



August 10, 2018

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

Scrip Code: 539450

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

Scrip Symbol: SHK

Dear Sir/ Madam,

Sub: Submission of Annual Report for the financial year 2017-18

Pursuant to Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of S H Kelkar And Company Limited for the financial year 2017-18.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H KELKAR AND COMPANY LIMITED


Deepti Chandratre
Company Secretary & Compliance Officer



Encl: As above



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CIN No. L74999MH1955PLC009593

S H Kelkar and Company Limited



Annual Report 2017-18

You can feel it...

In the swarming waters of the vast ocean
And in the soft drops of the morning dew.

You can sense it...

In the vast expanse of the lush meadows
And in the open frontiers of the infinite skies.

It allures. And it beckons.

With a delicious sweetness
That remains long after it has gone.

Smell... The Last Frontier.

Where expression meets emotion
And experience blends into excitement.

Join us... as we FAST FORWARD
our way towards that final
frontier which the world
describes as SMELL and we call
SUCCESS.



The inside story

01-32

Corporate Overview

- 04 An Entity in Fast Forward Mode
- 08 Fast Forwarding Through the Years
- 12 MD's Review
- 16 The Spirit of Keva
- 20 Operational Review
- 26 Powering Our Fast Forward Agenda
- 30 Powering Our People into the Fast Forward Mode
- 32 Financial Highlights

33-95

Statutory Reports

- 33 Management Discussion & Analysis
- 43 Directors' Report
- 75 Report on Corporate Governance
- 89 Business Responsibility Report

96-236

Financial Statements

- 96 Consolidated Financial Statements
- 172 Standalone Financial Statements

- 237 Notice



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A legacy of experience is giving way to a future of exciting possibilities.

Synergistic acquisitions are paving the way for exceptional potentialities.

And strategic investments are catalysing the enablers for outstanding growth.

With the basics well in place, we, at Keva, have embarked on the next phase of development and expansion, with a single-minded focus on the future. Seeing new opportunities, exploring new territories and creating new products designed to meet the evolving aspirational needs of the new-age customer, we have set forth on the next phase of our journey that promises to drive greater value for all our stakeholders.



We are now ready to move forward with greater energy, towards a tomorrow packed with the flavours of positivity and the fragrance of progression.

An Entity in Fast Forward Mode

Our journey into the future is rooted in the strengths of the past. A value-based heritage of more than 90 years has combined with the dynamism of a futuristic team of professionals to drive the organisation in a fast forward mode.

Mapping lateral expansion with vertical growth, S H Kelkar and Company Limited ('the Company/Keva'), the largest Fragrance & Flavour company in India, has carved a unique niche that brings together cutting-edge technologies and creative skills to carve a brand that spells heritage class and underlines our vigorous pursuit for greater excellence as we surge into the future. It is a brand that has distinguished itself for offering globally benchmarked products customised to local needs.

Our products are crafted to cater to the diverse and unique needs of a 5000+ strong global clientele, spanning leading national and multinational FMCG companies, blenders of fragrances and flavours, as well as fragrance and flavour producers. Sold under the SHK, Cobra and Keva brands, our products are innovated to meet the needs of diverse segments, including FMCG, Personal Care, Pharmaceutical and Food & Beverages industries.

Our fragrance products and ingredients find use as a raw material in personal wash, fabric care, skin and hair care, air care, fine fragrances, as well as household products. Our flavour products are used as a raw material by producers of baked goods, dairy products, confectionery, savoury, beverages and pharmaceutical products.

Downstream sectors of our presence



Leveraging location advantage to manufacture excellence



Map not to scale. For illustrative purposes only.

We have spread our footprints strategically to manufacture quality products to cater effectively and expeditiously to our global clientele.

- **Vapi (Gujarat)** - 2,064 tonnes/ annum installed capacity
- **Mumbai (Maharashtra)** – Fragrance unit: 12,000 tonnes/ annum installed capacity, Flavour unit: 7,500 tonnes/ annum installed capacity

- **Vashivali, Raigad (Maharashtra)** – Fragrance unit: 10,342 tonnes/annum installed capacity, Flavour unit: 3,000 tonnes/annum installed capacity
- **Barneveld, The Netherlands** – 1,650 tonnes/annum installed capacity
- **Milan, Italy** – 5,000 tonnes/ annum installed capacity

Networked to fast forward growth

Our well-structured business strategy gives us the competitive edge to fast forward our growth agenda in the markets of our presence. Within India, we are operating from five centres in New Delhi, Mumbai, Ahmedabad, Chennai and Bengaluru, while our overseas operations are managed through offices in the Netherlands, Milan, Singapore, Indonesia and Thailand, giving us the necessary leverage to surge into new markets offering high potential for growth.

We are listed on the Bombay and the National Stock Exchanges. As of March 31, 2018, Keva had a market capitalisation of ₹ 3,746.4 Cr, with the promoters holding 57.09% stake.

Awards and Recognitions

The various awards and recognitions we have won over the years endorse the strength that is powering us towards growth in a fast forward mode.

Culture that breeds talent

- Ranked 26th in the 'Dream Companies To Work For' by Times Ascent at World HRD Congress, February 2018; Earlier ranked 29th in 2017. Also awarded 'Dream Companies to Work For' in Manufacturing space in 2017

Future-ready IT processes and systems: ISO 27001:2013 Certified

- IT Infrastructure of India operations achieved the internationally recognised ISO 27001 - 2013 standard for ISMS (Information Security Management System)
- Another step towards the journey of continual improvement in our systems and processes
- Demonstrates our commitment to information security

HALAL Certification

- Keva Fragrances Private Limited is HALAL Certified. It is the 1st Fragrance and Flavour company from India to achieve this prestigious milestone
- Majelis Ulama Indonesia (MUI) – The Indonesian Council of Ulama, an umbrella of Islamic organisations (63) in Indonesia, has certified 16 fragrance products

Environment Management System – ISO 14001:2015

- Vashivali plant accredited with ISO 14001:2015 certification from NQA for Environment Management System

Committed to ethical supply-chain practices

- Keva Fragrances Pvt. Ltd. – Vapi unit – is a member of SEDEX- Supplier Ethical Data Exchange

9,700+
Products

05
Manufacturing facilities

04
No. of creation & development centres

32
Scientists and researchers

16
Perfumers

5
Flavourists

849
Employee base

5,000+
Customers



In our fast forward journey, we have mapped many inspirational moments and milestone accomplishments.

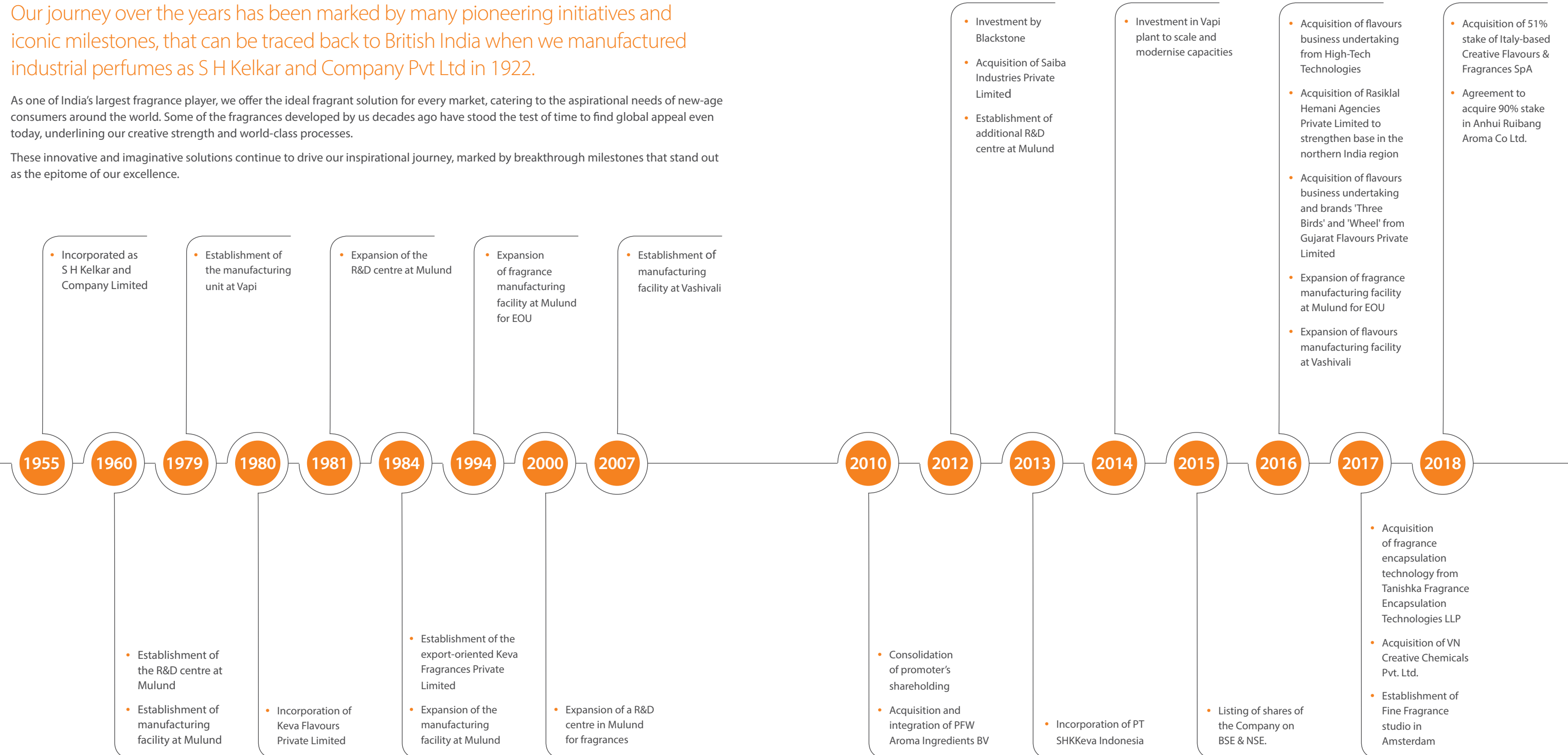
It is a journey that is driven by the strengths that we have built through years of dynamic engagement with our customers and at the back of a strong focus on innovation. It is a journey that is steered by our deep-rooted local understanding of the evolving consumer needs, globally.

Fast Forwarding Through the Years

Our journey over the years has been marked by many pioneering initiatives and iconic milestones, that can be traced back to British India when we manufactured industrial perfumes as S H Kelkar and Company Pvt Ltd in 1922.

As one of India's largest fragrance player, we offer the ideal fragrant solution for every market, catering to the aspirational needs of new-age consumers around the world. Some of the fragrances developed by us decades ago have stood the test of time to find global appeal even today, underlining our creative strength and world-class processes.

These innovative and imaginative solutions continue to drive our inspirational journey, marked by breakthrough milestones that stand out as the epitome of our excellence.





At Keva, we believe in blending myriad synergies to create an exciting value proposition focussed on catalysing growth in a fast forward mode.

The acquisition of Italy's leading fragrance company, Creative Flavours & Fragrances SpA and the acquisition of fragrance encapsulation technology from Tanishka, are aligned to our futuristic ambition to spread our wings into new markets of Europe, while consolidating our strength in the Fine Fragrances portfolio as also in the Fabric Care segment.

MD's Review

Forward, in the Fast Lane

The fragrances and flavours industry is in the midst of fast-paced growth and evolution. Growing demand, triggered by private consumption growth and a more aspirational consumer-driven environment, is catalysing a whole new level of churn in the domestic and global markets for fragrances, flavours and ingredients.

WITH OUR STRONG UNDERSTANDING OF THE EVOLVING CONSUMER DEMANDS, WE, AT KEVA, ARE COGNIZANT OF THE NEED TO CONTINUE PERSISTENTLY TO CHANNELISE ENDURING GROWTH THAT WILL SUSTAIN FOR A LONG TIME TO COME.



The sectoral opportunity is burgeoning at a never-before speed, leading to the creation of a new set of game-changing realities in the industry, which we are moving energetically to leverage, at the back of our intrinsic strengths and host of focussed initiatives.

Led by a future-centric strategic approach, we are continuously surging forward, weathering the headwinds of today to find new avenues of growth and expansion in the key markets of our focus, across India, South East Asia and Europe. With synergistic acquisitions to drive our growth strategy, we are powering ahead in the high-growth segments that we have identified to harness the opportunities of tomorrow.

Moving dynamically forward

At Keva, we believe that the key to success lies in timely strategic shifts that are in tandem with the market transformation. We believe in quickly seeing, understanding and analysing the rapidly changing market trends and evolving consumer needs, and then driving our strategic proposition in consonance with the same. And we believe in doing so dynamically to fast forward our way through the opportunity landscape that we see far beyond today.

Thus, even as we continue to strengthen our thrust on the basics with a view to scaling up our performance, we remain dedicatedly focussed on preparing the ground to stay consistently ahead in the transforming industry environment.

Striving for enduring growth

With our strong understanding of the evolving consumer demands, we, at Keva, are cognizant of the need to continue persistently to channelise enduring growth that will sustain for a long time to come. We believe that the path to sustainable growth lies in visionary thinking coupled with dynamic functionality – a combination we are proud to own with the legacy experience of our promoters combining with the youthful energy of our professional management team.

In line with our futuristic growth strategy, we have built the fundamentals to provide us the platform for driving growth, through a concerted thrust on innovation, discovery, resource and sourcing. At the same time, we have been steadfastly focussed on robust inventory planning, backed by consistent efforts to align our organic with our inorganic growth philosophy and a cautious but targeted approach in terms of geographic expansion.

Surging strategically ahead

We are now moving forward at a more accelerated pace to seize the opportunities that we see across sectors and geographies.

In our fast forward journey, we are guided by our long-term vision that enables us to see beyond today's realities at the prospects of tomorrow. We believe that we have the capabilities needed to sustainably outperform the sector growth rates for years to come with the strength of our industry position and unique business model.

Our strategic acquisitions have lent the necessary synergies to further propel our growth agenda in the segments of our focus – namely Fabric Care, Air Care and Fine Fragrances, which we have identified for our vertical growth. Further, guided by the global business prospects, we have identified India (South Asia), Indonesia (South-East Asia) and Italy (Western Europe) as the key areas of our expansion plans. We believe that this focussed strategy will enable us to map our products even more powerfully to consumer aspirations, while balancing our traditional philosophy with contemporary market needs.

Innovating to grow

We believe that in order to move fast and move in the right direction, we need to constantly strengthen our innovative edge through regular investments in R&D initiatives. Our enhanced thrust on innovation, thus, remains a critical priority of our growth plans, as we chart the next phase of our expansion and progress.

At the same time, we believe that the organisational transformation that is needed to steer our fast forward growth requires concerted efforts to bring about a mindset change and cultural transition among our own people, as well as those we are partnering in our progressive odyssey. The series of initiatives we have undertaken to enable this transformation will, in my view, play a vital role as we move to capture the opportunities of growth in the new markets that we are seeking to enter.

We are well aware that people – both our employees and our customers – are central to the nurturance of our brand spirit, and to our ambitious forward-looking growth strategy. At the same time, we are cognizant of the need to align our people to the aspirations of the consumers to create an empowering environment for collective and sustainable progress. The journey of empowerment has already begun. It is time now to fast forward it to the next level.

Accelerating with agility

In my communication last year, I had underscored our efforts to blend our powerful legacy with our agility to move forward with greater nimbleness to tap new consumer categories, countries and products. The developments of the past one year, including our synergistic and value-accretive acquisitions, operational reorganisation of PFW Aroma Ingredients B.V. in Netherlands, backed by our Fine Fragrance Studio in Amsterdam, were crafted to achieve the necessary speed and responsiveness to accelerate our growth to the desired levels.

I am happy to state that the enablers of long-term growth and sustained value delivery to our stakeholders are now in place. And as we move forward, we intend to strengthen them further.

For us, at Keva, it is not just about the brand that we shall, of course, continue to nurture painstakingly, but more about the brand ethos which we feel constitutes the building blocks on which our strategy is carved. With these blocks firmly entrenched, we are more than ready to leapfrog onto the next stage of our growth, faster and more proactively than ever before.

Ramesh Vaze
Managing Director



Our Purpose

We, at Keva, partner with our customers to craft innovative and sustainable solutions that evoke sensorial delight.

It is this clarity of purpose, our rapid execution along with local insights, which allow us to deliver sensorial breakthroughs that keep our customers ahead in the marketplace.

The Spirit of Keva

Stewardship. Partnership. Innovation. Responsibility. Integrity. Teamwork.

Amid a transforming global economy, an ever-changing industry landscape and continuously evolving consumer aspirations, we continue to align our strategic growth agenda to the SPIRIT OF KEVA – the intrinsic values which define our relationships and propel our performance.



Stewardship

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



Partnership

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



Innovation

We are passionate about innovation and thrive on creating new sensorial breakthroughs.



Responsibility

We are conscious that our actions have an impact on the local communities, ecology and geographies we operate in, and therefore behave in a manner that befits a responsible corporate citizen. Our products are always designed to be of the highest quality. We take active responsibility to ensure that our products are safe and meet regulatory standards.



Integrity

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



Teamwork

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





Successfully catering to the dynamically evolving needs of today's more aspirational consumer with our delightful products is just the beginning of our fast forward journey into the future.

We see ahead of us a fast transforming market environment which we are energising ourselves to fit into with greater dexterity, as a leaner process-driven and consumer-oriented organisation, with greater focus on carving a niche for ourselves in the premium category.

Operational Review



We are pleased to report a respectable overall performance amid a challenging business environment. This performance has been marked by a new level of dynamism infused into the organisation with a series of synergistic acquisitions and an expanding global reach. Our steadfast overall performance at the end of the year stands testimony to the robustness of our fundamentals and the success of our fast forward strategy designed to capture the future opportunities.

Kedar Vaze
Director & Chief Executive Officer

Q Can you provide us with some sense of how the performance was segregated across the two divisions, in both the domestic and the international business?

A We have seen a decent growth in the Fragrance segment despite the business momentum remaining subdued in the domestic market. We registered a growth of 7% in total revenue over the previous year, with domestic growth up by 8% and international business growth at 3%.

