment done.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable.

3. Provide details of the following disclosures related to water

Parameter	Unit	FY 2023-24	FY 2022-23
Water withdrawal by source (in kiloliters)			
(i) Surface water	KL	33,365	34,336
(ii) Groundwater	KL	-	-
(iii) Third party water (Municipal water supplies)	KL	-	-
(iv) Seawater / desalinated water	KL	-	-
(v) Others	KL	-	-
Total volume of water withdrawal (in kiloliter) (i + ii + iii + iv + v)	KL	33,365	34,336
Total volume of water consumption (in kiloliter)	KL	33,365	34,336
Water intensity per Cr. rupee of turnover (Water consumed / turnover)	KL/Cr (INR)	35.47	39.03
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	KL/Cr adjusted for PPP for India is taken as 22.4 for FY 24 & 22.17 for FY23 Source: IMF	1.58	1.76
Water intensity in terms of physical output	-	-	-
Water intensity (optional) – the relevant metric may be selected by the entity			

SHK has an approval from the irrigation department for withdrawal of Surface water.

- Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

4. Provide the following details related to water discharged:

Parameter	Unit	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)			
(i) Surface water	KL		
No treatment	KL		
With treatment – please specify the level of treatment	KL		
(ii) Ground water	KL		
No treatment	KL		
With treatment – please specify the level of treatment	KL		
(iii) Sea water	KL		
No treatment	KL		
With treatment – please specify the level of treatment	KL		

Parameter	Unit	FY 2023-24	FY 2022-23
(iv) Sent to third parties	KL		
No treatment	KL		
With treatment – please specify the level of treatment	KL		
(v) Others	KL		
No treatment	KL		
With treatment – please specify the level of treatment	KL		
Total water discharged (in kilolitres)	KL		

- Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

SHK's Vashivali plant is a Zero Liquid Discharge unit. SHK has improved its effluent system by installing a Multi-effect Evaporator (MEE) and Reverse Osmosis (RO) Plant.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
NOx	tones/annum	0.001	1.16
Sox	tones/annum	0.001	0.4178
Particulate matter (PM 10)	tones/annum	-	0.0088
Persistent organic pollutants (POP)	tones/annum	-	-
Volatile organic compounds (VOC)	tones/annum	-	-
Hazardous air pollutants (HAP)	tones/annum	-	-
Others – CO	tones/annum	0.0004	0.290

- Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

There is no Independent Assessment done.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Scope 1	Metric tons of CO₂ equivalent	181.87	1627.38
Scope 2	Metric tons of CO₂ equivalent	1285.63	1607.72
Total	Metric tons of CO₂ equivalent	1467.50	3235.10
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tons of CO₂ equivalent /Cr (INR)	1.56	3.72

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tons of CO₂ equivalent /Cr adjusted for PPP PPP for India is taken as 22.4 for FY 24 & 22.17 for FY23 Source: IMF	0.07	0.16
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

The Scope 1 and Scope 2 calculations are from the electricity and fuel usage. Further, Scope 1 and 2 calculations are undertaken using guidelines and emissions factors prescribed by globally accepted standards - USEPA guideline, applicable guidelines of GHG Protocol.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There is no Independent Assessment done.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, we have replaced the boiler at our manufacturing unit to state-of-the-art bio-based briquette boiler that is fitted with a dust collector, thus eliminating particulate discharge and reducing our CO₂ emissions.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	3	0
E-waste (B)	0	0.2
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	NA	NA
Battery waste (E)	11.6	6.4
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)		
ETP Sludge & Residue (MT)	27	78
Discarded Barrels	1,373	1,100
Other Non-hazardous waste generated (H).		
Corrugated box, Wooden Scrap, MS scrap, Glass (MT)	123	76
Total (A+B + C + D + E + F + G + H)	1537.6	1260.6
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	1.63	1.45

Parameter	FY 2023-24	FY 2022-23
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) PPP for India is taken as 22.4 for FY 24 & 22.17 for FY23 Source: IMF	0.07	0.06
Waste intensity in terms of physical output		
Waste intensity (optional) – the relevant metric may be selected by the entity		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category		
(i) Recycled		
Corrugated Box, MS Scrap, Wooden scrap, Glass –(MT)	123	76
Hazardous Waste Discarded Barrels (MT)	1,373	1,100
E-waste	0	0.2
(ii) Re-used		
(iii) Other recovery operations		
Total	1496	1176.2
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	41.6	84.4
Total	41.6	84.4

Note: We have calculated and updated the total waste from battery and discarded barrels for the current and previous year

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There is no Independent Assessment done.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Hazardous waste generated is treated by chemical, thermal, biological, physical methods. Chemical methods include ion exchange, precipitation, oxidation and reduction, and neutralization.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details:

Not Applicable. The company does not have any offices or manufacturing facility in the vicinity of any ecologically sensitive area.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable. The Company has no operations/offices in/around ecologically sensitive areas..

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

The Company is compliant with all applicable environmental laws/ regulations/ guidelines and there were no non-compliances.

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

(i) Name of the area: Nil

(ii) Nature of operations: Nil

(iii) Water withdrawal, consumption and discharge in the following format:

The Company does not withdraw, consume or discharge water in areas of water stress.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

The Company has calculated its Scope 1 and 2 emissions and has not calculated its Scope 3 emissions.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

The Company has no operations/offices in/around ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative Take	Details of Initiative	Outcome of the initiative
1	Manual Blending	Residual fragrance oils remaining after production are gathered and are sent to the Effluent Treatment Plant (ETP) as part of the vessel cleaning process.	Reductions in Chemical Oxygen Demand (COD) load entering the effluent. Decreased consumption of alfo date soap solution. Reduced operational costs of ETP through load reduction.
2	Green Initiative to reduce calorific value (CV)	ETP chemical sludge having high CV >2500 cal/gm this results our sludge getting disposed off by incineration method instead of landfilling. Started use to mix 10% lime powder as a stabilizer in ETP sludge to reduce the CV (<2500 cal/gm)	Reduce the incineration sludge by 10.9 MT (i.e. 70% against last FY)
3	Green Initiative to reduce Energy consumption	Air blower removed and addition air provided from ETP's blowers	Reduce the energy consumption by 19272 Units/ Year
4	Total Dissolved Solids (TDS) reduction at source	All the washing layers are send to ETP directly for further treatment Segregation of the high TDS washing layer Neutralize the layer by use alkaline & acidic washing layer	Distilled out high TDS stream by neutralizing - 120 MT in the reporting financial year, i.e. 2023-24

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company has an established standard disaster management and business continuity plan that guarantees resiliency in business operations and the highest level of safety for employees and assets. The Company makes sure its employees are regularly trained by conducting mock drills and disaster management training for any emergencies. The Company makes sure to adhere to all applicable rules, laws, and standards. The Company has also identified and placed methods for resource allocation, and it constantly analyses client needs by improving internal systems, capabilities, etc.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not Applicable.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Most of the value chain partners are assessed for environmental impacts.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

SHK, actively participates in various industry and business associations. In total the Company has more than 10 affiliations with trade and industry chambers/associations.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (International/National/State)
1	IFRA (International Fragrance Association)	International
2	European Federation of Essential Oils	International
3	International Federation of Essential Oils and Aroma Trades	International
4	FAFAI (Fragrance and Flavours Association of India)	National
5	Quality Circle Forum Of India	National
6	National Safety Council (NSC)	National
7	Indian Chemical Council	National
8	CHEMEXIL	National
9	Patalganga & Rasayani Industries Association	State
10	Bombay Chamber of Commerce & Industry	State
11	Mulund Kurla MARG (Mutual Aid Response Group)	State
12	Maharashtra Economic Development Council	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

There are no corrective action taken or underway on any issues based on orders from authorities with respect to anti-competitive conduct.

Leadership Indicators

1. Details of public policy positions advocated by the entity :

Nil

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

There are no Projects in the financial year 2023-24 that attracts the requirements of Social Impact Assessment.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

There are no projects in the financial year 2023-24 that attracts the requirements of Rehabilitation and Resettlement.

3. Describe the mechanisms to receive and redress grievances of the community.

Yes, the Company has formalized a Grievance Redressal Policy that forms a transparent and fair redressal system that is easily accessible to all Stakeholders. The Policy clearly lays out the process to be followed by a Stakeholder to raise a grievance for redressal. More details can be accessed here: <https://keva.co.in/investor-updates/#92-178-policies>

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	17.1%	20.8%
Sourced directly from within the district and neighboring districts	57.67%	68.66%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	3.9%	4.3%
Semi-urban	-	-
Urban	0.2%	0.3%
Metropolitan	95.9%	95.4%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

There are no projects in aspirational districts.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

Yes, SHK does have a procurement preference in place. SHK works with local farmers to obtain some of the raw materials for fragrances. SHK actively takes steps towards training farmers and providing them with support on growing crops for fragrances and essential oils.

(b) From which marginalised/vulnerable groups do you procure?

SHK thinks beyond business and undertakes various initiatives to improve the lives of the lower socio-economic sections of the society. The Company takes steps towards procuring raw materials from farmers.

(c) What percentage of total procurement (by value) does it constitute?

SHK procures raw materials from farmers in the district and neighboring districts. Most of these farmers are from marginalised /vulnerable groups. Company procures an approximate of 30% of its raw materials from farmers in the district and neighboring districts.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Company owns various Intellectual Property based on traditional knowledge. Company has developed 10 molecules and filed various patent applications in respect of molecules, systems and processes.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable.

6. Details of beneficiaries of CSR Projects:

Please share details of CSR activities for the current year.

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Sports empowerment by providing sponsorship	140	-
2	Supporting school and infrastructure facilities	120	100%
3	Partnering with programmes for empowerment of women and children's education	280	100%
4	Supporting school infrastructure facilities at Vidya Mandir, Kolhapur.	500	100%
5	Engagement of Apprentices	70	100%
6	Infrastructure development - Support for construction of facility centre for villagers	250	100%
7	Infrastructure development - Construction of water tank for villagers in Lohop (PHC)	750	100%
8	Construction of toilets for female students in Janata Vidhyalaya School in Mohopada	50	100%
9	Providing computer for ZP school in Turade	50	100%
10	Shed / upgradation of infrastructure for ZP School at Vashivali	50	100%
11	Upgradation of ZP School - Vashivali gaon	75	100%
12	Books distribution	1000	100%
13	E Class room for Vadgaon ZP School	79	100%
14	Partnering for Climate Shala - a programme to empower children to become advocates for climate action and social justice and to contribute to well - being of our planet	370	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner
Essential Indicators
1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Yes, the Company has a mechanism in place to receive and respond to consumer complaints and feedback. The Company has formalized a Grievance Redressal Policy that forms a transparent and fair redressal system that is easily accessible. The Policy clearly lays out the process to be followed by any Stakeholder to raise a grievance for redressal. More details can be accessed here: <https://keva.co.in/investor-updates/#92-178-policies>

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

Note: Most of the products are directly sold to other businesses. SHK updates all products with Safe and responsible usage information as well as the Material Safety Sheet mentions details with regard to recycling and safe disposal.

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	105	0	Other includes - Transport, QC, Packing, Dispatch, Blending, Procurement, System, Agent, Customer.	151	0	Other includes - Transport, QC, Packing, Dispatch, Blending, Procurement, System, Agent, Customer.

Note: Complaints listed under others represent complaints from Vendors. SHK is a Business-to-Business Company.

4. Details of instances of product recalls on account of safety issues:

Aspect	Number	Reason for Recall
Voluntary recall /Mock recall	0	NA
Forced recall	0	NA

Note: There have been no product recalls in the Financial Year 2023-2024.

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has a policy on Cybersecurity, Link - <https://keva.co.in/investor-updates/#92-178-policies>.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Yes. SHK provides information as per the laws of the specific country and the company also conducts survey with regard to consumer satisfaction. There are no issues with respect to advertising, cyber security and data privacy of customers.

7. Provide the following information relating to data breaches:

- Number of instances of data breaches
- Percentage of data breaches involving personally identifiable information of customers
- Impact, if any, of the data breaches

There have been no incidents of data breaches in the financial year 2023-2024.

Leadership Indicators
1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The Company has a website which provides all necessary information on the products and services. Further details can be found at: <https://keva.co.in/investor-updates/#92-178-policies>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

SHK provides the Safety data sheets and technical data sheets to all its customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

SHK does not deal with any essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. SHK provides information as per the laws of the specific country and the company also conducts survey with regard to consumer satisfaction.

5. Provide the following information relating to data breaches:

- Number of instances of data breaches along-with impact
- Percentage of data breaches involving personally identifiable information of customers

There have been no data breaches.

INDEPENDENT AUDITOR'S REPORT

To The Members of **S H Kelkar and Company Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of S H Kelkar and Company Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 52 of the consolidated financial statements, which describes subsequent to the year end the effects of a fire in the Parent Company's production facilities. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of goodwill in consolidated financial statements (Refer note 2.3 (k) and note 7 to the Consolidated Financial Statements)

The Group's assessment of impairment in carrying value of goodwill relating to Creative Flavours and Fragrances SpA and Holland Aromatics BV (CGUs) amounting to Rs. 268.44 crores involves significant management estimates and judgements relating to forecast of future revenues, operating margins and discount rates while determining the recoverable value using discounted cash flow method.

Considering the judgement required for estimating the cash flows and the key assumptions used, this has been considered as a key audit matter.

Principal audit procedure performed:

- Tested the design, implementation and operating effectiveness of key controls over impairment assessment of goodwill.
- Evaluated the reasonableness of key assumptions and inputs in the cash flow forecasts (including revenue, operating margin, discount rate) considering the current economic scenario, understanding of the business, retrospective review of prior year's forecast against actual results and inputs from internal valuation specialists.
- Assessed the sensitivity of the outcome of impairment assessment in response to changes in the key assumptions.
- Evaluated adequacy of the related disclosures in the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, Report on Corporate Governance, and Business Responsibility report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement,

whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of 8 subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 1,186.41 crores as at March 31, 2024, total revenues of Rs. 922.88 crores and net cash outflow amounting to Rs. 0.19 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

One of the subsidiary located outside India whose standalone financial information have been prepared by its management in accordance with accounting principles generally accepted in its country and was audited by the

other auditor under generally accepted auditing standards applicable in that country. The Parent's management has converted the audited standalone financial statements of the aforesaid subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary located outside India, is based on the report of other auditor, our audit of the conversion adjustments prepared by the Management of the Company and the procedures performed by us as stated in Opinion paragraph above.

- (b) We did not audit the financial information of 4 subsidiaries, whose financial statements reflect total assets of Rs. 185.20 crores as at March 31, 2024, total revenues of Rs. 1.45 crores and net cash outflow amounting to Rs. 0.10 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, 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 above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
 - 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.
 - 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, except for not complying with the requirement of audit trail as stated in (i)(vi) below.

- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- On the basis of the written representations received from the directors of the Parent as on March 31, 2024 taken on record by the Board of Directors of the Company and the reports of the subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above.
- With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.
- With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to their directors during the year is in accordance with the provisions of section 197 of the Act.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 40 to the consolidated financial statements.
- ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 45 to the consolidated financial statements.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.
- iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, as disclosed in the note 56 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities.
- (b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, as disclosed in the note 56 to the consolidated financial statements, no

funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities.

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The final dividend proposed in the previous year, declared and paid by the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with section 123 of the Act, as applicable.
- The interim dividend paid by the Parent Company and its subsidiary during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
- vi) Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries and based on the other auditor's reports of its subsidiary companies incorporated in India whose financial statements have been audited under the Act, the Parent and its subsidiary companies incorporated in India have used accounting softwares for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s) except that, audit trail feature is not enabled at database level to log any direct changes. (Refer Note 58 to the consolidated financial statements).

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in clause (xii) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/"the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in

the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualification or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

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

Falguni Bhor
(Partner)

(Membership No. 111787)
(UDIN 24111787BKGYS1732)

Place: Mumbai
Date: May 27, 2024

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of S H Kelkar and Company Limited (hereinafter referred to as "Parent") and its subsidiary companies, incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31st March, 2024, based on the criteria for internal financial control with reference to

consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 4 subsidiary companies which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Falguni Bhor

(Partner)

(Membership No. 111787)

(UDIN 24111787BKGYGS1732)

Place: Mumbai

Date: May 27, 2024

Consolidated Balance Sheet

as at 31 March 2024

	Note	(₹ in crores)	
		As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4A	369.72	332.89
Capital work-in-progress	4B	6.95	22.23
Right of use asset	5	49.01	53.71
Investment Property	6	0.55	0.56
Goodwill	7	304.72	302.88
Other intangible assets	8	209.27	223.81
Intangible assets under development	9	5.83	4.20
Financial assets			
- Investments	10	0.02	0.02
- Other financial assets	12	13.79	11.50
Deferred tax assets (net)	39	21.77	20.18
Non-current tax assets (net)	38	53.31	41.16
Other non-current assets	13	4.41	2.36
Total non-current assets		1,039.35	1,015.50
Current assets			
Inventories	14	656.87	603.11
Financial assets			
- Investments	15	9.57	23.00
- Trade receivables	16	489.60	438.23
- Cash and cash equivalents	17	100.06	63.54
- Other bank balances	18	3.01	3.68
- Loans	11	3.45	5.89
- Other financial assets	12	2.65	0.86
Other current assets	13	97.89	68.21
Total current assets		1,363.10	1,206.52
TOTAL ASSETS		2,402.45	2,222.02
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	138.42	138.42
Other equity	20	1,074.39	925.96
Equity attributable to owners of the Company		1,212.81	1,064.38
Non-controlling interests		1.38	38.26
Total equity		1,214.19	1,102.64
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	21	173.05	318.89
- Lease Liabilities	22	31.75	39.39
- Other financial liabilities	23	0.57	0.57
Provisions	24	1.42	1.18
Deferred tax liabilities (net)	39	47.36	50.67
Total non-current liabilities		254.15	410.70
Current liabilities			
Financial liabilities			
- Borrowings	25	443.87	247.12
- Lease Liabilities	22	17.12	14.55
- Trade payables			
- total outstanding dues of micro enterprises and small enterprises	26	28.22	20.03
- total outstanding dues of creditors other than micro enterprises and small enterprises	26	326.91	345.07
- Other financial liabilities	27	42.68	28.33
Provisions	24	19.14	16.48
Current tax liabilities (net)	38	19.34	1.55
Other current liabilities	28	36.83	35.55
Total current liabilities		934.11	708.68
Total Liabilities		1,188.26	1,119.38
TOTAL EQUITY AND LIABILITIES		2,402.45	2,222.02
Material accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-61		

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
27 May 2024

Consolidated Statement of Profit and Loss

for the year ended 31 March 2024

	Note	(₹ in crores)	
		Year ended 31 March 2024	Year ended 31 March 2023
Income			
Sales	29	1,847.91	1,603.92
Sales - Contract manufacturing	29	73.83	72.98
Other operating income	29	8.25	9.62
Revenue from operations	29	1,929.99	1,686.52
Other income	30	6.03	11.81
Total income		1,936.02	1,698.33
Expenses			
Cost of materials consumed	31	979.62	929.38
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	38.83	9.44
Contract manufacturing cost of goods sold	31	62.00	65.86
Employee benefits expense	33	251.58	211.80
Finance costs	34	41.26	23.89
Depreciation and amortisation expense	35	89.31	80.45
Other expenses	36	291.12	252.72
Total expenses		1,753.72	1,573.54
Profit before share of loss in Joint venture (net of tax), exceptional items and tax		182.30	124.79
Share of (Loss) in Joint Venture (net of tax)	9	-	(0.16)
Profit before exceptional items and tax		182.30	124.63
Exceptional items			
- Exceptional Gain/(loss)	49	-	(20.27)
Profit before tax		182.30	104.36
Tax expense			
Current tax	38	65.52	38.28
Prior years tax		(0.30)	2.86
Deferred tax charge	39	(6.47)	0.27
Profit for the year		123.55	62.95
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses) on defined benefit obligation (net)		(1.23)	(0.95)
Income tax credit related to items that will not be reclassified to profit or loss		0.31	0.23
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		6.93	1.47
Other Comprehensive Income for the year		6.01	0.75
Total Comprehensive Income for the year		129.56	63.70
Profit attributable to:			
Owners of the Parent		122.42	61.17
Non-controlling interests		1.13	1.78
Other Comprehensive Income attributable to:			
Owners of the Parent		6.11	0.04
Non-controlling interests		(0.10)	0.71
Total Comprehensive Income attributable to:			
Owners of the Parent		128.53	61.21
Non-controlling interests		1.03	2.49
Earnings per equity share (Nominal value of ₹10 each, fully paid-up)	37		
Basic earnings per share (₹)		8.93	4.53
Diluted earnings per share (₹)		8.93	4.53
Material accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-61		

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Mumbai
27 May 2024

Consolidated Statement of Cash Flow

for the year ended 31 March 2024

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
A. Cash flows from operating activities		
Profit before tax from continuing operations	182.30	104.36
Adjustments for :		
Depreciation and amortization	89.31	80.45
Exceptional Item (Refer note 49)	-	20.27
Interest income	(1.71)	(0.92)
Dividend Income	-	(0.03)
(Profit) on sale of investment at FVTPL (Mutual Fund)	(1.24)	(1.38)
(Profit)/Loss on sale of Property Plant and Equipment, Investment Property, Intangible assets	0.94	(7.23)
Inventory write down	0.57	1.21
Insurance claim received	(1.41)	-
Finance cost	41.26	23.89
Provision/ (Reversal) on trade and other receivables	3.30	(1.27)
Liabilities no longer required written back	(0.78)	(1.81)
Remeasurement of defined benefit liability	-	(0.72)
Bad debts written off	1.11	0.61
(Gain)/Loss on Financial assets at FVTPL (Derivatives)	(0.49)	0.61
Loss/(Gain) on Foreign exchange (net)	2.65	(0.03)
Share of loss in joint venture (net of tax)	-	0.16
Operating profit before working capital changes	315.81	218.17
Changes in working capital		
(Increase)/ Decrease in trade and other receivables	(65.71)	33.66
Decrease in loans and advances	1.17	9.69
(Increase) in inventories	(54.15)	(48.23)
(Increase) / Decrease in other current assets	(31.62)	17.20
(Increase) / Decrease in Non current assets	(2.57)	7.83
Increase / (Decrease) in trade and other payables	5.20	(3.62)
(Decrease)/ Increase in Provision	(1.19)	1.09
Net change in working capital	(148.87)	17.62
Cash flows generated from operating activities before taxes	166.94	235.79
Direct taxes paid (net)	(59.48)	(39.12)
Net cash flows generated from operating activities (A)	107.46	196.67
B. Cash flows from investing activities		
Purchase of Property, plant and equipment, investment property and intangibles assets (Including Capital work in progress and intangible assets under development)	(60.94)	(68.80)
Proceeds from sale of Property, plant and equipment and investment property	0.25	20.65
Net proceeds from sale of / (investment in) mutual funds	15.05	(21.62)
Decrease/(Increase) in other bank balances	0.67	(0.41)
Proceeds from sale of equity shares of Joint Venture	-	1.00
Payment for acquisition of non-controlling interest (Refer note 53)	(39.14)	(36.59)
Interest received	1.69	2.58
Dividend received	0.65	0.27
Net cash flows (used in) investing activities (B)	(81.77)	(102.92)
C. Cash flows from financing activities		
Proceeds from Long term borrowings	-	11.14
Repayment of Long term borrowings	(45.48)	(50.28)
Proceeds of Short term borrowings	304.45	306.63
Repayment of Short term borrowings	(215.24)	(384.12)
Payment of lease obligations (including interest)	(21.74)	(19.98)
Proceeds from sale of Treasury Shares by Employee Benefit Trust (Refer note 48 (a))	49.14	-
Dividend Paid	(29.43)	(18.74)
Increase in Non Controlling Interest	0.39	0.36
Finance cost paid	(33.90)	(19.85)
Net cash flows generated from financing activities (C)	8.19	(174.84)
D. Net (Decrease)/increase in cash and cash equivalents (A + B + C)	33.88	(81.09)
E. Cash and cash equivalents at the beginning of the year	(57.42)	30.74

Consolidated Statement of Cash Flow (Continued)

for the year ended 31 March 2024

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
F. Effect of exchange rate changes on cash and cash equivalents	(1.76)	(7.07)
G. Cash and cash equivalents at the end of the year (D+E+F+G)	(25.30)	(57.42)
Cash and cash equivalents (end of the year)		
Cash and cash equivalents comprise of :		
Balances with banks in -		
current accounts	64.41	48.23
exchange earners foreign currency account	35.53	15.16
Cash on hand	0.12	0.15
Cash and cash equivalents at the end of the year	100.06	63.54
Bank overdraft	(125.36)	(120.96)
Total Cash and cash equivalents	(25.30)	(57.42)

Notes:

1. Debt reconciliation statement in accordance with INDAS 7

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
Opening balances		
Long-term borrowing (excluding Finance Lease obligation)	318.89	363.02
Short-term borrowing(excluding bank overdraft)	126.16	180.41
Lease liabilities	53.94	66.09
Cash flows		
Long-term borrowing net (excluding Finance Lease obligation) (net)	(45.48)	(39.14)
Short-term borrowing net	89.21	(77.49)
Lease Liabilities	(21.74)	(19.98)
Non-cash changes		
Foreign exchange movement (Long term borrowing)	(10.51)	(4.99)
Foreign exchange movement (Short term borrowing)	13.29	9.81
Net addition in lease liability	16.67	7.83
Current maturities of Long term borrowings reclassified to short term borrowings	(89.85)	(13.43)
Closing balances		
Long-term borrowing (excluding Finance Lease obligation)	173.05	318.89
Short-term borrowing(excluding bank overdraft)	318.51	126.16
Lease Liabilities	48.87	53.94

2. The above Consolidated Statement of Cash flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (IND AS 7) - "Statement of Cash Flows".

3. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition)

Material accounting policies

1-3

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

4-61

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Mumbai
27 May 2024

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Consolidated Statement of Changes in Equity

for the year ended 31 March 2024

											₹ in crores)		
											31 March 2024	31 March 2023	
(a) Equity share capital													
Opening balance as at											138.42	138.42	
Changes in equity share capital during the year (refer note 19)											-	-	
Closing balance as at											138.42	138.42	
(b) Other equity													
	Attributable To The Equity Holders Of The Company									Non-Controlling Interests	Total Equity		
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Stars Reserves	Other Reserves	Foreign Currency Translation Reserve	Treasury Shares			Total Other Equity Attributable To Owners Of The Company	
Balance at 01 April 2023	17.07	99.70	6.20	104.96	749.59	(0.02)	8.77	10.78	(71.09)	925.96	38.26	964.22	
Total Comprehensive Income for the year ended 31 March 2024													
- Profit for the year											122.42	1.13	123.55
- Remeasurement gain/(losses) on defined benefit obligation (net)											(0.92)	(0.92)	(0.92)
- Exchange differences in translating the financial statements of foreign operations											7.03	(0.10)	6.93
Total Comprehensive Income for the year	-	-	-	-	121.50	-	-	7.03	-	128.53	1.03	129.56	
Contributions and distributions													
Dividends received											0.65	0.65	0.65
Dividends paid											(27.68)	(1.75)	(29.43)
Others													
Adjustment on account of acquisition of NCI Share (Refer note 53)											(1.73)	(37.02)	(38.75)
Sale of Shares to NCI											(0.48)	0.86	0.38
Sale of equity (star reserve) (Refer note 48 (a))											(21.95)	71.09	49.14
Balance as at 31 March 2024	17.07	99.70	6.20	104.96	841.20	(21.32)	8.77	17.81	-	1,074.39	1.38	1,075.77	
(₹ in crores)													
Balance at 01 April 2022	17.07	99.70	6.20	104.96	699.52	(0.27)	8.77	10.02	(71.09)	874.88	80.35	955.23	
Total Comprehensive Income for the year ended 31 March 2023													
Profit for the year	-	-	-	-	61.17	-	-	-	-	61.17	1.78	62.95	
- Remeasurement gain/(losses) on defined benefit obligation (net)	-	-	-	-	(0.72)	-	-	-	-	(0.72)	-	(0.72)	
- Exchange differences in translating the financial statements of foreign operations	-	-	-	-	-	-	-	0.76	-	0.76	0.71	1.47	
Total Comprehensive Income for the year	-	-	-	-	60.45	-	-	0.76	-	61.21	2.49	63.70	
Contributions and distributions													
Dividends received	-	-	-	-	-	0.25	-	-	-	0.25	-	0.25	
Dividends paid	-	-	-	-	(10.38)	-	-	-	-	(10.38)	(8.35)	(18.73)	
Others													
Adjustment on account of acquisition of NCI Shares	-	-	-	-	-	-	-	-	-	-	(36.23)	(36.23)	
Balance at 31 March 2023	17.07	99.70	6.20	104.96	749.59	(0.02)	8.77	10.78	(71.09)	925.96	38.26	964.22	
Material accounting policies											1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.											4-61		

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Notes to the consolidated financial statements

for the year ended 31 March 2024

1 Company and Group overview

S H Kelkar and Company Limited ('SHK' or 'the parent') was incorporated under the provisions of the Companies Act, 1913, and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400002. The parent has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These Consolidated Financial Statements comprise the parent along with its subsidiaries, collectively referred to as 'the Group'. The Group is 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

These Consolidated Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 ("the Act").

The Consolidated Financial Statements for the year ended 31 March 2024 have been proposed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 27 May, 2024."