This was made possible as a result of our ability to respond with our usual nimbleness to stabilise our trade channels in the wake of the GST changes. Interestingly, this performance came despite the unprecedented raw material disruptions in the later half of the year, which we weathered successfully through our focussed inventory management.

The Flavours business was also hit by strong headwinds due to geopolitical turbulences and a sharp hike in citrus oils and other raw materials leading to 18% decline in the international market. The domestic Flavours business also did not perform too well, resulting in 1% decline in revenues.

Q What were the supply-side constraints faced during the year? Were they unique to the Company or did they affect the entire industry? How did the Company tackle the raw material crisis?

A There were some unprecedented supply-side disruptions that impacted the industry during the year. However, the Company's inventory management strategy enabled it to sustain margins and maintain market share across customers. External factors beyond our control caused these disruptions, which included some problems with supply of ingredients due to a major fire in BASF's German chemical plant, forcing them to declare a force majeure. Then there was the environmental clean-up drive in China that led to the closure of several chemical plants in the country. The hurricane Irma, which hit Florida in September 2017, adversely affected the availability of citrus oils and other raw materials, which hit the supply chain quite badly. However, as mentioned, with our efficient inventory management, we were able to keep our business momentum intact.

Q Have these supply disruptions also impacted the margins on the Flavours side? And by when do you expect the situation to normalise?

A Yes, as mentioned, supply constraints were also witnessed in the Flavours business, affecting margins, though I am happy to state that the overall EBIDTA margins in the segment remained intact. With the market witnessing revival since the second half of FY 2017-18, we expect the situation to normalise substantially in FY 2018-19.

Q Besides strong inventory management, another vital business edge that you have is your acquisition strategy, which has emerged as a major contributor to your Fast Forward drive. Can you elaborate on the CFF acquisition made during the year?

A Our strategic acquisitions are aimed at putting us on the fast trajectory of growth by giving us a leverage in the products, segments and geographies across which we are seeking to strengthen our business momentum. It is, at the same time, a power engine of our premiumisation strategy, which we see leading to incremental value growth for us in the coming years.

The acquisition of Creative Flavours & Fragrances SpA (CFF), an Italian company headquartered in Milan, endorsed this strategy. With the acquisition, which took place in January 2018, we have acquired 51% ownership stake in CFF, which is one of the top five players in the Italian market today and is engaged in the production and sale of fragrances.

This bolt-on acquisition will open new avenues for us to expand our product offerings in our key focus areas of Fine Fragrances and Fabric Care. It will also give us access to new markets in Western Europe, as well as to premium customers and global talent, thus creating a bigger platform for growth of our market share and leadership position in the global Fragrance industry.

We believe this acquisition, along with our Fine Fragrance Studio in Amsterdam, will strengthen our strategy to expand our presence and product offerings in our focussed growth areas.



WE BELIEVE THIS ACQUISITION, ALONG WITH OUR FINE FRAGRANCE CREATION STUDIO IN AMSTERDAM, WILL STRENGTHEN OUR STRATEGY TO EXPAND OUR PRESENCE AND PRODUCT OFFERINGS IN OUR FOCUSED GROWTH AREAS.



In combination with the acquisition of Fragrance Encapsulation Technology from Tanishka, this also gives us a strong platform for Fabric Care development by providing us with a ready library for fabric care and home care, for use in our markets, particularly India, Indonesia and the Middle East.

Q Can you elaborate on the acquisition of fragrance encapsulation technology from Tanishka? What are the synergies you see in this acquisition and what kind of benefits will they translate into for the Company?

A We have acquired the Fragrance Encapsulation Technology from Tanishka Fragrance Encapsulation Technology LLP ('Tanishka') which enable us derive unique benefits through incorporation of the Encapsulation Technology at the fragrance design stage itself. With this in mind, we are looking at incubating this technology further.

Operational Review (contd.)



Q You mentioned the establishment of the new Fine Fragrance Studio in Amsterdam. Can you provide an update on the same?

A The process of creation of the Studio has been completed and we have also launched our first collection of fragrances from there. The initial response has been extremely positive and we see this initiative giving a major boost to our European expansion plans in the Fine Fragrance category. The Studio has excellent synergies with the newly acquired CFF, as both Amsterdam and Milan, being fashion capitals of the world, will provide us with access to the premium ingredients.

Q Are there any other acquisitions that you undertook during the year to fast forward your inorganic growth strategy?

A Yes, Keva Fragrances Pvt Ltd has acquired 100% share capital of VN Creative Chemicals Pvt. Ltd. ('VNCC'), which is in the business of aroma ingredients. The acquisition provides us full control of land and manufacturing facility in Mahad, Maharashtra, giving us the lever to optimise our Opex in the overseas fragrance division. We expect to showcase higher operational efficiency in the Fragrance division from FY 2018-19 onwards as a result of this initiative.

Q The market is continuously evolving and the business dynamics is accordingly transforming across the world? What are the steps being taken to support the Company's growth in the context of these changes?

A Consumer perceptions and preferences are evolving at an unmatched pace and the F&F industry demand has seen a significant shift towards lifestyle choices in the past couple of years. Our future forward strategy is completely aligned to this shift as we continue to invest increasingly in our R&D capabilities to drive our innovation agenda. Our thrust is on new formulations, enhancement of our product portfolio, improvement in operational efficiencies, and strengthening our R&D capabilities, in order to harness the humungous opportunities that we see emerging around the world. In fact, in line with our focussed strategy to boost revenues, we continue

investing more into R&D activities. This lends our business model an extra edge, enabling us to strengthen our leadership position year after year.

We have so far filed 10 patent applications in respect of molecules, systems and processes developed by the Company, of which two have been commercially exploited in the deodorant and fine fragrance categories. Our Amsterdam centre is expected to further improve commercial traction, catapulting us into the next orbit of growth.

Q Apart from R&D, what are the other core or basic strengths that are steering the Company's growth?

A I think a major driver of our growth strategy is the unique business proposition we offer to our stakeholders through a blend of the traditional and the contemporary. As a company that remains rooted in the traditional values of its founders, while being steered by a young and dynamic team of professionals, we have developed an exclusive approach to business that few organisations can claim to have. This provides us with a perfect balance that helps us remain in step with the needs of today's aspirational consumers, and at the same time, keeps us connected to the traditional roots which many of the existing customers still seek from their products.

Another strength that we are nurturing to drive superior growth and sustainable ROIs is our focus on cost optimisation. Our efforts to rationalise our business cost structure is an ongoing initiative, which helps us deliver better than industry performance to give higher returns to our stakeholders.

Q What were the key initiatives taken during the year to drive cost optimisation across the organisation?

A One major step that we expect to significantly add to our cost efficiencies is our decision to operationally reorganise PFW Aroma Ingredients B.V. ('PFW'), which is expected to be completed by mid-2018. Restructuring of the PFW operations is expected to allow greater flexibility in backend manufacturing, leading to

better profitability going forward. Our R&D facility in the Netherlands remains fully functional and will continue to be a key focus area for powering our future forward growth strategy.

We have also invested in a facility in Mahad through the acquisition of VNCC, where we will invest to relocate some of the production from the Netherlands. We expect this to be commissioned during the latter half of FY 2018-19.

Q From a regional perspective, which are the markets that the Company is focussing on, in the context of the perceived market opportunities?

A In terms of geographic expansion, we continue to adopt a cautious forward-looking approach, which we like to define as the 3 I strategy. Based on the opportunity matrix, we have decided to focus on the three key regions of South Asia (through India), South East Asia (through Indonesia) and Western Europe (through Italy). We see significant opportunities in these markets across various product lines, particularly Air Care, Fabric Care and Fine Fragrances.

Within India, we are focussing on key high potential accounts in the North Indian markets as part of our expansion strategy. We intend to identify similar opportunities in other markets, where we expect the opportunity landscape to expand in the coming years. We are focussed on going forward speedily into new markets of growth wherever we see them opening up.

Q How do you see the Company's performance panning out in FY 2018-19?

A We believe that our leadership position in the F&F industry will continue to steer our performance in the addressable market within FMCG sector in the coming year. The inventory we have in hand is likely to ensure uninterrupted supply for our customers, aiding our overall performance in both the Fragrances and the Flavours segments. Our recent acquisitions have paved the way for our expansion into new geographies and product lines to give us a strong leverage to drive revenue market share in the FMCG sector.



WE BELIEVE THAT OUR LEADERSHIP POSITION IN THE F&F INDUSTRY WILL CONTINUE TO STEER OUR PERFORMANCE IN THE ADDRESSABLE MARKET WITHIN FMCG SECTOR IN THE COMING YEAR.





Forward is the only direction we see ourselves moving, as we surge towards new product categories, regions and segments of growth.

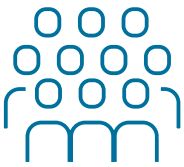
At Keva, we believe in being proactive in seizing the opportunities of tomorrow, through focussed innovations and powerful initiatives, to build a more enlightened, energised and empowered brand.

Powering Our Fast Forward Agenda

The fragrances and flavours industry is in the midst of fast-paced growth and evolution. Growing demand, triggered by private consumption growth and a more aspirational consumer-driven environment, is catalysing a whole new level of churn in the domestic and global markets for fragrances, flavours and ingredients.

Potential Matrix

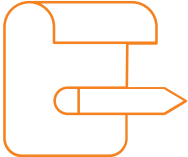
The F&F market opportunity is rooted in a multitude of factors.

Growing population		Rapid urbanisation	
Increasing disposable income		Increase in per capita spending in emerging economies	
Evolving consumer preferences		Shift towards niche brands	
Growing popularity of natural ingredients		Greater focus on health and wellness	



Strengths Matrix

To tap the unfolding opportunities across the industry landscape, we are continuously augmenting our intrinsic strengths to build the enablers of our growth strategy.

Management expertise		Brand ethos		Inventory planning	
Product bouquet		R&D strength		Manufacturing facilities	
Growing clientele		Distribution network		Motivated workforce	



Our Group CEO, Mr Kedar Vaze, was one of the 16 Inspiring Entrepreneurs felicitated at the EY Entrepreneur of the Year 2017 event, held on February 15, 2018. He has been recognised for his resilient leadership backed by incredible innovation and ideas to create a path-breaking transformation for Keva.



The Keva Fragrances Private Limited, Vapi (Gujarat) manufacturing plant, is now a member of SEDEX- Supplier Ethical Data Exchange. SMETA- SEDEX Member Ethical Trade Audits is a standard used for Ethical Trade Audits to help businesses improve ethical performance of their supply chain. Vapi location passed through the SMETA Audits based on ETI Codes, which includes implementation of Environment, Health & Safety, Business Ethics and Labour Standards in the supply chain.

Experienced leadership

We have in place a strong leadership team that brings to the table years of experience in various aspects of the business to push our fast forward agenda effectively and efficaciously.

During the year under review, we appointed Mr Ratul Bhaduri as Executive Vice President and Group CFO of the Company. Ratul has around 25 years of experience in the finance function and in the past, has been associated with reputed companies in the manufacturing, pharma and FMCG sectors.

We also appointed Mr Luc Malfait as Vice President – Fragrances, Europe. Luc has more than 30 years of work experience. His addition to Keva's senior leadership team will enable Keva to grow and strengthen its fragrance business operations in Europe.

Brand strength

The brand ethos we have created over the years, and continue to sustain, is a pivot on which rests the foundation of our fast forward strategy, particularly in the global arena. The international market opportunity size can be gauged from the fact that the

global flavour and fragrances market is estimated to grow at a CAGR of 5% from 2017 to 2022. Within India, too, favourable macro-economic factors are pushing demand, which is helping our premium brand proposition to yield continued benefits for us and our customers alike. The only Company to have an exclusive brand for industrial fragrances, Keva has the enviable reputation of offering a holistic brand value in the F&F segment.

Inventory management

Our inventory management helps us sustain supplies and meet the demands of our long-term customers smoothly and uninterruptedly.

Robust product portfolio

In the Fragrances business, we cater to the needs of consumers across all the key segments of Personal Care, Air Care, Beauty Care, Fabric Care, Home Care and Fine Fragrances. Our Flavours find use in Dairy Products, Beverages, Confectionery, Bakery, Savoury and Pharmaceuticals. Ingredients are also a vital segment of our products bouquet, which we are strengthening to align with the market demand.

Diversified clientele

We have a diversified and large client base, with over 5,000 customers, including a range of regional, national and multinational FMCG companies, blenders, fragrance and flavours producers. This is a powerful growth driver, which we are continuously augmenting by pursuing new accounts.

Best-in-class infrastructure

Our manufacturing facilities are the best-in-class, with continuous investments to upgrade them to meet the growing demand for our products. Robust systems and processes are in place to ensure minimal error and seamless operations, backed by efficiencies, at our facilities in Vashivali, Vapi and Mulund in India, Barneveld in the Netherlands and Milan in Italy.

Quality and regulatory controls

Our quality focus remains central to our roadmap for success, and we remain firmly committed to strong adherence to global benchmarks of quality. During the year, we held the Quality Circle Second Convention at Vashivali Plant in February 2018. Ten Quality Circles consisting of 62 members participated and showcased their projects related to safety, environment, operational efficiency and cost optimisation.

Strong distribution and retail network

Our robust distribution network, backed by a strong retail reach, has helped us build a strong business momentum in both, the domestic and international markets. It has facilitated an exceptional supply to market speed of seven days, positioning us at the top of the pyramid in terms of delivery efficiencies. Within India, we have a network of about 700 distributors, who distribute the small packs from their shops. The network operates across our two domestic divisions of National and Regional customers, which are helmed by two separate teams.

Our export business, with presence in over 40 countries, also works on a distributor-based model. While MENA (Middle East

& North Africa) region is catered to by an agent associated with Keva for more than 20 years, in South Asia, we have a representative to handle our business. We also have representatives for South Africa and Western Africa.

Consumer-centricity

Consumers being integral to our business strategy, we remain centered on strengthening our interface with them through various activities and initiatives. We participated for the first time in Food Ingredients Asia (FIA), held in September 2017 in Bangkok, to expand our reach in the region. Our Flavours team also participated in Food Ingredients India (FII) in Mumbai in November 2017, where we paired our branding strategy with exemplary outlet design to evoke customer interest.

In December 2017, we set up a new retail Market Office in Bengaluru, founded on the concept of 'Where science blends with art', which is integral to our business model at Keva. To infuse dynamism into the distribution chain, we organised a two-day Distributors Meet in November 2017 at Lonavala, Maharashtra, with an objective to build, manage and gain deeper understanding of our partnership with all our distributors.

Leveraging R&D prowess to surge forward



We have developed a strong Research and Development function to lead our innovation thrust as we move ahead on our fast forward trajectory of growth.

We have a dedicated and expert team of scientists, perfumers, flavourists, evaluators and application executives at our facilities, as well as our four creative development centres, strategically located in Mumbai, Amsterdam, Milan and Indonesia. These centres are continuously boosting the commercial traction of our products in the segments of our business.

Our R&D teams carry out continuous market and consumer research around the world to understand local tastes and prepare products to meet them. The Company has filed 10 patent applications in respect of molecules, systems and processes developed by it, of which 2 have been commercially exploited in deodorant and fine fragrance categories. With a robust pipeline of 2-3 molecules per year, we are extremely focussed on developing in-house capabilities for our creations, fragrances and flavours.

Powering Our People into the Fast Forward Mode

In our quest for translating our visionary goals into real on-ground accomplishments, designed to power our fast forward strategy, we remain focussed on consistently nurturing and augmenting our people prowess. We are cognisant of the criticality of aligning our people to our strategic objectives by providing them a motivating culture.

Our people philosophy is crafted to build the internal capabilities required to leverage the opportunities in the global markets and push our forward-looking strategy. We are continuously striving to create a future-ready workplace, strengthening the organisational culture and enhancing people and business capabilities.

Attracting and retaining talent

Keva recognises the challenge in attracting and retaining talent for a niche industry like ours. Identifying right talent that brings in entrepreneurial zest and has the ability to continuously challenge the status quo with a differentiating attitude is what we look for, as the organisation gears up to execute its 5-year strategic plan.

Bringing in the right skill set with the right people and culture fit into the organisation, we have shifted our focus from recruitment to talent acquisition in the last few years. Our employees act as brand ambassadors of Keva.

We leverage professional networking platform – LinkedIn – to build our presence. We have been able to increase Talent Reach by 44% and Engagement by 53%. Keva's Talent Brand Index has grown from 31% to 33% with Followers are up from 13,473 to 16,296.

As a part of our Campus Connect initiative, every year, we on-board fresh talent in the Company in both technical



32% hires of FY 2017-18 came from Employee Referrals.

Being an equal opportunity employer, we consciously recruit candidates from diverse industry, culture, religion and social backgrounds. Our managers are continuously getting trained on various aspects of Diversity and Inclusivity.

and management streams. Keva has institutionalised its Technical Trainee Programme for technical talent and has partnered with V.G. Vaze, Institute of Chemical Technology (ICT) and Sinhgad Institute of Management.

For our Management Trainee Programme for management graduates, we have tied up with prominent B Schools - Welinkar & Indian School of Business (ISB).

36% of the new hires are female, underlining our thrust on promoting gender diversity

12% hires of FY 2017-18 were through campus

This ensures that the system is continuously injected with new talent for technical and managerial positions, keeping us young and vibrant forever.

Nurturing future leadership

In its second year, LeAP (Leadership Advancement Programme) – Keva's Global Talent Management Programme, aims to develop its internal talent pool

through a focussed, customised and guided intervention. 74 Managers in senior management and middle management level have undergone development centre, career conversation, and are on 18-month long Individual Development Plan journey. Multiple development options, such as cross functional projects, blended learning, coaching and attending management development programmes from institutes like Indian School of Business, are leveraged to address specific needs.

Under the programme 'Mentoring for Success', our Senior Leaders are assigned as mentors to the Management Trainees, to help the mentees understand the culture and the industry for better familiarisation with the organisation.

Developing capabilities for holistic growth

Our People Capability Development Plan (PCDP), designed for each function and created with people managers, aims at providing customised learning intervention for holistic development. During the year, a total of 8,307 man-hours were dedicated towards development intervention that reflects the penetration and coverage of employees across all levels. We also provided self-paced learning intervention for 213 e-learners who underwent 17 e-learning modules during the year.

Empowering people through technology

Automation and Digitisation have been important technology levers for building the workplace of the future in alignment with the IT road map. Keva embraced its integrated HR Technology platform globally with SAP Success Factors. This serves as a single platform for an employee lifecycle progress, covering on-boarding, leave and attendance management, learning

and development and performance management with modules like – SAP Success Factors Employee Central, SAP Success Factors Goal Management, SAP Success Factors Performance Management, SAP Success Factors Learning Management System, and SAP Success Factors On-boarding.

A culture of caring

We recognise that certain personal issues or concerns may at times interfere with employee health and wellbeing, for which they may need counselling services from professional counsellors. 'Ear2Hear' is an Employee Assistance Programme (EAP) which extends consultation on personal issues - professionally and confidentially.

Being a diverse and inclusive organisation, we provide equal opportunity to both mothers and fathers to embrace parenthood. Our paternity leave supports new dads in transitioning to parenthood, and, at the same time, embracing motherhood for working mother has been made convenient, aided by appropriate support and evolved experience, with modifications like increase in duration of paid maternity leave, introduction of surrogacy leave and adoption leave.

Promoting inclusive growth

In line with our focus on promoting sustainable development and inclusive growth, we are continually engaged in the skill development of our people. Under the National Employability Enhancement Mission (NEEM) of the Ministry of HRD (AICTE), we have provided 28 NEEM Apprentices on-the-job training with an aim to enhance their employability. Our focus on skill development is manifest in our customised Workmen Development Programmes on an ongoing basis.



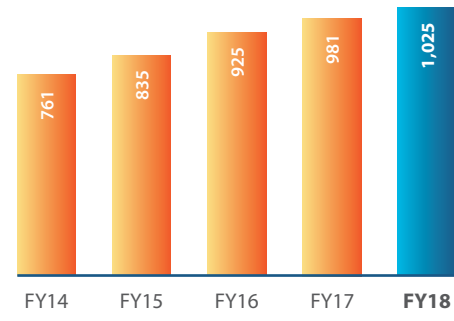
As part of our Wellness initiative, we have launched an Annual Executive Health Check-up Programme for all employees.



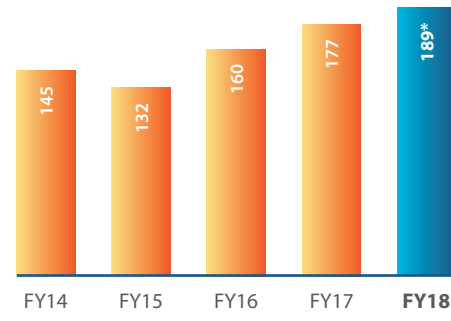
We continue to share a cordial relationship with the Unions and acknowledge their contribution towards meeting the objectives of the Company. Our focus on skill development reflects in our customised Workmen Development Programmes on an ongoing basis. Quality Circle at our manufacturing plants provides a platform to the members to bring about continual improvement at their workplace.

Financial Highlights

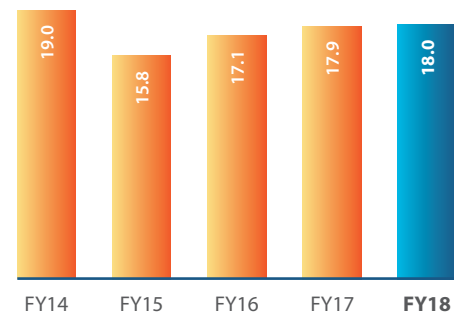
Total Operating Income (INR in Cr)



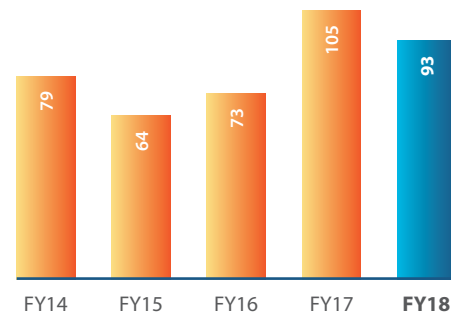
EBITDA (INR in Cr)



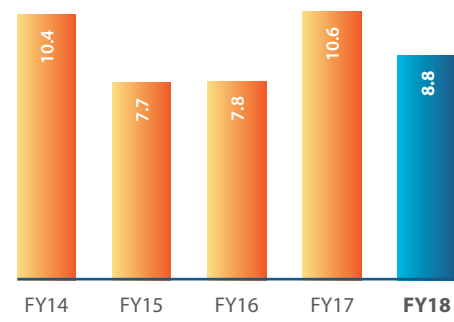
EBITDA Margin (%)



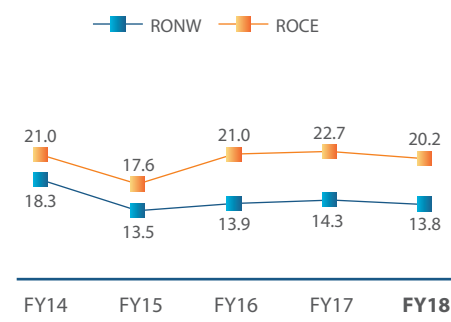
PAT (INR in Cr)



PAT Margin (%)



Return on Net Worth & Return on Capital Employed (%)



* Post adjustment of one-off expenses

Management Discussion & Analysis

GLOBAL ECONOMIC OVERVIEW

The global economy entered a stronger phase in 2017 as the past decade's broad-based negative factors receded. The world has recovered from the global financial crisis, European sovereign debt crisis, and global commodity price realignments. As a result, in 2017, global output is estimated to have grown by 3.7% as compared to 3.2% in 2016. This is the highest rate of global growth recorded since 2010. Even better, the growth was not in patches; it was spread across more than 120 economies, which account for three-quarters of world GDP. Growth across broad sectors – investment, manufacturing and trade – was supported by stronger business and consumer confidence.

The advanced economies posted 2.3% growth in 2017, 60 basis points (bps) higher than in 2016. Key emerging markets and developing economies also posted strong growth of 4.7% in 2017, up from 4.4% in 2016. In emerging market economies, improved monetary policy frameworks have helped lower core inflation and encouraged demand.

OUTLOOK

The stronger momentum in 2017 is expected to carry forward in 2018 and 2019 and take the world economy to 3.9% growth. Global financial conditions and investor sentiment are likely to be positive, stimulating export-driven economies. Growth in advanced Asian economies is also expected to be stronger.

Risk factors in the global growth forecast include rich asset valuations and very compressed term premiums. These raise the possibility of a financial market correction. Rise in core inflation and interest rates in advanced economies could cause financial vulnerabilities. Inward-looking

policies, geopolitical tensions, and political uncertainty in some countries could also pose risks.

INDIAN ECONOMIC OVERVIEW

Growth in the first half of FY 2017-18 was slower, as the aftermath of the 2016 demonetisation was closely followed by the implementation of the Goods & Services Tax (GST). Growth picked up in Q3 FY 2017-18, aided by private consumption and a gradual revival in investments. The second half of FY 2017-18 also witnessed a significant rise in the Consumer Confidence Index, acceleration in industrial growth, and easing of inflation. As per the second advanced estimates issued by the Central Statistical Organisation (CSO), India's GDP at constant prices is expected to grow by 6.6% in FY 2017-18, as compared to 7.1% in the previous year.

The industrial sector grew at 7.5% in January 2018. This bodes well for the demand in the FMCG space. The drop in inflation, from a 17-month high of 5.2% in December 2017 to 4% in February 2018, should further boost consumer spending.

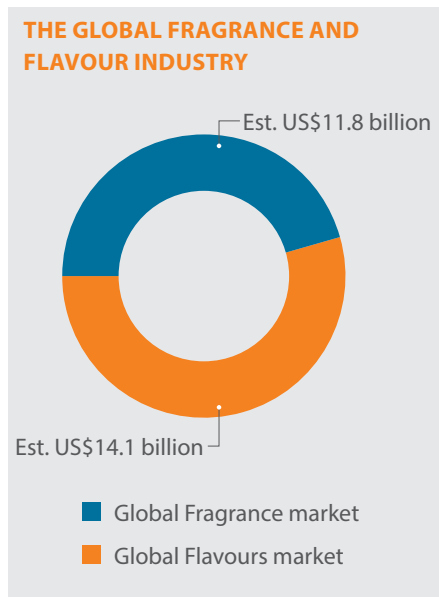
OUTLOOK

As per the estimates of the domestic credit rating agency, CRISIL, the headline inflation for FY 2018-19 could rise up to 4.6% on the back of rising consumer demand and elevated crude prices. Recent instances of banking fraud and the resultant provisioning and treasury losses pose a risk to growth. However, a rate cut by RBI could support growth. Other positive factors are the anticipated growth of industrial sector, GST stabilisation, recovery in investments, and ongoing structural reforms. The World Bank has projected India's GDP growth at 7.3% for FY 2018-19 and 7.5% for FY 2019-20.

Growth	
Global economy	
2017E	3.7%
2018P	3.9%
2019P	3.9%
Advanced economy	
2017E	2.3%
2018P	2.3%
2019P	2.2%
Emerging market and developing economies	
2017E	4.7%
2018P	4.9%
2019P	5.0%

(Source: IMF)





In 2017, the global fragrance and flavour market was estimated to be valued at approximately US\$25.9 billion. The market has witnessed a remarkable growth, owing to increasing demand in application

industries such as food, beverages and personal care, coupled with higher levels of disposable income.

In the fragrance market, growth is primarily driven by soap & detergents and personal care categories. In the flavours market, the dominant category continues to be beverages, followed by the dairy, savoury and snacks segments.

Western Europe and the US are the biggest markets in the global fragrance and flavour industry. However, recent growth is primarily driven by developing markets, especially Asia Pacific (APAC). Going forward, it is expected that APAC will take a larger share of market growth in the global fragrance and flavours industry.

In the Asia-Pacific, India and China are projected to exhibit rapid growth, boosting usage of flavours and fragrances.

Negative factors include erratic supply of raw materials resulting in fluctuating

prices; crackdown on Chinese suppliers due to environmental issues; fire at BASF's Germany plant (a key global supplier), a hurricane in Florida resulting to a shortage in the supply of citrus oils and other materials and fire at plants of two major aromatic chemical suppliers in India.

OUTLOOK

The global fragrances and flavour market is expected to grow at a CAGR of 5% from 2017 to 2022. The major drivers include a growing population, rapid urbanisation, increasing disposable income, changing consumer preferences, a shift towards natural ingredients and a rise of niche brands. In the past, fragrances and flavours were considered to be a discretionary addition to mass-market products, especially in developing countries. However, this has changed with rising affluence and sophisticated lifestyles. Millennial consumers, in particular, are driving this behavioural change.

FRAGRANCES – GROWTH DRIVERS

Developing countries seeing increased consumption:

Personal care products, cosmetics, home care, oral care, air care, therapy and soaps and detergent segments are witnessing augmented growth.

Growth in 'naturals' segment:

There is a major shift in consumer preferences from synthetic to natural fragrances, which are perceived to be safer and healthier with therapeutic properties.

Premiumisation in personal care:

The North American and European markets are particularly anticipated to grow. Consumers are increasingly buying sophisticated premium personal care products.

Increase in private labels:

Most big brands are expanding in developing economies. Also, consumers are looking to experiment with newer fragrances and flavours and there is a rising inclination towards consuming products with natural source.

Technologies:

The fragrance encapsulation technique, which helps a product retain the scent experience across various stages of use, is making purchases more attractive. Also, the controlled release technique increases fragrance longevity when a product is in use, improving its desirability.

FLAVOURS – GROWTH DRIVERS

Preference for eating out:

Growth in the food and beverage industry, on account of higher demand for ready-to-eat meals and processed foods.

Spurt in growth in non-food segments:

Increasing use of flavours in pharmaceuticals, dietary supplements and nutraceuticals will further boost growth.

Consumers experimenting with new flavours:

Demand for new exotic flavours is projected to augment demand.

CHALLENGES

The fragrances and flavours industry has robust growth prospects but continues to face certain challenges. The most critical one is sustainable sourcing of the aroma and flavour ingredients. Erratic supply of raw materials poses a challenge, as seen in the year gone by. Margins are also shrinking for flavour and fragrance players, as FMCG players are reacting negatively to the price increase. Technological advancement has made it simpler to decipher the formulation of a blend, giving FMCG players an upper hand. In the short-term, raw material supply disruption may impact input costs. Companies are increasingly looking at Asian countries for sourcing of raw materials at competitive prices.

THE INDIAN FRAGRANCE AND FLAVOUR INDUSTRY

Overview

Favourable macroeconomic factors like growing disposable income, preference towards personal wellness products and increased confectionery and bakery sales have raised the demand for the Indian fragrance and flavour industry. Further, increased penetration of FMCG products in rural areas, premiumisation of personal care and cosmetic products and higher demand for processed foods is likely to drive growth.

The size of the Indian fragrance and flavours market is estimated to be ₹ 55.2 billion and is expected to grow at 10.2% CAGR over the coming five years. The fragrance market was estimated at ₹ 27.5 billion in 2017,

whereas the flavours market stood at ₹ 27.7 billion during the same period.

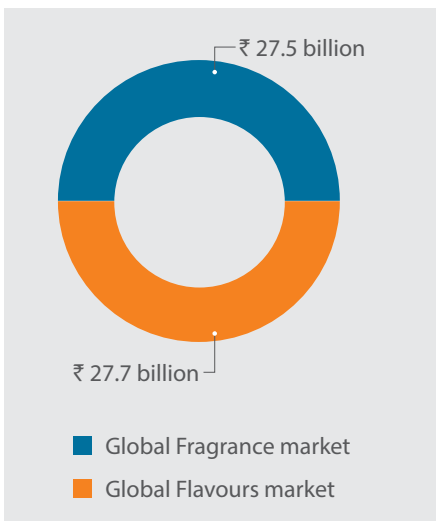
Keva accounts for ~12.4% of the total fragrance and flavours market. In the fragrance market, it enjoys 23% market share; while in flavours, its market share stands at 2.3%.

The Indian market is dominated by large global fragrance and flavour houses which contribute more than 60% of the Indian production of blends. Globally, India is strongly positioned as a leading natural fragrance and flavours ingredient supplier catering to 60% of the global spice oleores in demand and 80% of the global mint extracts demand. Currently, 85% of the domestic ingredients production is exported and this export volume has been growing.

At the other end of the market spectrum in India, there is an unorganised blending market estimated to be larger than the organised market. The unorganised market largely caters to incense sticks and other such products.

Over the medium term, GST is expected to reduce the cost and complications of multiple taxes. The government's increasing push to make the economy more formalised is likely to aid the growth of the organised market and thereby work in favour of companies like your Company.

In this developing scenario, access to the best raw materials, capital investments,



quality controls and certifications, and strong customer relations will drive differentiation.

OUTLOOK

Favourable macroeconomic factors like increasing disposable incomes, urbanisation and aspirational lifestyles put the fragrance and flavours industry in a sweet spot. A growing global demand means greater opportunities for Indian manufacturers.

Outlook for fragrance segment

Consumer inclination towards natural fragrances is an advantage for Indian manufacturers of ingredients and blends, as the country is rich in raw materials. There is also much room for growth in the Indian consumers' preference for naturals.

Growth in the Indian fragrances market is likely to be driven by product categories like deodorants, air fresheners and perfumes. Cleaning products are another major developing area. From laundry powder to spray cleaners to wipes, products are now expected to refresh the senses rather than just be utilitarian. Rural Indian consumers making increasingly aspirational and sophisticated choices is a potential growth driver.

OUTLOOK FOR FLAVOUR SEGMENT

Higher consumer willingness to experiment with new flavours works in the industry's favour. New flavours in packaged beverages and foods are gaining popularity.

Health and nutrition as a category is evolving across the globe as consumers look for healthy ingredient substitutes, especially in processed foods and beverages. In particular, low-fat and low-carbohydrate foods in demand among the urban population require added flavours to enhance the taste. Developing rural areas are expected to fuel demand too.

INDIAN FRAGRANCE AND FLAVOURS MARKET – OPPORTUNITIES

India has emerged as the fastest-growing major economy in the world. It is expected to be one of the top three economic powers of the world over the next 10-15 years backed by its strong democracy and partnerships.

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by 2027 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics and reforms. India is also focussing on renewable energy sources.

The country's consumption may triple to US\$ 4 trillion by 2025, owing to a shift in consumer expenditure pattern. It has the opportunity to drive economic growth on the back of its rising working-age population (those aged 15-64 years). The nation is expected to add almost 10-12

million people to its workforce every year over the next two decades. This will widen the consumer base for a range of products in which your Company is involved. Also, digitalisation is driving the increase in discretionary purchases across India, in turn supporting companies that are in the business of enhancing the consumer experience.

FINANCIAL PERFORMANCE ANALYSIS

On a consolidated basis, your Company ("the Company/Keva") earned total income (net of excise duty) of ₹ 1,046.7 Cr in FY 2017-18 as against ₹ 992.1 Cr in FY 2016-17, up 5.5%. In constant currency terms, growth was 4.2%. Growth in domestic business picked up in the second half of FY 2017-18 compensating for the degrowth during the first half, leading to overall growth of 7.3% in FY 2017-18. The low phase in H1 2017-18 was mainly attributable to disruption due to the implementation of GST, after-effects of demonetisation and slower-than-expected re-stocking in the FMCG market.

The Company's fragrance segment saw 8% growth in domestic business and 3% growth in the international business. It contributes 89% to total revenues.

The Company's flavours segment saw a marginal 1% decline in domestic business. Performance in the international market too was subdued with 18% decline. It contributes 11% to total revenues. There was weaker demand in export markets, especially due to the challenging geopolitical environment in the Middle East.