2.2 Basis of measurement

(i) These Consolidated Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

(ii) The accounting policies have been applied consistently over all the periods presented in these Consolidated Financial Statements.

(iii) These Consolidated Financial Statements are presented in Indian rupees, which is also the Group's functional currency. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise indicated.

2.3 Use of estimates and judgements

The preparation of the Consolidated Financial Statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported

amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

In particular, information about areas of estimation uncertainty and judgments in applying accounting policies that have the effect on the amounts recognised in the financial statements are included as follows:

a. Classification of Lease under Ind AS 116

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

b. Deferred Tax Assets:

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which deferred tax asset can be utilized. The Group reviews at each balance sheet date the carrying amount of deferred tax assets.

c. Contingencies

The computation of a provision or contingent liability requires significant judgement by the Group because of the inherent complexity in estimating future costs. The amount recognised as a provision is the best estimate of the expenditure. The provisions and contingent liabilities

Notes to the consolidated financial statements

for the year ended 31 March 2024

are subject to changes in the outcomes of litigations and claims and the positions taken by the Group. It involves significant judgement and estimation to determine the likelihood and timing of the cash outflows and interpretations of the legal aspects, tax legislations and judgements previously made by authorities.

d. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds/investments correspond to the probable maturity of the post-employment benefit obligations. The same is disclosed in note no 43

e. Loss allowances on trade and other receivables

The Group makes loss allowances based on an assessment of the recoverability of trade and other receivables. The identification of loss allowance requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and loss allowance expenses in the period in which such original estimate has been changed.

f. Fair value measurement of financial instruments

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

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

h. Impairment losses on investment

The Group 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.

i. Business combinations and intangible assets

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

j. Useful Lives of Property, Plant & Equipment and Intangible Assets

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

k. Impairment of Goodwill

The Group estimates the value-in-use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

2.4 Current / non-current classification

The Group presents assets and liabilities in the Balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading

Notes to the consolidated financial statements

for the year ended 31 March 2024

- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

3 Material accounting policies

3.1 Revenue

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved. Revenue excludes taxes collected from customers on behalf of the government. Due to the short nature of credit period given to customers, there is no financing component in the contract or is agreed with the customer."

Sale of products

Revenue from sale of products is recognised when upon the transfer of control of promised goods have been transferred to the customers in at an amount that reflects the consideration which the Group expects to receive in exchange for those goods. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract/agreed with parties. Revenue from the sale of goods is recognised at the

point in time when control is transferred to the customer. Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation."

Rental income

Rental income (including income from sub-leasing), included under other operating income, is recognised on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Technical know how are recognised on accrual basis."

Export incentives

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

3.2 Foreign currency

Foreign currency transactions initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Consolidated Statement of Profit and Loss. Transactions in foreign currencies are translated into the Group's functional currency at the exchange rates at the dates of the transactions.

Measurement of foreign currency items at reporting date: Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are not translated. Exchange differences arising out of these translations are recognized in the Consolidated Statement of Profit and Loss. For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations (having non-INR functional currency) are translated to Indian rupees at the exchange rate prevailing on the balance sheet date, Income and expenses items

Notes to the consolidated financial statements

for the year ended 31 March 2024

are translated at the average rate of exchange for the respective months. Exchange differences arising on such translation are recognised as currency translation reserve under equity.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations payable wholly within twelve months of rendering the service are measured on an undiscounted basis and are recognized in the period in which the employee renders the related service. These benefits include bonus and other employee benefits. A liability is recognised for the amount expected to be paid if the Group 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 Group makes specified monthly contributions to Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense 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.

If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

ii. Defined benefit plans

The Group's provident fund is managed by the trust set up by the Group. 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. The Group makes specified monthly contributions towards employee provident fund.

The Group'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, 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 recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs."

Gratuity

The Group have an obligation towards gratuity, a defined benefit scheme covering eligible employees.

Notes to the consolidated financial statements

for the year ended 31 March 2024

The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Also, for certain entities in India the Group's Gratuity fund is managed by the trust set up by the parent and for other entities it is managed by LIC of India.

Provident fund trust

Eligible employees of the parent receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the parent. Both the employee and the parent in India make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Accordingly, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. An obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

Other long-term employee benefits

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Group determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss).

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group 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 have right to receive payment is established.

3.5 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities. Current tax also includes any tax arising from dividends.

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

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax

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

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

Notes to the consolidated financial statements

for the year ended 31 March 2024

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group 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:

- the Group have a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Company.

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:

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

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for the year ended 31 March 2024

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.

iii. Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

iv. Depreciation

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

Assets acquired under leases, including leasehold improvements are depreciated over the lease terms. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Life Defined	Useful Life as per Schedule II
Building	3-60 years	3-60 years
Computers & other IT assets	3-6 years	3-6 years
Plant & machinery	5-20 years	8-20 years
Research & development-equipments	10-15 years	10-15 years
Electric installation	10 years	10 years
Office equipments	5 years	5 years
Furniture and fixtures	10 years	10 years
Motor cars & vehicles	8 years	8 years
Motor cars under lease	4-5 years	4-5 years
Office equipments under lease	2-5 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:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business is recognized as Investment Property in the books and is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

ii. Subsequent expenditure

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

iii. Depreciation

Depreciation is provided on all Investment Property on straight line basis, based on useful life of the assets determined in accordance with para 3.7 (iv) above. The estimated useful lives, 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 6.

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for the year ended 31 March 2024

3.10 Intangible assets

i. Recognition and measurement

Internally generated: Research and development

Expenditure on research activities is recognised in the Consolidated Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and sell the asset.

Otherwise, it is recognised in Consolidated Statement of Profit 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 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:

Intangible Assets	Useful Life
Computer Software	5-6 years
Formulations	5-10 years
Formulations (internally generated)	3 years
Customer relationships	5-10 years
Non-compete fees	non-compete period
Brand	5 years
Licences (Reach cost)	10 years
Patent and trade marks	5 years
Technical Know how	10 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 becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss(FVPTL), transaction cost that are directly attributable to its acquisition or issue (However trade receivables that do not contain a significant financing component are measured at transaction price).

ii. Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group 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

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- 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 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 may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Consolidated Statement of Profit and Loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Consolidated Statement of Profit and Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the Consolidated Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On 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 derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognized in the Consolidated Statement of Profit and Loss.

v. Impairment of financial assets:

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

- i. Trade receivables and lease receivables
- ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not

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for the year ended 31 March 2024

increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

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

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

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

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

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

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

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value minus, for an item not at fair value through

profit and loss(FVTPL), transaction cost that are directly attributable to its acquisition or issue.

ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Consolidated Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Consolidated Statement of Profit and Loss.

iii. Derecognition

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

iv. Offsetting

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

c. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the Consolidated Statement of Profit and Loss.

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3.12 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

3.13 Leases

Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

The Group recognises right-of-use asset representing its right to use (RoU) the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses incremental borrowing rate. For leases with reasonably similar characteristics, the 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, 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 Consolidated 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 the Consolidated Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Group is reasonable certain to exercise. Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the Consolidated Statement of Profit and Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

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Short-term leases and leases of low-value assets :

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Group as Lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

3.14 Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets under development is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss. Impairment loss recognised in respect of CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets of the CGU or group of CGUs on pro-rata basis. In respect of the assets for which impairment loss has been recognised in prior periods, the Group reviews at each

reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.15 Cash and cash equivalents

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

For the purpose of the Consolidated Statement of Cash Flow, 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 cash management.

3.16 Employee Stock Appreciation Rights Scheme:

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

3.17 Events after Reporting date

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

3.18 Earnings per Share (EPS)

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Group 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.

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3.19 Basis of consolidation

i. Business combinations

In accordance with Ind AS 103, the Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has ability to produce outputs.

The consideration transferred for the business combination is measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve.

Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are recognised in the Consolidated Statement of Profit and Loss.

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

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

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at their fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) or combination of CGUs, that are expected to benefit from the combination. A CGU is the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

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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. 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 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 member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent, i.e., year ended on 31st March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date

Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-Group transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-Group transactions.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from 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 of impairment.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The list of companies, controlled directly or indirectly by the parent which are included in the Consolidated Financial Statements are set out in Note no. 47.

3.20 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company/Group.

Notes to the consolidated financial statements

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4A Property, plant and equipment

Block of asset	Gross Block			Accumulated Depreciation			Net Block	
	As at 1 April 2023	Additions during the year	Disposals/Reclassification impact during the year	As at 1 April 2023	Reclassification/Adjustment during the year	Charge for the year	As at 31 March 2024	As at 31 March 2023
Freehold land	25.01	-	0.02	-	-	-	25.03	25.01
Buildings	159.24	21.96	(0.48)	34.12	-	5.43	39.96	141.18
Leasehold improvements	24.52	6.36	0.06	14.49	-	2.51	16.28	14.53
Computers and other IT assets	7.14	1.83	-	4.34	-	1.07	5.17	2.80
Plant, Machinery and Equipments	225.37	35.08	0.03	71.81	-	17.94	92.32	168.90
Furniture and fixtures (and electrical Fitting)	31.36	3.68	0.06	17.00	-	3.18	20.53	15.10
Vehicles	3.32	0.20	-	1.31	-	0.28	1.43	2.01
Total	475.96	69.11	(0.31)	143.07	-	30.41	175.69	332.89

Block of asset	Gross Block			Accumulated Depreciation			Net Block	
	As at 1 April 2022	Reclassification/Adjustment during the year	Disposals/Reclassification impact during the year	As at 1 April 2022	Reclassification/Adjustment during the year	Charge for the year	As at 31 March 2023	As at 31 March 2022
Freehold land	18.79	6.04	0.18	0.03	(0.03)	-	-	18.76
Buildings	178.65	(19.05)	0.43	39.82	(9.69)	4.72	34.12	125.12
Leasehold improvements	24.45	(0.38)	0.68	10.74	0.42	3.29	14.49	10.03
Computers and other IT assets	5.81	1.26	0.11	4.13	(0.64)	0.82	4.34	2.80
Plant, Machinery and Equipments	229.39	33.46	2.87	72.19	(0.18)	15.56	71.81	153.56
Furniture and fixtures (and electrical Fitting)	27.36	6.76	0.47	14.76	0.52	3.82	17.00	14.36
Vehicles	2.65	1.14	0.03	1.20	0.16	0.31	1.31	2.01
Total	487.10	29.23	4.77	142.87	(9.44)	28.52	143.07	332.89

* Amount less than ₹ 0.01 crore

Note :-

- Property, plant and equipment of the parent have been hypothecated against Stand by Letter of Credit (SBLC) issued by the company towards loan availed by its foreign subsidiary as at March 31, 2024 and March 31, 2023. (refer note 21)

Notes to the consolidated financial statements

for the year ended 31 March 2024

4B Capital Work-in-progress

(₹ in crores)

	For the year ended	
	31 March 2024	31 March 2023
Opening Balance	22.23	4.04
Additions during the year	11.59	18.92
Capitalised during the year	(26.74)	(1.43)
Translation Impact	(0.13)	0.70
Closing Balance	6.95	22.23

4C Capital work-in-progress ageing schedule as on 31 March 2024

(₹ in crores)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	4.18	2.77	-	-	6.95
	4.18	2.77	-	-	6.95

Capital Work-in-progress ageing schedule as on 31 March 2023

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	19.27	2.63	0.17	0.16	22.23
	19.27	2.63	0.17	0.16	22.23

Note :

- There is no capital work in progress pertaining to projects as of March 31, 2024 and March 31, 2023 whose completion is overdue/suspended or has exceeded its cost compared to original plan.

5 Right of use assets

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

(₹ in crores)

Cost	Land	Buildings	Office equipments	Motor cars	Total
As at 1 April 2023	5.64	107.93	-	0.43	114.00
Additions	-	11.70	0.41	0.52	12.63
Disposals/Reclass	-	(5.83)	-	-	(5.83)
Translation impact	0.20	0.30	-	0.07	0.57
Balance at 31 March 2024	5.84	114.10	0.41	1.02	121.37
Accumulated depreciation and impairment					
As at 1 April 2023	0.85	59.28	-	0.16	60.29
Amortisation	0.12	17.30	0.15	0.39	17.96
Disposals/Reclass	-	(6.09)	-	-	(6.09)
Translation impact	0.03	0.16	-	0.01	0.20
Balance at 31 March 2024	1.00	70.65	0.15	0.56	72.36
Carrying amounts					
As at 1 April 2023	4.79	48.65	-	0.27	53.71
Balance at 31 March 2024	4.84	43.45	0.26	0.46	49.01

Notes to the consolidated financial statements

for the year ended 31 March 2024

(₹ in crores)

Cost	Land	Buildings	Office equipments	Motor cars	Total
As at 1 April 2022	-	117.06	-	0.36	117.42
Additions / Adjustments	5.63	3.61	-	0.20	9.44
Disposals	-	(14.45)	-	(0.13)	(14.58)
Translation impact	0.01	1.72	-	-	1.73
Balance at 31 March 2023	5.64	107.93	-	0.43	114.00
Accumulated depreciation and impairment					
As at 1 April 2022	-	55.82	-	0.36	56.18
Disposals/Reclass	0.73	(14.22)	-	(0.34)	(13.83)
Amortisation	0.12	16.70	-	0.14	16.96
Translation impact	-	0.98	-	-	0.98
Balance at 31 March 2023	0.85	59.28	-	0.16	60.29
Carrying amounts					
As at 1 April 2022	-	61.24	-	-	61.24
Balance at 31 March 2023	4.79	48.65	-	0.27	53.71

Breakdown of lease expenses

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
Short-term lease expense	9.12	9.54
Interest on lease Liability	3.56	4.02
Total lease expense	12.68	13.56

Cash outflow on leases

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
Repayment of lease liabilities (including interest)	21.74	19.98
Short-term lease expense	9.12	9.54
Total cash outflow on leases	30.86	29.52

Note :-

Average lease term of right of use asset is 6 years.

5A Operating leases

Leases as lessor

Group leases out its investment property on operating lease basis, as they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets. Rental income recognised by the company during FY 23-24 was ₹. 0.63 crore (31 March 2023: ₹. 0.57 crore). The following table sets out maturity analysis of lease payments to be received after the reporting date.

Notes to the consolidated financial statements

for the year ended 31 March 2024

Future minimum lease payments

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

	(₹ in crores)	
	Year ended 31 March 2024	As at 31 March 2023
Receivable within one year	0.16	0.57
	0.16	0.57

6 Investment property

(₹ in crores)

Block of asset	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2023	Additions/ during the year	Disposals/ Adjustment during the year	As at 31 March 2024	As at 1 April 2023	Charge for the year	Disposals/ Adjustment during the year	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Land	0.18	-	-	0.18	0.01	-	-	0.01	0.17	0.17
Buildings	0.41	-	0.04	0.45	0.02	0.01	0.04	0.07	0.38	0.39
	0.59	-	0.04	0.63	0.03	0.01	0.04	0.08	0.55	0.56

Investment property (previous year)

(₹ in crores)

Block of asset	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2022	Additions/ Adjustment during the year	Disposals during the year	As at 31 March 2023	As at 1 April 2022	Charge for the year	Disposals during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Land	-	0.18	-	0.18	-	0.01	-	0.01	0.17	-
Buildings	15.31	(0.18)	14.72	0.41	2.30	0.23	(2.51)	0.02	0.39	13.01
	15.31	-	14.72	0.59	2.30	0.24	(2.51)	0.03	0.56	13.01

Notes:

- Buildings are classified as Investment property by the Group in accordance with IND AS-40 "Investment Property".
- Investment property of the company comprise of leasehold land and residential building given on operating lease by the company.
- The property rental income earned by the Company from its investment property all of which is leased out under operating lease amount to ₹ 0.63 Crore (previous year ₹ 0.57 Crore). There were no direct operating expenses arising from the investment property during the year.

Fair Value

The fair value of investment property has been determined using external property rates available in the market. The fair value of investment property is categorised as level 3 fair value based on the inputs to the valuation techniques used by the management which is equivalent to net block of the property and has not been carried out by an independent valuer.

Notes to the consolidated financial statements

for the year ended 31 March 2024

7 Goodwill

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Balance at the beginning	302.88	289.48
Additions due to NCI acquisition done during the year	-	2.40
Impairment (Refer note 49)	-	(5.57)
Translation impact	1.84	16.57
Balance at the end	304.72	302.88

Impairment testing of Goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions (CGU) which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Flavour Division		
Gujarat Flavours Private Limited (Part of Keva Flavours Private Limited)	4.95	4.95
High-Tech Technologies (Part of Keva Flavours Private Limited)	8.50	8.50
Saiba Industries Private Limited (SIPL)(merged with S H Kelkar and Company Limited)	7.56	7.56
Fragrance Division		
PFW Aroma Ingredients B.V. (merged with Keva Europe B.V.during the previous year)	13.15	13.15
Rasiklal Hemani Agencies Private Limited (RHAPL)(merged with S H Kelkar and Company Limited)	2.03	2.03
Keva Fragrances Industries Pte. Ltd.	0.00*	0.00*
Creative Flavors & Fragrances SpA (Nova Fragranze S.r.l. merged during the previous year)	176.28	175.06
Holland Aromatics B.V.	92.16	91.54
NuTaste Food and Drink Labs Private Limited	0.09	0.09
	304.72	302.88

* Amount less than ₹ 0.01 crore

The recoverable amount of a CGU is based on value in use. Value in use has been determined based on future cash flows/savings, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. Value in use for CGU SIPL and RHAPL also factors the fair value of underlying building (Refer note 4A)

Operating margins through future cashflow/savings and growth rates for the 5 years cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts estimated by the management. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using appropriate discount rate. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Notes to the consolidated financial statements

for the year ended 31 March 2024

Particulars	Discount rate		Terminal value growth rate		Sales growth rate	
	2024	2023	2024	2023	2024	2023
PFW Aroma Ingredients B.V.(merged with Keve Europe B.V. during the previous year)	6.81%	5.85%	1.00%	1.00%	3.00%	3.00%
Saiba Industries Private Limited (SIPL)	12.53%	14.18%	1.00%	1.00%	3.00%	3.00%
High-Tech Technologies and Gujarat Flavours Private Limited	10.66%	11.47%	3.00%	3.00%	10.00%	15.00%
Rasiklal Hemani Agencies Private Limited (RHAPL)	12.53%	14.18%	1.00%	1.00%	3.00%	3.00%
Creative Flavors & Fragrances SpA (Nova Fragranze S.r.l. merged during the previous year)	11.55%	8.97%	3.00%	3.00%	9.00%	10.00%
Holland Aromatics B.V.	7.90%	6.85%	3.00%	3.00%	9.00%	8.00%

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

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. Group has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

8 Other intangible assets

(₹ in crores)

Block of asset	Gross Block				Accumulated Amortisation						Net Block		
	As at 1 April 2023	Additions during the year	Disposals/reclassification during the year	Translation impact	As at 31 March 2024	As at 1 April 2023	Reclassification/Adjustment during the year	Charge for the year	Disposals/reclassification during the year	Translation impact	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Computer software	19.61	0.37	(0.64)	0.04	19.38	15.77	-	1.30	(0.44)	0.03	16.66	2.72	3.84
Formulation	143.33	3.62	-	3.77	150.72	62.16	-	23.80	-	0.16	86.12	64.60	81.17
Customer Relationship	123.91	-	-	4.83	128.74	17.03	-	6.27	-	-	23.30	105.44	106.88
Non compete fees	19.79	-	-	0.20	19.99	9.97	-	5.41	-	-	15.38	4.61	9.82
Brand	2.00	-	-	-	2.00	2.00	-	-	-	-	2.00	-	-
Patents & Trademarks	2.89	13.33	0.30	0.08	16.60	0.65	-	0.50	0.10	0.01	1.26	15.34	2.24
Technical knowhow	29.87	-	-	0.13	30.00	10.39	-	2.99	-	0.06	13.44	16.56	19.48
Concept Development	4.88	0.26	-	0.05	5.19	4.50	-	0.66	-	0.03	5.19	-	0.38
Total	346.28	17.58	(0.34)	9.10	372.62	122.47	-	40.93	(0.34)	0.29	163.35	209.27	223.81

Notes to the consolidated financial statements

for the year ended 31 March 2024

Other intangible assets (previous year)

(₹ in crores)

Block of asset	Gross Block				Accumulated Amortisation						Net Block		
	As at 1 April 2022	Reclassification/ Additions during the year	Disposals during the year	Translation impact	As at 31 March 2023	As at 1 April 2022	Reclassification/ Adjustment during the year	Charge for the year	Disposals during the year	Translation impact	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computer software	18.33	0.96	-	0.32	19.61	16.92	(2.42)	1.05	-	0.22	15.77	3.84	1.41
Formulation	147.23	(6.03)	-	2.13	143.33	51.27	(2.79)	12.49	-	1.19	62.16	81.17	95.96
Land Rights	5.66	(5.66)	-	-	-	0.24	(0.24)	-	-	-	-	-	5.42
Customer Relationship	62.43	61.48	-	-	123.91	4.31	0.91	11.81	-	-	17.03	106.88	58.12
Non compete fees	19.78	0.01	-	-	19.79	4.92	(0.98)	6.03	-	-	9.97	9.82	14.86
Brand	2.00	-	-	-	2.00	2.00	-	-	-	-	2.00	-	-
Licenses	10.01	(10.01)	-	-	-	2.17	(2.17)	-	-	-	-	-	7.84
Patents & Trademarks	68.11	(65.40)	-	0.18	2.89	0.20	0.31	0.09	-	0.05	0.65	2.24	67.91
Technical knowhow	-	28.67	-	1.20	29.87	-	6.89	3.06	-	0.44	10.39	19.48	-
Concept Development	0.14	4.24	-	0.50	4.88	0.14	3.81	0.20	-	0.35	4.50	0.38	-
Total	333.69	8.26	-	4.33	346.28	82.17	3.32	34.73	-	2.25	122.47	223.81	251.52

9A Intangible assets under-development

(₹ in crores)

	For the year ended	
	31 March 2024	31 March 2023
Opening Balance	4.20	4.84
Additions during the year	1.68	6.67
Capitalised during the year	(0.06)	(7.31)
Translation Impact	0.01	-
Closing Balance	5.83	4.20

9B Intangible assets under development ageing schedule as on 31 March 2024

(₹ in crores)

Particulars	As at 31 March 2024				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	1.69	1.46	0.63	2.05	5.83
Total	1.69	1.46	0.63	2.05	5.83

Intangible assets under development ageing schedule as on 31 March 2023

(₹ in crores)

Particulars	As at 31 March 2023				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	1.49	0.64	1.30	0.77	4.20
Total	1.49	0.64	1.30	0.77	4.20

Note :

There are no projects as of 31 March 2024 and 31 March 2023, under Intangible Assets under Development of which completion is overdue or has exceeded its cost compared to original plan.

Notes to the consolidated financial statements

for the year ended 31 March 2024

10 Non-current investments

(₹ in crores)

	Number of shares		Amount	
	As at 31 March 2024	As at 31 March 2022	As at 31 March 2024	As at 31 March 2023
Equity shares designated at FVTPL				
Hico Products Limited (face value ₹ 10 per share) (Unquoted)*	19,250	19,250	-	-
Banco BPM Bank (Unquoted)	307	307	0.02	0.02
			0.02	0.02

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
The aggregate book value and market value of unquoted non-current investments are as follows:		
Aggregate value of unquoted investments	0.02	0.02

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

11 Loans - current (unsecured, considered good)

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Advances to employees	3.45	3.65
Loan to Others	-	2.24
	3.45	5.89

12 Other financial assets (unsecured)

(₹ in crores)

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Security deposits				
- considered good	10.60	9.41	0.10	0.25
- considered doubtful	0.26	0.26	-	-
	10.86	9.67	0.10	0.25
Less: Allowance for bad and doubtful deposits	(0.26)	(0.26)	-	-
	10.60	9.41	0.10	0.25
Interest receivable on Income tax refund	1.88	1.78	0.95	-
Interest accrued and due on fixed deposits	-	-	0.10	0.07
Derivatives assets - Foreign currency forward exchange contracts	-	-	0.41	0.51
Term deposits with banks with remaining maturity more than 12 months	0.31	0.31	-	-
Other receivables	1.00	-	1.09	0.03
	13.79	11.50	2.65	0.86

Notes to the consolidated financial statements

for the year ended 31 March 2024

13 Other assets (unsecured)

(₹ in crores)

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Capital advances				
- considered good	2.27	0.48	0.19	-
- considered doubtful	0.55	0.55	-	-
	2.82	1.03	0.19	-
Less: Allowance for bad and doubtful advances	(0.55)	(0.55)	-	-
	2.27	0.48	0.19	-
Prepaid expenses	0.17	0.13	9.09	13.93
Balances with government authorities	-	-	67.85	41.52
VAT/Sales tax refund receivable	1.97	1.75	1.14	1.02
Advance to suppliers	-	-	18.22	10.30
Others	-	-	1.40	1.44
	4.41	2.36	97.89	68.21

14 Inventories (Current)

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Raw materials	465.14	382.60
Raw materials in transit	3.28	5.94
Work-in-progress	107.76	112.06
Finished goods	58.33	92.86
Packing materials	22.36	9.65
	656.87	603.11

Inventories which comprise raw materials, work-in-progress, finished goods and packing materials are carried at the lower of cost and net realisable value.

The write-down of inventories to net realisable value during the year amounted to ₹ 0.57 crore (31 March 2023: ₹ 1.22 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the consolidated statement of profit and loss.

Borrowings are secured by way of hypothecation of Inventories both in hand and transit.(Refer note 25)

Notes to the consolidated financial statements

for the year ended 31 March 2024

15 Current investments

(₹ in crores)

	Number of units			
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Quoted mutual funds				
Aditya Birla Sun Life Overnight Fund - Growth-Regular Plan	31,158.52	-	4.01	-
UTI Overnight Reg(G)	12,368.69	-	4.01	-
Axis Overnight Fund Regular Growth	12,257.62	169,128.88	1.55	20.00
ICICI Prudential Overnight Fund -Regular Growth	-	24,934.62	-	3.00
			9.57	23.00
The aggregate book value and market value of quoted current investments are as follows:				
Aggregate book value of quoted investments			9.57	23.00
Aggregate amount of impairment in value of investments			-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 45.

16 Trade receivables (unsecured)

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Trade receivables considered good	503.10	447.33
Less: Allowance for expected credit loss*	(13.50)	(9.10)
Trade receivables which have significant increase in credit risk		
Trade receivables - credit impaired	9.80	14.82
Less: Allowance for credit impairment	(9.80)	(14.82)
Net trade receivables	489.60	438.23

*The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 45 (ii).

Borrowings are secured by way of hypothecation of book debts and other receivables (Refer note 25).

** Trade receivables (unsecured, considered good) as at 31st March 2024 includes ₹ 0.20 crore (31st March 2023: ₹ 0.04 crore) due from firms, body corporates or private companies in which a director is a partner or a director or member.

17 Cash and cash equivalents

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Balance with banks in:		
- current accounts	64.41	48.23
- exchange earners foreign currency account	35.53	15.16
Cash on hand	0.12	0.15
	100.06	63.54

Notes to the consolidated financial statements

for the year ended 31 March 2024

18 Other bank balances

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Bank deposits due to mature within 12 months of the reporting date*	2.90	2.29
Current account of parent's employee benefit trust (refer note 48)	0.06	1.37
Parents' Unclaimed dividend accounts	0.05	0.02
	3.01	3.68

*Bank deposits of ₹ 1.37 crores (31 March 2023 : ₹1.37 crores) are pledged with bank for guarantees issued.

19 Equity share capital

(₹ in crores)

	Number of shares		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Authorised				
Equity shares of ₹ 10 each	15,93,14,500	15,93,14,500	159.31	159.31
Preference shares of ₹ 10 each	1,19,35,500	1,19,35,500	11.94	11.94
			171.25	171.25
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	13,84,20,801	13,84,20,801	138.42	138.42
			138.42	138.42

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

(₹ in crores)

	Number of shares		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
i) Equity share of ₹ 10 (Previous year ₹10) each fully paid-up				
Outstanding at the beginning of the year	13,84,20,801	13,84,20,801	138.42	138.42
Outstanding at the end of the year	13,84,20,801	13,84,20,801	138.42	138.42

b Terms of / Rights attached to each classes of shares

Terms of / Rights attached to Equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Notes to the consolidated financial statements

for the year ended 31 March 2024

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

	As at 31 March 2024		As at 31 March 2023	
	Number of shares	%	Number of shares	%
Equity shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Ramesh Vinayak Vaze Family Trust	2,70,00,100	19.51%	2,70,00,100	19.51%
Kedar Ramesh Vaze	1,71,93,055	12.42%	1,71,93,055	12.42%
KNP Industries Pte. Ltd.	1,48,76,223	10.75%	1,48,76,223	10.75%
Firmenich Aromatics Production (India) Private Limited	1,41,17,948	10.20%	1,41,17,948	10.20%
Keva Constructions Private Limited	73,93,689	5.34%	73,93,689	5.34%

d Shares held by promoters and promoter group in the Company at end of the year:

	As at 31 March 2024			As at 31 March 2023		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
With Promoter						
Kedar Ramesh Vaze	1,71,93,055	12.42%	0.00%	1,71,93,055	12.42%	0.18%
Prabha Ramesh Vaze	17,97,309	1.30%	0.00%	17,97,309	1.30%	0.00%
Ramesh Vinayak Vaze	14,48,980	1.05%	0.00%	14,48,980	1.05%	0.00%
With promoter group						
Anagha Sandeep Nene	14,70,464	1.06%	0.00%	14,70,464	1.06%	0.00%
Nandan Kedar Vaze	12,58,098	0.91%	0.00%	12,58,098	0.91%	0.00%
Parth Kedar Vaze	12,58,098	0.91%	0.00%	12,58,098	0.91%	0.00%
Neha Kedar Karmarkar	7,30,875	0.53%	0.00%	7,30,875	0.53%	0.00%
Nishant Kedar Karmarkar	7,30,875	0.53%	0.00%	7,30,875	0.53%	0.00%
Sumedha Kedar Karmarkar	150	0.00%	0.00%	150	0.00%	0.00%
Ramesh Vinayak Vaze Family Trust	2,70,00,100	19.51%	0.00%	2,70,00,100	19.51%	0.00%
KNP Industries Pte. Limited.	1,48,76,223	10.75%	0.00%	1,48,76,223	10.75%	0.00%
Keva Constructions Private Limited	73,93,689	5.34%	0.00%	73,93,689	5.34%	(0.80%)
Vinayak Ganesh Vaze Charities	19,26,995	1.39%	0.00%	19,26,995	1.39%	0.00%
SKK Industries Private Limited	14,78,550	1.07%	0.00%	14,78,550	1.07%	0.00%
ASN Investment Advisors Private Limited	14,70,366	1.06%	0.00%	14,70,366	1.06%	0.00%
Kedar Ramesh Vaze Family Trust	100	0.00%	0.00%	100	0.00%	0.00%
Keva Investment Partners (Refer Note e)	15,63,681	1.13%	0.30%	11,43,742	0.83%	0.80%

e 4,19,939 equity shares were purchased by Keva Investment Partners through market on March 29, 2023 and March 31, 2023 and were in pool with the clearing member. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2023 under promoter & promoter group category. After taking into consideration the said transaction, the actual shareholding of Keva Investment Partners as on March 31, 2023 is 15,63,681 Equity Shares being 1.13% of the total paid up capital of the Company and the actual shareholding of promoters and promoter group category is 8,15,97,608 Equity Shares being 58.95% of the total paid up capital of the Company.

f There are no shares issued consideration other than cash as at 31 March 2024. (Nil as at 31 March 2023)

Notes to the consolidated financial statements

for the year ended 31 March 2024

20 Other equity

A. Reserves

	Note	₹ in crores	
		As at 31 March 2024	As at 31 March 2023
Capital reserve	i.	17.07	17.07
Capital redemption reserve	ii.	6.20	6.20
Securities premium	iii.	99.70	99.70
Other reserves	iv.	8.77	8.77
General reserve	v.	104.96	104.96
Foreign currency translation reserve	vi.	17.81	10.78
Treasury Shares	vii.	-	(71.09)
STARs Shares	viii.	(21.32)	(0.02)
Retained Earnings	ix.	841.20	749.59
		1,074.39	925.96

please refer statement of change in equity for details

B. Notes to Reserves

i. Capital reserve

Capital reserve is mainly arising on account of conversion of a subsidiary to associate.

ii. Capital redemption reserve

Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

iii. Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. Other reserves

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

v. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

vi. Foreign currency translation reserve

Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign operations.

vii. Treasury Shares

The Company has formed S H Kelkar Employee Benefit Trust (EBT) for implementation of the schemes that are notified or may be notified from time to time by the Company under the plan providing share based payments to its employees. EBT purchases shares of the Company out of funds borrowed from the company. The company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Notes to the consolidated financial statements

for the year ended 31 March 2024

viii. STARs shares

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

ix. Retained earnings

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

C. Dividends

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

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Final equity dividend of 2021-2022 paid at ₹ 0.75 per equity share	-	10.38
Final equity dividend of 2022-2023 paid at ₹ 2 per equity share	27.68	-
	27.68	10.38

The Board of Directors at its meeting held on March 29, 2024 has approved and declared interim dividend of ₹ 0.75 per equity shares and same has been paid on April 24, 2024.

The Board of Directors recommended a final dividend of ₹ 2.00 for the year ended March 31, 2023, at their meeting held on May 30, 2023. This recommendation was subsequently adopted at the annual general meeting on August 10, 2023.

21 Non-current Borrowings

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Term Loans (at amortised cost)		
Secured		
Term loans from banks (refer note 'a' below)	189.22	257.86
Term Loan from other (refer note 'b' below)	73.68	74.46
	262.90	332.32
Less: Amount included under "current borrowings"		
Current portion of term loan from bank (refer note 25)	(89.85)	(13.43)
	173.05	318.89

Terms of repayment and security

- a) Term Loans from banks of ₹189.22 crores (EUR 20.97 million) includes loan taken by foreign subsidiary companies (31 March 2023 ₹244.43 crores- EUR 27.78 million), out of which ₹158.23 crores (Euro 17.54 million) (31 March 2023 ₹213.68 crores- EUR 23.85 million) is backed by the Stand by Letter of Credit (SBLC) from the Parent. The SBLC issued is hypothecated against the current and future movable and immovable Property, Plant & Equipment of the Parent company and the 17% equity shares held in Creative Flavors & Fragrances SpA. The floating rate of interest is Euribor + (1.45% to 2.90% bps) p.a. and 1.5% to 3% for fixed rate of interest during the tenor of the credit facility. Current maturity of term loan from bank includes ₹89.85 crores (EUR 9.96 million) by group companies (31 March 2023 ₹13.43 crores (EUR 1.49 million)).
- b) Loan from other comprises of 5 year loan payable on the completion of the tenor i.e. 31 July 2025. It carries interest of 5% p.a. payable every six months till the end of the tenor.

Notes to the consolidated financial statements

for the year ended 31 March 2024

22 Lease Liabilities

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Lease Liabilities (refer note 'a' below)	31.75	39.39	17.12	14.55
	31.75	39.39	17.12	14.55

- a) Lease liabilities has been recognised and accounted in accordance with INDAS 116. refer note 3.13 (accounting policy) and note 5.

23 Other financial liabilities- non-current

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Security deposits	0.57	0.57
	0.57	0.57

24 Provisions

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits				
Gratuity (refer note 43)	0.66	0.39	0.74	0.62
Compensated absences	0.76	0.79	18.40	15.86
	1.42	1.18	19.14	16.48

25 Current Borrowings

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Secured		
Loans repayable on demand		
Working capital loans (Refer note "a & b" below)	39.20	37.73
Bank over draft (Refer note "a & b" below)	125.36	120.96
Term loans from banks in foreign currency	85.71	-
Unsecured		
Current maturities of long-term debt (Refer note 21)	89.85	13.43
Pre-shipment loans (Refer note "c" below)	103.50	75.00
From Related parties ((Refer note 47)	0.25	-
	443.87	247.12

Notes to the consolidated financial statements

for the year ended 31 March 2024

- a) Working capital demand loan and Bank Overdraft from banks by foreign subsidiary companies of USD 18.44 million equivalent to ₹ 153.72 crores (31 March 2023: USD 13.83 million equivalent to ₹ 113.77 crores) carries interest of SOFR plus 1.30% to 1.55% p.a. and EUR 9.50 million equivalent to ₹ 85.71 crores (31 March 2023: EUR 4.39 million equivalent to ₹ 39.34 crores) carries interest of Euribor plus 1.60% p.a. Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and Corporate Guarantee from Parent Company.
- b) Working Capital loans of ₹ 5.85 crores (31 March 2023: ₹ 4.00 crores) & Bank Overdraft from bank by an Indian Subsidiary ₹ 4.99 crores (31 March 2023: ₹ 1.58 crores) carrying interest at the rate of 8.80% to 8.89% p.a. are repayable on demand with interest computed on a monthly basis on the actual amount utilised.
- c) Pre-shipment loans from bank by an Indian Subsidiary ₹ 103.50 crores (31 March 2023: ₹ 75.00 crores) carries interest between 4.60% to 5.88% p.a. (Includes Spread + T-Bill/Mibor less Interest subvention). The loans are repayable within a period of 90 to 180 days from the date of disbursement. All the loans are backed by way of Corporate Guarantee from the Parent.
- d) The Parent and its Indian subsidiaries has sanctioned working capital loans from banks which are repayable on demand with interest computed on a monthly basis on the actual amount utilised. Working capital loans from banks (including the sanctioned limits) are secured by way of hypothecation of inventories both on hand and in transit and book debts, and other receivables both present and future. The Company has filed / submitted the statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) with such banks and these statements are in agreement with the unaudited books of account of the Company of the respective quarters ended on 30th June 2023, 30th September, 2023, 31st December 2023, and 31st March, 2024.

26 Trade payables

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Dues to Micro and small enterprises (refer note 41)	28.22	20.03
Due to others	326.91	345.07
Total	355.13	365.10

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 45.

(₹ in crores)

Category	As at 31 March 2024					
	Total	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
Undisputed – micro and small enterprises	28.22	22.25	5.93	0.03	-	0.01
Undisputed – Others	326.91	178.44	114.25	31.11	1.92	1.19
Total	355.13	200.69	120.18	31.14	1.92	1.20

(₹ in crores)

Category	As at 31 March 2023					
	Total	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
Undisputed – micro and small enterprises	20.03	14.25	5.70	0.06	0.02	-
Undisputed – Others	345.07	238.83	105.21	0.09	0.19	0.75
Total	365.10	253.08	110.91	0.15	0.21	0.75

Notes to the consolidated financial statements

for the year ended 31 March 2024

27 Other financial liabilities - current

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Interest accrued but not due	4.32	1.43
Interest accrued and due under MSMED Act, 2006	2.44	1.56
Security deposits	-	0.01
Employee benefits payable	34.32	22.98
Unclaimed dividend account*	0.04	0.01
Derivative Liability	0.21	0.79
Other payables (Includes MSME vendor C.Y. ₹ 0.06 crore (P.Y.Nil))	1.35	1.55
	42.68	28.33

28 Other current liabilities

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Advances received from customers	10.27	10.43
Advances received from a related party (Refer note 47)	0.07	-
Other payables		
- For statutory dues**	25.83	24.38
- Others	0.66	0.74
	36.83	35.55

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**Statutory dues includes dues in respect to GST, tax deducted at source, service tax, VAT/ CST tax, provident fund, ESIC, profession tax and other material statutory dues.

Notes to the consolidated financial statements

for the year ended 31 March 2024

29 Revenue from operations

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Sale of products		
Gross sales	1,867.43	1,619.55
Less: Discounts	19.52	15.63
	1,847.91	1,603.92
Sales Contract Manufacturing (Refer note below)	73.83	72.98
Net sales (revenue from contracts with customers)	1,921.74	1,676.90
Other operating revenue		
Sale of Scrap	5.44	4.33
Sale of services	1.46	4.31
Export incentives	1.35	0.98
	8.25	9.62
Total revenue from operations	1,929.99	1,686.52

The Group had acquired a customer contract whereby Creative Flavours & Fragrances SpA (CFF), a subsidiary of the Group, sells fragrance formulations to one large customer on contract manufacturing. Accordingly, CFF performs the processing of raw materials under the guidance of the customer. This activity is not part of the Group's core business and is done only for one large customer due to a past long-term agreement entered into by CFF.

30 Other income

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Interest income under effective interest method on:		
-Deposits with banks at amortised cost	0.21	0.26
-Loans and other deposits at amortised cost	0.10	0.23
Interest received on tax refund	1.40	0.42
Gain on sale of investment, designated at FVTPL	1.24	1.38
Dividend Income	-	0.03
Net gain on sale of investment property, plant & equipment and other intangible assets	-	7.23
Provision / liability no longer required written back	0.78	1.81
Miscellaneous income	2.30	0.45
Total other income	6.03	11.81

Notes to the consolidated financial statements

for the year ended 31 March 2024

31 Cost of materials consumed

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Opening stock		
- Raw materials	388.54	324.93
- Packing materials	9.65	16.15
Add: Purchases		
- Raw materials	1,078.62	1,018.59
- Packing materials	55.59	33.76
Less: Closing Stock		
- Raw materials	468.42	388.54
- Packing materials	22.36	9.65
Materials consumed		
- Raw materials	998.74	954.98
- Packing materials	42.88	40.26
Cost of materials consumed	1,041.62	995.24

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

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Opening Stock :		
Finished goods	92.86	73.26
Work-in-progress	112.06	141.10
Closing Stock:		
Finished goods	58.33	92.86
Work-in-progress	107.76	112.06
Changes in inventories:		
Finished goods	34.53	(19.60)
Work-in-progress	4.30	29.04
Changes in inventories of finished goods, stock-in-trade and work-in-progress	38.83	9.44

33 Employee benefits expense

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Salaries, wages and bonus	206.35	170.15
Contribution to provident fund and other funds (Refer note 43)	28.47	26.77
Compensated absences (Refer note 43)	4.66	3.14
Staff welfare expense	12.10	11.74
Employee benefits expense	251.58	211.80

Notes to the consolidated financial statements

for the year ended 31 March 2024

34 Finance costs

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Interest expense under effective interest method on:		
Term loans	16.74	6.28
Working capital loans	6.41	4.80
Lease liabilities	3.56	4.02
Interest on dues to micro and small enterprises	0.88	0.29
Other finance costs (including interest on Bank OD)	13.67	8.50
Finance costs	41.26	23.89

35 Depreciation and amortisation

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation of property, plant and equipment (refer note 4A)	30.41	28.52
Depreciation of investment property (refer note 6)	0.01	0.24
Amortisation of intangible assets (refer note 8)	40.93	34.73
Amortisation of Right of use assets (refer note 5)	17.96	16.96
	89.31	80.45

36 Other expenses

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Commission and brokerage	17.27	14.62
Power and fuel	26.16	28.01
Selling and promotion expenses	16.82	17.57
Freight and forwarding	28.81	26.67
Legal and professional charges	48.60	45.96
Research and development	7.30	3.96
Repairs and maintenance:		
- Buildings	4.63	2.59
- Plant and machinery	4.97	3.88
- Others	7.65	6.38
Rent (Refer note 5A)	9.12	9.54
Rates and taxes	4.85	4.85
Insurance	5.03	4.63
Stationery and printing expenses	1.27	1.47
Training expenses	1.12	1.01
Pollution control expenses	3.14	3.11

Notes to the consolidated financial statements

for the year ended 31 March 2024

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
Stores and spares consumed	7.90	7.30
Loss on sale/discard of PPE	0.94	-
Corporate social responsibility expense	2.91	2.48
Loss allowance on trade receivables	3.30	(0.99)
Bad debts written off	1.11	0.61
Directors Commission Expenses	2.26	1.14
Directors sitting fees	0.79	1.02
Contract labour charges	12.04	9.08
Foreign exchange (gain)/ loss	1.89	(3.84)
Loss on derivative contracts, mandatorily at FVTPL	(0.49)	0.61
Information technology expenses	7.71	6.41
Works operation and other expenses	64.02	54.65
	291.12	252.72

Payment to auditors :

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Statutory audit fees	1.72	1.63
For other services	0.09	0.10
For reimbursement of expenses	0.06	0.04
Total	1.87	1.77

Notes to the consolidated financial statements

for the year ended 31 March 2024

37 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Profit attributable to equity shareholders (basic and diluted)		
Profit for the year attributable to equity shareholders (₹ in crores) (A)	122.42	61.17
Weighted average number of equity shares for basic and diluted earnings per share		
Number of equity shares at beginning of the year	13,51,75,033	13,84,20,801
Equity shares held in controlled trust	-	(32,45,768)
Equity shares held in controlled trust sold in Secondary Market	32,45,768	-
Number of equity shares outstanding at the end of the year	13,84,20,801	13,51,75,033
Weighted average number of equity shares for the year (B)	13,71,48,233	13,51,75,033
Basic earnings per share of face value of ₹ 10 each (A)/(B)	8.93	4.53
Diluted earnings per share of face value of ₹ 10 each (A)/(B)	8.93	4.53

38 Tax expense

(a) Amounts recognised in consolidated balance sheet

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Current tax assets (net of provision)	53.31	41.16
Current tax liabilities (net of advance tax)	19.34	1.55

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities relate to income taxes levied by the same tax authority.

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

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
Current tax		
Current year	65.52	38.28
Earlier years	(0.30)	2.86
Current tax expense	65.22	41.14
Deferred income tax liability / (asset), net		
Current year (refer note 39)	(6.47)	0.27
Deferred tax expense	(6.47)	0.27
Tax expense for the year	58.75	41.41

Notes to the consolidated financial statements

for the year ended 31 March 2024

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	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	(1.23)	0.31	(0.92)	(0.95)	0.23	(0.72)
Items that will be reclassified to profit or loss						
Exchange differences in translating the financial statements of a foreign operation	6.93	-	6.93	1.47	-	1.47
	5.70	0.31	6.01	0.52	0.23	0.75

(d) Reconciliation of effective tax rate

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	182.30	104.52
Tax using the Parent's domestic tax rate (current and previous year 25.17%)	45.88	26.31
Tax effect of:		
Differences in tax rates of subsidiaries	2.84	1.90
Non-deductible tax expenses	3.42	20.37
Deferred tax asset not recognised	7.74	0.59
Change in rate on deferred tax	-	0.22
MAT credit write off	-	1.85
Tax impact of earlier years	(0.30)	2.86
Tax-exempt income	(6.66)	(9.63)
Others	5.83	(3.06)
	58.75	41.41

The Group's weighted average tax rates for the years ended 31 March 2024 and 31 March 2023 were 25.17% and 25.17%, respectively.

Note :

In FY 2022-23, current tax of earlier year where Foreign Tax Credit amounting to ₹ 3.87 crores, pertaining to a foreign wholly owned subsidiary, has been charged off which is partially offset by tax liability of ₹ 1.01 crores has been released pursuant to assessment order of earlier year in Parent and its wholly owned subsidiaries.

Notes to the consolidated financial statements

for the year ended 31 March 2024

39 Deferred Tax

(a) Significant components of deferred tax assets and liabilities for the year ended March 31, 2024

(₹ in crores)

	Opening balance 1 April 2023	Recognised in profit or loss	Recognised in OCI	Foreign translation	Closing Balance 31 March 2024
Deferred tax asset					
Lease Liabilities	0.44	(0.02)	-	-	0.42
Business Loss	11.02	4.46	-	-	15.48
Others	15.56	(3.38)	0.31	-	12.49
Total	27.02	1.06	0.31	-	28.39
Deferred tax liabilities					
Property, plant and equipment, intangible assets and intangible assets under development	(57.46)	5.40	-	(1.88)	(53.94)
Others	(0.01)	0.01	-	-	-
Investments	(0.04)	-	-	-	(0.04)
Total	(57.51)	5.41	-	(1.88)	(53.98)
Net Assets/(liabilities)	(30.49)	6.47	0.31	(1.88)	(25.59)
Deferred tax assets (net)					21.77
Deferred tax liabilities (net)					47.36

Significant component of deferred tax assets and liabilities for the year ended 31 March 2023 as follows :

(₹ in crores)

	Opening balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Foreign translation	Closing Balance 31 March 2023
Deferred tax asset					
Lease Liabilities	0.08	0.36	-	-	0.44
Business loss	8.52	2.32	-	0.18	11.02
MAT credit	1.69	(1.69)	-	-	-
Others	10.56	4.77	0.23	-	15.56
Total	20.85	5.76	0.23	0.18	27.02
Deferred tax liabilities					
Property, plant and equipment, intangible assets and intangible assets under development	(51.44)	(6.02)	-	-	(57.46)
Others	-	(0.01)	-	-	(0.01)
Investments	(0.04)	-	-	-	(0.04)
Total	(51.48)	(6.03)	-	-	(57.51)
Net Assets/(liabilities)	(30.63)	(0.27)	0.23	0.18	(30.49)
Deferred tax assets (net)					20.18
Deferred tax liabilities (net)					50.67

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off tax assets and tax liabilities and the deferred tax assets and they relate to income taxes levied by the same tax authority.

Notes to the consolidated financial statements

for the year ended 31 March 2024

(b) Unrecognised deferred tax assets/ liabilities

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, these losses have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 6.87 crores.

(₹ in crores)

Particulars	31 March 2024	Expiry date
Year 2022	5.42	March 2027
Year 2023	5.92	March 2028
Year 2024	15.96	March 2029

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

A. Contingent liabilities

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
a. Direct and indirect taxes		
Income taxes	70.39	55.24
Excise duty & Service taxes	11.84	11.95
Sales tax	0.37	0.43
Custom Duty	1.17	1.13
	83.77	68.75

B. Commitments

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	7.47	1.91

41 Dues to micro and small suppliers

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
1 The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	28.28	20.03
Interest	0.13	0.16
2 The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
3 The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	42.35	27.95
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	0.82	0.29
5 The amount of interest accrued and remaining unpaid at the end of each accounting year	2.44	1.56
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	2.44	1.56

Notes to the consolidated financial statements

for the year ended 31 March 2024

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

As at 31 March 2024

(₹ in crores)

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	62.48%	758.58	76.36%	94.34	(11.65%)	(0.70)	72.28%	93.64
Subsidiaries									
Indian									
1	Keva Fragrances Private Limited	45.90%	557.28	41.31%	51.04	(2.83%)	(0.17)	39.26%	50.87
2	Keva Flavours Private Limited	8.60%	104.44	20.09%	24.82	(0.83%)	(0.05)	19.12%	24.77
3	NuTaste Food and Drink Labs Private Limited	0.35%	4.20	(1.17%)	(1.44)	0.33%	0.02	(1.10%)	(1.42)
4	Keva Ventures Private limited	0.03%	0.32	(0.58%)	(0.72)	0.00%	-	(0.56%)	(0.72)
5	AmiKeva Private Limited	0.31%	3.71	(1.52%)	(1.88)	0.00%	-	(1.45%)	(1.88)
Foreign									
1	Keva UK Limited	0.01%	0.10	(0.02%)	(0.03)	0.00%	-	(0.02%)	(0.03)
2	Keva Europe B.V.	11.92%	144.77	(9.32%)	(11.51)	(2.50%)	(0.15)	(9.00%)	(11.66)
3	Keva Italy S.r.l	0.26%	3.19	(1.82%)	(2.25)	(20.13%)	(1.21)	(2.67%)	(3.46)
4	Keva Fragrance Industries Pte.Ltd.	(3.97%)	(48.15)	(12.72%)	(15.71)	(14.48%)	(0.87)	(12.80%)	(16.58)
5	PT SHK Keva Indonesia	(1.47%)	(17.87)	(8.55%)	(10.56)	7.49%	0.45	(7.80%)	(10.11)
6	Anhui Ruihang Aroma Co. Limited.	0.42%	5.06	(0.18%)	(0.22)	3.00%	0.18	(0.03%)	(0.04)
7	Creative Flavours & Fragrances SpA	7.25%	88.01	16.03%	19.81	9.48%	0.57	15.73%	20.38
8	Provier Beheer B.V. (Holding Company of Holland Aromatics B.V.)	2.19%	26.60	12.14%	15.00	4.16%	0.25	11.77%	15.25
9	Keva USA Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-controlling interest									
1	Anhui Ruihang Aroma Co. Limited	0.04%	0.51	0.00%	-	-	-	-	-
2	NuTaste Food and Drink Labs Private Limited	0.08%	0.94	0.00%	-	-	-	-	-
3	AmiKeva Private Limited	0.09%	1.10	0.00%	-	-	-	-	-
Total Eliminations		(34.49%)	(418.60)	(30.06%)	(37.14)	127.95%	7.69	(22.73%)	(29.45)
Exchange differences on translation of foreign operations		0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total		100.00%	1,214.19	100.00%	123.55	100.00%	6.01	100.00%	129.56

43 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.

Notes to the consolidated financial statements

for the year ended 31 March 2024

Contribution to defined contribution plans, recognised are charged off for the year as under :

(₹ in crores)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Group's contribution to Provident Fund/social security	2.49	2.16
Group's contribution towards foreign defined contribution plan in accordance with local laws	16.37	13.91
Group's contribution to Superannuation Fund	1.82	1.74
Group's Contribution to ESIC	0.01	0.01
Group's contribution towards National pension scheme	0.29	0.18
Group's Contribution to Maharashtra Labour Welfare Fund	*0.00	*0.00

* Amount less than ₹ 0.01 crore

(ii) Defined Benefit Plans

Gratuity:

The employees gratuity fund scheme for the parent and certain Indian subsidiaries is managed by "S.H.Kelkar & Co. Ltd. Employee's Gratuity Fund". The fund has the form of trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. The employees gratuity fund scheme for other Indian subsidiaries is managed by "LIC".

The contribution to the fund is made based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Company and certain Indian subsidiaries on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

These plans typically expose the Group to actuarial risk such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan's assets.

Longevity Risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

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 2024. 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.

The Company expects to pay ₹ 2.12 crores (previous year ₹ 1.61 crores) in contributions to its defined benefit plans in 2024-25.

Notes to the consolidated financial statements

for the year ended 31 March 2024

A. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

(₹ in crores)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Opening balance	20.93	20.07	19.92	19.09	1.01	0.98
Included in profit or loss						
Current service cost	1.87	1.76	-	-	1.87	1.76
Interest cost (income)	1.57	1.44	1.49	1.37	0.08	0.07
Included in OCI						
Remeasurement loss (gain):						
Financial assumptions	0.60	(0.52)	-	-	0.60	(0.52)
Experience adjustment	0.22	0.77	-	-	0.22	0.77
Return on plan assets excluding interest income	-	-	(0.40)	(0.70)	0.40	0.70
Contributions paid by the employer	-	-	2.78	2.75	(2.78)	(2.75)
Benefits paid	(1.42)	(2.59)	(1.42)	(2.59)	-	-
Closing balance (refer note 24)	23.77	20.93	22.37	19.92	1.40	1.01

B. Plan assets

Plan assets comprise the following

(₹ in crores)

	31 March 2024	31 March 2023
Investment		
Investment in Government Securities	1%	3%
Bank Special Deposit	1%	1%
Investment in other securities	24%	16%
Corporate Bonds	31%	34%
State Government Bonds	43%	46%
	100%	100%

The components of defined benefit plan expense are as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
Recognised in Standalone Statement of Profit and Loss		
Current service cost	1.87	1.76
Interest cost	1.57	1.44
Interest income	(1.49)	(1.37)
Total	1.95	1.83
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	0.84	0.25
Return on Plan Assets, Excluding Interest Income	0.39	0.70
Total	1.23	0.95

Notes to the consolidated financial statements

for the year ended 31 March 2024

C. Defined benefit obligations

i. Actuarial assumptions

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

	As at 31 March 2024	As at 31 March 2023
Discount rate	7%-7.24%	7.25% - 7.94%
Salary escalation rate	5% - 8%	5% - 10%
Rate of Return on Plan Assets	5% - 7.24%	7.25% - 7.94%
Attrition Rate	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

Gratuity is payable to all eligible employees of the Group in India on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The discount rate is based on the prevailing market yields Indian Government securities as at the balance sheet date for the estimated term of the obligations.

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

As at 31 March 2024, the weighted average duration of the define benefit obligation was 10 years (previous year 10 years)

ii. Sensitivity analysis

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

(₹ in crores)

	As at 31 March 2024		As at 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.89)	2.18	(1.48)	1.69
Future salary growth (1% movement)	1.87	(1.75)	1.52	(1.40)
Rate of Employee Turnover (1% movement)	0.38	(0.42)	0.36	(0.40)

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.

iii. Maturity profile of the defined benefit obligation

(₹ in crores)

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years
31 March 2024					
Defined benefit obligations (Gratuity)	1.09	1.24	5.43	13.56	2.45
Total	1.09	1.24	5.43	13.56	2.45
31 March 2023					
Defined benefit obligations (Gratuity)	1.51	0.84	4.65	11.83	2.10
Total	1.51	0.84	4.65	11.83	2.10

Notes to the consolidated financial statements

for the year ended 31 March 2024

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

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

The parent has contributed ₹ 5.53 crores (2022-23: ₹ 4.90 crores) to the Provident Fund Trust. The parent has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual returned earned by the parent has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

Defined benefit plans

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

	(₹ in crores)	
	31 March 2024	31 March 2023
Plan assets at the period end, at fair value	79.10	71.28
Present value of benefit obligation at period end	81.03	70.86
Capital short-fall liability	-	-

Amount of ₹ Nil crores (previous year ₹ 2.06 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 March 31, 2024

Plan assets comprise the following

	31 March 2024	31 March 2023
Investment		
Investment in Government Securities	48%	47%
Bank Special Deposit	1%	1%
Investment in other securities	7%	7%
Corporate Bonds	-	5%
Debt Securities	44%	40%
	100%	100%

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

Particulars	31 March 2024	31 March 2023
Discount rate (%)	7.24%	7.56%
Guaranteed interest rate (%)	8.25%	8.15%
Expected average remaining working lives of employees (Years)	14	14

(iii) Other employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Group's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 4.66 crores (previous year ₹ 3.14 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.

Notes to the consolidated financial statements

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44 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Group's capital management is to safeguard its ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and make adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2024, 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.