On the profitability front, gross margins were impacted owing to certain raw material supply disruption, especially in the second half of the year under review. However, a healthy inventory management strategy helped your Company sustain supplies and meet demands of long-term customers. Operating EBITDA after adjusting one-off expenses stood at ₹ 188.8 Cr in FY 2017-18 as against ₹ 177.4 Cr in FY 2016-17, up 3.6%.

One-time expense towards the operational reorganisation of PFW Aroma Ingredients B.V. in the Netherlands amounting to ₹ 12.9 Cr impacted profit after tax (PAT), which stood at ₹ 94.19 Cr in FY 2017-18 as against ₹ 104.8 Cr in FY 2016-17. Gross margins on recurring basis marked a healthy improvement in line with better sales mix.

Cash profit was at ₹ 116.4 Cr in FY 2017-18 as against ₹ 124.3 Cr in FY 2016-17.



BUSINESS SEGMENT -1

Fragrances

Keva is among the largest domestic fragrances producers, capturing almost one-fourth of the market. The diverse range of its fragrance portfolio comprises complex compounds and ingredients created by experienced and specialised perfumers. Keva's fragrance products and ingredients are used in a number of everyday consumer products.

₹ **907** Cr
REVENUE

₹ **140** Cr
OPERATING PROFIT

CONTRIBUTION TO THE TOTAL BUSINESS
in FY 2017-18: 89%

PRODUCTS AND APPLICATIONS

Keva, which has been operating in India for over 90 years, enjoys preference over its global peers owing to its deep customer insight and long-standing customer relations. With strong portfolio products, five state-of-the-art manufacturing facilities and an expert team of over 16 perfumers, Keva enjoys a leadership position. The Company's fragrances are used in everything from soaps and shower gels to fine fragrances.

Keva caters to various customers segments such as big FMCG players, mid-sized companies, small and medium enterprises, smaller traders and small blenders.

KEY MACRO HIGHLIGHTS

- Acquired 51% stake in Creative Flavours & Fragrances SpA (CFF), which is one of the largest fragrance companies in Italy. This is a value-accretive and synergistic opportunity to augment Keva's product portfolio.

It provides the Company access to newer geographies and premium customers and importantly, global talent, including internationally renowned master perfumers

- Established the fine fragrance studio in Amsterdam. This, along with the acquisition of CFF, will help Keva to make deeper inroads into the premium category of fragrances. Keva also introduced its first collection of fragrances from this studio that was received well by consumers

- Rationalisation of the Netherlands manufacturing operations is progressing as per plan. The cost-saving initiative in the overseas fragrance division will allow greater flexibility in backend manufacturing, leading to better profitability. The investment in VN Creative Chemicals Pvt. Ltd. would enable Keva to consolidate / combine production activities for attaining maximal operational efficiency and thus, would contribute to building up Keva's competitiveness and improve its profits and margins

- Acquired state-of-the-art Fragrance Encapsulation Technology from Tanishka Fragrance Encapsulation Technologies LLP ("Tanishka"). This will strengthen its position in the premium fabric care segment

- The Company invested ₹ 40.45 Cr in research and development last year

and continues to strengthen its new molecule pipeline while redeveloping existing products through its robust 32-member R&D team

DOMESTIC SALES

Highlights of FY 2017-18

- Demand was subdued in the first half of the financial year due to GST implementation and lingering effects of demonetisation, while raw material shortage led to some challenges during second half of the financial year. Many of the FMCG players and other companies delayed launches and brand extensions impacting business. Impact of the unprecedented global raw material shortage in the second half of the financial year, was minimised for Keva owing to its inventory management policies
- Domestic sales, constituting 70% of total fragrance segment, grew 8% in FY 2017-18

Outlook

The return of normalcy in the demand for FMCG products after demonetisation and the stabilisation of GST implementation is prompting your Company's FMCG partners to develop existing products and launch new ones. Raw material challenges were witnessed globally in the second half of the year, but the Company's long-standing customer relationship helped it to procure raw materials at competitive prices. The Company's strategic direction and growth opportunities are also on track.

EXPORTS

Highlights of FY 2017-18

The Company's exports have witnessed a growth of 3%. The Company is exporting to over 40 countries through a distributor model. The major market is the Middle East followed by South East Asia. There are

four creative centres in India, Amsterdam, Indonesia and the Netherlands.

Outlook

The fine fragrance studio in Amsterdam and CFF acquisition will enable the Company to expand its international

footprint and build talent particularly in the focussed categories of fine fragrance and fabric care. The acquisition of fragrance encapsulation technology from Tanishka will enable the Company to expand its presence in the premium fabric care segment.

BUSINESS SEGMENT -2

Flavours

Keva is a well-known manufacturer of flavours in the country, admired for its quality products and FSSAI-approved state-of-the-art facility. Your Company has a team of flavourists who innovate flavours based on evolving consumer trends. This has made the Company a preferred partner in sectors such as beverages, dairy products, confectioneries, bakery products, savouries, pharmaceuticals, and more.

The segment contributed close to 11% of business revenues in FY 2017-18. The focus is on constant innovation and the result is the creation of flavours that give various brands the edge of novelty and uniqueness. As health and wellness gain more importance for consumers, Keva's natural flavours created from carefully sourced ingredients are in great demand.

Keva's strategy is to excel in food science and create compelling natural flavours. Your Company collaborates with food artists, evaluators, consumer opinion researchers and subject matter experts.

SCALE WITH AGILITY

Keva creates flavours in various forms like liquids, dry mixes and encapsulated forms. Flavours manufacturing processes are complex in nature. The Company has stringent global standard quality controls in place at every stage with US FDA registration in place. The clarity of purpose and process design allows Keva to deliver sensorial breakthroughs consistently.

Keva's facilities and processes are SAP-enabled and adhere to FSSC 22000, ISO

22000:2005 and ISO/TS 22002-12009. The flavours facility is FSSAI (Food Safety and Standards Authority of India) approved. The Company also offers HALAL-certified flavours which is an important environmental sustainability framework for the Company.

The Company's manufacturing strength and agility enable it to service its local and multi-national clients with ease. With advanced planning techniques and variable capacity, production can be ramped up whenever required.

For efficient logistics, the Company has strategic alliances with reputable logistics companies.

PRODUCTS AND APPLICATIONS

The Company's products are broadly categorised into natural, nature-identical and artificial. The products are available in dry, mix, liquid and encapsulated forms. Keva was prompt in identifying the increasing popularity of the dairy segment and developed a wide variety of flavours, especially for lifestyle products such as

shakes and smoothies. In beverages, the Company has focussed on trending categories of fruit-based and health drinks in FY 2017-18. Confectionery is a major growth area and the Company has developed flavours cutting across cultures and age groups. The bakery industry is where Keva gained traction in a big way. Catering to pharmaceuticals, Keva offers refreshing flavours that are designed to last the products' entire shelf life.

DOMESTIC SALES

Highlights of FY 2017-18

- The Company reported a marginal decline of 1% in business during the year under review
- Some margin in the segment was compromised due to increase in prices of citrus oils and few other materials particularly on account of a natural calamity (Hurricane Irma) in Florida
- The Company was also able to add on few large food companies as customers during the year

Outlook

The Company has doubled the market growth in the past five years and will continue to grow the market share in a sustained manner. There is a strong focus on investment in resources for development and infrastructure for manufacturing. To increase brand visibility, the Company will continue to participate in food ingredient expos. Keva expects beverages, bakery, confectionery and dairy industries to be the biggest growth drivers of flavours. The Company is looking to expand its presence in the fast-growing yet untapped markets of Central and East India like Madhya

Pradesh, Chhattisgarh, Jharkhand, Odisha and West Bengal.

EXPORTS

Highlights of FY 2017-18

- The international business reported 18% decline as compared to the previous year
- International sales were lower owing to weaker demand in export markets, especially due to the challenging geopolitical environment in the Middle East

Outlook

Keva is looking to expand its distribution in the neighbouring countries and fast-growing Asian countries especially in the beverages, bakery and confectionery segments. The Company is also looking to expand its footprint in food flavours in Middle East, Africa and Thailand.



Quality Management and Knowledge Capital

QUALITY MANAGEMENT

Overview

- USFDA registration and various certifications including FSSAI, ISO 9001:2008, ISO 14001:2015 and FSSC position the Company well from a compliance point of view
- A fully-equipped fragrance and flavour testing laboratory has the latest equipment including, gas chromatographs, density meters, automatic polarimeters, tintometers, flash-point testers and microbiological testing, etc., providing Keva a technological edge
- To ensure a safe working environment for its workers, Keva follows a stringent HSE (Health, Safety and Environment) policy
- To ensure eco-friendly operations, Keva has in place effluent treatment plants near its facilities
- Keva boasts state-of-the-art technology and world standard quality control practices

Key initiatives of FY 2017-18

- Creation of quality products across categories for diverse product applications was ensured. The Company-aided product development team for customers' functioning served as an extended R&D arm
- To ensure global standard quality product delivery, the Company has built a strong team of 32 scientists, 16 perfumers and 5 flavourists, along with evaluators and application specialists
- Future product ranges are developed with a strong focus on quality and specific applicability

Outlook

Consistency in Keva's product quality is the result of strict quality norms. The Company is abreast with newer certifications from regulatory bodies around the globe. Department of Scientific and Industrial Research (DSIR) acknowledges Keva's state-of-the-art research centre in India as an in-house R&D centre developing quality fragrances and flavours.

KNOWLEDGE CAPITAL

- To ensure high-quality talent pool, the Company leverages campus and lateral hiring
- The Company engages in several management training programmes to groom individuals with high potential
- Keva's LEAD programme helps in grooming existing talent pool

Highlights of FY 2017-18

- Under Keva's Global Talent Management Program - LeAP (Leadership Advancement Program), 74 employees are groomed under an Individual Development Plan aligned with Keva's growth strategy
- Implementation of 5 key modules – goal management, performance management, learning management system, on-boarding, employee central (leave and attendance) in Keva's cloud-based HR technology platform 'Success Factors'
- 'Ear to Hear' Employee Assistance Programme for confidential counselling to employees and their family members
- Launch of Annual Executive Health Check-up

- Keva continued to strengthen the learning and development by providing shorter modules of e-learning for better engagement
- Customised workmen development programme

Outlook

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

In the long-term, Keva has a 3x3 strategy: To focus on three countries (India, Indonesia and Italy) and three product categories (fabric care, fine fragrances and air care). Together, these are likely to aid both topline growth and margin expansion for Keva.

Risk Identification and Mitigation

The risk from exports: Exports constitute 32% of Keva's revenues with exposure to nearly 40 countries. The Company faces the risk of unexpected changes in the macro environment in multiple countries.

Mitigation: Keva is strategising to expand in countries with a demographic profile similar to India. As Asian countries are witnessing improving macroeconomic factors like growth in disposable income, a significant lifestyle change is expected to catalyse demand.

The risk from a limitation in innovation: In case Keva is unable to expand its portfolio with new flavours and fragrances, business growth is at risk.

Mitigation: Innovation, including relentless in-house R&D, is a priority for Keva. Keva is also in a good position to attract professional alliances.

The risk from the diverse raw material requirement: Shortage in the supply of raw materials used by the Company poses a direct threat to its revenue and competitive position.

Mitigation: Strong relationship with suppliers, long-term contracts and maintenance of adequate inventory ensures the Company is at minimal risk from the raw material shortage.

Risk from acquisition: Keva may acquire companies that do not represent a strategic fit.

Mitigation: Rigorous appraisal criteria are in place, making the acquisition process more objective and less subjective. The Board takes decision based on clearly-defined principles, significantly minimising the chances of a misfit.

Risk from regulatory compliance: Any failure to address regulatory requirements in the various nations poses a threat to its products and reputation.

Mitigation: The statutory compliance management system ensures adherence to regulatory requirements. An internal audit team periodically monitors the internal financial control systems. This is also validated by an external auditor who reports these findings to the Board.

Risk of volatility in currency: Keva's exposure to over 40 countries subjects it to cross-currency volatility, which may impact profitability.

Mitigation: Foreign exchange hedging ensures minimal impact from forex fluctuations. Keva does not hold any open positions in its hedges. Focussed teams are created for successfully driving the integration.

Risks from receivables: As the Company operates in a number of markets, it is exposed to longer export receivable cycles, which are also at a risk of becoming bad debts.

Mitigation: The Company leverages its local know-how when selecting trade partners. Also, the Company has credit insurances in place.

Risk from client concentration: Dependency on a few large clients could pose a risk to revenue.

Mitigation: Keva derives its revenues from 5,000+ clients with limited dependency on a single client. Client attrition rate is minimal. The client relationship is further strengthened by collaborative engagements and avoiding the involvement of commission agents.

Succession risk: Over-dependence on a few key personnel could impact longer-term growth prospects.

Mitigation: Keva identifies critical employees and ensures key positions are held by experts from downstream industries. An in-house talent

management programme based on performance helps in mitigating the risk of over-dependency on a few.

The risk from competitors: The lucrative growth of the flavours and fragrance market exposes Keva to an increased threat from competition.

Mitigation: The Company's cultural heritage for over nine decades has built strong brand equity. Keva is the preferred customer for most trade partners owing to its legacy. Also, the Company is always on its toes to ensure enhanced client engagement with a minimum turnaround time keeping it extremely competitive.

Risk from sectoral concentration: Over-dependence on limited downstream sectors puts growth at risk.

Mitigation: Keva has diversified into various prominent downstream sectors: personal care, air care, skin & hair care, beverages and fine fragrances.

The risk in wage inflation: Costs could see an unprecedented upswing in case of high and unexpected inflation in wages.

Mitigation: The Company engages in long-term work contracts/agreements with workers to ensure visibility of wage costs.



Corporate Social Responsibility

Corporate Social Responsibility is an integral part of the Company's vision and values. All activities undertaken by the Company are carried out in accordance with the corporate model of sustainable development.

A CSR committee of the Board of Directors has been constituted to focus on environmental sustainability, education and employability. Keva was involved in creating a green belt in Raigad, Maharashtra, by planting close to 2,100 Australian teak wood trees and 1,000 pink pepper trees stretched over 10 acres of land.

In the field of education, Keva worked in co-ordination with NASEOH, Udaan India Foundation, Shabari Seva Samiti and Navneet Foundation. The partnership worked to provide primary and secondary education, skill enhancement for underprivileged students in Mumbai and in the vicinity of our manufacturing facilities. Continuing this journey, Keva promotes education by providing scholarships to meritorious students and e-learning facility in primary schools.

Working for the dignity of India's girls and women, the Company improved sanitation facilities at schools and colleges surrounding its manufacturing units at Vapi and Vaishvali.

The Company contributed to Ganga river cleaning drive by supporting the Government of India's 'Namami Gange' mission.



Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting their 62nd 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 March 31, 2018.

FINANCIAL HIGHLIGHTS & BUSINESS REVIEW

Financial Highlights:

Particulars	Standalone			Consolidated		
	2017-18	2016-17	Growth %	2017-18	2016-17	Growth %
Revenue from operations (excl excise duty/GST)	680.79	614.46	10.80	1019.27	975.04	4.53
Other operating income	1.40	0.89	57.30	5.84	5.47	6.76
EBITDA before royalty expense and exceptional items	136.01	130.41	4.29	183.82	177.38	3.63
Royalty Expense	19.16	18.02	6.26	-	-	-
Finance Costs	3.16	2.40	31.67	3.97	5.16	(23.06)
Depreciation	10.53	6.81	54.63	23.84	19.44	22.63
Profit before Tax (PBT) before exceptional items	103.16	103.18	(0.02)	156.01	152.78	2.11
Profit before Tax (PBT) after exceptional items	103.16	103.18	(0.02)	143.16	152.78	(6.30)
Taxation	34.20	28.87	18.46	50.58	47.97	5.46
Profit after Tax (PAT)	68.96	74.31	(7.20)	92.58	104.82	(11.68)
Share of profit of equity investment in JV	-	-	-	1.61	-	100.00
Total Profit after Tax (PAT)	68.96	74.31	(7.20)	94.19	104.82	(10.14)

Business Review:

We unveil the tastes and scents that suit you best, and that you love most. We bring them to you every day, everywhere in every way. Stirring emotions, awakening memories, enhancing your senses, expanding your taste and scent experiences, enriching your world, we bring you a myriad of solutions to enjoy the essence and express yourself. We are Keva (consolidated SHK) - a leading creator of flavours and fragrances that are used in the food, beverage, personal care or household product industries. Keva's flavour and fragrance compounds combine a number of ingredients to produce proprietary formulae created by its flavorists and perfumers. Utilizing capabilities in consumer insight, research and product development and creative expertise, Keva partners with its customers to provide innovative and differentiated product offerings that drive consumer preference. Keva believes that this collaborative approach will generate market share gains for its customers.

Keva is committed to winning in emerging markets and believes that significant future growth potential for the flavours and fragrances industry, and for its business, exists in the emerging markets.

The year 2017-18 ended on a healthy note backed by strong performance in the second half of the year. Despite the high level of raw material supply disruptions across the globe, your Company reached a major milestone in its journey by crossing ₹ 1,000 crore of revenues in 2017-18. The Company's inventory management strategy enabled it to sustain margins and maintain market share across customers.

On consolidated basis, the overall revenue of Keva recorded a growth of 4.5% vis a vis last year. Operating EBITDA after adjusting one-off expenses stood at ₹ 188.8 crore in 2017-18 as against ₹ 177.4 crore in 2016-17, up 3.6%. The total domestic business recorded a growth of 7.3% while the international business had a subdued performance with a decline of 1.02%. The segmentation of fragrances business to flavours business altered from 87% in 2017 to 89% in 2018. The domestic and international business ratio stood at 68:32 as against 67:33 in 2016-17.

Fragrance Division reported a robust performance during the FY 2017-18 with an operating profit of ₹ 140 crore - higher by 13% over previous year. With a healthy growth in its existing markets,

the Fragrance Division reported year on year growth of 8% in the domestic markets, while overseas market grew by 3%.

Flavours Division reported a subdued performance in FY 2017-18. While domestic revenues were lower by 1%, overseas segment was lower by 18%. Volatile raw material prices and pricing pressure impacted the performance in the domestic market. In addition, geo-political and economic scenario, especially in the Middle East resulted in subdued overseas performance. Operating profit of Flavours Division was at ₹21 crore with margins at 18.7%.

The Company incurred a one-off expense of ₹12.9 crore during the year on account of operational reorganization of PFW Aroma Ingredients BV in the Netherlands. EBITDA margin and Net Profit margin, excluding this one-off expense, stood at 18% and 10% respectively despite investments made for future growth of about ₹5 Crore as well as sharp increase in raw material prices. The consolidated ROCE was 20%.

On a standalone basis, the Company achieved a topline growth of 11% due to growth in domestic fragrance business despite the headwinds faced by the business due to GST implementation. On standalone basis the Company has achieved Net Profit of ₹69 Crore.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

The Company believes that profitability must go hand in hand with a sense of responsibility towards all stakeholders. The Company endeavours towards creating long-term value for all its stakeholders while focusing on the core principles of accountability, transparency, integrity, social responsibility and regulatory compliances. A strong foundation in terms of an eminent, accomplished and a diverse Board providing mentorship and oversight, an effective leadership team setting the tone at the top, competent professionals across the organisation to implement and execute the governance goals, best systems, well defined process and modern technology, have made good governance a way of life.

A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company confirming of corporate governance requirements as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") form an integral part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

A detailed information on the initiatives of the Company as enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011

is provided in the Business Responsibility Report, a copy of which will be available on the Company's website www.keva.co.in. For Business Responsibility Report as stipulated under Regulation 34 of the Listing Regulations, kindly refer to Business Responsibility Report section which forms part of this Annual Report.

DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹1.75 per equity share of face value of ₹10/- each to be appropriated from the profits of the Company for the financial year 2017-18, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM").

The list of unpaid dividend declared upto the financial year 2016-17 is available on Company's website www.keva.co.in. Shareholders are requested to check the said list and if any dividend due to them remains unpaid in the said list, can approach the Company for release of their unpaid dividend.

SUBSIDIARIES

As on March 31, 2018, the Company had subsidiaries in India, United Kingdom, Netherlands, Singapore, Italy and Indonesia as mentioned hereunder:

- Keva Fragrances Pvt. Ltd.
- Keva Flavours Pvt. Ltd.
- Saiba Industries Pvt. Ltd.
- Rasiklal Hemani Agencies Pvt. Ltd.
- Keva Chemicals Pvt. Ltd.
- Creative Flavours & Fragrances S.p.A., Italy
- Keva UK Ltd., United Kingdom
- Keva Fragrance Industries Pte. Ltd., Singapore
- V N Creative Chemicals Pvt. Ltd. (step-down subsidiary)
- Tanishka Fragrance Encapsulation Technologies LLP (step-down subsidiary)
- PFW Aroma Ingredients B.V., Netherlands (step-down subsidiary)
- PT SHKKEVA Indonesia (Indonesia) (step-down subsidiary)

A statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended as Annexure A to this Report.

Financial and operational performance of the subsidiaries is given hereunder:

Keva Fragrances Private Limited:

Keva Fragrances Private Limited (formerly K V Arochem Private Limited) is involved in the business of manufacture and exports of fragrances, flavours and aroma ingredients. The company registered a total revenue of ₹ 316.11 Crores in financial year 2017-18 as against ₹ 291.05 Crores in financial year 2016-17 and loss of ₹ 14.98 Crores in financial year 2017-18 as against loss of ₹ 18.40 Crores in financial year 2016-17.

Keva Flavours Private Limited:

Keva Flavours Private Limited develops flavours that underpin food and beverage brands in India. The company registered a total revenue of ₹ 65.17 crores in financial year 2017-18 as against ₹ 75.13 crores and a loss of ₹ 1.43 crores as against a profit of ₹ 6.06 crores in financial year 2016-17.

Saiba Industries Private Limited:

Natural Essential oils & Natural Extracts have become a USP via Aromatherapeutic additive. Saiba Industries Private Limited is involved in the business of manufacture and sale of plant extracts. During the year under review, the company registered an operating revenue of ₹ 5.07 Crores in the financial year 2017-18 as against ₹ 4.99 Crores in financial year 2016-17 and profit after tax of ₹ 1.57 Crores in the financial year 2017-18 as against ₹ 0.97 Crores in financial year 2016-17.

Rasiklal Hemani Agencies Pvt. Ltd.:

Rasiklal Hemani Agencies Pvt. Ltd. was acquired by the Company on April 02, 2016 to strengthen our base in the northern region and reach closer to the customers. During the year under review, the company registered an operating revenue of ₹ 5.14 Crores in the financial year 2017-18 as against ₹ 7.21 Crores in financial year 2016-17 and profit after tax of ₹ 4.23 Crores in the financial year 2017-18 as against ₹ 5.34 Crores in financial year 2016-17.

PFW Aroma Ingredients B.V.:

PFW Aroma Ingredients B.V. is involved in the business of manufacture and sale of aroma ingredients. During the year under review, the company registered an operating revenue of ₹ 174.50 Crores as against ₹ 151.17 Crores during the previous year and loss of ₹ 13.20 Crores as against loss of ₹ 0.45 Crores during the previous year.

Keva UK Limited:

Keva UK Limited is authorised by its constitutional documents to manage the investment of our Company in the Netherlands - PFW Aroma Ingredients B.V. The company did not carry any business during the year. During the year under review, the company registered no revenue as against ₹ 0.58 Crores during the previous year and loss after tax of ₹ 0.27 Crores as against profit after tax of ₹ 0.50 Crores during the previous year.

Keva Fragrance Industries Pte. Ltd.:

Keva Fragrance Industries Pte. Ltd. is involved in the business of providing sales and marketing assistance to us in South East Asia. In order to spearhead our market access and growth plans of South East Asia, we have formed this Company through which our operating subsidiary has been created in Indonesia. During the year under review, the company registered a revenue of ₹ 36.05 Crores

as against ₹ 3.45 Crores during the previous year and a profit of ₹ 1.04 Crores as against a loss of ₹ 0.52 Crores during the previous year.

PT SHKKEva Indonesia:

PT SHKKEva Indonesia is involved in the business of trading and distribution of perfumery compounds. During the year under review, the company registered an operating revenue of ₹ 6.47 Crores as against ₹ 11.44 Crores during the previous year and profit of ₹ 0.22 Crores as against loss of ₹ 0.45 Crores during the previous year.

Keva Chemicals Private Limited:

Keva Chemicals Private Limited is involved in the business of aroma ingredients etc. During the year under review, the company has not earned any income from operations as no business activity was undertaken by the Company. The Net Loss incurred by the company during the financial year ended March 31, 2018 amounted to ₹ 0.42 crores.

VN Creative Chemicals Private Limited:

VN Creative Chemicals Private Limited was acquired for setting up of India Tonalid manufacturing facility at Mahad. During the year under review, the company has not earned any income from operations as no business activity was undertaken by the company. The net loss incurred by the company during the financial year ended March 31, 2018 amounted to ₹ 0.58 crores.

Tanishka Fragrance Encapsulation Technologies LLP:

Company acquired Tanishka Fragrance Encapsulation Technologies LLP on April 24, 2017. During the year under review, no business activity was undertaken by the LLP.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company for the financial year 2017-18, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and as prescribed by Securities and Exchange Board of India (SEBI) under Listing Regulations. The consolidated financial statements have been prepared on the basis of audited financial statements of the Company and its subsidiary companies, as approved by their respective Board of Directors. The Financial Statements as stated above are also available on the website of the Company at www.keva.co.in.

ACQUISITIONS

Over the years, your Company has developed extensive and successful experience performing acquisitions and is working towards integrating the acquisitions and exploiting the many commercial and operational synergies they provide, in order to achieve maximum benefit of continued improvement to profit margins and competitive capabilities.

Fragrance delivery via encapsulation is a win-win platform because it provides a great opportunity across all categories. Accordingly, on April 24, 2017, the Company, through Keva Chemicals Pvt. Ltd. (“KCPL”), step-down subsidiary of the Company, has acquired Fragrance Encapsulation Technology from Tanishka Fragrance Encapsulation Technologies LLP (“TFET LLP”). As a part of the transaction, KCPL has also contributed to the capital of TFET LLP on the said date and thus, has become a majority capital contributing partner in TFET LLP. The unique technology has enhanced Keva’s technological infrastructure and would enable the Company to offer differentiated fragrance products especially in fabric care which is a fast-growing area in which Keva’s unique capabilities would give it a solid competitive edge.

The Company, through its subsidiary Keva Fragrances Pvt. Ltd., has acquired VN Creative Chemicals Pvt. Ltd. (“VNCC”) on September 29, 2017. VNCC is into the business of aromatic chemicals and owns a manufacturing facility in Mahad, Maharashtra. The investment would enable the Company to consolidate/ combine production activities for attaining maximal operational efficiency and thus, would contribute to building up Keva’s competitiveness and improve its profits and margins.

The Company has entered into an agreement to acquire Creative Flavours and Fragrances S.p.A. (“CFF”) alongwith its subsidiaries on January 15, 2018. Incorporated in year 2000, CFF has presence throughout Europe and enjoys a leading position in the Italian market. It has a state-of-the-art manufacturing facility and R&D lab in Milan. The acquisition coupled with the recent launch of fine fragrances studio in Amsterdam is in line with Keva’s growth strategy to strengthen its product portfolio and build a business with truly international profile. It is an important milestone in Keva’s global growth journey.

The Company through its subsidiary Keva Fragrance Industries Pte. Ltd., has entered into an agreement to acquire 90% stake in Anhui Ruibang Aroma Co. Ltd. on May 25, 2018. Headquartered in Fuyang, Anhui is a leading aroma ingredient Company in China. The acquisition will give Keva access to alternate tonalid manufacturing facility, thereby ensuring no supply disruptions to customers. It will also enable Keva consolidate its market position for tonalid.

The acquisitions are expected to provide better opportunities to leverage in the future.

SHARE CAPITAL

There has been no change in the capital structure during the year under review. The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

PUBLIC DEPOSITS

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

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

Particulars of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as Annexure B to this Report.

DIRECTORS

In the forthcoming AGM, Mrs. Prabha Vaze will retire by rotation and will be considered for re-appointment because of her eligibility. Mr. Nitin Potdar and Mr. Amit Dixit stepped down as Independent Director and Non-Executive Director respectively with effect from February 28, 2018 and May 25, 2018. Mr. Deepak Raj Bindra and Mr. Shrikant Oka were appointed as Additional Non-Executive Director and Additional Independent Director respectively, at the Board Meeting held on May 25, 2018, with effect from May 25, 2018. As per the provisions of Section 160 of the Companies Act, 2013, your Company has received a notice from a member specifying their intention to propose the appointment of Mr. Deepak Raj Bindra and Mr. Shrikant Oka as Directors in the forthcoming AGM.

Appropriate resolutions for the appointment of the Directors are being placed for your approval at the ensuing AGM. Your Directors recommend the appointment of the aforesaid Directors by the Members at the ensuing AGM.

Neither the Managing Director nor the Whole-time Director of the Company receives any remuneration or commission from any of its subsidiaries. None of the Directors of the Company has been disqualified to be a Director of the Company on account of non-compliance with any of the provisions of the Companies Act, 2013. The Independent Directors have been familiarised with the Company, their roles, rights and responsibilities in the Company etc. The details of the Familiarization Programme are available on the website of the Company www.keva.co.in. All the Independent Directors have given their declaration of independence as required under Section 149(6) of the Companies Act, 2013. This has been noted by the Board of Directors.

BOARD MEETINGS

During the year, 7 (seven) Board Meetings were convened and held on 12.05.2017, 10.08.2017, 12.09.2017, 13.11.2017, 07.12.2017

(adjourned to 13.12.2017), 16.01.2018 and 28.02.2018. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report of the Company, which forms a part of this Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company meet without the presence of the Managing Director or Executive Director or other Non-Independent Directors. These meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. One such meeting was held during the year on February 28, 2018.

COMMITTEES OF THE BOARD

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

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders’ Relationship Committee

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

ANNUAL EVALUATION OF BOARD’S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 read with Rules issued thereunder and the Corporate Governance requirements as prescribed by Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees and individual Directors.

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

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

NOMINATION AND REMUNERATION POLICY

The broad objectives of the Nomination and Remuneration policy are i) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management; ii) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board; c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The guiding principles of the policy are to ensure that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors 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.

It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Tapas Majumdar ceased to be Executive Vice President and CFO of the Company. He was relieved from his role on May 31, 2017. Mr. Ratul Bhaduri was appointed as Executive Vice President and CFO with effect from November 15, 2017. The Key Managerial Personnel in the Company as per Section 2(51) and 203 of the Companies Act, 2013 as on March 31, 2018 are as follows:

- Mr. Ramesh Vaze - Managing Director
- Mr. Kedar Vaze - Whole Time Director and Chief Executive Officer and
- Mr. Ratul Bhaduri - Executive Vice President and Chief Financial Officer
- Mrs. Deepti Chandratre - Company Secretary & DGM – Legal

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating the material departures (if any);
- 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 or loss of the Company for the year under review;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors have prepared the annual accounts on a going concern basis;
- 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
- The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATUTORY AUDITORS

Your Company's Auditors, B S R & Co. LLP [holding Registration No. 101248W/W-100022 with the Institute of Chartered Accountants of India (ICAI)] were appointed as the Statutory Auditors at the AGM of the Company held on September 18, 2014 for a term of five consecutive years. The Statutory Auditors have confirmed

their eligibility to the effect that their appointment is within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for appointment.

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

The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Kishore Bhatia & Associates, Cost Accountants, have been appointed as the Cost Auditors of the company for financial year 2018-19.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Mehta & Mehta, Practising Company Secretaries, as its Secretarial Auditor to undertake the secretarial audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith as Annexure C to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL CONTROL SYSTEMS

Your Company believes that internal control is a prerequisite of the principle of governance. The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company to identify areas, where business process controls are ineffective or may need enhancement.

A summary of the Internal Audit Reports containing significant findings by the Internal Auditor alongwith follow-up actions thereafter is placed before the Audit Committee periodically for review. The Audit Committee reviews the comprehensiveness and effectiveness of the report and provides valuable suggestions and observations from time to time.

RISK MANAGEMENT

The Company has developed an integrated Enterprise Risk Management Framework to identify, monitor, mitigate and report key risks that impact its ability to meet the strategic objectives. There is an overarching Risk Management Policy in place that was reviewed and approved by the Board. The Board is responsible for the overall process of risk management in the organisation.

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

VIGIL MECHANISM

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Accordingly, your Company has implemented Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the Listing Regulations through the Whistle Blower Policy and Fraud Risk Management Policy. The policies provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

The policies may be accessed on the website of the Company at www.keva.co.in. During the year under review, no protected disclosure from any Whistle Blower was received by the designated officer.

GOING CONCERN STATUS

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

DISCLOSURE ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

At Keva, we are committed to provide a healthy work environment that is free of discrimination and unlawful harassment and that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company has always endeavoured for providing a better and safe environment free of sexual harassment at all its work places. Keeping with this commitment, the Company has adopted a policy on Prevention of Sexual Harassment at Workplace and constituted Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and

the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Policy is gender neutral. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

During the year, no complaints with allegations of sexual harassment were reported.

STOCK APPRECIATION RIGHTS SCHEME

The Members, on November 01, 2017, through Postal Ballot exercise (results of which were declared on November 03, 2017), had approved the SH Kelkar Stock Appreciation Rights Scheme, 2017 ('STAR'), for the welfare of its employees and those of its subsidiaries. Each STAR is represented by one equity share of the Company. The eligible employees are entitled to receive in cash the excess of the maturity price over the grant price in respect of such STARs subject to fulfillment of certain conditions and applicability of income tax. The STAR Scheme involves secondary market acquisition of the equity shares of your Company by an Independent Trust set up by the Company for the implementation of the STAR Scheme. Your Company lends monies to the Trust for making secondary acquisition of equity shares, subject to statutory ceilings. The Trust has purchased 10,26,403 equity shares of the Company as on March 31, 2018 representing 0.71% of paid up capital of the Company, however, no STARs were allotted during the year 2017-18.

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

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes in inclusive growth to facilitate creation of a value-based and empowered society through continuous and purposeful engagement with society around.

Towards this end, your Company adopted a comprehensive CSR Policy that defines the framework for your Company's CSR Programme. The CSR Policy may be accessed on the Company's website at the link: www.keva.co.in.

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

The Company also undertakes other need based initiatives in compliance with Schedule VII to the Companies Act, 2013. During the year, the Company has spent ₹ 1.79 Crore on CSR activities.

The Annual Report on CSR activities is annexed herewith marked as Annexure E.

CONSERVATION OF ENERGY

The Company continued its efforts to improve energy usage efficiency and increase contributions from renewable sources of energy. Some of the measures adopted across the Company for energy conservation are as under:

- Commissioned solar power generation units at Mulund and Vashivali Units.
- Replacement of conventional Gang Operated Device with Indoor Circuit Breaker at Vashivali Unit which has helped in minimizing power failures in rainy season thereby reducing usage of diesel generators.
- Installation of automatic power factor controller panel at Mulund Unit
- Successful commissioning of ‘PNG fuel’ in canteens instead of LPG.
- Extension of condensate and flush recovery system to MPP Plant in Vapi Unit which has resulted in saving of 51.8 KL of fuel achieved resulting in cost savings of ₹ 16 lacs for the year.
- Replacement of high capacity motors in effluent treatment plant at Vapi Unit with lower rating motors which has resulted in reduction in power consumption annually by 30,000 kW equivalent to cost saving of ₹ 2.2 lacs for the year.
- Replacement of high cost heat transfer media (Thermic fluid) with low cost heating media (Steam) for Plant#8 at Vapi Unit which has potential of saving upto ₹ 14 lacs per annum.
- Consolidation of equipments under two sheds as per the optimized process flow and minimum internal logistics requirement which has resulted in improved process efficiencies and minimum material movement.
- Installation of Energy Efficient LED lights in place of conventional lights
- Introduction of auto on-off system of exhaust fan in lift rooms.