Particulars	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Non-current borrowings	173.05	318.89
Current borrowings	443.87	247.12
Gross debt	616.92	566.01
Less - Cash and cash equivalents (including other bank balances)	103.07	67.22
Adjusted net debt	513.85	498.79
Total equity attributable to owner's of the Company	1,212.81	1,064.38
Adjusted net debt to equity ratio	0.42	0.47

45 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 2024	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Investments	0.02	-	0.02	-	-	0.02	0.02
Other financial assets	-	13.79	13.79	-	-	-	-
Current financial assets							
Investments	9.57	-	9.57	9.57	-	-	9.57
Trade receivables	-	489.60	489.60	-	-	-	-
Cash and cash equivalents	-	100.06	100.06	-	-	-	-
Other bank balances	-	3.01	3.01	-	-	-	-
Loans	-	3.45	3.45	-	-	-	-
Other financial assets	-	2.24	2.24	-	-	-	-
Derivatives	0.41	-	0.41	-	0.41	-	0.41
	10.00	612.15	622.15	9.57	0.41	0.02	10.00

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for the year ended 31 March 2024

(₹ in crores)

31 March 2024	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial liabilities							
Non current financial liabilities							
Borrowings	-	173.05	173.05	-	-	-	-
Other financial liabilities	-	0.57	0.57	-	-	-	-
Lease Liabilities	-	31.75	31.75	-	-	-	-
Current financial liabilities							
Borrowings	-	443.87	443.87	-	-	-	-
Trade payables	-	355.13	355.13	-	-	-	-
Other financial liabilities	-	42.47	42.47	-	-	-	-
Derivatives	0.21	-	0.21	-	0.21	-	-
Lease Liabilities	-	17.12	17.12	-	-	-	-
	0.21	1,063.96	1,064.17	-	0.21	-	-

(₹ in crores)

31 March 2023	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Investments	0.02	-	0.02	-	-	0.02	0.02
Other financial assets	-	11.50	11.50	-	-	-	-
Current financial assets							
Investments	23.00	-	23.00	23.00	-	-	23.00
Trade receivables	-	438.23	438.23	-	-	-	-
Cash and cash equivalents	-	63.54	63.54	-	-	-	-
Other bank balances	-	3.68	3.68	-	-	-	-
Loans	-	5.89	5.89	-	-	-	-
Other financial assets	-	0.35	0.35	-	-	-	-
Derivatives	0.51	-	0.51	-	0.51	-	0.51
	23.53	523.19	546.72	23.00	0.51	0.02	23.53
Financial liabilities							
Non current financial liabilities							
Borrowings	-	318.89	318.89	-	-	-	-
Other financial liabilities	-	0.57	0.57	-	-	-	-
Lease Liabilities	-	39.39	39.39	-	-	-	-
Current financial liabilities							
Borrowings	-	247.12	247.12	-	-	-	-
Trade payables	-	365.10	365.10	-	-	-	-
Other financial liabilities - current	-	27.54	27.54	-	-	-	-
Derivatives	0.79	-	0.79	-	0.79	-	0.79
Lease Liabilities	-	14.55	14.55	-	-	-	-
	0.79	1,013.16	1,013.95	-	0.79	-	0.79

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B. Measurement of fair values

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main items in this category are investments in certain unquoted equity.

C. Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously. Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities with the same countries will be settled on a net basis.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2024:

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Financial Instruments subject to an enforceable master netting arrangement	Net amount after offsetting
Financial assets					
(a) Derivative Assets	0.41	-	0.41	(0.21)	0.20
Total	0.41	-	0.41	(0.21)	0.20
Financial liabilities					
(a) Derivative Liabilities	0.21	-	0.21	(0.21)	-
Total	0.21	-	0.21	(0.21)	-

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2023:

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Financial Instruments subject to an enforceable master netting arrangement	Net amount after offsetting
Financial assets					
(a) Derivative Assets	0.51	-	0.51	(0.30)	0.21
Total	0.51	-	0.51	(0.30)	0.21
Financial liabilities					
(a) Derivative Liabilities	0.79	-	0.79	(0.30)	0.49
Total	0.79	-	0.79	(0.30)	0.49

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for the year ended 31 March 2024

D. 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 Parent's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

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

ii. Credit risk

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

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

Trade and other receivables

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

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

The Group uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experience over the past 3 years. Trade receivables are in default (credit impaired), if the payment are more than 730 days past due.

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for the year ended 31 March 2024

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

	Carrying amount	
	As at 31 March 2024	As at 31 March 2023
India	217.30	236.20
Other regions	272.30	202.03
	489.60	438.23
Total other receivables	19.89	18.25

(₹ in crores)

Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2024

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivable Considered good	234.21	231.48	21.56	15.85	-	-	503.10
Undisputed trade receivable Credit Impaired	-	-	-	-	2.69	7.11	9.80
Total (A)	234.21	231.48	21.56	15.85	2.69	7.11	512.90
Allowance for expected credit loss							13.50
Allowance for credit impairment							9.80
TOTAL (B)							23.30
TOTAL [(A)- (B)]							489.60

(₹ in crores)

Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivable Considered good	285.80	121.00	17.69	22.84	-	-	447.33
Undisputed trade receivable Credit Impaired	-	-	-	-	7.50	7.32	14.82
Total (A)	285.80	121.00	17.69	22.84	7.50	7.32	462.15
Allowance for expected credit loss							9.10
Allowance for credit impairment							14.82
TOTAL (B)							23.92
TOTAL [(A)- (B)]							438.23

(₹ in crores)

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The movement in the allowance for impairment in respect of trade receivables measured at an amount equal to lifetime expected credit losses during the year was as follows.

For trade receivable	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Opening Balance	23.92	24.56
Provision for doubtful debts (net)	3.30	(0.99)
Written off/reversal during the year	(3.85)	(0.52)
Foreign exchange translation difference	(0.07)	0.87
Closing Balance	23.30	23.92

For other receivable	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Opening Balance	(0.81)	(0.81)
Impairment loss/(gain) recognised	-	-
Closing Balance	(0.81)	(0.81)

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 100.06 crores at 31 March 2024 (31 March 2023: ₹ 63.54 crores). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other bank balances

The Group held other bank balance of ₹ 3.01 crores at 31 March 2024 (31 March 2023: ₹ 3.68 crores).

Derivatives

The derivatives are entered into with banks, financial institutions and other counterparties with good credit ratings.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

iii. Liquidity risk

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

Notes to the consolidated financial statements

for the year ended 31 March 2024

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.

As at 31 March 2024	(₹ in crores)				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowings and interest thereon	173.05	183.97	-	183.97	-
Lease liabilities	31.75	36.68	-	34.01	2.67
Others	0.57	0.57	-	0.57	-
Current financial liabilities					
Borrowings and interest thereon	443.87	448.68	448.68	-	-
Other current financial liabilities	42.68	42.68	42.68	-	-
Lease liabilities	17.12	19.88	19.88	-	-
Trade payables	355.13	355.13	355.13	-	-

As at 31 March 2023	(₹ in crores)				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowings	318.89	346.53	57.98	287.23	1.32
Lease liabilities	39.39	42.58	-	36.34	6.24
Others	0.57	0.57	-	0.57	-
Current financial liabilities					
Current maturity of Lease Liabilities	14.55	14.55	14.55	-	-
Other current financial liabilities	28.33	28.33	28.33	-	-
Trade payables	365.10	365.10	365.10	-	-
Short term borrowings	247.12	255.93	255.93	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to non derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Notes to the consolidated financial statements

for the year ended 31 March 2024

v. Currency risk

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

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

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2024 and 31 March 2023 are as below:

(₹ in crores)

	As at 31 March 2024				
	USD	EUR	GBP	CHF	Others*
Financial assets	187.73	57.41	1.00	-	15.61
Financial liabilities	(50.70)	(308.83)	(0.30)	(1.44)	(0.03)
Derivatives (net settled)	125.27	-	-	-	-
Net statement of financial position exposure	262.30	(251.42)	0.70	(1.44)	15.58

(₹ in crores)

	As at 31 March 2023				
	USD	EUR	GBP	CHF	Others*
Financial assets	183.73	73.56	0.01	-	20.56
Financial liabilities	(244.04)	(54.36)	(0.27)	(0.56)	-
Derivatives (net settled)	(182.22)	-	-	-	-
Net statement of financial position exposure	(242.53)	19.20	(0.26)	(0.56)	20.56

*Others include GBP, THB, AED, HKD and LKR.

- The forward contracts booked also includes the future purchase transaction exposure.
- Hedged foreign currency exposure

	31 March 2024		
	No of contracts outstanding	Foreign currency in Million	Indian rupees in crores
Foreign exchange forward contracts (To hedge trade receivables)	34	USD 41.28	125.27

	31 March 2023		
	No of contracts outstanding	Foreign currency in Million	Indian rupees in crores
Foreign exchange forward contracts (To hedge trade receivables)	35	USD 22.16	182.22

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros & other currencies at 31 March 2024 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.

Notes to the consolidated financial statements

for the year ended 31 March 2024

(₹ in crores)

Effect in ₹	Profit or loss and Equity	
	Strengthening	Weakening
31 March 2024		
USD (1% movement)	(2.62)	2.62
EUR (3% movement)	7.54	(7.54)
SGD (2% movement)	(0.01)	0.01
CHF (4% movement)	0.06	(0.06)
	4.97	(4.97)

(₹ in crores)

Effect in ₹	Profit or loss and Equity	
	Strengthening	Weakening
31 March 2023		
USD (3% movement)	7.28	(7.28)
EUR (3% movement)	(0.58)	0.58
SGD (3% movement)	0.01	(0.01)
CHF (3% movement)	0.02	(0.02)
	6.73	(6.73)

vi. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Group's interest rate risk arises from borrowings. Borrowings issued at fixed & variable rates. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in crores)

	Nominal amount	
	31 March 2024	31 March 2023
Fixed-rate instruments		
Financial assets	3.45	5.89
Financial liabilities	73.68	74.46
	77.13	80.35
Variable-rate instruments		
Financial liabilities	543.24	491.55
	543.24	491.55

Fair value sensitivity analysis for fixed-rate instruments

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

Notes to the consolidated financial statements

for the year ended 31 March 2024

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.

(₹ in crores)

	Profit or loss and Equity	
	100 bp increase	100 bp decrease
31 March 2024		
Variable-rate instruments	(5.43)	5.43
Cash flow sensitivity (net)	(5.43)	5.43
31 March 2023		
Variable-rate instruments	(4.92)	4.92
Cash flow sensitivity (net)	(4.92)	4.92

46 Segment reporting

A. General Information

(a) Factors used to identify the entity's reportable segments, including the basis of organisation

For management purposes, the Group and its joint venture is organised into business units based on its products and services and has two reportable segments, as follows:

- Fragrances, segment manufactures/trade in Fragrances and aroma ingredients for Fragrances
- Flavours, segment manufactures/ trade in Flavours

(b) Following are reportable segments

Reportable segment

Fragrances
Flavours

B. Information about reportable segments

(₹ in crores)

Year ended 31 March 2024	Reportable segments			
	Particulars	Fragrance	Flavours	Total Segments
I. Segment revenue				
Total Sales	2,175.37	244.09	2,419.46	
Inter-segment	(488.00)	(9.72)	(497.72)	
Total Sales	1,687.37	234.37	1,921.74	
Other operating income	7.90	0.35	8.25	
Sales/ Income from Operations	1,695.27	234.72	1,929.99	
II. Segment Results	219.93	21.38	241.31	
III. Specified amounts included in segment results				
Depreciation and amortisation	83.44	5.87	89.31	

Notes to the consolidated financial statements

for the year ended 31 March 2024

(₹ in crores)

Year ended 31 March 2024	Reportable segments			
	Particulars	Fragrance	Flavours	Total Segments
IV. Reconciliation of segment result with profit after tax				
Segment Results	219.93	21.38	241.31	
Add/ (Less):				
Finance costs			(41.26)	
Interest income			1.71	
Tax expense			(58.75)	
Other unallocable expenses net of unallocable income			(19.46)	
Profit after Tax			123.55	
V. Segment Assets	2,108.80	201.23	2,310.03	
Unallocated			92.42	
VI. Segment Liabilities	406.93	42.02	448.95	
Unallocated			739.31	
VII Specified amounts included in segment assets above				
Capital Expenditure	59.31	13.72	73.03	

(₹ in crores)

Year ended 31 March 2023	Reportable segments			
	Particulars	Fragrance	Flavours	Total Segments
I. Segment revenue				
Total Sales	2,239.86	225.88	2,465.74	
Inter-segment	(776.55)	(12.29)	(788.84)	
Total Sales	1,463.31	213.59	1,676.90	
Other operating income	9.31	0.31	9.62	
Sales/ Income from Operations	1,472.62	213.90	1,686.52	
II. Segment Results	140.65	17.42	158.07	
III. Specified amounts included in segment results				
Depreciation and amortisation	74.20	6.25	80.45	
Share of profit in Joint venture	(0.16)	-	(0.16)	
IV. Reconciliation of segment result with profit after tax				
Segment Results	140.65	17.42	158.07	
Add/ (Less):				
Finance costs			(23.89)	
Interest income			0.91	
Tax expense			(41.41)	
Other unallocable expenses net of unallocable income			(30.73)	
Profit after Tax			62.95	
V. Segment Assets	1,990.46	154.44	2,144.90	
Unallocated			77.12	
VI. Segment Liabilities	407.63	36.55	444.18	
Unallocated			675.20	
VII Specified amounts included in segment assets above				
Capital Expenditure	66.63	0.89	67.51	

Notes to the consolidated financial statements

for the year ended 31 March 2024

C. Geographic information

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

(₹ in crores)

Geography	For the year ended	
	31 March 2024	31 March 2023
I Revenue		
India	1,097.49	965.08
Europe	463.10	405.12
Others	369.40	316.32
Total Revenue	1,929.99	1,686.52
II Non-current Assets *		
India	754.00	783.08
Europe	139.70	131.16
Others	52.35	26.04
Total Non-current Assets	946.05	940.28

*Non-current assets includes property plant and equipments, Capital work in progress, Right of use asset, Investment property, Goodwill, Other intangible asset and Intangible asset under development.

D. Information about major customers

None of the customers as on 31 March 2024 and 31 March 2023 constituted 10% or more of the total revenue of the Group.

47 Related party disclosures

The note provides the information about the Group's structure including the details of the subsidiaries and the parent.

i) List of Related parties

Subsidiaries and Joint ventures

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2024	31 March 2023
Keva Flavours Private Limited	Subsidiary	India	100%	100%
Keva Fragrances Private Limited	Subsidiary	India	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
Keva Europe B.V	Subsidiary	Netherlands	100%	100%
Keva Ventures Private Limited	Subsidiary	India	100%	100%
Creative Flavours & Fragrances SpA (Subsidiary of Keva Italy Srl)	Subsidiary	Italy	100%	100%
Keva UK Limited (Subsidiary of Keva Europe B.V. w.e.f. 12 September 2022)	Subsidiary	United Kingdom	100%	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd.)	Subsidiary	Indonesia	100%	100%
Anhui Ruibang Aroma Co Ltd (Subsidiary of Keva Fragrance Industries Pte.Ltd)	Subsidiary	China	90.0%	90%

Notes to the consolidated financial statements

for the year ended 31 March 2024

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2024	31 March 2023
Keva Italy S.r.l (Subsidiary of Keva Europe B.V.)	Subsidiary	Italy	100%	100%
Amikeva Private Limited (Subsidiary of Keva Ventures Private Limited)	Subsidiary	India	70.48%	70.48%
Provier Beheer B.V. (Subsidiary of Keva Europe B.V)	Subsidiary	Netherlands	100%	81%
Holland Aromatics B.V. (Subsidiary of Provier Beheer B.V.)	Subsidiary	Netherlands	100%	81%
NuTaste Food and Drink Labs Private Limited (Subsidiary of Keva Flavours Private Limited)	Subsidiary	India	80%	86.96%
Purandar Fine Chemicals Private Limited (Joint venture of Keva Frangrances Private Limited) (cease to exist as on 31 March 2023)	Joint venture	India	-	-
Keva USA Inc.(w.e.f. 28 Feb 2024)	Subsidiary	USA	100%	-

Other related parties

Relationship	Name of the related party
a) Key Management Personnel (KMP) and Executive Directors	Kedar Vaze, Director & Group Chief Executive Officer
	Ramesh Vaze (Chairman) (Non Executive Director)
	Prabha Vaze (Non Executive Director)
	Rohit Saraogi (Group Chief Financial Officer) (Company Secretary and Compliance Officer from 25 May 2022)
	Deepti Chandratre (Company Secretary) upto 30 April 2022

Notes to the consolidated financial statements

for the year ended 31 March 2024

Relationship	Name of the related party
b) Enterprises owned or controlled by key management personnel	Keva Aromatics Private Limited
	Keva Constructions Private Limited
	Keva Properties Private Limited
	Keva Biotech Private Limited
	Keva Investment Partners
	KNP Industries Private Limited
	KNP Industries Pte. Ltd
	Evolutis India Private Limited
	BSG ITSoft Private Limited
	ASN Investment Advisors Private Limited
	Keva Industries Private Limited
	Keva Subde Biotech Private Limited (Formerly known as RVV Nutritious Private Limited)
	Subde LOC Nagpur Private Limited (w.e.f. 5 April 2023)
	SKK Industries Private Limited
	Sandu Homes LLP
	Ramesh Vinayak Vaze Family Trust
	Kedar Ramesh Vaze Family Trust
	Vinayak Ganesh Vaze Charities
	KNP Med Solutions Private Limited
	KNP Retail Private Limited
KNP Labs LLP	
Novakraft Consumer Care LLP	
FAB Oils LLP	
Artisanal Innovations Private Limited (upto 30 November 2023)	
KNP Biotech NL BV (w.e.f. 2 July 2023)	
c) Other entities where significant influence exist:	
	i) Post employment-benefit plan entity: S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund
	ii) Others : S. H. Kelkar & Co Ltd Employees Provident Fund S. H. Kelkar & Co Ltd Employees Superannuation Fund
d) Relatives of Key Management Personnel	Anagha Sandeep Nene
	Sumedha Kedar Karmarkar
	Nandan Kedar Vaze
	Parth Kedar Vaze
	Milena Rubene
Angelina Vaze	
e) Non-executive directors	Deepak Raj Bindra
	Shrikant Oka
	Mark Elliott
	Vasant Gujarathi
	Neela Bhattacharjee
	Bharadhwaj Padmanabhan Ramamoorthy
	Sangeeta Singh (upto 18 February 2023)
	Amit Dalmia (upto 17 May 2022)
Dalip Sehgal (upto 8 December 2022)	

Notes to the consolidated financial statements

for the year ended 31 March 2024

The Company's related parties principally includes subsidiaries, joint venture, promoter and promoter group companies. The Company routinely enters into transactions with these related parties in the ordinary course of business. Transactions and balances of the company with its own subsidiaries and the transactions among subsidiaries are eliminated on consolidation.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

The following table summarizes related-party transactions and balances included in the consolidated financial statements for year ended/as at March 31, 2024:

The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2024:

(₹ in crores)

	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
(A) Transactions					
Purchase of goods	-	-	54.44	-	54.44
Sale of goods	-	-	0.16	-	0.16
Services received	-	-	5.99	-	5.99
Dividend paid	-	-	11.14	5.18	16.32
Commission to Directors	-	-	-	2.19	2.19
Sitting fees	-	-	-	0.79	0.79
Contributions during the year	-	8.51	-	-	8.51
(B) Balances					
Trade receivables	-	-	0.21	-	0.21
Trade payables	-	-	13.69	-	13.69
Current Borrowing	-	-	0.25	-	0.25
Other current financial liabilities	-	0.87	-	-	0.87
Other current liabilities	-	-	0.07	-	0.07

The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2023:

(₹ in crores)

	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
(A) Transactions					
Purchase of goods	0.60	-	51.89	-	52.49
Sale of goods	-	-	0.08	-	0.08
Interest (income)/expense, dividend (income)/paid.(net)	-	-	-	-	-
Dividend Income	0.03	-	-	-	0.03
Dividend paid	-	-	4.15	1.81	5.96
Commission to Directors	-	-	-	1.14	1.14
Sitting fees	-	-	-	0.97	0.97
Repayment towards lease liability	-	-	-	-	-

Notes to the consolidated financial statements

for the year ended 31 March 2024

(₹ in crores)

	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
(B) Balances					
Amount payable in respect of Lease Liability	-				-
Trade receivables	-	-	0.05	-	0.05
Trade payables	-	-	7.35	-	7.35
Other current financial liabilities	-	0.77	-	-	0.77

(₹ in crores)

	Year ended March 31, 2024	Year ended March 31, 2023
(C) Compensation of Key management personnel :		
Short-term benefits	4.31	3.73
Post-employment benefits	0.41	0.35

48 Consolidation of Trust

The Parent had formed S H Kelkar Employee Benefit Trust (Trust) through its trustees Barclays Wealth Trustees(India) Pvt. Ltd.

The Trust has been formed for administering and implementing S H Kelkar Stock Appreciation Rights Scheme 2017 ('the scheme') of the Parent which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017

For the purpose of the Scheme, the Trust will purchase Shares out of funds borrowed from the Parent which will be sold on the secondary market. The appreciation amount received by the Trustee on sale of shares be transferred to the Beneficiaries upon fulfilment of certain terms and conditions of the Scheme.

The Parent treats the Trust as its extension and the shares held by the Trust are treated as treasury shares.

The Consolidation of the Trust financials statements with that of the Parent does not in any manner affect the independence of the trustees where the rights and obligations are regulated by the trust deed.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity.

i The sources and application of funds of the Trust Consolidated as at 31 March, 2024 and 31 March, 2023 were as follows:

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Sources of Funds		
Corpus	*0.00	*0.00
Reserves and Surplus	(50.43)	(26.39)
Secured Loan		
Loan	50.50	75.00
Total	0.07	48.61

Notes to the consolidated financial statements

for the year ended 31 March 2024

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Application of Funds		
Investments	-	71.09
Current Assets, Loans and Advances (A)		
Cash and Cash Equivalents	0.07	1.37
Loans and Advances	0.47	0.29
Less: Current Liabilities and Provisions (B)		
Current Liabilities	-	23.85
Provisions	0.47	0.29
Net Current Assets (A- B)	0.07	(22.48)
Total	0.07	48.61

* Amount less than ₹ 0.01 crore

ii Impact on the Group's profit & loss post Trust consolidation for the year 31 March 2024

(₹ in crores)

Particulars	31 March 2024	31 March 2023
Expenditure		
Management fees	0.03	0.04
Audit Fees*	0.00	0.00
Impact on profit before tax	0.03	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 ₹ Nil as at 31 March, 2024 (previous year ₹ 71.09 crores). Further, On September 30, 2023, the Company had sold all the equity shares as held by its Employee Benefit Trust (EBT) for a sale consideration of ₹ 49.14 crores and recognized a loss of ₹ 21.95 crores.

(b) Other Non Current Financial Assets and other Income

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 50.50 crores as at 31 March, 2024 (previous year ₹ 75.00 crores) and interest income of ₹ 2.52 crores (previous year ₹ 5.25 crores) on the above loan is also eliminated.

(c) Other Current Financial Assets

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ Nil as at 31 March, 2024 (previous year ₹ 23.32 crores).

Notes to the consolidated financial statements

for the year ended 31 March 2024

(d) The fairvalue of the STAR'S was determine using the black-scholes model using the following inputs at the grant date and as at each reporting date

Particulars	As at 31 March 2024	As at 31 March 2023
Share price as at measurement date (₹ per share)	-	99.50
Expected volatility (%)	-	37.19%
Dividend yield (%)	-	1.76%
Risk-free interest rate (%)	-	4.62%

(e) No employee benefit expense recognised in current and previous year from the above stock appreciation rights.

(f) Given that the fall in price of the shares has rendered the scheme unattractive currently, the Company has not granted STARs to any of its employees.

49 Exceptional items

a) Keva Fragrances Private Limited (wholly owned subsidiary) manufacturing operations were suspended temporarily from July 22, 2021, to August 25, 2021, due to unprecedented rains at Mahad. During the year ended March 31, 2023, losses ₹ 1.88 crores (net of reprocess expenses), were reversed since such inventory had been reprocessed and converted into finished goods. Further, during the year ended March 31, 2023, an insurance claim of ₹ 2.00 crores was received against such losses and adjusted against exceptional items.

b) The Group had recognised a loss on sale of certain assets belonging to Keva Europe B.V. (wholly owned subsidiary) for ₹ 4.44 crores and disclosed them as exceptional items during the year ended March 31, 2023.

c) An impairment of ₹ 19.56 crores in respect of the Anhui plant was disclosed as an exceptional item during the year ended March 31, 2023.

d) During the year ended March 31, 2023, Keva Fragrances Private Limited ('KFG'), a wholly owned subsidiary of S H Kelkar and Company Limited, sold its 50% stake in the joint venture Purandar Fine Chemicals Private Limited. With this disinvestment, Purandar Fine Chemicals Private Limited ceases to be a joint venture of KFG. Accordingly, a resultant loss of ₹ 0.15 crore on the sale of the investment had been recognized and disclosed as an exceptional item during the year ended March 31, 2023.

50 There are no proceedings initiated or pending against any Indian entity of the group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

51 The Group does not have any transaction during the year with struck off companies under section 248 of companies Act'2013 or section 560 of Companies Act' 1956

52 On April 23, 2024 a major fire broke out at the S H Kelkar and Company Limited (parent company), Vashivali plant located at Raigad district Maharashtra. There were no injuries or loss of life, and the safety of all the personnel was ensured. The said incident has an impact on part of Building, Plant & Machinery, inventories and other assets. The Parent Company is adequately insured with the Insurance Company. The Parent Company is unable to make a reliable estimate of the exact amount of loss, which would be estimated once the surveyors have completed their assessment. Since this is a non-adjusting subsequent event, no adjustment has been made in the Consolidated Financial Statement for the year ended March 31, 2024.

53 During the year ended March 31, 2022, S H Kelkar and Company Limited (the Company) had entered into a Share Purchase Agreement (SPA) through Keva Europe B.V., (a wholly owned subsidiary) to acquire a 62% stake in Holland Aromatics B.V. (Holland Aromatics). Further, on September 21, 2022, the Company had acquired the second tranche of 19% stake for a consideration of ₹ 36.90 crores (Euro 4.6 million). Further, on October 12, 2023, the Company, through Keva Europe B.V., acquired the third and final tranche of 19% stake in Holland Aromatics for a consideration of ₹ 38.89 crores (Euro 4.4 million) resulting in 100% stake.

Notes to the consolidated financial statements

for the year ended 31 March 2024

54 The Parent and its subsidiaries have complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

55 The Parent and its subsidiaries has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

56 Utilisation of borrowed funds and share premium :

1. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - b. Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
2. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

57 There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

58 The Parent and it's subsidiary companies incorporated in India uses an accounting software(s) for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s) except that, audit trail feature is not enabled at database level to log any direct changes. Further no instance of audit trail feature being tampered with was noted in respect of the accounting software(s). Presently, the log has been activated at the application and the privileged access to database continues to be restricted to limited set of users who necessarily require this access for maintenance and administration of the database.

59 The Group has not traded or invested in crypto currency or virtual currency during the year.

60 The Group does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

61 Previous period / year figures have been regrouped and reclassified wherever considered necessary.

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Mumbai
27 May 2024

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

INDEPENDENT AUDITOR'S REPORT

To The Members of

S H Kelkar and Company Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of S H Kelkar and Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note 58 of the standalone financial statements, which describes subsequent to the year end the effects of a fire in the Company's production facilities. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of investments in subsidiaries (refer note 2.3 (h) and note 9 to the standalone financial statements)

The Company's assessment of valuation of investments in foreign (Europe) subsidiaries namely, Keva Europe BV, and Creative Flavours & Fragrances SpA (CFF) amounting to ₹ 245.16 crores involves significant management estimates and judgements relating to forecast of future revenues, operating margins and discount rates while determining the corresponding recoverable values using discounted cash flow method.

Considering the judgement required for estimating the cash flows and the key assumptions used, this has been considered as a key audit matter.

Principal audit procedures:

- Tested the design, implementation and operating effectiveness of key controls over valuation of investments in subsidiaries.
- Evaluated the reasonableness of key assumptions and inputs in the cash flow forecasts (including revenue, operating margin, discount rate) considering the current economic scenario, understanding of the business, retrospective review of prior year's forecast against actual results and inputs from internal valuation specialists.
- Assessed the sensitivity of the outcome of impairment assessment in response to changes in the said key assumptions.

- Evaluated adequacy of the related disclosures in the standalone financial statements

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, Report on Corporate Governance, Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's 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 during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone financial statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for not complying with the requirement of audit trail as stated in (i)(vi) below.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above.
 - g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 41 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 53 to the standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities.
 - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 53 to the standalone financial statements no funds have been received by the Company from any person(s) or entity(ies), including foreign entities.
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) of Rule 11(e), as provided under (a) above, contain any material mis-statement
- v. The final dividend proposed in the previous year, declared and paid by the Company during

the year is in accordance with section 123 of the Act, as applicable.

The interim dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.

- vi. Based on our examination, which included test checks, the Company has used an accounting software(s) for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature is not enabled at database level to log any direct changes. (Refer note 57 to the standalone financial statements)

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Falguni Bhor

Partner

Place: Mumbai
Date: 27 May 2024

Membership No. 111787
UDIN: 24111787BKGYGT4022

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to standalone financial statements of **S H Kelkar and Company Limited** (“the Company”) as at March 31, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements

was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company’s internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the

possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on

the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

Falguni Bhor

Partner

Place: Mumbai

Date: 27 May 2024

Membership No. 111787

UDIN: 24111787BKGYG4022

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that -

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets, intangible assets under development.
- (b) Some of the Property, Plant and Equipment, capital work-in-progress, investment properties and right-of-use assets were physically verified during the year by the Management in accordance with a program of verification, which in our opinion provides for physical

verification of all the Property, Plant and Equipment, capital work-in-progress, investment properties and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

- (c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

Description of Property	Gross Carrying Value ₹ In crore (As at the Balance sheet date)	Net Carrying Value ₹ In crore (As at the Balance sheet date)	Held in the name of	Whether promoter, director or their relative or employee	Period Held	Reason for not being held in the name of Company
Building located at Mulund, Mumbai admeasuring 7,647 sft	15.67	12.00	Saiba Industries Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT)	No	From 01/04/2019, appointed date as per the approved scheme	The Title deeds pending to be transferred in the name of the Company with registrar.
Building located at Mulund, Mumbai admeasuring 703.56 sft	1.75	1.42	Rasiklal Hemani Agencies Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT)	No	From 01/04/2019, appointed date as per the approved scheme	The Title deeds pending to be transferred in the name of the Company with registrar.
Total	17.42	13.42				

(i) (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year. financial information) filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters.