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

ENVIRONMENT, HEALTH AND SAFETY

The Company is strongly devoted not only to environmental conservation programmes but also maintains balance between economic concerns, environmental and social issues faced by

business. A business must not grow at the expense of mankind but must serve humankind at large. Your Directors are pleased to inform that your Company has become first zero liquid discharge company in Patalganga Rasayani Industrial Area in Raigad.

The Company is equally committed to provide a safe and healthy working environment for its employees and associates to ensure a high degree of safety norms. The Company continuously strives to perform beyond compliance. There is an increased focus on areas like training and awareness, safety observations, audits etc. to drive a positive safety culture. The Company places emphasis on safety processes, behavioural safety and strive to create a positive safety culture towards achieving the ultimate goal of ‘zero injury’.

EHS initiatives taken by Keva are as under:

- Installation of Reverse Osmosis Plant and Multi Effect Evaporator
- Installation of foodie machines at Mulund and Vashivali Units which convert waste food into manure. This machine has a capacity to process 75 kgs of waste per day and convert to a feed of 7.5 kgs as manure.
- Participation of employees in Environment, Health & Safety trainings organised by NSC viz. Statutory Requirements, Fire Prevention & Protection, Safety at ‘Working at Height’, Electrical Safety, Behaviour based Safety, Disaster Management etc.
- Participation in “Safety Officers’ Meet” jointly organised by Directorate of Industrial Safety & Heath and NSC.
- Participation in On site and Off site mock drills organized by Directorate of Industrial Safety & Heath and Mutual Aids Response Group
- Organization of Mock safety drills within the Company
- Implementation of online incident reporting system at Mulund Unit
- Celebration of National Safety Week, Fire Service Week, World Environment Day
- Imparting training in first aid, road safety, fire safety, ergonomics, use of PPEs, safe handling of chemicals, contract labour safety, SCBA training etc

INNOVATION

When it comes to winning future business, it is imperative to stay on customers’ core lists. We are achieving this by investing in our R&D capabilities, developing consumer insights, and expanding our understanding of regulatory requirements. Keva fosters excellence through innovation supported by strong R&D capabilities. To keep

pace with the changing market demand, the Creative Centres of your Company are proactively engaged in development of innovative products and technologies. In line with this prelude, your Company’s Creative Centres at Amsterdam, Jakarta, Milan and Mumbai are continuously striving for innovative creations through research activities. Your Company continued to invest in creating additional lab infrastructure, advanced analytical instruments and recruitment of high calibre perfumers and flavourists to boost in-house research and build new capability platforms. Additionally, your Company has a strong Intellectual Property Rights support team, which enables it to patent its innovations globally and in developing unique products.

You will be glad to know that during the year, your Company has established world-class Creative Centre in Amsterdam equipped with the state-of-the-art infrastructure required for research and new product development. Expenditure on R & D and creative development during the year under review was ₹ 29.56 Crores on standalone basis and ₹ 40.45 Crores on consolidated basis.

Leveraging innovation and our talented workforce to advantage, we continuously strive to surpass the expectations of consumers, as we journey towards our goal of being one of the most admired world class F&F companies.

HUMAN RESOURCES

Talent and culture are the key focus areas for Keva to achieve its business aspirations. The HR function’s strategy is focused on creating a future-ready workplace, strengthening the organization culture, building people and business capability by nurturing careers to its people.

Keva recognizes the challenge in attracting and retaining talent from a niche industry like ours. Identifying right talent that brings in entrepreneurial zest and have the ability to continuously challenge the status quo with a differentiating attitude is what Keva looks for as the organization gears up to execute its 5 year Strategic plan.

In its second year, LeAP (Leadership Advancement Program) – Keva’s Global Talent Management Program, aims to develop its internal talent pool through a focused, customized and guided intervention. Mentoring by Senior Leadership Team for employees hired through Lateral Hiring program from ISB enables them to understand the culture and the industry for better familiarization with the organization. Keva’s People Capability Development Plan (PCDP) designed for each function and created with people managers aims at providing customized learning intervention for holistic development. LEAD (Leveraging E-learning for Accelerated Development) - our e- learning platform - provides world class learning solution in all locations across the globe.

Keva Star - Keva’s Global Employee Recognition Program, applauds the stellar performances that have made a direct impact on the organization. Half yearly Town Halls provide an open and transparent channel of communication with the CEO and the business and strategy of the organization.

We also recognize that certain personal issues or concerns may sometime interfere with employee health and wellbeing for which they may need counselling services from professional counsellors. ‘Ear2Hear’ is an Employee Assistance Program (EAP) which extends consultation on personal issues - professionally and confidentially. Professional counsellors assist the employees in developing the necessary coping skills that ensures that they maintain an emotional balance. This helps them to take important decisions, tackle problems and explore new avenues for change and growth.

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees as required under section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure F to this Report. Details of employee remuneration as required under provisions of section 197 of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also forms part of this Report. However, as per the provisions of Section 136 of the Companies Act, 2013, the report and accounts are being sent to the Members and others entitled thereto, excluding the said information which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

INDUSTRIAL RELATIONS

Proactive and employee centric practices, focus on transparent communication and a firm belief that employees are the most valuable assets of the Company are the cornerstone of your Company’s employee relations approach. On industrial relations, Keva continued to share a cordial relationship with the Labour Unions in all the plant locations. The Board acknowledges the contribution of the workers and the employees towards meeting the objectives of the Company.

INFORMATION TECHNOLOGY

Your Company has developed a framework to harness the opportunities presented by prevalence of new-age digital technologies and transform to become a digitally savvy company.

Keva has implemented ISO 27001 Security Management Systems (ISMS) standard for IT Infrastructure Services, certified by NAQ-a

reputed UK based body. This provides an independent third party validation of an organization’s Security Management Systems.

The existing infrastructure of the Company includes a robust centralised ERP system based on SAP capable of covering business functions across finance, inventory management, procurement and logistics. The Company has also deployed Qlikview which provides a wide array of data analysis facilities.

CUPID - a homegrown ERP application for a Customer Project Integrated Development Process - provides a state of the art solution for project management. CUPID provides a single platform for managing customer projects right from the moment sales person enters the customer’s project until the time samples are delivered to the sales person for customer submission. Governance Risk & Compliance (GRC) tool and BMango–Brief management tool for flavours were implemented during the year. BMango is a customer project management application for flavours and is an acronym for Brief MANagement on the Go which signifies ease of managing customer projects with this application.

Success Factors - cloud based online system – is single HR platform through which employees across the globe have an easy access to HR related information - policies, newsletters, news flash, team information, Performance Development Process, Learning and Development, and other HR processes on real time basis.

The IT infrastructure has enabled the Company to streamline operations, resulting in centralized processing of data and timely information sharing.

EXTRACT OF ANNUAL RETURN

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

AWARDS AND RECOGNITION

During the year under review, the Company won multiple awards and recognitions, both international and national. Some of the significant awards include:

- Your Company has been ranked 26th ‘Dream Company to Work For’ by the World HRD Congress in February 2017.
- Your Company’s unit at Vahivali has successfully implemented Environment Management System programme and has been certified with ISO 14001:2015 by NQA (certification body). Keva’s cross functional employees from Vashivali Plant have been certified as internal auditors for EMS ISO 14001:2015 by NQA.
- Your Company’s subsidiary Keva Fragrances Pvt. Ltd. was granted HALAL certification in Indonesia.

- Your Company’s subsidiary Keva Fragrances Pvt. Ltd. was adjudged second in the category for outstanding export performance for financial year 2016-17 by CHEMEXCIL (Basic Chemicals, Cosmetics & Dyes Export Promotion Council) – a body set up by the Ministry of Commerce & Industry to promote exports from India.
- Vapi Unit is now a member of SEDEX- Supplier Ethical Data Exchange. SMETA- SEDEX Member Ethical Trade Audits is a standard used for Ethical Trade Audits to help businesses improve ethical performance of their supply chain.
- Mr. Kedar Vaze – Director & CEO was one of the 16 Inspiring Entrepreneurs felicitated at the EY Entrepreneur of the Year 2017 held on February 15, 2018. A leader with disruptive ideas, incredible innovation, resilient leadership and sustained focus on growth of business /organisation along with community development, Mr. Kedar Vaze has successfully created a path breaking transformation for Keva.

CAUTIONARY STATEMENT

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

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Government Authorities, Financial Institutions and the Bankers. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, workers and staff of the Company resulting in the successful performance of the Company during the year. The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Mumbai
May 25, 2018



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]

(₹ in Crores)												
Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	Keva Fragrances Private Limited	Keva Flavours Private Limited	Saiba Industries Private Limited	Rasiklal Hemani Agencies Private Limited	Keva UK Limited#	Keva Fragrance Industries Pte Ltd#	PFW Aroma Ingredients BV#	P T SHKKEVA Indonesia#	Keva Chemicals Private Limited	VN Creative Chemicals Private Limited	Tanishka Fragrance Encapsulation Technologies LLP	Creative Flavours & Fragrances S.p.A (Italy)
Financial Period ended	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.12.2017
Exchange rate (year ended)	-	-	-	-	92.28	49.43	80.62	65.04	-	-	-	77.00
Exchange rate (Average Rate)	-	-	-	-	85.47	47.49	75.42	64.45	-	-	-	75.42
Share Capital	7.34	0.1	0.22	0.25	7.21	7.85	0.12	7.80	4.03	0.01	^0.00	15.40
Reserves & Surplus	362.22	22.18	9.26	37.52	20.28	0.11	41.80	(7.54)	(0.46)	(0.58)	^0.00	3.50
Total assets	514.88	92.99	18.44	38.62	27.55	63.66	150.51	14.75	3.62	33.59	^0.00	172.32
Total Liabilities	145.24	70.71	8.96	0.85	0.07	55.7	108.60	14.49	0.05	34.16	-	153.42
Investment	-	-	14.53	-	25.65	7.91	-	-	-	-	-	-
Turnover	316.11	65.17	5.07	5.14	-	36.05	174.50	6.47	0.20	-	-	209.52
Profit / (loss) before taxation	2.39	(2.03)	1.82	5.85	(0.26)	1.25	(17.23)	0.37	(0.42)	(0.58)	^0.00	1.12
Provision for taxation	17.38	(0.59)	0.26	1.62	(0.01)	0.21	(4.04)	0.15	-	-	-	0.54
Profit / (loss) after taxation	(14.99)	(1.43)	1.57	4.23	(0.25)	1.04	(13.19)	0.22	(0.42)	(0.58)	^0.00	0.58
% of shareholding*	100	100	100	100	100	100	100	100	100	100	51 [§]	51

* Representing aggregate % of shares held by the Company and /or its subsidiaries
^ Amount less than ₹ 0.01 crore
Adjusted to align with group accounting policies
§Share of capital contribution

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

Ramesh Vaze
Managing Director
DIN: 00509751

Mumbai
May 25, 2018

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

ANNEXURE B
FORM AOC -2

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

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

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

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

(₹ in Crores)				
Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount
Rent income:				
Keva Fragrances Pvt Ltd	Subsidiary	5 years	As per Agreement	3.42
Keva Flavours Pvt Ltd	Subsidiary	3 years	As per Agreement	0.57
Rent paid:				
Keva Constructions Pvt Ltd	Common Directors	5 years	As per Agreement	5.01
Saiba Industries Pvt Ltd	Subsidiary	5 years	As per Agreement	0.88
Keva Fragrance Industries Pte Ltd	Subsidiary	10 years	As per Agreement	1.11
Sale of goods:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	38.23
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	9.77
Keva Fragrance Industries Pte Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	4.55
Purchase of goods:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	61.89
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.43
Keva Fragrance Industries Pte Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	4.97
Keva Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.20
Purandar Fine Chemicals Pvt Ltd	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.08
Sale of Fixed Assets				
VN Creative Chemicals Pvt Ltd	Subsidiary	one-time	As per Transfer Pricing Guidelines	0.10
Perfumery Salary Cross Charge				
PFW Aroma Ingredients B.V.	Subsidiary	ongoing	As per Transfer Pricing Guidelines	18.73
Commission received on guarantee				
Keva Fragrance Industries Pte Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.35
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.32
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.01
PFW Aroma Ingredients B.V.	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.15
VN Creative Chemicals Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0..08
Brokerage & Commission paid				
Rasiklal Hemani Agencies Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	5.14
Processing Charges paid				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.51
Royalty Income				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.66
Roalty Expense				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	18.99
Purchase of Fixed Assets				
Keva Fragrances Pvt Ltd	Subsidiary	one-time	As per Transfer Pricing Guidelines	0.15
Recharge Cost paid				
PFW Aroma Ingredients B.V.	Subsidiary	ongoing	As per Transfer Pricing Guidelines	14.86
Discovery & Research Cost Paid				
PFW Aroma Ingredients B.V.	Subsidiary	ongoing	As per Transfer Pricing Guidelines	4.36

Mumbai
May 25, 2018

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

ANNEXURE C
FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **S H Kelkar and Company Limited** (hereinafter called “the Company”). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances 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 officer, 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, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018, according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial borrowing (during the year under review FDI and ECB are not applicable to the Company as the Company does not have any FDI and ECB);

- (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 (during the year under review not applicable to the Company);

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, 2009 (during the year under review not applicable to the Company);

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year 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;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company), and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company).

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India for the period from April 01, 2017 to September 30, 2017 and Revised Secretarial Standards for the period from October 01, 2017 to March 31, 2018, and
- b) 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 etc. mentioned above.

We further report that:

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

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

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the members of the Board dissented on any resolution passed at the meeting.

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.

- i) The Board accorded its consent to acquire the following companies:
- Creative Flavours and Fragrances S.p.A (Italy) comprising of flavours division at the adjourned Board meeting held on December 13, 2017.
- VN Creative Chemicals Private Limited through its Subsidiary Company Keva Fragrance Private Limited at the Board meeting held on September 12, 2017.

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

Dipti Mehta
Partner
Mumbai
May 25, 2018
FCS No : 3667
CP No. : 3202

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

ANNEXURE A

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Dipti Mehta
Partner
Mumbai
May 25, 2018
FCS No : 3667
CP No. : 3202

ANNEXURE D**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	November 03, 2017
		The SH Kelkar Stock Appreciation Rights Scheme 2017 ("Scheme") was initially approved by the Board of Directors of the Company on August 10, 2017. The same had been approved by the Shareholders on November 01, 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.
	b. Total number of shares approved under the STAR Scheme	The maximum aggregate number of equity shares to be acquired from the secondary market by SH Kelkar Employee Benefit Trust ("Trust") in a financial year and thereby the Units that may be granted in a financial year under the Scheme shall not exceed the limit as specified under Regulation 3(10) of the SEBI (Share Based Employee Benefits) Regulations, 2014.
	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	Not Applicable
2	Method used to account for STAR - Intrinsic or fair value	fair value
3	Where the Company opts for expensing of STAR using the intrinsic value of STAR, difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of STAR, shall be disclosed. The impact of this difference on the profits and on EPS of the company shall also be disclosed.	Not Applicable
4	STARs movement during the year	No STARs were granted during the year
5	Employee-wise details (name of employee, designation, number of STARs granted during the year, exercise price) of STAR	Not Applicable as no STARs were granted during the year
6	Disclosures in respect of grants made in three years prior to IPO under each STAR scheme untill all STARs granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such STARs shall also be made.	Not Applicable

B	Details related to Trust	
1	The following details, inter alia, in connection with the transactions made by the Trust meant for the purpose of administering the scheme under the regulations are to be disclosed:	
	Particulars	
	Name of the Trust	SH Kelkar Employee Benefit Trust
	Details of the Trustee(s)	Barclays Wealth Trustees (India) Private Limited
	Amount of loan disbursed by the company/any company in the group, during the year	₹ 33,00,00,000
	Amount of loan outstanding (repayable to company/ any company in the group) as at the end of the year	₹ 33,00,00,000
	Amount of loan, if any, taken from any other source for which the company/any company in the group has provided any security or guarantee	
2	Any other contribution made to the Trust during the year	-
3	Shares held by the Trust	
	Number of shares	1026403
	Held at the beginning of the year	-
	Acquired during the year	1026403
	Acquisition as a percentage of paid up equity capital as at the end of the previous financial year	0.71
	Sold during the year	-
	Transferred to the employees during the year (No. of shares vested)	Nil
	Held at the end of the year	1026403

ANNEXURE E
Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-18

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

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

The Board of Directors at its meeting held on December 09, 2014 approved the CSR Policy of our Group pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee has identified the following thrust areas around which the group shall be focusing its CSR initiatives and channelizing the resources on a sustained basis:

a. Environment Sustainability –

- We will promote the green concept to reduce the environmental impact.
- Our initiatives in energy conservation vouch for a greener tomorrow.
- Through plantation program we will create a green belt.

b. Education & Employability –

- We will empower people through employability programs to support future livelihood.
- We will support visually challenged people through perfumery trainings and employability.
- We will support the cause of girl child education and empowerment.

- The Group will continuously equip and upgrade educational infrastructure set up with an aim to provide improved and advanced education system.

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

2. The Composition of the CSR Committee.-

The composition of the CSR Committee as on March 31, 2018 is as follows:

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

Mr. Indrajit Chatterjee – EVP & CHRO – CSR Head is a permanent invitee to the CSR Committee meetings.

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

₹ 73.78 cr

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

₹ 1.47 cr

5. Details of CSR spent during the financial year:

- Total amount spent for the financial year: ₹ 1.79 cr. Of the said amount ₹ 0.21 cr was spent in financial year 2017-18 but pertained to financial year 2016-17.
- Amount unspent, if any: Nil.