(i) (e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. (iii) The Company has made investments in, provided guarantee and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(ii) (a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been received subsequent to the year-end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account. (a) The Company has provided loans and stood guarantee during the year and details of which are given below:

(₹ In crore)

	Guarantees	Loans
A. Aggregate amount granted / provided during the year:		
- Subsidiaries	55.95	0.28*
B. Balance outstanding as at balance sheet date in respect of above cases		
- Subsidiaries	582.80	10.19

(* excludes interest of ₹ 0.80 crore)

(ii) (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of inventories, book debts and other receivables. In our opinion and according to the information and explanations given to us, the statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated (iii) (b) The investments made, guarantees provided, and the terms and conditions of the grant of all the above-mentioned loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iii) (c) In respect of loans granted by the Company, the schedule of repayment of principal has been stipulated. There are no repayments of principal

amounts during the year. In respect of payment of interest on loans granted by the Company, has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the payment of interest. (Refer reporting under clause (iii) (f) below)

(iii) (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted there is no overdue amount remaining outstanding as at the balance sheet date.

(iii) (e) None of the loans have fallen due during the year.

(iii) (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees, and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the

books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) (a) In respect of statutory dues:

Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2024, for a period of more than six months from the date they became payable.

(vii) (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024, on account of disputes are given below:

Name of Statute	Nature of the Dues	Demand Amount (₹ In crore)	Amount deposited (₹ In crore)	Period to which the Amount Relates	Forum where Dispute is Pending
Income tax Act, 1961	Income- Tax	60.12	15.51	FY 2007-08	The Commissioner of Income tax (Appeals)
				FY 2008-09	
				FY 2009-10	
				FY 2012-13	
				FY 2014-15	
				FY 2016-17	
				FY 2017-18	
Income tax Act, 1961	Income-Tax	15.93	0.80	FY 2008-09	High Court, Mumbai
				FY 2011-12	
				FY 2014-15	
				FY 2019-20	
				FY 2020-21	
Central Excise Act, 1944	Service Tax	11.33	2.88	FY 2008-09 to 2012-13	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
				FY 2021-22	

Name of Statute	Nature of the Dues	Demand Amount (₹ In crore)	Amount deposited (₹ In crore)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Act, 1944	Custom Duty	1.06	0.08	FY 2009-10 to 2010-11	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Custom Duty	0.07	-	FY 2008-09 to 2011-12	Additional commissioner of customs, Appraising Gr.2 (A-F), JNCH
Central Excise Act, 1944	Custom Duty	0.05	-	FY 2011-12	Deputy Commissioner of Customs, GR-II (A-B), NS-V, JNCH
Maharashtra Value Added Tax Act, 2002	Sales Tax	0.37	-	FY 1989-94	High Court

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) Loans amounting to ₹ 68.50 crore outstanding as at 31 March 2024 are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given to us, such loans and interest thereon have not been demanded for repayment during the financial year. Considering the above, in our opinion, the Company has not defaulted in the repayment of loans or other borrowings, or in the payment of interest thereon to any lender during the year.
- (ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- (ix) (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (ix) (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or joint ventures during the year.
- (ix) (f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (x) (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (xi) (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (xi) (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details

of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (xiv) (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2024.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable. The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company by way of casual vacancy during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions,

nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- (xx) (b) The Company does not have any ongoing projects as at the end of the current or previous financial year. Hence, reporting under this clause is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Falguni Bhor

Partner

Place: Mumbai
Date: 27 May, 2024

Membership No. 111787
UDIN: 24111787BKGYG4022

Standalone Balance Sheet

as at 31 March 2024

	Note	As at 31 March 2024	As at 31 March 2023
(₹ in crores)			
ASSETS			
Non-current assets			
Property, plant and equipment	4A	128.28	129.26
Capital work in progress	4B	0.77	3.72
Right of use asset	5	12.42	18.43
Investment property	6	-	-
Goodwill	7	9.59	9.59
Other intangible assets	8A	36.00	45.22
Intangible assets under development	8B	5.19	4.03
Financial assets			
Investment in subsidiaries	9	334.67	290.60
Loans	17	10.19	9.91
Other financial assets	10	4.22	3.74
Non current tax assets (net)	36	20.16	19.98
Other non-current assets	11	2.43	0.85
Total non-current assets		563.92	535.33
Current assets			
Inventories	12	423.33	356.41
Financial assets			
Investments	13	8.02	20.00
Trade receivables	14	169.90	142.38
Cash and cash equivalents	15	21.38	7.31
Other bank balances	16	0.11	1.39
Loans	17	2.97	3.19
Other financial assets	10	4.94	4.61
Other current assets	11	6.40	15.03
Total current assets		637.05	550.32
TOTAL ASSETS		1,200.97	1,085.65
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	138.42	138.42
Other equity	19	620.18	504.44
Equity attributable to owners of the Company		758.60	642.86
Total equity		758.60	642.86
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease Liabilities	20	8.58	13.79
Other financial liabilities	22	-	0.44
Deferred tax liabilities (net)	37	8.87	9.38
Total non-current liabilities		17.45	23.61
Current liabilities			
Financial liabilities			
Short-term Borrowings	21	68.50	74.65
Lease Liabilities	20	6.29	7.03
Trade payables	24	-	-
-total outstanding dues of micro enterprises and small enterprises		17.32	8.62
-total outstanding dues of creditors other than micro enterprises and small enterprises		285.19	280.14
Other financial liabilities	25	22.04	15.01
Provisions	23	9.86	8.56
Current tax liabilities (net)	36	3.85	5.56
Other current liabilities	26	11.87	19.61
Total current liabilities		424.92	419.18
Total liabilities		442.37	442.79
TOTAL EQUITY AND LIABILITIES		1,200.97	1,085.65
Material accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-60		

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Standalone Statement of Profit and Loss

for the year ended 31 March 2024

	Note	Year ended 31 March 2024	Year ended 31 March 2023
(₹ in crores)			
Income			
Revenue from operations	27	940.67	879.67
Other income	28	20.72	13.77
Total income		961.39	893.44
Expenses			
Cost of materials consumed	29	596.03	584.83
Changes in inventories of finished goods and work-in-progress	30	(3.76)	(17.98)
Employee benefits expense	31	93.90	84.80
Finance costs	32	6.82	4.95
Depreciation and amortisation expense	33	25.70	27.32
Other expenses	34	120.06	102.74
Total expenses		838.75	786.66
Profit before Exceptional Items and Tax		122.64	106.78
Exceptional Items	9	-	30.19
Profit before tax		122.64	76.59
Tax expense:	36		
Current tax		28.37	26.34
Prior year tax		0.21	(0.37)
Deferred tax charge		(0.27)	(1.55)
Profit for the year		94.33	52.17
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements (losses) on defined benefit obligations		(0.94)	(0.60)
Income tax credit related to items that will not be reclassified to profit or loss		0.24	0.15
Other comprehensive income for the year		(0.70)	(0.45)
Total Comprehensive Income for the year		93.63	51.72
Earnings per equity share (Face value of ₹ 10 each, fully paid-up)	35		
Basic earnings per share (₹)		6.88	3.86
Diluted earnings per share (₹)		6.88	3.86
Material accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-60		

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Standalone Statement of Cash Flows

for the year ended 31 March 2024

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
A. Cash flow from operating activities		
Profit before tax	122.64	76.59
Adjustments for		-
Depreciation and amortisation expense	25.70	27.32
Net Loss / (gain) on sale of property, plant and equipment, investment property and intangible assets	0.04	(7.65)
(Gain) / Loss on financials assets at FVTPL (Derivatives)	(0.63)	0.49
Gain on sale of investments at FVTPL (Mutual Fund)	(1.03)	(0.96)
Loss on sale of investment in subsidiary (Refer note 9)	-	30.19
Unrealised exchange fluctuation loss / (gain) (net)	0.40	(0.09)
Dividend income received including subsidiary	(14.58)	(0.84)
Inventory write down	0.35	1.10
Interest income	(0.81)	(0.21)
Guarantee commission Income	(2.89)	(2.95)
Provision / (Reversal) of loss allowances on trade receivables	0.13	(0.03)
Bad debts written off	0.71	-
Liabilities no longer required written back	(0.57)	(0.70)
Interest received on income tax refund	(0.41)	(0.38)
Finance costs	6.82	4.95
Operating profit before working capital changes	135.87	126.83
Working capital adjustments		
(Increase) / decrease in trade receivables	(28.43)	19.98
Decrease / (Increase) in loans and advances and other assets	9.45	(9.94)
(Increase) in inventories	(67.27)	(99.55)
Increase / (decrease) in trade and other payables, provisions	10.94	(22.92)
Net change in working capital	(75.31)	(112.43)
Cash flows generated from operating activities before taxes	60.56	14.40
Net direct taxes (paid)	(30.19)	(25.57)
Net cash flows generated from / (used in) operating activities (A)	30.37	(11.17)
B. Cash flows from investing activities		
Purchase of property, plant and equipment, investment property and intangibles (including cwip and intangible under development)	(8.59)	(22.14)
Proceeds from sale of Investment	-	41.00
Investment in equity shares of subsidiaries	(44.07)	(40.20)
Loan given to subsidiary	(0.28)	(13.44)
Loan recovered from subsidiary	-	3.53
Proceeds from sale of property, plant and equipment, investment property and intangible assets (net of related expenditure)	0.29	20.78
Net proceeds from sale of / (investment in) mutual funds	13.02	(19.04)
(Increase) / decrease in deposits and other bank balance	1.28	0.40
Dividend received including subsidiary	15.23	1.89
Interest received	0.07	0.25
Guarantee commission income from subsidiaries	2.89	2.95
Net cash flows (used in) investing activities (B)	(20.16)	(24.02)

Standalone Statement of Cash Flows (Continued)

for the year ended 31 March 2024

	(₹ in crores)	
	Year ended 31 March 2024	Year ended 31 March 2023
C. Cash flows from financing activities		
Proceeds from short term borrowings from subsidiary	26.00	119.40
Repayment of short term borrowings to subsidiary	(32.15)	(65.85)
Repayment of lease obligations including interest (including related party)	(8.66)	(6.35)
Sale of Investment by Employee Benefit Trust	49.14	-
Dividend paid	(27.68)	(10.38)
Finance cost paid	(2.79)	(4.23)
Net cash flows from financing activities (C)	3.86	32.59
Net Decrease in cash and cash equivalents (A + B + C)	14.07	(2.60)
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents at the beginning of the year	7.31	9.91
Cash and cash equivalents at the end of the year (refer note 15)	21.38	7.31
	(14.07)	2.60
Notes:		
1. Debt reconciliation statement in accordance with Ind AS 7		
Opening balances		
Lease Liabilities	20.82	25.80
Short-term borrowing	74.65	21.10
Interest expense	3.09	2.37
Cashflows		
Lease Liabilities	(8.66)	(6.35)
Short-term borrowing (net)	(6.15)	53.55
Interest payment	(2.79)	(4.23)
Non cash and other changes		
Net addition in lease liability	2.71	1.42
Cancellation of leases	-	(0.05)
Interest expense	5.34	4.94
Closing balances		
Lease Liabilities (Refer note 20)	14.87	20.82
Short-term borrowing (Refer note 21)	68.50	74.65
Interest expense (Refer note 32)	5.64	3.09

- The above standalone statement of cash flows has been prepared under the 'indirect method' as set out in the Indian Accounting Standard (IND AS) 7 - "Statement of cash flows".
- 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. 4-60

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817
Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Standalone Statement of Changes in Equity

for the year ended 31 March 2024

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
(a) Equity share capital		
Opening balance as at	138.42	138.42
Changes in equity share capital during the year (refer note 18)	-	-
Closing balance as at	138.42	138.42

(b) Other equity

	Attributable to equity holders of the Company Reserves and Surplus							
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained earnings	STARs reserve	Other reserves	Treasury shares	Total Equity
Balance as at 01 April, 2023	80.42	6.20	49.56	430.62	(0.03)	8.76	(71.09)	504.44
Total Comprehensive Income for the period ended 31 March 2024								
Profit for the year	-	-	-	94.33	-	-	-	94.33
Remeasurements (losses) on defined benefit obligations (net)	-	-	-	(0.70)	-	-	-	(0.70)
Total Comprehensive Income for the year	-	-	-	93.63	-	-	-	93.63
Contributions and distributions								
Dividends (refer note 19 C)	-	-	-	(27.68)	0.65	-	-	(27.03)
Others								
Sales of treasury shares held by the Trust during the year (Refer note 53)	-	-	-	-	-	-	71.09	71.09
Loss on treasury shares sold by the Trust (Refer note 53)	-	-	-	-	(21.95)	-	-	(21.95)
Balance at 31 March, 2024	80.42	6.20	49.56	496.57	(21.33)	8.76	-	620.18
Balance as at 01 April, 2022	80.42	6.20	49.56	389.28	(0.27)	8.76	(71.09)	462.86
Total Comprehensive Income for the year ended 31 March 2023								
Profit for the year	-	-	-	52.17	-	-	-	52.17
Remeasurements (losses) on defined benefit obligations (net)	-	-	-	(0.45)	-	-	-	(0.45)
Total Comprehensive Income for the year	-	-	-	51.72	-	-	-	51.72
Contributions and distributions								
Dividends (refer note 19 C)	-	-	-	(10.38)	0.24	-	-	(10.14)
Balance at 31 March 2023	80.42	6.20	49.56	430.62	(0.03)	8.76	(71.09)	504.44

Material accounting policies

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

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Mumbai
27 May 2024

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
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Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225

Notes to the standalone financial statements

for the year ended 31 March 2024

1 Company Overview

S H Kelkar and Company Limited ('SHK' or 'the Company') was incorporated under the provisions of the Companies Act, 1913, and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002. The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Company is engaged in the manufacture, supply and exports of fragrances and aroma ingredients.

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements are the separate financial statements of the Company (also called as standalone financial statements), have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 ("the Act").

The standalone financial statements for the year ended 31 March 2024 have been proposed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 27 May 2024.

2.2 Basis of measurement

(i) These standalone financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

(ii) The accounting policies have been applied consistently over all the periods presented in these standalone financial statements.

(iii) 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 Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

In particular, information about areas of estimation uncertainty and judgments in applying accounting policies that have the effect on the amounts recognised in the financial statements are included as follows:

a. Classification of Lease under Ind AS 116

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Notes to the standalone financial statements

for the year ended 31 March 2024

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.

b. Deferred Tax Assets:

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which deferred tax asset can be utilized. The Company reviews at each balance sheet date the carrying amount of deferred tax assets.

c. Contingencies

The computation of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The amount recognised as a provision is the best estimate of the expenditure. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims and the positions taken by the Company. It involves significant judgement and estimation to determine the likelihood and timing of the cash outflows and interpretations of the legal aspects, tax legislations and judgements previously made by authorities.

d. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds/investments correspond to the probable maturity of the post-employment benefit obligations. The same is disclosed in note no 38.

e. Loss allowances on trade and other receivables

The Company makes loss allowances based on an assessment of the recoverability of trade and other receivables. The identification of loss allowance requires use of judgments and

estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and loss allowance expenses in the period in which such original estimate has been changed.

f. Fair value measurement of financial instruments

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

g. 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.

h. 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.

i. Business combinations and intangible assets

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

Notes to the standalone financial statements

for the year ended 31 March 2024

j. Useful Lives of Property, Plant & Equipment and Intangible Assets

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

k. Impairment of Goodwill

The Company estimates the value-in-use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

2.4 Current / non-current classification

The Company presents assets and liabilities in the Balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

3 Material accounting policies

3.1 Revenue

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Revenue excludes taxes collected from customers on behalf of the government. Due to the short nature of credit period given to customers, there is no financing component in the contract.

a Sale of products

Revenue from sale of products is recognised when the control of promised goods have been transferred to the customers at an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

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The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract/agreed with parties.

Advance from customers is recognized under other liabilities and released to revenue on satisfaction of performance obligation.

b Rental income, Technical know how and Management fees

Rental income (including income from sub-leasing), included under other operating income, is recognised on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

Technical know how and Management fees are recognised on accrual basis.

c Export incentives

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

3.2 Foreign currency

Foreign currency transactions initial recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into

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

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations payable wholly within twelve months of rendering the service are measured on an undiscounted basis and are recognized in the period in which the employee renders the related service. These benefits include bonus and other employee benefits.

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

Post-employment employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the standalone Statement of Profit and Loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the standalone Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid.

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If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

ii Defined benefit plans

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change

in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit or Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Also, the Company's contribution paid/ payable to the Gratuity fund managed by the trust set up by the Company is recognised as expense in the standalone Statement of Profit and Loss during the period in which the employee renders the related service.

Provident fund trust

Eligible employees receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the Company. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Accordingly, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. An obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

The Company presents the above liability/(asset) as current and non-current in the balance sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

Entitlements to annual leave and sick leave are recognized when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave.

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The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date. Expenses related to other long term employee benefits are recognized in the Statement of Profit and loss (including actuarial gain and loss)

3.4 Recognition of dividend income, interest income or expense

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in the standalone Statement of Profit or Loss on the date on which the Company's right to receive the payment is established.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities. Current tax also includes any tax arising from dividends.

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

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii Deferred tax

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

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

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

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

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value.

The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or

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conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

3.7 Property, Plant and Equipment

i Recognition and measurement

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

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

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by

management, are recognised in the standalone Statement of Profit and Loss.

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

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the standalone Statement of Profit and Loss.

ii. Subsequent expenditure

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

iii. Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Other Non-Current Assets.

iv. Depreciation

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act.

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets

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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	3-60 years	3-60 years
Research and development - equipments	10-15 years	10-15 years
Computers and Server	3-6 years	3-6 years
Office equipments	5 years	5 years
Plant and machinery	10-20 years	15-20 years
Electrical installation	10 years	10 years
Motor cars and vehicles	8 years	8 years
Furniture and fixtures	10 years	10 years

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

3.8 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.9 Investment property:

i. Recognition and measurement

Property (building or part of a building or both) that is held for long term rental yields or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business is recognised as Investment Property in the books.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

ii. Subsequent expenditure

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

iii. Depreciation

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

Tangible assets	Life defined	Useful life as per Schedule II
Buildings	30 years	30 years

3.10 Intangible assets

i. Recognition and measurement

Internally generated: Research and development

Expenditure on research activities is recognised in the standalone Statement of Profit and Loss as incurred.

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

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Intangible asset under development includes formulations.

Other intangible assets

Other intangible assets, which include technical know-how, computer software and non-compete fees, which are acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

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

iii. Amortisation

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

Intangible assets are amortised over the estimated useful lives as given below:

- Computer Software	5 years
- Technical know-how	10 years
- Formulation	10 years
- Formulation (internally-generated)	3 years
- Non compete fees	non-compete period
- Patent and trademarks	5 Years

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

3.11 Financial Instruments

a. Financial assets

i. Initial Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised

when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss (FVPTL), transaction cost that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component are measured at transaction price.

ii. Classification

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

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

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

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

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

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

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

- the asset is held within a business model whose objective is achieved by both

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collecting contractual cash flows and selling financial assets; and

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

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

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

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

iii Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the standalone Statement of Profit or Loss. Any gain or

loss on derecognition is recognised in the standalone Statement of Profit or Loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the standalone Statement of Profit or Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of Profit or Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit or Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a 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.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

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v. Impairment of financial assets:

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

- i. Trade receivables and lease receivables
- ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)
- iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

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

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

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

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

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

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

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

b. Financial liabilities

i. Initial recognition and measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value minus, for an item not at fair value through profit and loss (FVTPL), transaction cost that are directly attributable to its acquisition or issue.

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ii **Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the standalone statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the standalone statement of profit or loss.

iii. **Derecognition**

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

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

iv. **Offsetting**

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

c. **Derivative financial instruments**

The Company uses derivative financial instruments, such as foreign currency forward contracts, to hedge its foreign currency risks. Such derivative financial instruments are

initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the statement of profit and loss account.

d. **Investment in subsidiaries**

The Company accounts for the investments in equity shares of subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

3.12 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.13 Leases

i **Company as Lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises right-of-use asset ('ROU') representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-

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use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-

substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the Statement of Profit or Loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets
The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

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ii Company as Lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

3.14 Impairment of non-financial assets and Goodwill

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets under development is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the standalone statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired

in a business combination that are not individually identified and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of Company's assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Company.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Company recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognised in the standalone Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is

Notes to the standalone financial statements

for the year ended 31 March 2024

included in the carrying amount of the CGU when determining the gain or loss on disposal.

3.15 Cash and cash equivalents

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

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

3.16 Employee Stock Appreciation Rights Scheme:

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

relevant service period. The liability is presented as employee benefit obligation in the balance sheet.

3.17 Events after Reporting date

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

3.18 Dividend to Equity shareholders

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

3.19 Earnings per share (EPS)

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

Notes to the standalone financial statements

for the year ended 31 March 2024

4A Property, plant and equipment

Block of asset	Gross Block		Accumulated Depreciation		Net Block	
	As at 1 April 2023	As at 31 March 2024	As at 1 April 2023	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Freehold land	13.92	13.92	-	-	13.92	13.92
Buildings	102.80	108.54	25.13	28.71	79.83	77.67
Leasehold improvements	7.56	8.07	0.48	0.01	1.72	1.72
Research and development - equipments	17.22	17.77	0.55	0.01	8.56	9.35
Furniture and fixtures	7.74	8.37	0.55	0.03	3.24	3.19
Computers	3.99	4.29	0.29	0.05	1.28	1.56
Office equipment	3.91	4.18	0.30	0.08	1.00	1.02
Plant and machinery	31.05	31.14	0.20	0.03	15.66	17.15
Electrical equipment and installations	4.96	5.18	0.22	-	1.99	2.07
Motor cars and vehicles	2.65	2.41	0.20	0.22	1.15	1.61
	195.80	203.87	66.54	9.18	75.59	129.26

Property, plant and equipment (previous year)

Block of asset	Gross Block		Accumulated Depreciation		Net Block	
	As at 1 April 2022	As at 31 March 2023	As at 1 April 2022	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Freehold land	13.92	13.92	-	-	13.92	13.92
Buildings	90.78	102.80	21.99	25.13	77.67	68.79
Leasehold improvements	7.78	7.56	0.67	0.20	5.84	2.41
Research and development - equipments	17.15	17.22	0.82	0.12	7.87	10.59
Furniture and fixtures	8.82	7.74	1.29	1.00	4.55	4.56
Computers	3.39	3.99	0.45	0.45	2.43	1.41
Office equipment	3.90	3.91	0.57	0.20	2.89	1.38
Plant and machinery	29.35	31.05	1.87	0.01	13.90	17.31
Electrical equipment and installations	4.60	4.96	0.38	0.11	2.89	1.98
Motor cars and vehicles	2.16	2.65	0.21	0.25	1.04	1.08
	181.85	195.80	58.42	10.09	66.54	123.43

Notes to the standalone financial statements

for the year ended 31 March 2024

4A Property, plant and equipment

Note :-

- The Company has adopted Ind AS 116 effective 1st April 2019. Consequently, the motor cars acquired under finance lease agreements has been reclassified from 'Property, Plant & Equipment' to 'Right of Use assets'.
- As at 31 March 2024, property, plant and equipment have been hypothecated against corporate guarantee issued by the Company towards loan availed by its subsidiary Keval Europe B. V.
- Title deeds of all immovable property are in the name of the Company except for few title deeds of certain building are in the process of perfection of title. Details of such buildings for current year as well as previous year are as follows:

Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, Director or relative/employee of promoter/ director	Property held	Reason for not being held in the name of the Company
Building	15.67	Saiba Industries Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT)	No	From 01/04/2019, appointed pending to be date as per the approved scheme	The Title deeds transferred in the name of the Company with registrar.
Building	1.75	Rasiklal Hemani Agencies Private Limited (erstwhile company that was merged with the company under the Companies Act in terms of the approval of the NCLT)	No	From 01/04/2019, appointed pending to be date as per the approved scheme	The Title deeds transferred in the name of the Company with registrar.
	17.42				

4B Capital Work-in-progress

	For the year ended	
	31 March 2024	31 March 2023
Opening balance	3.72	-
Addition during the year	3.26	3.72
Capitalised during the year	(6.21)	-
Closing balance	0.77	3.72

Capital work-in-progress ageing schedule as on 31 March 2024

Particulars	(₹ in crores)				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	0.77	-	-	-	0.77%
	0.77	-	-	-	0.77%

Capital work-in-progress ageing schedule as on 31 March 2023

Particulars	(₹ in crores)				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	3.72	-	-	-	3.72
	3.72	-	-	-	3.72

Note :

There is no capital work in progress pertaining to projects as of March 31, 2024 and March 31, 2023 whose completion is overdue or has exceeded its cost compared to original plan.

Notes to the standalone financial statements

for the year ended 31 March 2024

5A Right of use asset

The Company's leasing arrangements are in respect of buildings. These leasing arrangements are renewable on a periodic basis by mutual consent on mutually acceptable terms.

Right-of-use assets

(₹ in crores)

	Total
Cost	
As at 1 April 2023	43.38
Additions	1.26
Disposals	-
Balance at 31 March 2024	44.64
Accumulated depreciation and impairment	
As at 1 April 2023	24.95
Amortisation	7.27
Eliminated on disposals of assets	-
Balance at 31 March 2024	32.22
Carrying amounts	
As at 1 April 2023	18.43
Balance at 31 March 2024	12.42
Cost	
As at 1 April 2022	42.44
Additions	1.42
Disposals	0.48
Balance at 31 March 2023	43.38
Accumulated depreciation and impairment	
As at 1 April 2022	18.59
Amortisation	6.78
Eliminated on disposals of assets	0.42
Balance at 31 March 2023	24.95
Carrying amounts	
As at 1 April 2022	23.85
Balance at 31 March 2023	18.43

Breakdown of lease expenses

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
Short-term lease expense	1.34	1.06
Interest on lease liability	1.45	1.73
Total lease expense	2.79	2.79

Notes to the standalone financial statements

for the year ended 31 March 2024

Cash outflow on leases

(₹ in crores)

	Year ended 31 March 2024	Year ended 31 March 2023
Repayment of lease liabilities	7.21	4.62
Interest on lease liabilities	1.45	1.73
Short-term lease expense	1.34	1.06
Total cash outflow on leases	10.00	7.41

Note :-

Average lease term of right of use asset is 5 years.

5B Operating leases

Leases as lessor

The Company leases out its certain property, plant and equipments on operating lease basis, as they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets. Rental income recognised by the Company during FY 23-24 was ₹ 5.83 crores (previous year ₹ 6.18 crores) of which ₹ 3.86 crores relates to sub lease (previous year ₹ 3.93 crores). The following table sets out maturity analysis of lease payments to be received after the reporting date.

Future minimum lease payments

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

(₹ in crores)

	31 March 2024	31 March 2023
Receivable within one year	5.82	5.09
Receivable between one year and five years	6.09	10.45
	11.91	15.54

6 Investment property

(₹ in crores)

Block of asset	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2023	Additions during the year	Disposals during the year	As at 31 March 2024	As at 1 April 2023	Charge for the year	Disposals during the year	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Buildings	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

(₹ in crores)

Block of asset	Gross Block			Accumulated Depreciation				Net Block		
	As at 1 April 2022	Additions during the year	Disposals during the year	As at 31 March 2023	As at 1 April 2022	Charge for the year	Disposals during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Buildings	14.72	-	(14.72)	-	2.29	0.23	(2.52)	-	-	12.43
	14.72	-	(14.72)	-	2.29	0.23	(2.52)	-	-	12.43

Notes to the standalone financial statements

for the year ended 31 March 2024

Notes:

- Buildings is classified as Investment property by the Company in accordance with IND AS-40 "Investment Property".
- The property rental income earned by the Company from its investment property all of which is leased out under operating leased amount to Nil Crore (previous year ₹ 0.38 Crore). Direct operating expenses arising on the investment property all of which generated rental income in the year amounted to Nil Crore (previous year ₹ 0.06 Crore).
- On September 30, 2022, the Company recognised profit of ₹ 7.70 crores upon sale of its investment property for a consideration of ₹ 19.90 crores determined basis independent valuer's report.

7 Goodwill

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Balance at the beginning	9.59	9.59
Business acquisition during the year	-	-
Balance at the end	9.59	9.59

Impairment testing of Goodwill

For the purposes of impairment testing, goodwill is allocated to the cash generating unit (CGU) which represent the lowest level within the Company at which goodwill is monitored for internal management purposes, which is not higher than the Company's operating segments. The aggregate carrying amounts of goodwill recognised on account of merger:

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Saiba Industries Private Limited (SIPL)	7.56	7.56
Rasiklal Hemani Agencies Private Limited (RHAPL)	2.03	2.03
	9.59	9.59

The recoverable amount of a CGU is based on value in use. Value in use has been determined based on future cash flows/savings, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. Value in use for CGU SIPL and RHAPL also factors the fairvalue of underlying building (Refer note 4A).

Operating margins through savings and growth rates for the 5 year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts estimated by the management. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using appropriate discount rate. Other key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Particulars	Discount rate		Terminal value growth rate		Sales growth rate	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Saiba Industries Private Limited (SIPL)	12.53%	14.18%	1.00%	1.00%	3.00%	3.00%
Rasiklal Hemani Agencies Private Limited (RHAPL)	12.53%	14.18%	1.00%	1.00%	3.00%	3.00%

Notes to the standalone financial statements

for the year ended 31 March 2024

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

The Company has also performed sensitivity analysis calculations on the projections used and discount rate applied. Company has concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

8A Other intangible assets

(₹ in crores)

Block of asset	Gross Block			Accumulated Amortisation			Net Block		
	As at 1 April 2023	Additions during the year	Disposals during the year	As at 31 March 2024	As at 1 April 2023	Charge for the year	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Computer software	10.79	-	-	10.79	9.58	0.40	9.98	0.81	1.21
Technical know-how	78.52	-	-	78.52	36.47	7.85	44.32	34.20	42.05
Formulation*	12.16	-	-	12.16	10.68	0.89	11.57	0.59	1.48
Non compete fees	0.17	-	-	0.17	0.17	-	0.17	-	-
Patents & Trademarks	0.66	0.03	-	0.69	0.18	0.11	0.29	0.40	0.48
	102.30	0.03	-	102.33	57.08	9.25	66.33	36.00	45.22

Other intangible assets (previous year)

(₹ in crores)

Block of asset	Gross Block			Accumulated Amortisation			Net Block		
	As at 1 April 2022	Additions during the year	Disposals during the year	As at 31 March 2023	As at 1 April 2022	Charge for the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computer software	10.34	0.45	-	10.79	8.98	0.60	9.58	1.21	1.36
Technical know-how	78.52	-	-	78.52	28.62	7.85	36.47	42.05	49.90
Formulation*	12.16	-	-	12.16	9.03	1.65	10.68	1.48	3.13
Non compete fees	0.17	-	-	0.17	0.14	0.03	0.17	-	0.03
Patents & Trademarks	0.47	0.19	-	0.66	0.09	0.09	0.18	0.48	0.38
	101.66	0.64	-	102.30	46.86	10.22	57.08	45.22	54.80

*Includes internally generated assets

8B Intangible assets under-development

(₹ in crores)

	For the year ended	
	31 March 2024	31 March 2023
Opening balance	4.03	2.60
Addition during the year	1.17	1.48
Capitalised during the year	(0.01)	(0.05)
Written off during the year	-	-
Closing balance	5.19	4.03

Notes to the standalone financial statements

for the year ended 31 March 2024

8C Ageing of Intangible assets under development schedule

Particulars	As at 31 March 2024					Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		
Projects in progress	1.17	1.43	0.60	1.99		5.19
Total	1.17	1.43	0.60	1.99		5.19

Particulars	As at 31 March 2023					Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		
Projects in progress	1.43	0.60	1.30	0.70		4.03
Total	1.43	0.60	1.30	0.70		4.03

Note :

There are no projects as of 31 March 2024 and 31 March 2023, under intangible assets under development of which completion is overdue or has exceeded its cost compared to original plan.

9 Non-current investments

(₹ in crores)

	Number of shares		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
A) Unquoted equity shares at cost				
Investment in subsidiary companies				
Keva Fragrances Private Limited (face value ₹ 100 per share)	7,43,251	7,43,251	55.45	55.45
Keva Flavours Private Limited (face value ₹ 100 per share)	21,500	21,500	25.20	25.20
Keva Fragrance Industries Pte Ltd., Singapore (face value Singapore Dollar 1 per share) (Refer note a)	16,32,926	16,32,926	7.86	7.86
Creative Flavours & Fragrances SpA (face value Euro 1 per share) (Refer note b)	10,20,000	10,20,000	93.30	93.30
Keva Europe BV (face value Euro 1 per share) (Refer note c) (Refer note 45)	1,18,09,215	1,04,16,458	151.86	107.79
Keva Ventures Private Limited (face value ₹ 10 per share)	10,00,000	10,00,000	1.00	1.00
Total (A)			334.67	290.60
B) Other investments				
Unquoted equity shares at cost				
Equity shares, designated at FVTPL				
Hico Products Limited. (face value ₹ 10 per share) (refer note d)	19,250	19,250	-	-
Total (B)			-	-
Total (A) + (B)			334.67	290.60

Notes to the standalone financial statements

for the year ended 31 March 2024

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
The aggregate book value of unquoted non-current investments are as follows:		
Aggregate value of unquoted investments	334.67	290.60
Aggregate amount of impairment in value of investments	-	-

- Keva Fragrance Industries Pte Ltd (Singapore), wholly owned subsidiary of the company has accumulated losses as at March 31, 2024. S H Kelkar and Company Limited - the Parent Company has given written confirmation and has undertaken to support the subsidiary. As per the confirmation, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.
- Investment in Creative Flavours and Fragrances SpA have been hypothecated against corporate guarantee issued by the Company towards loan availed from bank by its subsidiary Keva Europe B. V.
- On September 02, 2022, the Company had sold investment in its foreign wholly owned subsidiary Keva UK Limited to its another foreign wholly owned subsidiary Keva Europe B.V. through Share Purchase Agreement (SPA) at a consideration of ₹ 41.00 crores (Euro 5.1 million) arrived at basis Net Assets Value (NAV) method. The said transaction was executed in order to consolidate the Company's Europe operation and simplify entity structure. The resulting loss on sale of investment of ₹ 30.19 crores have been shown under exceptional items.
- The shares have been suspended from trading and the Hico Products Limited is under liquidation. The Investment has been provided in the books of the Company and the market value is considered Nil.

10 Other financial assets

(unsecured, considered good)

(₹ in crores)

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
To other than related parties				
Term deposits with banks with remaining maturity of more than 12 months	0.30	0.30	-	-
Interest receivable on Income tax refund	1.88	1.78	-	-
Interest accrued on fixed deposits			0.05	0.03
Security deposits				
- considered good	2.04	1.66	-	-
- considered doubtful	0.24	0.24	-	-
	2.28	1.90	-	-
Less: Loss Allowance for bad and doubtful deposits	(0.24)	(0.24)	-	-
	2.04	1.66	-	-
Other receivables	-	-	0.62	-
Derivative Assets			0.17	-
To related parties (refer note 45)				
Other receivables (expense cross charge)	-	-	3.38	4.58
Interest accrued on loan to subsidiaries	-	-	0.72	*0.00
	4.22	3.74	4.94	4.61

Notes to the standalone financial statements

for the year ended 31 March 2024

11 Other assets

(unsecured, considered good)

(₹ in crores)

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Capital advances				
- considered good	1.76	0.24	-	-
- considered doubtful	0.55	0.55	-	-
	2.31	0.79	-	-
Less: Loss allowance for bad and doubtful advances	(0.55)	(0.55)	-	-
	1.76	0.24	-	-
Advances other than capital advances				
To other than related parties				
Advance to suppliers	-	-	1.95	6.16
Prepaid expenses	0.04	0.07	4.01	8.44
Balances with government authorities	0.55	0.47	0.41	0.43
VAT/Sales tax refund receivable	0.08	0.07	-	-
Gratuity (Refer note 38)	-	-	0.02	-
To related parties				
Advance to suppliers (refer note 45)	-	-	0.01	-
	2.43	0.85	6.40	15.03

12 Inventories

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Raw materials	324.70	269.93
Raw materials in transit	3.24	5.94
Work-in-progress	69.67	68.94
Finished goods	12.09	9.06
Packing materials	13.63	2.54
	423.33	356.41

Inventories which comprise raw materials, work-in-progress, finished goods and packing materials are carried at the lower of cost and net realisable value.

The write-down of inventories to net realisable value during the year amounted to ₹ 0.35 crores (31 March 2023: ₹ 1.10 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the Standalone Statement of Profit and Loss.

Sanctioned Borrowings Limits are secured by way of hypothecation of Inventories both in hand and transit (Refer note 21).

Notes to the standalone financial statements

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13 Current investments

	Number of units		As at 31 March 2024	As at 31 March 2023
	As at 31 March 2024	As at 31 March 2023		
Quoted mutual funds				
Mutual funds at FVTPL				
Aditya Birla Sun Life Overnight Fund - Growth- Regular Plan	31,158.516	-	4.01	-
UTI Overnight Reg(G)	12,368.689	-	4.01	-
Axis Overnight Fund Regular Growth		1,69,128.88	-	20.00
			8.02	20.00
The aggregate book value and market value of quoted current investments are as follows:				
Aggregate book value of quoted investments			8.02	20.00
Aggregate amount of impairment in value of investments			-	-

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 39.

14 Trade receivables (Unsecured unless otherwise stated)

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Trade receivables considered good- Unsecured (Refer note (a) below)	171.45	143.09
Less: Allowance for expected credit loss	(1.55)	(0.71)
Trade receivables which have significant increase in credit risk		
Trade receivables - credit impaired	0.64	1.35
Less: Allowance for credit impairment	(0.64)	(1.35)
	169.90	142.38

(a) Trade receivables considered good- Unsecured as at 31 March 2024 include ₹ 50.98 crores (31 March 2023: ₹ 27.50 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member (Refer note 45).

(b) The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low Refer note 39D(i).

(c) The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 39D(i).

(d) Sanctioned Borrowings Limits are secured by way of hypothecation of book debts and other receivables (Refer note 21).

Notes to the standalone financial statements

for the year ended 31 March 2024

15 Cash and cash equivalents

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Balances with banks in:		
- current accounts	18.43	5.99
- exchange earners foreign currency account	2.88	1.27
Cash on hand	0.07	0.05
	21.38	7.31

16 Other bank balances

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Current account of Company's employee benefit trust (refer note 49)	0.07	1.37
Unclaimed dividend accounts	0.04	0.02
	0.11	1.39

17 Loans

(unsecured, considered good)

	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
To other than related parties				
Advances to employee(s)	-	-	2.97	3.19
To related parties				
Loans to subsidiaries*	10.19	9.91	-	-
	10.19	9.91	2.97	3.19
*Details of loans given to companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner				
Keva Ventures Private Limited			10.19	9.91
			10.19	9.91

18 Equity share capital

(₹ in crores)

	Number of shares		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Authorised				
Equity shares of ₹10 each	15,93,14,500	15,93,14,500	159.31	159.31
Preference shares of ₹ 10 each	1,19,35,500	1,19,35,500	11.94	11.94
			171.25	171.25
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	13,84,20,801	13,84,20,801	138.42	138.42
			138.42	138.42

Notes to the standalone financial statements

for the year ended 31 March 2024

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

(₹ in crores)

	Number of shares		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
i) Equity share of ₹10 (Previous year ₹10) each fully paid-up				
Outstanding at the beginning of the year	13,84,20,801	13,84,20,801	138.42	138.42
Outstanding at the end of the year	13,84,20,801	13,84,20,801	138.42	138.42

b Terms of / Rights attached to each classes of shares

Terms of / Rights attached to Equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

	As at 31 March 2024		As at 31 March 2023	
	Number of Shares	%	Number of Shares	%
Equity shares of ₹10 (Previous year ₹10) each, fully paid-up				
Ramesh Vinayak Vaze Family Trust	2,70,00,100	19.51%	2,70,00,100	19.51%
Kedar Ramesh Vaze	1,71,93,055	12.42%	1,71,93,055	12.42%
KNP Industries Pte. Limited	1,48,76,223	10.75%	1,48,76,223	10.75%
Firmenich Aromatics Production (India) Private Limited	1,41,17,948	10.20%	1,41,17,948	10.20%
Keva Constructions Private Limited	73,93,689	5.34%	73,93,689	5.34%

Notes to the standalone financial statements

for the year ended 31 March 2024

d Shares held by promoters and promoter group in the Company at end of the year:

	As at 31 March 2024			As at 31 March 2023		
	Number of Shares	% of total shares	% change during the year	Number of Shares	% of total shares	% change during the year
With Promoter						
Kedar Ramesh Vaze	1,71,93,055	12.42%	0.00%	1,71,93,055	12.42%	0.18%
Prabha Ramesh Vaze	17,97,309	1.30%	0.00%	17,97,309	1.30%	0.00 %
Ramesh Vinayak Vaze	14,48,980	1.05%	0.00%	14,48,980	1.05%	0.00%
With promoter group						
Anagha Sandeep Nene	14,70,464	1.06%	0.00%	14,70,464	1.06%	0.00%
Nandan Kedar Vaze	12,58,098	0.91%	0.00%	12,58,098	0.91%	0.00%
Parth Kedar Vaze	12,58,098	0.91%	0.00%	12,58,098	0.91%	0.00%
Neha Kedar Karmarkar	7,30,875	0.53%	0.00%	7,30,875	0.53%	0.00%
Nishant Kedar Karmarkar	7,30,875	0.53%	0.00%	7,30,875	0.53%	0.00%
Sumedha Kedar Karmarkar	150	0.00%	0.00%	150	0.00%	0.00%
Nihar Sandeep Nene	-	0.00%	0.00%	-	0.00%	0.00%
Ramesh Vinayak Vaze Family Trust	2,70,00,100	19.51%	0.00%	2,70,00,100	19.51%	0.00%
KNP Industries Pte. Limited.	1,48,76,223	10.75%	0.00%	1,48,76,223	10.75%	0.00%
Keva Constructions Private Limited	73,93,689	5.34%	0.00%	73,93,689	5.34%	(0.80%)
Vinayak Ganesh Vaze Charities	19,26,995	1.39%	0.00%	19,26,995	1.39%	0.00%
SKK Industries Private Limited	14,78,550	1.07%	0.00%	14,78,550	1.07%	0.00%
ASN Investment Advisors Private Limited	14,70,366	1.06%	0.00%	14,70,366	1.06%	0.00%
Kedar Ramesh Vaze Family Trust	100	0.00%	0.00%	100	0.00%	0.00%
Keva Investment Partners (Refer note e)	15,63,681	1.13%	0.30%	11,43,742	0.83%	0.80%

e 4,19,939 equity shares were purchased by Keva Investment Partners through market on March 29, 2023 and March 31, 2023 and were in pool with the clearing member. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2023 under promoter & promoter group category. After taking into consideration the said transaction, the actual shareholding of Keva Investment Partners as on March 31, 2023 is 15,63,681 Equity Shares being 1.13% of the total paid up capital of the Company and the actual shareholding of promoters and promoter group category is 8,15,97,608 Equity Shares being 58.95% of the total paid up capital of the Company.

f There are no shares issued consideration other than cash as at 31 March 2024. (Nil as at 31 March 2023).

Notes to the standalone financial statements

for the year ended 31 March 2024

19 Other equity

A. Reserves

(₹ in crores)

	Note	As at 31 March 2024	As at 31 March 2023
Capital redemption reserve	i.	6.20	6.20
Securities premium	ii.	80.42	80.42
General reserve	iii.	49.56	49.56
Treasury shares	iv.	-	(71.09)
Other reserves	v.	8.76	8.76
STARs reserves	vi.	(21.33)	(0.03)
Retained earnings	vii.	496.57	430.62
		620.18	504.44

Please refer statement of change in equity for details

B. Notes to Reserves

I. 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.

II. Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

III. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

IV. Treasury shares

The Company has formed S H Kelkar Employee Benefit Trust (EBT) for implementation of the schemes that are notified or may be notified from time to time by the Company under the plan providing share based payments to its employees. EBT purchases shares of the Company out of funds borrowed from the Company. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

V. STARs reserves

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

VI. 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).

VII. Retained earnings

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

Notes to the standalone financial statements

for the year ended 31 March 2024

C. Dividends

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

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Final equity dividend of 2021-2022 paid at ₹ 0.75 per equity share	-	10.38
Final equity dividend of 2022-2023 paid at ₹ 2 per equity share	27.68	-
	27.68	10.38

The Board has approved and declared an interim dividend of ₹ 0.75 per equity share on March 29, 2024 for the financial year 2023-24 and same has been paid on April 24, 2024.

The Board of Directors recommended a final dividend of ₹ 2.00 for the year ended March 31, 2023, at their meeting held on May 30, 2023. This recommendation was subsequently adopted at the annual general meeting on August 10, 2023.

20 Lease Liabilities

	(₹ in crores)			
	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Lease Liabilities (refer note 'a' below)	8.58	13.79	6.29	7.03
	8.58	13.79	6.29	7.03

a) Lease liabilities has been recognised and accounted in accordance with INDAS 116. Refer note 3.13 (accounting policy) and note 5.

21 Borrowings

	(₹ in crores)			
	Non-current		Current	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Loans repayable on demand				
Loan from subsidiary (Refer note 'a')	-	-	68.50	74.65
	-	-	68.50	74.65

Notes:

- a) Loan from Keva Fragrances Private Limited, a subsidiary is repayable on demand and carries interest at 1.5% p.a. spread plus bank repo rate (effective October 1, 2022); before to October 1, 2022, the interest rate was 7% p.a. was charged.
- b) The Company has been sanctioned working capital loans from banks which are repayable on demand with interest computed on a monthly basis on the actual amount utilised. Working capital loans from banks (including the sanctioned limits) are secured by way of hypothecation of inventories both on hand and in transit and book debts, and other receivables both present and future. The Company has filed / submitted the statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) with such banks and these statements are in agreement with the unaudited books of account of the Company of the respective quarters ended on 30th June 2023, 30th September, 2023, 31st December 2023, and 31st March, 2024.

Notes to the standalone financial statements

for the year ended 31 March 2024

22 Other non-current financial liabilities

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Employee benefits payable	-	0.44
	-	0.44

23 Current provisions

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits (Refer note 38)		
Compensated absences	9.86	8.56
	9.86	8.56

24 Trade payables

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Dues to micro and small enterprises (refer note 42)	17.32	8.62
Other trade payables	285.19	280.14
	302.51	288.76

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 39(c)(ii).

Agging schedule as on 31 March 2024

	(₹ in crores)					
Particulars	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed – micro and small enterprises	15.61	1.71	*0.00	-	*0.00	17.32
Undisputed – Others	72.43	189.40	22.21	0.68	0.43	285.15
	88.04	191.11	22.21	0.68	0.43	302.47

*Amount less than Rs 0.01 crores

Agging schedule as on 31 March 2023

	(₹ in crores)					
Particulars	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed – micro and small enterprises	7.13	1.47	*0.00	0.02	-	8.62
Undisputed – Others	90.52	188.23	1.06	0.19	0.14	280.14
Total	97.65	189.70	1.06	0.21	0.14	288.76

Notes to the standalone financial statements

for the year ended 31 March 2024

25 Other financial liabilities - current

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Interest accrued under MSMED Act, 2006 (Refer note 42)	1.22	0.80
Employee benefits payable	16.33	11.11
Derivative liability- Foreign currency forward contract	0.03	0.49
Unclaimed dividend account**	0.04	0.02
Other payables		
For capital goods	-	0.30
Payable to related parties		
Interest on Inter-corporate deposits (Refer note 45)	4.42	2.29
	22.04	15.01

26 Other current liabilities

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Statutory dues payable		
Tax deducted at source	1.54	1.42
GST	3.32	5.81
Provident fund (Refer note 38)	3.39	4.33
ESIC	*0.00	*0.00
Profession tax	0.01	0.02
To other than related parties		
Advances received from customers	3.61	5.52
To related parties		
Advances received (Refer note 45)	-	2.51
	11.87	19.61

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

*Amount less than ₹0.01 crores

Notes to the standalone financial statements

for the year ended 31 March 2024

27 Revenue from operations

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products		
Gross sales (Refer Note 44)	944.54	882.57
Less: Discounts	15.96	14.27
Net Sales (revenue from contracts with customers)	928.58	868.30
Other operating revenue		
Sale of scrap	2.58	1.65
Techincal Knowhow (Refer note 45)	2.48	2.29
Rental income (including from property subleases) (Refer note 45)	5.83	6.18
Management fees (Refer note 45)	1.20	1.20
Export Incentive	-	0.05
	12.09	11.37
Total revenue from operations	940.67	879.67

28 Other income

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income under the effective interest method on:		
-Deposits with banks, at amortised cost	0.01	0.03
-Loans to subsidiary, at amortised cost (Refer note 45)	0.80	0.18
Interest received on tax refund	0.41	0.38
Net gain on sale of property, plant and equipment, investment property and intangible assets	-	7.65
Dividend income from subsidiaries (Refer note 45)	14.58	0.84
Guarantee commission income (Refer note 45)	2.89	2.95
Gain on sale of investment, designated at FVTPL	1.03	0.96
Other liabilities written back	0.57	0.70
Miscellaneous income	0.43	0.08
Total Other income	20.72	13.77

Notes to the standalone financial statements

for the year ended 31 March 2024

29 Cost of materials consumed

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening stock		
- Raw materials	275.87	189.40
- Packing materials	2.54	8.54
	278.41	197.94
Add: Purchases		
- Raw materials	629.79	649.41
- Packing materials	29.40	15.89
	659.19	665.30
Less: Closing Stock		
- Raw materials	327.94	275.87
- Packing materials	13.63	2.54
	341.57	278.41
Materials consumed		
- Raw materials	577.72	562.94
- Packing materials	18.31	21.89
Total cost of materials consumed	596.03	584.83

30 Changes in inventories of finished goods and work in progress

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening Stock :		
Finished goods	9.06	10.05
Work-in-progress	68.94	49.97
Closing Stock:		
Finished goods	12.09	9.06
Work-in-progress	69.67	68.94
Changes in inventories:		
Finished goods	(3.03)	0.99
Work-in-progress	(0.73)	(18.97)
Changes in inventories of finished goods and work in progress	(3.76)	(17.98)

Notes to the standalone financial statements

for the year ended 31 March 2024

31 Employee benefits expense

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries, wages and bonus	78.71	66.17
Contribution to provident and other funds (refer note 38)	8.49	9.74
Compensated absences (refer note 38)	2.59	2.43
Staff welfare expenses	4.11	6.46
	93.90	84.80

32 Finance costs

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest expense under effective interest method on:		
Working capital loans	-	0.57
Intercompany loans	4.92	2.50
Lease liabilities (Refer note 5)	1.45	1.73
Interest on dues to micro and small enterprises	0.42	0.15
Interest on delayed payment of TDS	0.03	-
	6.82	4.95

33 Depreciation and amortisation

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation of property, plant and equipment (Refer note 4A)	9.18	10.09
Depreciation of investment properties (Refer note 6)	-	0.23
Amortisation of intangible assets (Refer note 8A)	9.25	10.22
Amortisation of Right of use assets (Refer note 5A)	7.27	6.78
	25.70	27.32

Notes to the standalone financial statements

for the year ended 31 March 2024

34 Other expenses

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Stores and spares consumed	2.40	2.24
Repairs and maintenance expenses		
- Buildings	2.27	1.17
- Plant and machinery	0.64	0.66
- Others	5.13	4.08
Rent (Refer note 5A)	1.34	1.06
Rates and taxes	1.95	1.91
Insurance	1.79	1.65
Power and fuel	4.97	5.80
Selling and distribution expenses	13.25	12.06
Freight, forwarding and delivery	9.62	8.01
Legal and professional charges	15.93	13.15
Corporate social responsibility expense (Refer note 46)	1.41	1.36
Provision / (Reversal) of loss allowances on trade receivables	0.13	(0.03)
Bad debts written off	0.71	-
Royalty expense (Refer note 45)	21.20	18.70
Director sitting fees and commission	2.93	2.11
Exchange rate difference on translation (net)	(1.56)	(0.07)
(Gain) / Loss on financials assets at FVTPL	(0.63)	0.49
Loss on sale of property, plant and equipment	0.04	-
Information technology expenses	4.24	3.76
Tender participation Fees	10.52	-
Works operation and other expenses (refer details below (a))	21.78	24.63
	120.06	102.74
(a) Payment to auditors		
Statutory audit	0.58	0.49
Tax audit	0.09	0.08
Other matters	0.06	0.04
Total (a)	0.73	0.61

Notes to the standalone financial statements

for the year ended 31 March 2024

35 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

(₹ in crores)

	31 March 2024	31 March 2023
Profit attributable to equity shareholders (basic and diluted)		
Profit for the year attributable to equity shareholders (A)	94.33	52.17
Weighted average number of equity shares for basic and diluted earnings per share		
Number of equity shares at beginning of the year	13,51,75,033	13,84,20,801
Equity shares held in controlled trust	-	(32,45,768)
Equity shares held in controlled trust sold in secondary market	32,45,768	-
Number of equity shares outstanding at the end of the year	13,84,20,801	13,51,75,033
Weighted average number of equity shares for the year (B)	13,71,48,233	13,51,75,033
Basic earnings per share of face value of ₹ 10 each (A)/(B)	6.88	3.86
Diluted earnings per share of face value of ₹ 10 each (A)/(B)	6.88	3.86

36 Tax expense

(a) Amounts recognised in Standalone balance sheet

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Non current tax assets (net of provision ₹ 104.91 crores (31 March 2023 : ₹ 69.31 crores))	20.16	19.98
Current tax liabilities (net of advance tax ₹ 42.80 crores (31 March 2023 : ₹ 67.43 crores))	3.85	5.56

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off tax assets and tax liabilities and they relate to income taxes levied by the same tax authority.

(b) Amounts recognised in Standalone Statement of Profit and Loss

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax		
Current year	28.37	26.34
Previous years	0.21	(0.37)
	28.58	25.97
Deferred tax expense / (credit) net		
Current year	(0.27)	(1.55)
Deferred tax expense	(0.27)	(1.55)
Tax expense for the year	28.31	24.42

Notes to the standalone financial statements

for the year ended 31 March 2024

(c) Amounts recognised in other comprehensive income

(₹ in crores)

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	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	(0.94)	0.24	(0.70)	(0.60)	0.15	(0.45)
	(0.94)	0.24	(0.70)	(0.60)	0.15	(0.45)

(d) Reconciliation of effective tax rate

(₹ in crores)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	122.64	76.59
Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 25.17%)	30.87	19.28
Tax effect of:		
Income exempt from tax	(3.67)	(0.21)
Non-deductible tax expenses	0.90	5.72
Tax pertaining to prior years (net)	0.21	(0.37)
	28.31	24.42

37 Deferred Tax

Significant component of deferred tax assets and liabilities for the year ended 31 March 2024 as follows :

(₹ in crores)

	Opening balance 1 April 2023	Recognised in profit or loss	Recognised in/ reclassified from other comprehensive income	Closing Balance 31 March 2024
Deferred tax asset				
Trade receivables	0.90	(0.34)	-	0.56
Provisions	3.43	(0.19)	0.24	3.48
Total	4.33	(0.53)	0.24	4.04
Deferred tax Liability				
Property, plant and equipment, intangible assets, intangible assets under development and leases	(13.71)	0.80	-	(12.91)
Total	(13.71)	0.80	-	(12.91)
Net deferred tax assets / (liabilities)	(9.38)	0.27	0.24	(8.87)

Notes to the standalone financial statements

for the year ended 31 March 2024

Significant component of deferred tax assets and liabilities for the year ended 31 March 2023 as follows :

(₹ in crores)

	Opening balance 1 April 2022	Recognised in profit or loss	Recognised in/ reclassified from other comprehensive income	Closing Balance 31 March 2023
Deferred tax asset				
Trade receivables	0.91	(0.01)	-	0.90
Provisions	2.47	0.81	0.15	3.43
Total	3.38	0.80	0.15	4.33
Deferred tax Liability				
Property, plant and equipment, intangible assets, intangible assets under development and leases	(14.46)	0.75	-	(13.71)
Total	(14.46)	0.75	-	(13.71)
Net deferred tax assets / (liabilities)	(11.08)	1.55	0.15	(9.38)

38 Employee benefits

(i) Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans, recognised are charged off for the year as under :

(₹ in crores)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Employer's contribution to Superannuation Fund	1.53	1.46
Employer's contribution towards National Pension Scheme	0.25	0.15
Employer's Contribution to ESIC	*0.00	*0.00
Employer's Contribution to Maharashtra Labour Welfare Fund	*0.00	*0.00

Note: The Company has formed its own trust for managing superannuation fund of its employees as per the permission granted by the respective authority.

* Amount less than ₹ 0.01 crore

(ii) Defined Benefit Plans

Gratuity:

The Employees Gratuity Fund Scheme is managed by "S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund". The fund has the form of trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India.

The contribution to the fund is made by the Company based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Company on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

These plans typically expose the Company to actuarial risk such as: investment risk, interest rate risk, longevity risk and salary risk.

Notes to the standalone financial statements

for the year ended 31 March 2024

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan's assets.