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

(₹ in Crores)							
S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	To provide E-learning systems with TV and elearning device in support with Navneet Foundation in classrooms to increase the effectiveness & impact of intervention to the students. This also included imparting orientation and training sessions for teachers for efficient usage of the digital learning platform	Promoting education with an aim to provide improved and advanced education system	Mukhya Shala, Village- Koparli, Taluka – Vapi	0.03	0.04	0.04	Amount spent through implementing agency
2	Equip with basic infrastructure set up for hygiene - Toilets and drinking water facility at Koparli school, Vapi	Promoting education by upgrading educational infrastructure	Vapi – Koparli Mukhya Sala	0.10	0.08	0.08	Amount spent: Direct by the company
3	Run for a Cause - promote to build capacities of the disabled people. Awareness building amongst citizens about NASEOH and our support for the cause of their disabled people	Education by empowering people through employability programs to support future livelihood	Mumbai (Maharashtra)	0.07	0.07	0.07	Amount spent through implementing agency
4	Promote education by providing scholarship to meritorious students of Dr. Parnerkar Maharaj Vidyalaya to encourage to achieve more and keep them motivated towards education	Promoting Education by way of awarding meritorious excellence	Vashivali, Post Patalganga, Taluka - Khalapur, Distt – Raigad	0.01	0.01	0.01	Amount spent through implementing agency
5	Infrastructure Development Project - Setting up 03 Bus Stops for students who are required to go to school, market and nearby city by bus and promote rural development to villagers to enhance their surroundings, from Scorching sun and rainfall	Promote rural development and environment protection by providing bus shelter for villagers	Sarang Village, Asarevadi Village, Tal - Khalapur, Dist - Raigad	0.12	0.13	0.13	Amount spent: Direct by the company

(₹ in Crores)

S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
6	Construction of Toilet blocks Construction of toilet blocks for Madhyamik School, Mazgaon for 54 male and female students, to make it “open defecation free” as per as a part of Swachh Bharat Mission	Support Government of India project - Swachh Bharat Mission	Maigaon, Tal - Khalapur, Dist - Raigad	0.06	0.06	0.06	Amount spent: Direct by the company
7	Infrastructure School Development Project - Setting up Classroom, School benches, cupboard, Computer trolley for students at several Zila Parishad School	Promoting education with an aim to provide improved and advanced education system	Vashivali, Kumbhivali Tahkurwadi, Shri Vimalatai Parnerkar Prathamik Vidyamandir, Talavali, Vadgaon, Boriwali, and Khaire, Distt – Raigad	0.12	0.12	0.12	Amount spent: Direct by the company
8	SEP – Skill Enhancement Program of Udaan India Foundation - To promote education to facilitate meaningful employment for youth in the age group of 18 to 25 years. Working on the needs of the youth, courses like computer literacy, applied knowledge of communicative and functional English, desired soft skills, life readiness and vocational dexterity programs	Promoting education with an aim to provide skill enhancement for employability	Children from slum areas of Powai to Mulund belt at Mumbai in Maharashtra	0.12	0.12	0.12	Amount spent through implementing agency
9	Provide basic education facility through Balwadi's (pre-school) run at 12 centres & Guardianship of 15 students by Shabari Seva Samiti	Promoting Education of girl child and empower them	Karjat and Murbad District, Raigad, Mumbai Maharashtra	0.08	0.10	0.10	Amount spent through implementing agency
10	Promote national art & culture by upgrading Gandhi Films Exhibition Centre for educating people on National Patriotism	Promoting Education by upgrading educational infrastructure	Mumbai (Maharashtra)	-	0.03	0.03	Amount spent through implementing agency

(₹ in Crores)							
S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
11	Promote development and empowerment of women through Stree Mukti Sanghatana	Promoting development and empowerment of women through educational literature with an aim to sensitize the readers on the ideological journey in all spheres of life, social, cultural, economic & political	Mumbai	0.01	0.01	0.01	Amount spent: Direct by the company
12	Promote and provide Computer training to impaired and under privileged children by Sankalp Shikshan Sanstha	Promoting Education for employability	Mumbai	-	0.05	0.05	Amount spent through implementing agency
13	Namami Gange – Clean Ganga integrated Project	Environment Sustainability	Ganga, Yamuna, Gomti, Damodar, Mahananda, Chambal, Beehar, Khan, Shipra, Betwa, Ramganga and Mandakini have been moved to a new Ministry NRCP. NRCP had 42 rivers and 195 towns in 20 states under it.	-	0.97*	0.97*	Amount spent through implementing agency
TOTAL				0.72	1.79	1.79	

* Of the said amount, ₹ 0.21 cr was spent in financial year 2017 - 18 but pertained to financial year 2016 - 17.

Details of the Implementing Agencies:

1. Udaan India Foundation
2. NASEOH (National Society for Equal Opportunities for Handicapped)
3. Shabari Seva Samiti
4. Navneet Foundation
5. Gandhi Film Foundation
6. Stree Mukti Sanghatana
7. Sankalp Shikshan Sanstha

Your Company is committed to focus on inclusive growth and improve lives by contributing towards communities around which it operates. This dedicated commitment towards inclusive growth is manifested through the Company's CSR initiatives undertaken around the manufacturing facilities as well as across National Programs in India during the financial year 2017-18. During the year, your Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives

in the coming years through structured programs and projects on an ongoing basis. The Company has actively taken steps in this direction and is committed to actively engage with the partners/ NGOs to execute the said projects and programs and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

Not Applicable

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

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

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

CIN: L74999MH1955PLC009593

Ramesh Vaze

Managing Director
(Chairman – CSR Committee)
DIN: 00509751

Kedar Vaze

Director & Chief Executive Officer
DIN: 00511325

Mumbai
May 25, 2018

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

Sr. No.	Particulars		
i)	The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	a) Mr. Ramesh Vaze – Managing Director	1:38
		b) Mr. Kedar Vaze – Wholetime Director & Chief Executive Officer	1:25
ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year.	a) Mr. Ramesh Vaze – Managing Director	7.20%
		b) Mr. Kedar Vaze – Wholetime Director & Chief Executive Officer	13.86%
		c) Mr. Ratul Bhaduri – Executive Vice President & Chief Financial Officer*	NA
		d) Ms. Deepti Chandratre – Company Secretary & DGM Legal	17.60%
iii)	The percentage increase in the median remuneration of employees in the financial year.	8.07%	
iv)	The number of permanent employees on the rolls of the company.	553 (standalone basis) 849 (group basis)	
v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average % increase in remuneration of employees has been 9%. This is based on Remuneration Policy of the Company that rewards people differentially based on their 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 3.12% during the Long Term Settlement period (2015 – 18)	
vi)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.		

*Employed for part of the year.

ANNEXURE G**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on financial year ended on March 31, 2018**

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

There is no product contributing 10 % or more of the total turnover of the Company for the financial year 2017-18.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

7.	Keva UK Limited 63 Elliot Road, Hendon, London, NW4 3DN	-	Subsidiary	100%	2(87)
8.	Keva Fragrance Industries Pte Ltd 540 Sims Avenue, #3-5 Sims Avenue Centre, Singapore	-	Subsidiary	100%	2(87)
9.	PFW Aroma Ingredients B.V. Office – Veemweg 29- 31, Plant Nijverheidsweg 60 Barneveld	-	Subsidiary	100%	2(87)
10.	PT SHK Keva Indonesia Jalan Letjen TB. Simatupang No. 1, South Jakarta, Kab Bekasi	-	Subsidiary	100%	2(87)
11.	Creative Flavours & Fragrances SpA Via Borgogna no. 7, Milan, Italy	-	Subsidiary	51%	2(87)
12.	Tansishka Fragrance Encapsulation Technologies LLP LBS Marg, Near R City Mall, Ghatkopar Mumbai - 400086	AAJ - 0181	Subsidiary	51%**	-

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

**Share of capital contribution.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	51200464	-	51200464	35.40	51397673*	-	51397673*	35.53	(0.13)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	12008757	-	12008757	8.30	12008757	-	12008757	8.30	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	2030000	-	2030000	1.40	2030200	-	2030200	1.40	0.00^
Sub-total (A) (1)	65239221	-	65239221	45.10	65436630	-	65436630	45.23	(0.13)
(2) Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	17124000	-	17124000	11.84	17124000	-	17124000	11.84	-
d) Bank / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	17124000	-	17124000	11.84	17124000	-	17124000	11.84	-
Total shareholding of Promoter (A)= (A)(1) + (A)(2)	82363221	-	82363221	56.95	82560630*	-	82560630*	57.08*	(0.13)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3517639	-	3517639	2.43	2827733	-	2827733	1.96	(0.47)
b) Banks / FI	10960	-	10960	0.01	22360	-	22360	0.02	0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Cap Funds	-	-	-	-	-	-	-	-	-
f) Insurance Cos	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investor	25168168	-	25168168	17.40	30582951	-	30582951	21.15	3.75
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	28696767	-	28696767	19.84	33433044	-	33433044	23.13	3.29
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2572948	-	2572948	1.78	7703750	-	7703750	5.33	3.55
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	2119477	-	2119477	1.47	3102031	-	3102031	2.14	0.67
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1779682	-	1779682	1.23	1439945	-	1439945	1.00	(0.23)
c) Others	27088706	-	27088706	18.73	16381401	-	16381401	11.33	(7.40)
Sub-total (B)(2)	33560813	-	33560813	23.20	28627127	-	28627127	19.79	(3.41)
Total Public Shareholding (B)=(B) (1)+ (B)(2)	62257580	-	62257580	43.05	62060171	-	62060171	42.92	(0.13)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	144620801	-	144620801	100	144620801	-	144620801	100	0

*1198 Equity Shares sold by Mr. Kedar Vaze on market on March 28, 2018 were in the pool with clearing member as on March 31, 2018. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2018 under promoters & promoter group category. After taking into consideration the said transaction, the actual shareholding of Mr. Kedar Vaze as on March 31, 2018 is 14721111 Equity Shares being 10.18% of the total paid up capital of the Company and the actual shareholding of promoters and promoter group category is 82559432 Equity Shares being 57.09% of the total paid up capital of the Company.

^Less than 0.01%

B. Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2017)			Shareholding at the end of the year (As on 31.03.2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ramesh Vaze	25965600	17.95	-	25965600	17.95	-	-
2	Prabha Vaze	5014514	3.47	-	5014514	3.47	-	-
3	Kedar Vaze	14525100	10.04	4.69	14722309*	10.18*	-	0.14
4	Parth Vaze	1325000	0.92	-	1325000	0.92	-	-
5	Nandan Vaze	1325000	0.92	-	1325000	0.92	-	-
6	Nihar Nene	1522500	1.05	-	722500	0.50	-	(0.55)
7	Neha Karmarkar	761250	0.53	-	761250	0.53	-	-
8	Sumedha Karmarkar	150	-	-	150	0.00	-	-
9	Nishant Karmarkar	761250	0.53	-	761250	0.53	-	-
10	Anagha Nene	100	0	-	800100	0.55	-	0.55
11	Vinayak Ganesh Vaze Charities	2030000	1.40	-	2030000	1.40	-	-
12	Keva Constructions Pvt Ltd	8963757	6.20	-	8963757	6.20	-	-
13	ASN Investment Advisors Pvt Ltd	1522500	1.05	-	1522500	1.05	-	-
14	SKK Industries Pvt Ltd	1522500	1.05	-	1522500	1.05	-	-
15	KNP Industries Pte. Ltd.	17124000	11.84	-	17124000	11.84	-	-
16	Ramesh Vinayak Vaze Family Trust	-	-	-	100	0.00^	-	0.00^
17	Kedar Ramesh Vaze Family Trust	-	-	-	100	0.00^	-	0.00^

*1198 Equity Shares sold by Mr. Kedar Vaze on market on March 28, 2018 were in the pool with clearing member as on March 31, 2018. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2018 under promoters & promoter group category. After taking into consideration the said transaction, the actual shareholding of Mr. Kedar Vaze as on March 31, 2018 is 14721111 Equity Shares being 10.18% of the total paid up capital of the Company and the actual shareholding of promoters and promoter group category is 82559432 Equity Shares being 57.09% of the total paid up capital of the Company.

^Less than 0.01%

C. Change in Promoters' Shareholding

Sr No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ramesh Vaze	01.04.2017	Opening balance	25965600	17.95	25965600	17.95
		26.09.2017	Transfer	(100)	0.00	25965500	17.95
		08.12.2017	Purchase	100	0.00	25965600	17.95
		31.03.2018	Closing balance	25965600	17.95	25965600	17.95
2	Kedar Vaze	01.04.2017	Opening balance	15525100	10.74	15525100	10.74
		29.09.2017	Transfer	(100)	0.00	15525000	10.74
		17.11.2017	Purchase	100	0.00	15525100	10.74
		02.01.2018	Sale	(350000)	(0.25)	15175100	10.49
		05.02.2018	Sale	(300000)	(0.21)	14875100	10.28
		06.02.2018	Sale	(50000)	(0.03)	14825100	10.25
		27.03.2018	Sale	(45627)	(0.03)	14779473	10.22
		28.03.2018	Sale	(58362)	(0.04)	14721111	10.18
		31.03.2018	Closing balance	14721111	10.18	14721111*	10.18

Sr No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
3	Prabha Vaze	01.04.2017	Opening balance	5014514	3.47	5014514	3.47
		-	Sale/Purchase/Transfer	-	-	-	-
		31.03.2018	Closing balance	5014514	3.47	5014514	3.47
4	Parth Vaze	01.04.2017	Opening balance	1325000	0.92	1325000	0.92
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	1325000	0.92	1325000	0.92
5	Nandan Vaze	01.04.2017	Opening balance	1325000	0.92	1325000	0.92
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	1325000	0.92	1325000	0.92
6	Nihar Nene	01.04.2017	Opening balance	1522500	1.05	1522500	1.05
		30.01.2018	Transfer	(800000)	(0.55)	722500	0.50
		31.03.2018	Closing balance	722500	0.50	722500	0.50
7	Neha Karmarkar	01.04.2017	Opening balance	761250	0.53	761250	0.53
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	761250	0.53	761250	0.53
8	Sumedha Karmarkar	01.04.2017	Opening balance	150	0.00	50	0.00
		-	Purchase	-	-	-	-
		31.03.2018	Closing balance	150	0.00	150	0.00
9	Nishant Karmarkar	01.04.2017	Opening balance	761250	0.53	761250	0.53
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	761250	0.53	761250	0.53
10	Anagha Nene	01.04.2017	Opening balance	100	0.00	100	0.00
		30.01.2018	Transfer	800000	0.55	800100	0.55
		31.03.2018	Closing Balance	800100	0.55	800100	0.55
11	Vinayak Ganesh Vaze Charities	01.04.2017	Opening balance	2030000	1.40	2030000	1.40
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	2030000	1.40	2030000	1.40
12	Keva Constructions Pvt Ltd	01.04.2017	Opening balance	8963757	6.20	8963757	6.20
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	8963757	6.20	8963757	6.20
13	ASN Investment Advisors Pvt Ltd	01.04.2017	Opening balance	1522500	1.05	1522500	1.05
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	1522500	1.05	1522500	1.05
14	SKK Industries Pvt Ltd	01.04.2017	Opening balance	1522500	1.05	1522500	1.05
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	1522500	1.05	1522500	1.05
15	KNP Industries Pte Ltd	01.04.2017	Opening balance	17124000	11.84	17124000	11.84
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	17124000	11.84	17124000	11.84

Sr No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
16	Kedar Ramesh Vaze Family Trust	01.04.2017	Opening balance	0	0.00	0	0.00
		26.09.2017	Transfer	100	0.00^	100	0.00^
		31.03.2018	Closing balance	100	0.00^	100	0.00^
17	Ramesh Vinayak Vaze Family Trust	01.04.2017	Opening balance	0	0.00	0	0.00
		26.09.2017	Transfer	100	0.00^	100	0.00^
		31.03.2018	Closing balance	100	0.00^	100	0.00^

Note:

*1198 Equity Shares sold by Mr. Kedar Vaze on Market on March 28, 2018 were in the pool with clearing member as on March 31, 2018. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2018 under promoters & promoter group category. After taking into consideration the said transaction, the actual shareholding of Mr. Kedar Vaze as on March 31, 2018 is 14721111 Equity Shares being 10.18% of the total paid up capital of the Company and the actual shareholding of promoters and promoter group category is 82559432 Equity Shares being 57.09% of the total paid up capital of the Company.