Longevity Risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company expects to pay ₹ 1.33 crore (previous year ₹ 1.18 crore) in contributions to its defined benefit plans in 2024-25.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

A. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components

	(₹ in crores)	
	As at 31 March 2024	As at 31 March 2023
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	14.36	14.25
Current service cost	1.18	1.16
Interest cost	1.09	1.03
Benefits paid	(0.91)	(2.14)
Demographic assumptions	-	-
- financial assumptions	0.44	(0.39)
- experience adjustments	0.21	0.45
Balance at the end of the year	16.37	14.36
Reconciliation of present value of plan assets		
Balance at the beginning of the year	14.36	14.25
Interest income	1.09	1.03
Remeasurements :		
Return on plan assets, excluding amount included in interest (expense)/income	(0.29)	(0.55)
Employer contributions	2.14	1.77
Benefits paid	(0.91)	(2.14)
Balance at the end of the year	16.39	14.36
Net defined benefit (asset)/ liability	(0.02)	-

Notes to the standalone financial statements

for the year ended 31 March 2024

B. Plan assets

Plan assets comprise the following

	As at 31 March 2024	As at 31 March 2023
Investment		
Investment in Government Securities	1%	3%
Bank Special Deposit	1%	1%
Investment in other securities	24%	16%
Corporate Bonds	31%	34%
State Government Bonds	43%	46%
	100%	100%

C. The components of defined benefit plan expense are as follows:

	(₹ in crores)	
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Recognised in Standalone Statement of Profit and Loss		
Current service cost	1.18	1.16
Interest cost	1.09	1.03
Interest income	(1.09)	(1.03)
Total	1.18	1.16
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	0.65	0.05
Return on Plan Assets, Excluding Interest Income	0.29	0.55
Total	0.94	0.60

D. Defined benefit obligations

i. Actuarial assumptions

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

	As at 31 March 2024	As at 31 March 2023
Expected return on plan assets	7.24%	7.56%
Discount rate	7.24%	7.56%
Salary escalation rate	5.00%	5.00%
Attrition rate	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Mortality rate after employment	N.A.	N.A.

As at 31 March 2024, the weighted average duration of the define benefit obligation was 10 years (previous year 10 years)

Notes to the standalone financial statements

for the year ended 31 March 2024

ii. Sensitivity analysis

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

(₹ in crores)

	As at 31 March 2024		As at 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.32)	1.51	(1.16)	1.34
Rate of salary increase (1% movement)	1.26	(1.18)	1.17	(1.08)
Rate of employee turnover (1% movement)	0.29	(0.32)	0.29	(0.33)

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

Maturity profile of the defined benefit obligation

(₹ in crores)

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years
31 March 2024					
Defined benefit obligations (Gratuity)	0.79	0.65	3.85	7.42	3.66
Total	0.79	0.65	3.85	7.42	3.66
31 March 2023					
Defined benefit obligations (Gratuity)	0.93	0.65	3.15	6.49	3.14
Total	0.93	0.65	3.15	6.49	3.14

Provident fund (Managed by the Trust set up by the Company)

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

The Company has contributed ₹ 5.53 crores (2022-23: ₹ 4.90 crores) to the Provident Fund Trust. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual returned earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions the shortfall has been recorded in the financial statement:

Notes to the standalone financial statements

for the year ended 31 March 2024

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

	As at 31 March 2024	As at 31 March 2023
Plan assets at the year end, at fair value	79.10	70.05
Present value of benefit obligation at year end	81.03	69.62
Capital short fall liability	1.93	-

Amount of ₹ Nil crores (previous year ₹ 2.06 Crore) 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 2024.

Plan assets comprise the following

	As at 31 March 2024	As at 31 March 2023
Investment		
Investment in Government Securities	48%	48%
Bank Special Deposit	1%	1%
Investment in other securities	7%	7%
Corporate Bonds	-	4%
Debt Securities	44%	40%
	100%	100%

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

	As at 31 March 2024	As at 31 March 2023
Discount rate (%)	7.24%	7.56%
Guaranteed Interest Rate (%)	8.25%	8.15%
Expected average remaining working lives of employees (Years)	14	14

Other employee benefit plans

Compensated absences:

Amount of ₹ 2.59 crores (previous year ₹ 2.43 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.

Notes to the standalone financial statements

for the year ended 31 March 2024

39 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

(₹ in crores)

31 March 2024	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	10.19	10.19	-	-	-	-
Others	-	4.22	4.22	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	21.38	21.38	-	-	-	-
Current investments	8.02	-	8.02	8.02	-	-	8.02
Other bank balances	-	0.11	0.11	-	-	-	-
Loans	-	2.97	2.97	-	-	-	-
Trade receivables	-	169.90	169.90	-	-	-	-
Derivatives	0.17	-	0.17	-	0.17	-	0.17
Other financial assets	-	4.77	4.77	-	-	-	-
	8.19	213.54	221.73	8.02	0.17	-	8.19
Financial liabilities							
Non current financial liabilities							
Lease Liabilities	-	8.58	8.58	-	-	-	-
Others	-	-	-	-	-	-	-
Current financial liabilities							
Short term borrowings	-	68.50	68.50	-	-	-	-
Lease Liabilities	-	6.29	6.29	-	-	-	-
Trade payables	-	302.51	302.51	-	-	-	-
Derivatives	0.03	-	0.03	-	0.03	-	0.03
Other financial liabilities	-	22.01	22.01	-	-	-	-
	0.03	407.89	407.92	-	0.03	-	0.03

Notes to the standalone financial statements

for the year ended 31 March 2024

(₹ in crores)

31 March 2023	Carrying amount			Fair value			
	Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	9.91	9.91	-	-	-	-
Others	-	3.74	3.74	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	7.31	7.31	-	-	-	-
Current investments	20.00	-	20.00	20.00	-	-	20.00
Other bank balances	-	1.39	1.39	-	-	-	-
Loans	-	3.19	3.19	-	-	-	-
Trade receivables	-	142.38	142.38	-	-	-	-
Other financial assets	-	4.61	4.61	-	-	-	-
	20.00	172.53	192.53	20.00	-	-	20.00
Financial liabilities							
Non current financial liabilities							
Lease Liabilities	-	13.79	13.79	-	-	-	-
Others	-	0.44	0.44	-	-	-	-
Current financial liabilities							
Short term borrowings	-	74.65	74.65	-	-	-	-
Lease Liabilities	-	7.03	7.03	-	-	-	-
Trade payables	-	288.76	288.76	-	-	-	-
Derivatives	0.49	-	0.49	-	0.49	-	0.49
Other financial liabilities	-	14.52	14.52	-	-	-	-
	0.49	399.19	399.68	-	0.49	-	0.49

B. Measurement of fair values

The above table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The company doesn't have such financial instruments under this category.

Notes to the standalone financial statements

for the year ended 31 March 2024

C. Offsetting

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2024:

(₹ in crores)

	As at 31 March 2024			As at 31 March 2023		
	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet
Financial assets						
(a) Trade receivables	179.52	(9.62)	169.90	151.89	(9.51)	142.38
(b) Other financial assets	12.27	(7.50)	4.77	6.07	(1.46)	4.61
Total	191.79	(17.12)	174.67	157.96	(10.97)	146.99
Financial liabilities						
(a) Trade payables	319.63	(17.12)	302.51	299.73	(10.97)	288.76
Total	319.63	(17.12)	302.51	299.73	(10.97)	288.76

D. Risk management framework

In the course of its business, the Company is exposed primarily to credit risk, liquidity risk and market risk like fluctuations in foreign currency exchange rates, interest rates and equity prices, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which covers the credit risk and other risks associated with the financial assets and liabilities such as interest rate risks. The risk management policy is approved by the board of directors. The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

i. Credit risk

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

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

Trade and other receivables

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

The Company uses an allowance matrix to measure the expected credit loss of trade receivables. Loss rates are based on actual credit loss experience over the past 3 years. Trade receivables are in default (credit impaired), if the payment are more than 730 days past due.

Notes to the standalone financial statements

for the year ended 31 March 2024

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

(₹ in crores)

	Carrying amount	
	As at 31 March 2024	As at 31 March 2023
India	161.51	138.23
Other regions	8.39	4.15
Total Trade receivables	169.90	142.38
Total other receivables	11.66	11.24

Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2024

(₹ in crores)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	85.30	82.74	0.85	2.56	-	-	171.45
Undisputed trade receivables which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables -credit impaired	-	-	-	-	0.04	0.60	0.64
TOTAL (A)	85.30	82.74	0.85	2.56	0.04	0.60	172.09
Allowance for expected credit loss							1.55
Allowance for credit impairment							0.64
TOTAL (B)							2.19
TOTAL [(A)- (B)]							169.90

Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2023

(₹ in crores)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	95.46	45.93	1.54	0.17	-	-	143.09
Undisputed trade receivables -credit impaired	-	-	-	-	0.25	1.10	1.35
TOTAL (A)	95.46	45.93	1.54	0.17	0.25	1.10	144.44
Allowance for expected credit loss							0.71
Allowance for credit impairment							1.35
TOTAL (B)							2.06
TOTAL [(A)- (B)]							142.38

Notes to the standalone financial statements

for the year ended 31 March 2024

The movement in the allowance for impairment in respect of trade receivables measured at an amount equal to lifetime expected credit losses during the year was as follows.

	(₹ in crores)	
	For Trade receivable	For Other receivable
Balance as at 31 March 2022	2.09	0.79
Impairment (gain) / loss recognised	(0.03)	-
Balance as at 31 March 2023	2.06	0.79
Impairment recognised	0.13	-
Balance as at 31 March 2024	2.19	0.79

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 21.38 crores at 31 March 2024 (31 March 2023: ₹ 7.31 crores). The cash and cash equivalents are held with banks with good credit rating.

Other bank balances

The Company held other bank balance of ₹ 0.11 crores at 31 March 2024 (31 March 2023: ₹ 1.39 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.

ii. Liquidity risk

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

Exposure to liquidity risk

The table below provide undiscounted contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2024 :-

	(₹ in crores)				
Financial liabilities	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Lease liabilities - non current	8.58	9.97	-	9.50	0.47
Borrowings and interest thereon	72.92	72.92	72.92	-	-
Other financial liabilities	17.48	17.48	17.48	-	-
Lease Liabilities -current	6.29	7.22	7.22	-	-
Trade payables	302.51	302.51	302.51	-	-
Derivative financial liabilities	0.14	0.14	-	0.14	-
	407.92	410.24	400.13	9.64	0.47

Notes to the standalone financial statements

for the year ended 31 March 2024

The table below provide undisclosed contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2023 :-

	(₹ in crores)				
Financial liabilities	Carrying amount	Total	Contractual cash flows		
			Upto 1 year	1-5 years	More than 5 years
Lease liabilities - non current	13.79	15.90	-	13.75	2.15
Others - non current	0.44	0.44	-	0.44	-
Borrowings and interest thereon	76.94	76.94	76.94	-	-
Other financial liabilities	12.23	12.23	12.23	-	-
Lease liabilities - current	7.03	8.12	8.12	-	-
Trade payables	288.76	288.76	288.76	-	-
Derivative financial liabilities	0.49	0.49	-	0.49	-
	399.68	402.88	386.05	14.68	2.15

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to non derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The Company has entered into forward contract, mainly to manage exposure on investment in foreign currency.

iii Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of Market risk management is to manage and control market risk exposure with in acceptable parameters, while optimising the return. 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.

(a) Currency risk

The Company is exposed to currency risk in respect of transaction in foreign currency. The functional currency of the Company is primarily the local currency in which it operates. The currencies in which these transaction are primarily denominated are Indian Rupee. The Company uses forward exchange contracts to hedge its foreign currency risk.

Exposure to currency risk

The foreign currency financial assets and financial liabilities valued in ₹ as at 31 March 2024 and 31 March 2023 are as. below:

	(₹ in crores)				
	As at 31 March 2024				
	USD	EUR	GBP	CHF	Others*
Financial assets	11.74	2.58	0.01	-	-
Financial liabilities	(39.44)	(5.99)	(0.19)	(0.97)	-
Derivatives (net settled)	234.70	-	-	-	-
Net Exposure	207.00	(3.41)	(0.18)	(0.97)	-

Notes to the standalone financial statements

for the year ended 31 March 2024

(₹ in crores)

	As at 31 March 2023				
	USD	EUR	GBP	CHF	Others*
Financial assets	4.67	5.10	0.01	-	-
Financial liabilities	(29.47)	(1.93)	(0.27)	(0.32)	-
Derivatives (net settled)	117.16	-	-	-	-
Net Exposure	92.36	3.17	(0.26)	(0.32)	-

*Others includes AED, THB, HKD and LKR.

Foreign currency exposure

	31 March 2024			31 March 2023		
	No of contracts outstanding	Foreign currency in Million	Indian rupees in crores	No of contracts outstanding	Foreign currency in Million	Indian rupees in crores
Foreign exchange forward contracts	2	28.15	234.70	1	14.25	117.16

Sensitivity analysis

The Company is mainly exposed to changes in USD and Euro. A reasonably possible strengthening (weakening) of the Indian Rupee against USD and Euro at 31 March 2024 and 2023 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.

(₹ in crores)

Effect in ₹	Profit or loss and Equity			
	31 March 2024		31 March 2023	
	Strengthening	Weakening	Strengthening	Weakening
USD ((1% (PY 3%) movement)	(2.07)	2.07	(2.77)	2.77
EUR ((3% (PY 3%) movement)	0.10	(0.10)	(0.10)	0.10
	(1.97)	1.97	(2.87)	2.87

(b) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

Notes to the standalone financial statements

for the year ended 31 March 2024

(₹ in crores)

	31 March 2024	31 March 2023
Fixed-rate instruments		
Financial assets	0.30	0.30
Financial liabilities	-	-
	0.30	0.30
Variable-rate instruments		
Financial assets	10.19	9.91
Financial liabilities	(68.50)	(74.65)
	(58.31)	(64.74)

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

Particulars	31 March 2024		31 March 2023	
	Profit or loss and Equity 100 bp increase	Profit or loss and Equity 100 bp decrease	Profit or loss and Equity 100 bp increase	Profit or loss and Equity 100 bp decrease
Variable- rate instruments	(0.58)	0.58	(0.65)	0.65

40 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 2024, the Company has only one class of equity shares, short term debts and finance lease obligations. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances and current investments.

(₹ in crores)

	As at 31 March 2024	As at 31 March 2023
Current borrowings	68.50	74.65
Less - Cash and cash equivalents (including other bank balance)	21.49	8.70
Adjusted net debt	47.01	65.95
Total equity	758.60	642.86
Adjusted net debt to equity ratio	0.06	0.10

Notes to the standalone financial statements

for the year ended 31 March 2024

41 Contingent liabilities and commitments

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
Contingent liabilities		
a. Direct and Indirect taxes		
Income Taxes	56.62	55.08
Custom duty	1.17	0.11
Service Taxes	11.33	11.33
Sales Tax	0.37	0.43
b. Corporate Guarantee		
Corporate guarantees given for loans taken by subsidiary companies (Refer note 45)	582.80	586.46
Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	4.92	1.58

42 Dues to micro and small suppliers

(₹ in crores)

Particulars	As at 31 March 2024	As at 31 March 2023
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	17.32	8.62
- Interest on the above	0.01	*0.00
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	22.36	12.77
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	0.42	0.15
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	1.22	0.80
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	1.22	0.80

43 Segment reporting

A. Basis for segmentation

The Company is operating in the manufacture of fragrances. The Company has only one reportable business segment which is manufacture of fragrances.

Notes to the standalone financial statements

for the year ended 31 March 2024

B. Geographical information

As the Company has identified its geographical segments as Domestic and Overseas based on location of customers.

(₹ in crores)

Geography	As at 31 March 2024	As at 31 March 2023
I Revenue		
India	915.79	853.92
Europe	6.13	13.95
Others	22.62	14.70
Total Revenue	944.54	882.57
II Non-current Assets *		
India	192.25	210.25
Europe	-	-
Others	-	-
	192.25	210.25

*Non-current assets includes property plant and equipments, Capital work in progress, Right of use asset, Investment property, Goodwill, Other intangible asset and Intangible asset under development.

44 Disclosure under Ind AS 115 - Revenue from contracts with customers

The Company is engaged into manufacturing of Industrial Fragrances.

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

Disaggregation of revenue

(₹ in crores)

Disaggregation of revenue	Fragrance For the year ended	
	31 March 2024	31 March 2023
Manufacturing		
India	915.79	853.92
South east asia	6.64	0.28
Europe	6.13	13.95
Middle East and Africa	10.48	13.34
Others	5.50	1.08
Total Sales	944.54	882.57

Notes to the standalone financial statements

for the year ended 31 March 2024

45 Related party disclosures

The note provides the information about the Group's structure including the details of the subsidiaries and the parent.

i) List of Related parties

Subsidiaries and Joint ventures

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2024	31 March 2023
Keva Flavours Private Limited	Subsidiary	India	100%	100%
Keva Fragrances Private Limited	Subsidiary	India	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
Keva Europe B.V	Subsidiary	Netherlands	100%	100%
Keva Ventures Private Limited	Subsidiary	India	100%	100%
Keva USA Inc. (from 28 February 2024)	Subsidiary	USA	100%	-
Creative Flavours & Fragrances SpA (Subsidiary of Keva Italy Srl pursuant to rights issue)	Subsidiary	Italy	100%	100%
Keva UK Limited (Subsidiary of Keva Europe B.V w.e.f. 12 september 2022)	Subsidiary	United Kingdom	100%	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd.)	Subsidiary	Indonesia	100%	100%
Anhui Ruibang Aroma Co Ltd (Subsidiary of Keva Fragrance Industries Pte.Ltd)	Subsidiary	China	90%	90%
Keva Italy S.r.l (Subsidiary of Keva Europe B. V.)	Subsidiary	Italy	100%	100%
Amikeva Private Limited (Subsidiary of Keva Ventures Private Limited)	Subsidiary	India	70.48%	70.48%
Provier Beheer B.V. (Subsidiary of Keva Europe B.V)	Subsidiary	Netherlands	100%	81.0%
Holland Aromatics B.V. (Subsidiary of Provier Beheer B.V.)	Subsidiary	Netherlands	100%	81.0%
NuTaste Food And Drink Labs Private Limited (Subsidiary of Keva Flavours Private Limited)	Subsidiary	India	80%	86.96%
Purandar Fine Chemicals Private Limited (Joint venture of Keva Fragrances Private Limited) (cease to exist as on 31 March 2023)	Joint venture	India	-	-

Notes to the standalone financial statements

for the year ended 31 March 2024

Other related parties

Relationship	Name of the related party	
a) Key Management Personnel (KMP) and Executive Directors	Kedar Vaze, Whole-Time Director & Group Chief Executive Officer	
	Ramesh V Vaze, (Chairman) (Non Executive Director)	
	Prabha R Vaze, (Non Executive Director)	
	Rohit Saraogi (Group Chief Financial Officer) (Company Secretary and Compliance Officer from 25 May 2022)	
	Deepti Chandratre (Company Secretary) upto 30 April 2022	
b) Enterprises owned or controlled by key management personnel	Keva Aromatics Private Limited	
	Keva Constructions Private Limited	
	Keva Properties Private Limited	
	Keva Biotech Private Limited	
	Keva Investment Partners	
	KNP Industries Private. Limited	
	KNP Industries Pte. Limited	
	Evolutis India Private Limited	
	BSG ITSoft Private Limited	
	ASN Investment Advisors Private Limited	
	Keva Industries Private Limited	
	Artisanal Innovations Private Limited (upto 30 November 2023)	
	Keva Susbde Biotech Private Limited (Formerly known as RVV Nutritious Private Limited)	
	Susbde LOC Nagpur Private Limited (w.e.f. 5 April 2023)	
	SKK Industries Private Limited	
	Sandu Homes LLP	
	Ramesh Vinayak Vaze Family Trust	
	Kedar RameshVaze Family Trust	
	Vinayak Ganesh Vaze Charities	
	KNP Med Solutions Private Limited	
KNP Retail Private Limited		
KNP Labs LLP		
Novakraft Consumer Care LLP		
FAB Oils LLP		
KNP Biotech NL BV (w.e.f. 2 July 2023)		
c) Other entities where significant influence exist:		
	i) Post employment-benefit plan entity:	S.H. Kelkar and Co. Ltd. Employee's Gratuity Fund
	ii) Others :	S. H. Kelkar & Co Ltd Employees Provident Fund S. H. Kelkar & Co Ltd Employees Superannuation Fund

Notes to the standalone financial statements

for the year ended 31 March 2024

Relationship	Name of the related party
d) Relatives of Key Management Personnel	Anagha Sandeep Nene
	Sumedha Kedar Karmarkar
	Nandan Kedar Vaze
	Parth Kedar Vaze
	Milena Rubene
	Angelina Vaze
e) Non-executive directors	Deepak Raj Bindra
	Shrikant Oka
	Mark Elliott
	Vasant Gujarathi
	Neela Bhattacharjee
	Sangeeta Singh (upto 18 February 2023)
	Amit Dalmia (upto 17 May 2022)
	Dalip Sehgal (upto 8 December 2022)

45 Related party disclosures

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2024:

	Subsidiaries	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
(A) Transactions						
Purchase of products	125.29	-	-	48.48	-	173.77
Sale of products	221.92	-	-	0.14	-	222.06
Services received	29.28	-	-	5.99	-	35.27
Services rendered	23.35	-	-	-	-	23.35
Interest income	0.80	-	-	-	-	0.80
Interest expense	4.92	-	-	-	-	4.92
Dividend income	14.58	-	-	-	-	14.58
Dividend expense	-	-	-	11.14	4.89	16.03
Commission to Directors	-	-	-	-	2.19	2.19
Sitting fees	-	-	-	-	0.74	0.74
Contributions during the year	-	-	8.51	-	-	8.51
Finance given (including loans and equity)	44.36	-	-	-	-	44.36
Finance taken (including loans and equity)	26.00	-	-	-	-	26.00
Finance taken, paid back (including loans and equity)	32.15	-	-	-	-	32.15

Notes to the standalone financial statements

for the year ended 31 March 2024

	Subsidiaries	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
(B) Balances						
Amount receivable in respect of Loans and interest thereon	10.91	-	-	-	-	10.91
Amounts payable in respect of loans and interest thereon	72.92	-	-	-	-	72.92
Trade and other receivables	50.78	-	-	0.20	-	50.98
Trade payables	150.20	-	-	13.67	-	163.87
Other current financial Assets	3.37	-	-	-	-	3.37
Other current financial Liabilities	-	-	0.87	-	-	0.87
(C) Financial Gurantees given	582.80	-	-	-	-	582.80

The following table summarizes related-party transactions and balances included in the financial statements for year ended/as at March 31, 2023:

(₹ in crores)

	Subsidiaries	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
(A) Transactions						
Purchase of products	209.36	0.60	-	46.05	-	256.01
Sale of products	245.13	-	-	0.05	-	245.18
Services received	22.19	-	-	5.76	-	27.95
Services rendered	20.77	-	-	-	-	20.77
Interest income	0.18	-	-	-	-	0.18
Interest expense	2.50	-	-	-	-	2.50
Dividend income	0.84	-	-	-	-	0.84
Dividend expense	-	-	-	4.16	1.81	5.97
Commission to Directors	-	-	-	-	1.14	1.14
Sitting fees	-	-	-	-	0.97	0.97
Purchase of property, plant and equipment	0.27	-	-	-	-	0.27
Sale of property, plant and equipment	-	-	-	20.15	-	20.15
Finance given (including loans and equity)	53.64	-	-	-	-	53.64

Notes to the standalone financial statements

for the year ended 31 March 2024

(₹ in crores)

	Subsidiaries	Joint ventures	Post employment-benefit plan entity	Enterprises owned or controlled by key management personnel or their relatives	Key Management Personnel, Executive Directors and Relatives of KMP	Total
Finance given, taken back (including loans and equity)	3.53	-	-	-	-	3.53
Finance taken, paid back (including loans and equity)	32.15	-	-	-	-	32.15
(B) Balances						
Amount receivable in respect of Loans and interest thereon	9.91	-	-	-	-	9.91
Amounts payable in respect of loans and interest thereon	76.94	-	-	-	-	76.94
Amount payable in respect of Lease Liability	-	-	-	-	-	-
Trade and other receivables	27.46	-	-	0.04	-	27.50
Trade payables	156.65	-	-	7.30	-	163.95
Other current financial Assets	4.56	-	-	-	-	4.56
Other current financial liabilities	-	-	0.77	-	-	0.77
(C) Financial Gurantees given	586.46	-	-	-	-	586.46

	Year ended March 31,2024	Year ended March 31,2023
(C) Compensation of Key management personnel :		
Short-term benefits	4.31	3.73
Post-employment benefits	0.41	0.35

46 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Company. The funds are utilised during the year on the activities which are specified in Schedule VII of the Companies Act 2013. The utilisation is done by way of direct contribution towards various activities. Gross amount required to be spent by the Company during the year: ₹ 1.41 crores (previous year: ₹ 1.27 crores).

The areas of CSR activities and contributions made thereto are as follows:

Notes to the standalone financial statements

for the year ended 31 March 2024

Amount spent during the year on ;

(₹ in crores)

	For the year ended	
	31 March 2024	31 March 2023
Promotion of education	1.34	0.96
Empowering women through farming activity	-	0.40
Promoting healthcare	0.06	-
Training to promote sports	0.01	-
Total	1.41	1.36

Excess amount set-off if any

(₹ in crores)

	For the year ended	
	31 March 2024	31 March 2023
Two percent of average net profit of the company as per section 135(5)	1.54	1.27
Total amount spent for the Financial Year	1.41	1.36
Excess spend carry forward from previous year	0.13	0.04
Excess amount spend during the year	-	0.09
Setoff during the year	(0.13)	-
Excess amount carryforward	-	0.13

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

47 Disclosures required by schedule V regulation 34(3) of SEBI (Listing Obligations And Disclosure Requirements) regulations, 2015 and section 186 (4) of the Companies Act, 2013

a) Amount of loans / advances in nature of loans outstanding from subsidiaries as at 31 March, 2024, on a standalone basis.

(₹ in crores)

Name of party	Relationship	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance (excluding accrued interest)	Maximum balance outstanding during the year 31 March 2024
Keva Ventures Private Limited	Wholly Owned Subsidiary Company	9.91	0.28	-	10.19	10.19
(Unsecured loans given @ month end bank repo rate + 1.5% spread (wef 01 October 2022) until 01 October 2022 7% p.a. for the purpose of financial support to subsidiary for investment in business which is repayable in 3 years) (excluding interest)						

Notes to the standalone financial statements

for the year ended 31 March 2024

Amount of loans / advances in nature of loans outstanding from subsidiaries as at 31 March, 2023, on a standalone basis.

(₹ in crores)

Name of party	Relationship	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance (excluding accrued interest)	Maximum balance outstanding during the year 31 March 2024
Keva Ventures Private Limited (Unsecured loans given @ month end bank repo rate + 1.5% spread (wef 01 October 2022) until 01 October 2022 7% p.a. for the purpose of financial support to subsidiary for investment in business which is repayable in 3 years) (excluding interest)	Wholly Owned Subsidiary Company	-	13.44	(3.53)	9.91	13.44

b) Details of guarantees given:

The Company has provided following corporate guarantees for the loans taken by certain subsidiary companies as set out below:

(₹ in crores)

Name of the entity	For the year ended 31 March 2024				
	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Non cash changes	Closing Balance
Keva Fragrances Private Limited	115.00	2.50	(22.50)		95.00
Keva Fragrance Industries Pte. Ltd.	205.55	8.34	(41.69)	2.88	175.08
Keva Flavours Private Limited	15.00				15.00
Keva Europe B V	250.91	45.11		1.70	297.72
	586.46	55.95	(64.19)	4.58	582.80

(₹ in crores)

Name of the entity	For the year ended 31 March 2023				
	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Non cash changes	Closing Balance
Keva Fragrances Private Limited	100.10	-	(0.10)	15.00	115.00
PFW Aroma Ingredients B. V.	42.01	-	(42.01)	-	-
Keva Fragrance Industries Pte. Ltd.	151.52	41.11	-	12.92	205.55
Keva Flavours Private Limited	22.10	-	(7.10)	-	15.00
Keva Europe B V	235.26	-	-	15.65	250.91
	550.99	41.11	(49.21)	43.57	586.46

Notes to the standalone financial statements

for the year ended 31 March 2024

c) Details of investments made:

Entity	For the year ended 31 March 2024							
	Opening Number of shares	Amount	Investment made Number of shares	Amount	Sale of Investment Number of shares	Amount	Closing Number of shares	Amount
Keva Europe BV	1,04,16,458	107.79	13,92,757	44.07	-	-	1,18,09,215	151.86

Entity	For the year ended 31 March 2023							
	Opening Number of shares	Amount	Investment made Number of shares	Amount	Sale of Investment Number of shares	Amount	Closing Number of shares	Amount
Keva UK Limited	9,85,600	-	-	-	(9,85,600)	-	-	-
Keva Europe BV	80,01,100	67.59	24,15,458	40.20	-	-	1,04,16,458	107.79

48 Ratios

Sr No.	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	% Variance	Reason for Change
1	Current Ratio (number of times) [Current Assets / Current Liabilities]	1.50	1.31	14.20%	Increase in inventory and trade receivable lead to increase in Current ratio
2	Debt Equity Ratio (number of times) [Total Debt / Shareholder's Equity]	0.09	0.12	(22.24%)	Decrease in short term borrowings lead to increase in Debt Equity ratio
3	Debt service coverage ratio (number of times) [Earnings available for debt service / Debt Service]	3.34	1.52	119.33%	The debt service coverage ratio has increased as a result of a 7% increase in operating income and a 4% increase in profit after taxes.
4	Return on Equity (%) [Net Profits after taxes - Preference Dividend (if any) / Average Shareholder's Equity]	13.46%	8.39%	60.52%	Increase in profit after taxes by 4% has resulted in increase in Return on Equity percentage
5	Inventory turnover ratio (number of times) [Cost of goods sold / Average Inventory]	1.52	1.85	(17.67%)	Inventory turnover ratio (number of times) has been affected by an increase in inventory as a result of strategic raw material purchases made to prevent shortages brought on by the Red Sea crises.
6	Trade receivables turnover ratio (number of times) [Net sales / Average Accounts Receivable]	5.95	5.70	4.33%	No major variation
7	Trade payables turnover ratio (number of times) [Net Purchases / Average Trade Payables]	2.23	2.16	3.01%	No major variation
8	Net capital turnover ratio (number of times) [Net Sales / Working Capital]	4.38	6.62	(33.89%)	The primary cause of the decline in the net capital turnover ratio is the slight rise in trade receivables and strategic inventories.
9	Net profit ratio (%) [Net Profit / Net Sales]	10.16%	6.01%	69.08%	Variance is mainly on account of increase in operating income by 7% and in previous year there was loss on sale of investment.
10	Return on capital employed (%) [Earning before interest and taxes / Capital Employed]	15.31%	15.13%	1.19%	No major variation

Notes to the standalone financial statements

for the year ended 31 March 2024

Notes :

- Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.
- Debt service = Interest & Lease Payments + Principal Repayments
- Average inventory = (Opening inventory balance + Closing inventory balance) / 2
- Average trade receivables = (Opening trade receivables balance + Closing trade receivables balance) / 2
- Average trade payables = (Opening trade payables balance + Closing trade payables balance) / 2
- Working capital = Current assets - Current liabilities
- Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability

49 Consolidation of Trust

The Company had formed S H Kelkar Employee Benefit Trust (Trust) through its trustees Barclays Wealth Trustees(India) Private Limited.

The Trust has been formed for administering and implementing S H Kelkar Stock Appreciation Rights Scheme 2017 ('the Scheme') of the Company which was adopted by the Board on 10 August, 2017 and approved by shareholders of the Company on 01 November, 2017

For the purpose of the Scheme, the Trust will purchase Shares out of funds borrowed from the Company which will be sold on the secondary market. The appreciation amount received by the Trustee on sale of shares be transferred to the Beneficiaries upon fulfilment of certain terms and conditions of the Scheme.

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

The Consolidation of the Trust financials statements with that of the Company does not in any manner affect the independence of the trustees where the rights and obligations are regulated by the trust deed.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity.

i The sources and application of funds of the Trust Consolidated as at 31 March, 2024 were as follows:

Particulars	₹ in crores	
	As at 31 March 2024	As at 31 March 2023
Sources of Funds		
Corpus	*0.00	*0.00
Reserves and Surplus	(50.43)	(26.39)
Secured Loan		
Loan from the company	50.50	75.00
Total	0.07	48.61
Application of Funds		
Investments	-	71.09
Current Assets, Loans and Advances (A)		
Cash and Cash Equivalents	0.07	1.37
Loans and Advances	0.47	0.29
Less: Current Liabilities and Provisions (B)		
Current Liabilities	-	23.85
Provisions	0.47	0.29
Net Current Assets (A- B)	0.07	(22.48)
Total	0.07	48.61

* Amount less than ₹ 0.01 crore

Notes to the standalone financial statements

for the year ended 31 March 2024

ii Impact on the Company's profit and loss post the Trust consolidation for the year ended 31 March 2024

(₹ in crores)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Expenditure		
Management fees	0.03	0.04
Audit Fees	*0.00	*0.00
Impact on profit before tax	0.03	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 ₹ Nil as at 31 March, 2024 (previous year ₹ 71.09 crores). Further, On September 30, 2023, the Company had sold all the equity shares as held by its Employee Benefit Trust (EBT) for a sale consideration of ₹ 49.14 crores and recognized a loss of ₹ 21.95 crores.

(b) Other Non Current Financial Assets and other Income

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 50.50 crores as at 31 March, 2024 (previous year ₹ 75.00 crores) and interest income of ₹ 2.52 crores (previous year ₹ 5.25 crores) on the above loan is also eliminated.

(c) Other Current Financial Assets

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ Nil as at 31 March, 2024 (previous year ₹ 23.32 crores).

(d) The fairvalue of the STAR'S was determine using the black-scholes model using the following inputs at the grant date and as at each reporting date

Particulars	As at 31 March 2024	As at 31 March 2023
Share price as at measurement date (₹ per share)	-	99.50
Expected volatility (%)	-	37.19%
Dividend yield (%)	-	1.76%
Risk-free interest rate (%)	-	4.62%

(e) No employee benefit expense recognised in current and previous year from the above stock appreciation rights.

(f) Given that the fall in price of the shares has rendered the scheme unattractive currently, the Company has not granted SARs to any of its employees.

50 The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.

51 The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.

52 The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

Notes to the standalone financial statements

for the year ended 31 March 2024

53 Utilisation of borrowed funds and share premium :

1. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - b. Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
2. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

54 There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

55 The Company has not traded or invested in crypto currency or virtual currency during the year.

56 The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

57 The Company uses an accounting software(s) for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s) except that, audit trail feature is not enabled at database level to log any direct any changes. Further no instance of audit trail feature being tampered with was noted in respect of the accounting software(s). Presently, the log has been activated at the application and the privileged access to database continues to be restricted to limited set of users who necessarily require this access for maintenance and administration of the database.

58 On April 23, 2024 a major fire broke out at the S H Kelkar and Company Limited, Vashivali plant located at Raigad district Maharashtra. There were no injuries or loss of life, and the safety of all the personnel was ensured. The said incident has an impact on part of Building, Plant & Machinery, inventories and other assets. The Company is adequately insured with the Insurance Company. The Company is unable to make a reliable estimate of the exact amount of loss, which would be estimated once the surveyors have completed their assessment. Since this is a non-adjusting subsequent event, no adjustment has been made in the standalone financial statements for the year ended March 31, 2024.

59 The Company do not have any transactions with struck off companies under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 for the year end March 31, 2024.

60 Previous period / year figures have been regrouped and reclassified wherever considered necessary.

As per our report of even date attached.

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

Falguni Bhor
Partner
Membership No: 111787

Mumbai
27 May 2024

Ramesh Vaze
Director & Chairman
DIN: 00509751

Prabha Vaze
Director
DIN: 00509817

Mumbai
27 May 2024

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

Kedar Vaze
Director & Group Chief Executive Officer
DIN: 00511325

Rohit Saraogi
Group Chief Financial Officer and Company Secretary
Membership no: A24225



S H KELKAR AND COMPANY LIMITED

Registered Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400 002

Corporate Office: Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080

CIN: L74999MH1955PLC009593

Tel No: +91 22 6606 7777; **Fax No:** +91 22 6606 7726

Website: www.keva.co.in; **Email ID:** investors@keva.co.in

NOTICE

NOTICE is hereby given that the 68th Annual General Meeting of the Members of S H Kelkar and Company Limited (the "Company") will be held on Thursday, 22 August 2024 at 4:00 pm IST through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended 31 March 2024 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 2024 as final dividend for financial year ended 31 March 2024.
3. To appoint a Director in place of Mr. Ramesh Vaze (DIN: 00509751), Non-Executive, Non-Independent Director, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To pay remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751) as a Non-Executive Director and Chairman of the Board and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188, 197 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder read with Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and upon recommendation of the Nomination and Remuneration Committee, Audit Committee and the approval of the Board of Directors of the Company, the consent of the Members of the Company be and is hereby accorded for payment of remuneration by way of commission to Mr. Ramesh Vaze (DIN: 00509751), holding office of place of profit as Non-Executive Director and Chairman of the Board, for guiding the Company and mentoring the leadership team, for the period commencing from 01 September 2024 to 31 August 2025 at the rate of 1% of the standalone net profits of the Company and the said commission shall be paid in addition to the sitting fees for attending the meetings of the Board and its Committees subject to the total managerial remuneration not exceeding the limits prescribed under Section 197 (1) of the Act at any point in time.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary for the purpose of giving effect to this resolution."

5. To ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the Financial Year 2024-25 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Kishore Bhatia & Associates, Cost Accountants, appointed by the Board of Directors on the recommendation of Audit Committee, as Cost Auditors to audit the cost records of the Company for the Financial Year 2024-25, be paid a remuneration of ₹ 2,20,000/- per annum plus applicable taxes and out-of-pocket expenses that may be incurred.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Rohit Saraogi
Company Secretary
Membership No – A24225

Date: 27 May 2024
Place: Mumbai
Registered Office: Devkaran Mansion, 36,
Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

NOTES

1. The Ministry of Corporate Affairs (“MCA”) has vide General Circular Nos. 14/2020 dated 08 April 2020; 17/2020 dated 13 April 2020; 20/2020 dated 05 May 2020; 22/2020 dated 15 June 2020; 33/2020 dated 28 September 2020; 39/2020 dated 31 December 2020, 02/2021 dated 13 January 2021; 2/2022 dated 05 May 2022 ; 10/2022 dated 28 December 2022 and 09/2023 dated 25 September 2023 (collectively referred to as “MCA Circulars”) and Securities Exchange Board of India (“SEBI”) vide its Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated 13 May 2022 read with Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023 and SEBI circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7 October 2023 (collectively referred to as “SEBI Circulars”) and other applicable circulars issued in this regard have permitted convening of the AGM through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without physical presence of the Members at a common venue. In accordance with the MCA Circulars, provisions of the Act and the Listing Regulations, the AGM of the Company is being held through VC / OAVM without physical presence of the Members. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 (“the Act”) with respect to Item Nos. 4 to 5 forms part of this Notice. Additional information, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Secretarial Standard on General Meetings (“Secretarial Standards”) in respect of Director seeking re-appointment at the Annual General Meeting (“AGM / Meeting”) is furnished as ‘Annexure to the Notice’.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OVAM, the requirement of physical attendance of Members has been dispensed with. Accordingly, in terms of the MCA Circulars and the SEBI Circulars, the facility for appointment of proxies by the Members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.
4. Pursuant to Section 113 of the Act, Institutional Investors and Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM, by e-mail before e-voting / attending AGM, to investors@keva.co.in. Institutional Shareholders (i.e. other than individuals, HUF’s, NRI’s etc.) can also upload their Board Resolution /Power of Attorney/Authority Letter etc. by clicking on ‘Upload Board Resolution/Authority Letter’ displayed under ‘e-voting’ tab in their login.
5. In case of joint holders, the Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company would be entitled to vote at the meeting.
6. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
7. Members can login and join 30 (thirty) minutes prior to the scheduled time of Meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time. Members are allowed to participate on first come first serve basis, as participation through video conferencing is limited upto 1000 Members only. However, the participation of Members holding 2% or more, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders’ Relationship Committee, Auditors etc. are not restricted on first come first serve basis.
8. In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report of FY 2023-24 is being sent only through electronic mode to those Members whose email IDs are registered with the Company/ Depositories. Members may note that the Notice and Annual Report of FY 2023-24 will also be available on the Company’s website www.keva.co.in, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and Notice of AGM shall be available on the website of CDSL www.evotingindia.com.
9. The recorded transcript of the AGM will be uploaded on the website of the Company.
10. For receiving all communications (including Annual Report) from the Company electronically, Members are requested to register / update their email IDs with the relevant Depository Participant.
11. SEBI vide Circular no. SEBI/HO/OIAE/ OIAE_IAD-1/P/CIR/2023/131 dated 31 July 2023 (updated as on 4 August 2023) has specified that a shareholder shall first take up his/her/their grievance with the listed entity by lodging a complaint directly with the concerned listed entity and if the grievance is not redressed satisfactorily, the shareholder may, in accordance with the SCORES guidelines, escalate the same through the **SCORES** Portal in accordance with the process laid out therein. Only after exhausting all available options for resolution of the grievance, if the shareholder is not satisfied with the outcome, he/she/they can initiate dispute resolution through the **Online Dispute Resolution (“ODR”)** Portal. Shareholders are requested to take note of the same.
12. The Registrar and Share Transfer Agent (“RTA”) of the Company has launched a unified platform **“SWAYAM”** for the benefit of shareholders. SWAYAM is a self service portal that enables the shareholders to effortlessly access various services for their portfolios and check details like dividend status, make request for annual reports, change of address, update bank mandate, download standard forms, etc. The portal can be accessed at <https://swayam.linkintime.co.in> For more assistance on SWAYAM, shareholders may contact customer service team of Link Intime India Pvt Ltd.
13. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, shall be made available for inspection in accordance with the applicable statutory requirements based on the requests received in writing to the Company at investors@keva.co.in.
14. Members are requested to intimate immediately the change of address or demise of any Member, if any, to the Company’s Registrar and Transfer Agent to prevent frauds.
15. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (“IEPF”). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.
16. 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’s portal – **SWAYAM** or through email, at the earliest for obtaining payments thereof. Members are advised that no claim shall lie with respect to

unclaimed dividend after it is transferred to the IEPF. Due dates for transfer of unclaimed/unpaid dividend to IEPF are mentioned in the Corporate Governance Report forming part of the Annual Report of the Company.

17. 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.
18. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the Listing Regulations, and the Secretarial Standards on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI") and in terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 in relation to e-voting facility provided by listed entities, the Company is pleased to offer facilities for remote e-voting (refer instructions at point no. 19) and voting during the AGM by electronic means (refer instructions at point no. 21) to all Members in proportion to their shareholding as at the close of business hours on **Wednesday, 14 August 2024**. 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. **Wednesday, 14 August 2024**, may cast their vote and attend AGM as per the steps mentioned below. However, if such Member is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and Password for casting vote.
19. **The instructions for Members for e-voting are as under:**
 - i) The remote e-voting period begins on **Monday, 19 August 2024 (9:00 am IST)** and ends on **Wednesday, 21 August 2024 (5:00 pm IST)**. During this period, Members of the Company, holding shares as on the cut-off date i.e. **Wednesday, 14 August 2024**, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
 - ii) Members who have cast their votes using remote e-voting facility prior to the AGM may attend the AGM but shall not be entitled to cast their votes again at the AGM.
 - iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.
 - iv) Pursuant to aforementioned SEBI Circular, login method for e-voting and joining AGM for Individual Shareholders/ Members holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing User ID and Password. Option will be made available to reach e-voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL's website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2. After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining AGM & voting during the AGM. Additionally, there are links provided to access the system of all e-voting service providers, so that the user can visit the e-voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from e-voting link available on homepage of www.cdslindia.com. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting service providers.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL Depository	<p>A. NSDL IDeAS facility If you are already registered for NSDL IDeAS facility,</p> <ol style="list-style-type: none"> 1. Please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services under Value Added Services Section. 4. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 5. Click on company name or e-voting service provider name - CDSL and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining AGM & voting during the AGM. <p>If you are not registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Option to register is available at https://eservices.nsdl.com. 2. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. After registration, please follow steps given above in points 1-5. <p>B. e-voting on website of NSDL</p> <ol style="list-style-type: none"> 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. 4. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider - CDSL and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining AGM & voting during the AGM.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining AGM & voting during the AGM.

Important note: Members are advised to update their mobile number and e-mail ID in their demat account with their Depository Participants to access Remote e-voting facility

Members who are unable to retrieve User ID/Password are advised to use "Forgot User ID" and "Forgot Password" option available at the above-mentioned websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- v.) Login method for remote e-voting and joining virtual AGM for shareholders other than individual shareholders:
- Log on to the e-voting website: www.evotingindia.com.
 - Click on "Shareholders" module.
 - Enter your User ID
For CDSL: 16 digits beneficiary ID
For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - Enter the Image Verification as displayed and Click on Login.
 - 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.
 - If you are a first time user, follow the steps given below:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number (EVSN) sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. 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.
 - After entering these details appropriately, click on "SUBMIT" tab.
 - 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.
 - Click on Electronic Voting Sequence Number ("EVSN") for **S H Kelkar and Company Limited**.
 - 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.
 - Click on the "RESOLUTIONS FILE LINK", if you wish to view the entire Resolution details.
 - 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.
 - Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
 - If you have forgotten the changed password then enter the User ID, Image Verification Code and click on Forgot Password & enter the details as prompted by the system.

Additional Facility for Non-Individual Members and Custodians – for remote e-voting only:

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same. The authorization in respect of Representative(s) of the Corporation shall be received by the scrutinizer/Company before close of e-voting.
- Alternatively, Non-Individual Members are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Company at the email address viz. investors@keva.co.in, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

20. Process for those Members whose email IDs are not registered with the Depositories for obtaining login credentials for e-voting for the resolution proposed in this Notice:

Please provide Demat Account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, Client Master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Link Intime India Pvt. Ltd., the Company's Registrar & Transfer Agent at rnt.helpdesk@linkintime.co.in. The Company/ Registrar & Share Transfer Agent shall co-ordinate with CDSL and provide the login credentials to the abovementioned Shareholders.

21. The details of the process and manner for participating in AGM through VC/OAVM are explained herein below:

- Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
- Members are encouraged to join the Meeting through Laptops / I-Pads for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
- 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.
- Members who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request on or before **Friday, 16 August 2024** mentioning their name, demat account number/folio number, email ID, mobile number at investors@keva.co.in. The Members who do not wish to speak during the AGM but have queries may send their queries on or before **Friday, 16 August 2024** 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.
- 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.

22. Instructions for shareholders for e-voting during the AGM are as under:

The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

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.

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.

Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote again at the AGM.

- 23.** If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to helpdesk.evoting@cDSLindia.com or contact at toll free no. 1800 22 55 33. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cDSLindia.com or call on toll free no. 1800 22 55 33.

24. Details of Scrutinizer and result of e-voting:

The Company has appointed Mr. Dilipkumar Maharana (Membership No. 23014/CP. No. 22057), Designated Partner, M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai or failing him Mr. Sachin Sharma (Membership No. 46900/CP. No. 20423), Designated Partner, M/s. Sharma and Trivedi LLP, Company Secretaries, Mumbai as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The Scrutinizer shall submit his report to the Chairman of the Meeting or any person authorised by him within 48 hours of the conclusion of the AGM. The Results declared along with the report of Scrutiniser shall be placed on the website of the Company www.keva.co.in and on website of CDSL immediately after declaration of results by the Chairman or person authorised by him in this behalf. The Company shall simultaneously submit the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM.

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

Rohit Saraogi
Company Secretary
Membership No – A24225

Date: 27 May 2024
Place: Mumbai
Registered Office: Devkaran Mansion, 36,
Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to Item No. 4 and 5 mentioned in the accompanying Notice:

Item No 4:

Pursuant to the Special Resolution passed by the Members of the Company by way of Postal Ballot conducted by the Company in June 2019, results of which were declared on 13 July 2019, Mr. Ramesh Vaze was re-designated as Non-Executive Chairman of the Board with effect from 01 September 2019.

The Board at its meeting held on 27 May 2024, as per recommendation of the Nomination and Remuneration Committee and Audit Committee, subject to the approval of Members, has approved payment of remuneration by way of commission to Mr. Ramesh Vaze at the rate of 1% of the standalone net profits of the Company during the year for the period commencing from 01 September 2024 to 31 August 2025 for continuing to guide the Company and mentoring the leadership team in his capacity as Non-Executive Chairman of the Board. Mr. Ramesh Vaze has been instrumental in driving SHK Group's ("Keva") efforts to become a leading F&F player in India as also popularizing Keva in international market as a reliable quality supplier of fragrances. Mr. Ramesh Vaze is also a Master Perfumer. With his vast knowledge and experience in the field of perfumery, Mr. Ramesh Vaze has been instrumental in expanding Keva's fragrance library. His experience will contribute to the Company's success and growth moving forward.

Payment of remuneration to non-executive directors upto 1% of the net profits of the company is permitted under provisions of Section 197 (1) of the Companies Act, 2013. However, Regulation 17 (6) (ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates a company to obtain consent of the members by way of Special Resolution if the remuneration payable to a single non-executive director in a year exceeds fifty per cent of the aggregate remuneration payable to all non-executive directors taken together. Accordingly, consent of the Members of the Company is being sought for the above commission proposed to be paid to Mr. Ramesh Vaze during the Financial Year 2024-25, which would be exceeding 50% of the total annual remuneration payable to all Non-Executive Directors.

In terms of the provisions of Section 197 and 198 of the Companies Act, 2013 read with relevant rules, Mr. Ramesh Vaze was paid a commission of ₹ 0.94 crore i.e. 1% of standalone net profit of the Company, during FY 2023-24.

Mr. Ramesh Vaze is interested in the resolution set out at Item No. 4 of the Notice as it pertains to remuneration payable to him. Mrs. Prabha Vaze – Non-Executive, Non-Independent Director and Mr. Kedar Vaze – Whole-time Director & Group CEO, who are related to Mr. Ramesh Vaze, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their directorship and their shareholding interest in the Company. Other relatives of Mr. Ramesh Vaze, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest in the Company, if any.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board of Directors recommends the Special Resolution as set out in Item No. 4 of the Notice for the approval of the Members.

Item No. 5:

Pursuant to Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014 the Company is required to have audit of its cost records and in this regard appoint a Cost Auditor to audit the cost records for applicable products of the Company.

On the recommendation of the Audit Committee, at its meeting held on 27 May 2024, the Board considered and approved the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor for the Financial Year 2024-25 at a remuneration of ₹ 2,20,000/- per annum plus applicable taxes and reimbursement of out-of-pocket expenses.

In terms of the provisions of Section 148(3) of the Act read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor should be ratified by the Members of the Company. Accordingly, approval of the Members is sought for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2024-25.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 5.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 5 of the Notice for the approval of the Members.

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

Rohit Saraogi
Company Secretary
Membership No – A24225

Date: 27 May 2024
Place: Mumbai
Registered Office: Devkaran Mansion, 36,
Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings with respect to Directors' Appointment/Re-appointment]

Name of Director	Mr. Ramesh Vaze
Designation	Non-Executive Director
Director Identification Number (DIN)	00509751
Date of Birth and Age	30 April 1941, 83 years
Qualification	Bachelor of Science
Nature of Expertise/Experience	Perfumery / F&F Business
Brief Resume	Appended at the end of this table
First Appointment on the Board	01 February 1981
Terms & Conditions of Appointment/re-appointment	Appointment as a Non-Executive, Non-Independent Director liable to retire by Rotation
Details of Remuneration sought to be paid	Sitting Fees & commission at 1% of standalone net profit of the Company
Last Drawn remuneration details along with remuneration sought to be paid	Details of remuneration for FY 24 has been provided in the Corporate Governance Report forming part of the Annual Report 2023-24
No. of shares held in S H Kelkar and Company Limited as at 31 March 2024	14,48,980
Relationship with Directors/Manager/KMP	Spouse of Mrs. Prabha Vaze & Father of Mr. Kedar Vaze
No. of Board meetings attended out of 6 meetings held during the year	5
	Listed Company: S H Kelkar and Company Limited
	Private / Public Companies: Keva Biotech Pvt Ltd Keva Fragrances Pvt Ltd Keva Flavours Pvt Ltd Keva Aromatics Pvt Ltd Keva Properties Pvt Ltd Keva Susbde Biotech Pvt Ltd (Formerly known as RVV Nutritious Private Limited) Keva Fragrance Industries Pte Ltd KNP Industries Pte Ltd PT SHK Keva Indonesia KNP Retail Private Limited KNP Industries Private Limited Keva Constructions Pvt Ltd Keva Industries Pvt Ltd Keva Ventures Pvt Ltd
Listed entities from which the person has resigned in the past 3 years	Nil
Committee Positions	Chairman of Corporate Social Responsibility Committee of S H Kelkar and Company Limited Member of Audit Committee and Nomination & Remuneration Committee of Keva Fragrances Private Limited
Skills and capabilities required for the role and the manner in which the proposed person meets such requirements (Applicable in case of appointment of Independent Directors)	Not Applicable

Brief Profile of Mr. Ramesh Vaze:

Known for his proficiency in perfumery and in-depth knowledge of customers and geographies, Mr. Ramesh Vaze has a rich industrial experience of 63 years. Mr. Ramesh Vaze joined S H Kelkar's (Keva) family business in 1961 and is one of the promoters of the Company. He was instrumental in popularising Keva in international market as a reliable quality supplier of fragrances. Realising that automation would lead to faster output with almost 100% accuracy, Mr. Ramesh Vaze, an avant-garde visionary in the F&F industry, brought automation in compounding of fragrances to India. Under his able leadership, Keva commissioned India's first automated plant for compounding of fragrances in 1994. He also introduced the concept of plantation of aromatic plants such as vetiver, lavender, patchouli, geranium, etc. to the farmer community in India. Mr. Ramesh Vaze has been a Director on the Board of the Company since 1981. He is also a trustee of Kelkar Education Trust.

Corporate Information

BOARD OF DIRECTORS

Mr. Ramesh Vaze

Chairman & Non-Executive Director

Mr. Kedar Vaze

Whole-Time Director & Group CEO

Ms. Prabha Vaze

Non-Executive Director

Mr. Deepak Raj Bindra

Independent Director

Mr. Mark Elliott

Independent Director

Mr. Shrikant Oka

Independent Director

Mr. Vasant Gujarathi

Independent Director

Ms. Neela Bhattacharjee

Independent Director

GROUP CFO, CS & COMPLIANCE OFFICER

Mr. Rohit Saraogi

BOARD COMMITTEES

Audit Committee

Mr. Vasant Gujarathi (C)

Mr. Shrikant Oka

Mr. Kedar Vaze

Ms. Neela Bhattacharjee

Nomination and Remuneration Committee

Ms. Neela Bhattacharjee (C)

Mr. Deepak Raj Bindra

Mr. Vasant Gujarathi

Corporate Social Responsibility Committee

Mr. Ramesh Vaze (C)

Ms. Prabha Vaze

Mr. Shrikant Oka

Stakeholders' Relationship Committee

Mr. Vasant Gujarathi (C)

Mr. Deepak Raj Bindra

Mr. Shrikant Oka

Risk Management Committee

Mr. Shrikant Oka (C)

Mr. Vasant Gujarathi

Mr. Kedar Vaze

Mr. Rohit Saraogi

AUDITORS

Deloitte Haskins & Sells LLP,

Chartered Accountants

SUBSIDIARIES

Domestic

Keva Fragrances Pvt. Ltd.

Keva Flavours Pvt. Ltd.

Keva Ventures Pvt. Ltd.

NuTaste Food & Drink Labs Pvt. Ltd.

Amikeva Pvt. Ltd.

Overseas

Keva UK Ltd.

(England)

Keva Fragrance Industries Pte. Ltd.

(Singapore)

PT SHKKEVA Indonesia (Indonesia)

Anhui Ruibang Aroma Company Ltd

(China)

Keva Europe B.V.

(The Netherlands)

Creative Flavours & Fragrances S.p.A. (Italy)

Keva Italy Srl (Italy)

Provier Beher B.V.

(The Netherlands)

Holland Aromatics B.V.

(The Netherlands)

Keva USA Inc.

(United States of America)

REGISTERED OFFICE

Devkaran Mansion, 36, Mangaldas Road,

Mumbai – 400 002

CORPORATE OFFICE

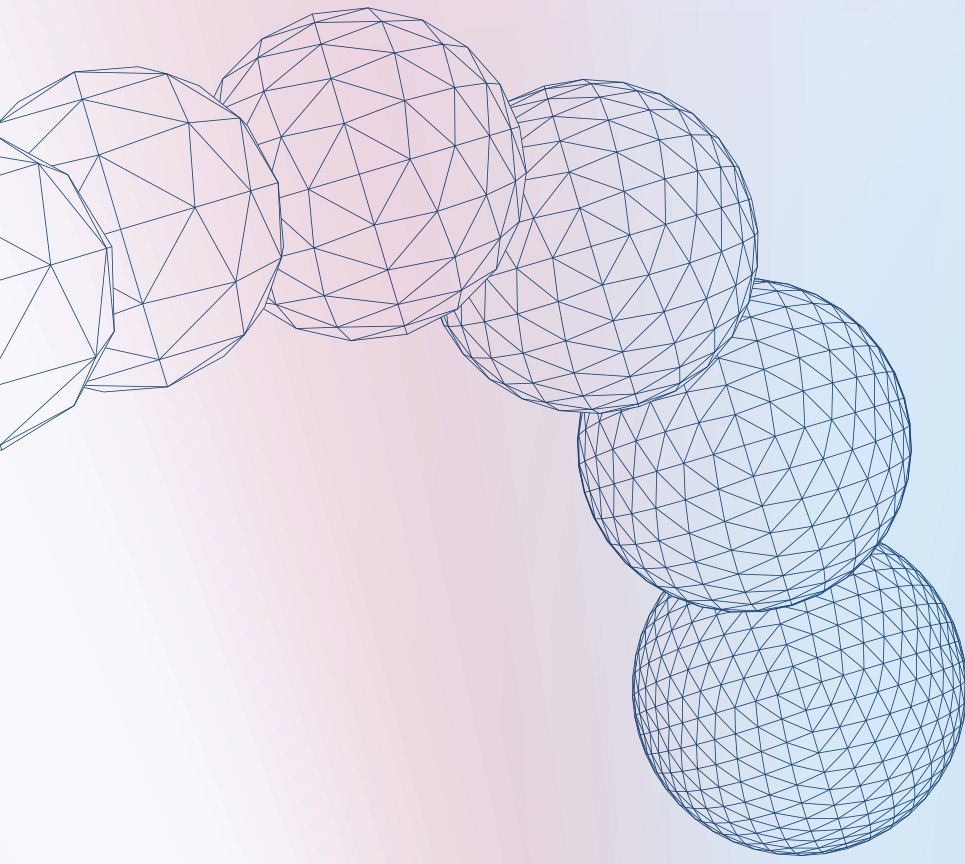
S H Kelkar and Company Limited

LBS Marg, Mulund (West),

Mumbai – 400 080

Website

www.keva.co.in



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Mumbai - 400 002