^Less than 0.01%

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

Sr No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Keva Constructions Pvt Ltd	01.04.2017	Opening balance	8963757	6.20	8963757	6.20
		-	Sale/Purchase	-	-	-	-
		31.03.2018	Closing balance	8963757	6.20	8963757	6.20
2	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd	01.04.2017	Opening balance	25353704	17.53	25353704	17.53
		03.05.2017	Sale	(10914435)	(7.55)	14439269	9.98
		31.03.2018	Closing balance	14439269	9.98	14439269	9.98
3	T. Rowe Price International Discovery Fund	01.04.2017	Opening balance	3265129	2.26	3265129	2.26
		21.04.2017	Sale	(21992)	(0.02)	3243137	2.24
		28.04.2017	Sale	(3823)	(0.00)	3239314	2.24
		05.05.2017	Sale	(7543)	(0.01)	3231771	2.23
		31.03.2018	Closing balance	3231771	2.23	3231771	2.23
4	First State Investments ICVC - Stewart Investors Asia Pacific Fund	01.04.2017	Opening balance	1706180	1.18	1706180	1.18
		28.07.2017	Purchase	109757	0.08	1815937	1.26
		04.08.2017	Purchase	110932	0.08	1926869	1.33
		11.08.2017	Purchase	96372	0.07	2023241	1.40
		08.09.2017	Purchase	228	0.00	2023469	1.40
		29.09.2017	Purchase	13472	0.01	2036941	1.41
		06.10.2017	Purchase	382733	0.26	2419674	1.67
		24.11.2017	Purchase	269845	0.19	2689519	1.86
		22.12.2017	Purchase	218539	0.15	2908058	2.01
		31.03.2018	Closing balance	2908058	2.01	2908058	2.01

Sr No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
5	Morgan Stanley Investment Funds Indian Equity Fund	01.04.2017	Opening balance	0	0.00	0	0.00
		19.01.2018	Purchase	402881	0.28	402881	0.28
		26.01.2018	Purchase	72347	0.05	475228	0.33
		02.02.2018	Purchase	264125	0.18	739353	0.51
		09.02.2018	Purchase	1539799	1.06	2279152	1.58
		16.02.2018	Purchase	4943	0.00	2284095	1.58
		23.02.2018	Purchase	61775	0.04	2345870	1.62
		02.03.2018	Purchase	5261	0.00	2351131	1.63
		09.03.2018	Purchase	54826	0.04	2405957	1.66
		31.03.2018	Closing balance	2405957	1.66	2405957	1.66
6	Prazim Trading and Investment Co. Pvt Ltd	01.04.2017	Opening balance	0	0	0	0
		05.05.2017	Purchase	2059418	1.42	2059418	1.42
		19.05.2017	Purchase	95000	0.07	2154418	1.49
		31.03.2018	Closing balance	2154418	1.49	2154418	1.49
7	Mondrian Emerging Markets Small Cap Equity Fund,L.P.	01.04.2017	Opening Balance	2341052	1.62	2341052	1.62
		07.04.2017	Sale	(42525)	(0.03)	2298527	1.59
		14.04.2017	Sale	(37981)	(0.02)	2260546	1.56
		28.04.2017	Sale	(25599)	(0.02)	2234947	1.55
		26.05.2017	Sale	(58652)	(0.04)	2176295	1.50
		02.06.2017	Sale	(41348)	(0.03)	2134947	1.48
		29.09.0217	Sale	(65000)	(0.04)	2069947	1.43
		06.10.2017	Sale	(12000)	(0.01)	2057947	1.42
		31.03.2018	Closing balance	2057947	1.42	2057947	1.42
8	Morgan Stanley India Investment Fund, Inc.	01.04.2017	Opening balance	0	0	0	0
		19.01.2018	Purchase	318680	0.22	318680	0.22
		26.01.2018	Purchase	57227	0.04	375907	0.26
		02.02.2018	Purchase	197270	0.13	573177	0.40
		09.02.2018	Purchase	1079992	0.75	1653169	1.14
		16.02.2018	Purchase	3282	0.00	1656451	1.15
		23.02.2018	Purchase	41034	0.03	1697485	1.17
		02.03.2018	Purchase	3495	0.00	1700980	1.17
		09.03.2018	Purchase	36418	0.03	1737398	1.20
		31.03.2018	Closing balance	1737398	1.20	1737398	1.20
9	Kotak Funds - India Midcap Fund	01.04.2017	Opening balance	0	0	0	0
		05.05.2017	Purchase	1200000	0.05	1200000	0.83
		09.06.2017	Purchase	75000	0.04	1275000	0.88
		23.06.2017	Purchase	61000	0.01	1336000	0.92
		30.06.2017	Purchase	1875	0.01	1337875	0.93
		21.07.2017	Purchase	16669	0.03	1354544	0.94
		11.08.2017	Purchase	48709	0.00	1403253	0.97
		18.08.2017	Purchase	5749	0.00	1409002	0.97
		25.08.2017	Purchase	25000	0.00	1434002	0.99
		01.09.2017	Purchase	72928	0.02	1506930	1.04
		12.01.2018	Purchase	200000	0.05	1706930	1.18
		31.03.2018	Closing balance	1706930	1.04	1706930	1.18
10	IDFC Premier Equity Fund	01.04.2017	Opening balance	1246438	0.86	1246438	0.86
		14.07.2017	Purchase	50000	0.04	1296438	0.90
		21.07.2017	Sale	(5000)	(0.01)	1291438	0.89
		01.09.2017	Sale	(1000)	(0.00)	1290438	0.89
		22.12.2017	Sale	(24000)	(0.01)	1266438	0.88
		31.03.2018	Closing balance	1266438	0.88	1266438	0.88

E. Shareholding of Directors and Key Managerial Personnel:

Sr No.	Shareholding of each Director and Key Managerial Person	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ramesh Vaze	01.04.2017	Opening balance	25965600	17.95	25965600	17.95
		26.09.2017	Transfer	(100)	0.00	25965500	17.95
		08.12.2017	Purchase	100	0.00	25965600	17.95
		31.03.2018	Closing balance	25965600	17.95	25965600	17.95
2	Kedar Vaze	01.04.2017	Opening balance	15525100	10.74	15525100	10.74
		29.09.2017	Transfer	(100)	0.00	15525000	10.74
		17.11.2017	Purchase	100	0.00	15525100	10.74
		02.01.2018	Sale	(350000)	0.25	15175100	10.49
		05.02.2018	Sale	(300000)	0.21	14875100	10.28
		06.02.2018	Sale	(50000)	0.03	14825100	10.25
		27.03.2018	Sale	(45627)	0.03	14779473	10.22
		28.03.2018	Sale	(58362)	0.04	14721111	10.18
		31.03.2018	Closing balance	14721111	10.18	14721111*	10.18
3	Prabha Vaze	01.04.2017	Opening balance	5014514	2.78	5014514	2.78
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	5014514	2.78	5014514	2.78
4	Tapas Majumdar^	01.04.2017	Opening balance	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.05.2017	Closing balance	-	-	-	-
5	Ratul Bhaduri#	15.11.2017	Opening balance	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	-	-	-	-
6	Deepti Chandratre	01.04.2017	Opening balance	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2018	Closing balance	-	-	-	-

Notes:

^ Mr. Tapas Majumdar ceased to be associated with the Company w.e.f. May 31, 2017

Mr. Ratul Bhaduri got associated with the Company w.e.f November 15, 2017

*1198 Equity Shares sold by Mr. Kedar Vaze on market on March 28, 2018 were in the pool with clearing member as on March 31, 2018. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2018 under promoters & promoter group category. After taking into consideration the said transaction, the actual shareholding of Mr. Kedar Vaze as on March 31, 2018 is 14721111 Equity Shares being 10.18% of the total paid up capital of the Company and the actual shareholding of promoters and promoter group category is 82559432 Equity Shares being 57.09% of the total paid up capital of the Company.

V. INDEBTEDNESS

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

(₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0.40	-	24.10	24.50
ii) Interest due but not paid	-	-	1.97	1.97
iii) Interest accrued but not due		-	-	
Total (i+ii+iii)	0.40		26.07	26.47
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	0.13	-	-	0.13
Exchange Difference	-	-	-	-
Net Change	0.13	-	-	0.13
Indebtedness at the end of the financial year				
i) Principal Amount	0.27	-	24.10	24.37
ii) Interest due but not paid	-	-	2.19	2.19
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	0.27	-	26.29	26.56

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Crores)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ramesh Vaze (MD)	Kedar Vaze (WTD)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.43	1.59	4.02
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	2.43	1.59	4.02
	Ceiling as per Companies Act, 2013	10.96		

B. Remuneration to other directors

(₹ in Crores)

SN.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	Mr. Nitin Potdar	Mr. Dalip Sehgal	Mr. Jairaj Purandare	Mrs. Alpana Parida	Mrs. Sangeeta Singh	
	Fee for attending board/committee meetings	0.13	0.14	0.09	0.12	0.15	0.63
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.13	0.14	0.09	0.12	0.15	0.63
2	Other Non-Executive Directors	Mrs. Prabha Vaze	Mr. Amit Dixit	Mr. Amit Dalmia			
	Fee for attending board/committee meetings	-	-	-			-
	Commission	-	-	-			-
	Others, please specify	-	-	-			-
	Total (2)	-	-	-			-
	Total (B)=(1+2)	0.63					
	Ceiling as per Companies Act, 2013	12.05 (exclusive of sitting fees)					

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(₹ in Crores)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.59	0.74	0.21	2.54
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.01	0.02	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
5	Others, please specify	-	-	-	-
	Total	1.59	0.75	0.23	2.57

VII. VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

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

CIN: L74999MH1955PLC009593

Mumbai
May 25, 2018

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Report on Corporate Governance

COMPANY'S PHILOSOPHY

Your Company considers good Corporate Governance a pre-requisite for meeting the needs and aspirations of its shareholders and other stakeholders in the Company and firmly believes that the same could be achieved by maintaining transparency in its dealings, creating robust policies and practices for key processes and systems with clear accountability, integrity, transparent governance practices and the highest standards of regulatory compliances.

Directors (80%) are Non-Executive Directors. The Company has five Independent Directors who comprise half of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Section 149 of the Companies Act, 2013 ("the Act").

All Non-Executive Non Independent Directors are liable to retire by rotation. Mr. Ramesh Vaze is husband of Mrs. Prabha Vaze and they are the parents of Mr. Kedar Vaze. None of the other directors is related to any other director on the Board. The appointment of the Managing Director and Executive Director including the tenure and terms of remuneration are also approved by the members of the Company.

THE BOARD OF DIRECTORS**Composition**

The Board of Directors along with its Committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the Company. The Board currently comprises of ten Directors out of which eight

The composition of the Board, attendance at the last Annual General Meeting (AGM), number of other directorships, memberships/ chairmanships of the Committees of other companies as on March 31, 2018 in the Company are as follows:

Name of the Director	DIN	Category	Attendance at last AGM	Number of Other Directorships*	Committee Positions of the Board of other companies^	
					Chairman	Member
Mr. Ramesh Vaze	00509751	Managing Director/Promoter	Yes	6	-	-
Mrs. Prabha Vaze	00509817	Non-Executive/Promoter	Yes	5	-	-
Mr. Kedar Vaze	00511325	Whole-time Director & CEO/ Promoter	Yes	6	-	-
Mr. Amit Dixit@	01798942	Non-Executive/Non-Independent	No	4	-	2
Mr. Amit Dalmia	05313886	Non-Executive/Non-Independent	Yes	1	-	1
Mr. Nitin Potdar#	00452644	Non-Executive/Independent	No	-	-	-
Mr. Dalip Sehgal	00217255	Non-Executive/Independent	Yes	2	-	1
Mrs. Alpana Parida	06796621	Non-Executive/Independent	Yes	5	-	5
Mr. Jairaj Purandare	00159886	Non-Executive/Independent	Yes	1	1	-
Mrs. Sangeeta Singh	06920906	Non-Executive/Independent	Yes	5	-	4
Mr. Shrikant Oka\$	08135918	Non-Executive/Independent	NA	-	-	-
Mr. Deepak Raj Bindra\$	06835196	Non-Executive/Non-Independent	NA	-	-	-

*Excludes directorship in private limited companies, foreign companies, companies incorporated under Section 8 of the Companies Act, 2013 and Alternate Directorships.

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

@Resigned from the Directorship of the Company w.e.f. May 25, 2018.

#Resigned from the Directorship of the Company w.e.f. February 28, 2018.

\$Appointed as Additional Director by the Board w.e.f. May 25, 2018.

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. The Directors on the Board of the Company do not serve as Independent Directors in more than seven Listed Companies or in case they serving as a Whole Time Director in any Listed Company, does not hold such position in more than three Listed Companies.

Number of Board Meetings

During the year under review, 7 (seven) Board Meetings were held on 12.05.2017, 10.08.2017, 12.09.2017, 13.11.2017, 07.12.2017 (adjourned to 13.12.2017), 16.01.2018 and 28.02.2018. The intervening gap between any two consecutive meetings did not exceed 120 days.

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

Name of the Director	Details of Board Meetings	
	Held	Attended
Mr. Ramesh Vaze	7	7
Mrs. Prabha Vaze	7	4
Mr. Kedar Vaze	7	7
Mr. Amit Dixit	7	3
Mr. Amit Dalmia	7	4
Mr. Nitin Potdar*	6	6
Mr. Dalip Sehgal	7	7
Mrs. Alpana Parida	7	7
Mr. Jairaj Purandare	7	5
Mrs. Sangeeta Singh	7	7

*Mr. Nitin Potdar resigned from the Board of Directors of the Company on February 28, 2018.

Tenure of Independent Directors

In accordance with Section 149(11) of the Companies Act, 2013, the current tenure of Independent Directors of the Company is for a term of 5 consecutive years from the date of their appointment. The Company has issued formal letters of appointment to all the Independent Directors. Terms and conditions of appointment of independent directors are hosted on the website of the Company on weblink <https://www.keva.co.in/appointment-of-independent-director>.

Independent Directors' Meeting

One Independent Directors' meeting was convened on February 28, 2018, to review the performance of the Non-Independent Directors including the Chairman and performance of the Board as a whole. The Non-Independent Directors did not take part in the meeting.

Board Effectiveness Evaluation

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

Feedback was sought by way of structured questionnaires covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, processes followed at the meeting, Board's focus, Board's strategy and risk management etc. Similarly, for evaluation of Individual Director's performance, the questionnaire covered various aspects like his/her contribution in Board and Committee meetings, knowledge to perform role, understanding of role and responsibilities, business of the Company along with the environment. For evaluation of Independent Director's performance, the questionnaire additionally covered various aspects like ability to bring independent judgment during board deliberations, ability to uphold ethical standards of integrity and probity to name a few.

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

The Directors expressed their satisfaction with the evaluation process.

Familiarisation Programme

The Company conducts familiarization programme for the Independent Directors to provide them an opportunity to familiarize with the Company, its management and its operations so as to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. The details of the familiarization programme are disclosed on the website of the Company at the web link: <https://www.keva.co.in/investors-categories/details-familiarization-programmes>.

Board Procedures

The required information, including information as enumerated in Part A of Schedule II of the Listing Regulations is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board meets atleast once in a quarter to review

financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of your Company.

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

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

CEO/CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board upon 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 March 31, 2018.

Code of Conduct

Your Company is committed to ensure that its business is conducted, in all respects and all the times, according to rigorous ethical, professional and legal standards, which prevail from time to time, in the industrial sector in which Company conducts its normal business. The Company has laid down Code of Conduct for all the Board Members (including Independent Directors), Senior Management and other Employees of the Company. The Code is intended to serve as a source of guiding principles for directors, officers and employees. The Code has been posted on

the website of the Company Web link: <https://www.keva.co.in/investors-categories/policies>. All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by the Group CEO to this effect is enclosed at the end of this Report.

Remuneration of Directors

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

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

The said policy is available on the website of the Company on weblink <https://www.keva.co.in/investors-categories/policies>.

Details of remuneration paid to Directors for the Financial Year 2017-18 along with their respective Shareholding in the Company are as under:

(Amount in ₹ in Crores)

Name of Director	Salary & Perquisites	Contribution to Funds	Performance Linked Variable Incentive	Sitting Fees*	Total	Number of Equity Shares held as on March 31, 2018
Mr. Ramesh Vaze	1.88	0.23	0.37	-	2.48	2,59,65,600
Mrs. Prabha Vaze	-	-	-	-	-	50,14,514
Mr. Kedar Vaze	1.18	0.14	0.32	-	1.64	1,47,22,309^
Mr. Amit Dixit	-	-	-	-	-	-
Mr. Amit Dalmia	-	-	-	-	-	-
Mr. Nitin Potdar	-	-	-	0.13	0.13	-
Mr. Dalip Sehgal	-	-	-	0.14	0.14	-
Mrs. Alpana Parida	-	-	-	0.12	0.12	-
Mr. Jairaj Purandare	-	-	-	0.09	0.09	-
Mrs. Sangeeta Singh	-	-	-	0.15	0.15	-

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

^1198 Equity Shares sold by Mr. Kedar Vaze on Market on March 28, 2018 were in the pool with clearing member as on March 31, 2018. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2018. After taking into consideration the said transaction, the actual shareholding of Mr. Kedar Vaze as on March 31, 2018 is 1,47,21,111 Equity Shares being 10.18% of the total paid up capital of the Company.

Perquisites include performance linked incentives which are payable to the Managing Director and the Whole-time Director & CEO as employees of the Company as per Company policy. Non-Executive Independent Directors are remunerated by way of sitting fees. During the FY 2017-18, the Company did not advance any loan to any of its Directors.

The Company's Board presently consists of two Executive Directors viz. Mr. Ramesh Vaze, Managing Director and 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 Directors within the overall limits approved by the members of the Company.

The remuneration to Executive Directors comprises two broad terms – Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive is based on the prevailing policy of the Company. Annual revisions in the remuneration within the limits approved by the members are approved by the NRC. The Board notes such annual increases.

COMMITTEES OF THE BOARD

The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of various Committees. At present, there are 4 committees of the Board – Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee.

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

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

AUDIT COMMITTEE

Constitution

The Audit Committee was constituted by the Board of Directors at its meeting held on June 24, 2014. The Committee was last re-constituted by the Board of Directors on May 25, 2018.

As on March 31, 2018, the Audit Committee comprised of the following members of which four are Non-Executive Directors and one is an Executive Director:

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

Mr. Nitin Potdar resigned from the Board of Directors of the Company on February 28, 2018. Consequently, he stepped down as the Committee Member from the said date. Mr. Shrikant Oka - Independent Director was appointed as member of the Committee on May 25, 2018.

The Members of the Committee possess accounting and financial management knowledge. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India. The Company Secretary is the Secretary to the Committee. The audit committee invites the Chief Financial Officer and representative of Internal Auditors and Statutory Auditors and any other such executives to be present at the meetings of the Committee.

Meetings and Attendance

The Committee met 5 (five) times during the year on 12.05.2017, 10.08.2017, 13.11.2017, 16.01.2018 and 28.02.2018. The gap between two Meetings did not exceed 120 days. The attendance at the Meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mr. Jairaj Purandare	5	4
Mr. Dalip Sehgal	5	5
Mr. Nitin Potdar*	4	4
Ms. Sangeeta Singh	5	5
Mr. Kedar Vaze	5	5
Mr. Amit Dalmia	5	3

*Mr. Nitin Potdar resigned from the Board of Directors of the Company on February 28, 2018. Consequently, he stepped down as Committee Member from the said date.

The chairman of the Committee was present at the last Annual General Meeting of the Company held on August 10, 2017.

Terms of Reference

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

- 1) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommending to the Board, the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor and internal auditor and the fixation of their fees;
- 3) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 4) Approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- 5) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions;
 - (vii) Qualifications in the draft audit report.
- 6) Reviewing and examination, with the management, the quarterly, half-yearly and annual financial statements and the auditors' report thereon before submission to the Board for approval;
- 7) Scrutiny of inter-corporate loans and investments;
- 8) Valuation of undertakings or assets of the Company, wherever it is necessary;
- 9) Evaluation of internal financial controls and risk management systems;

- 10) Approval or any subsequent modification of transactions of our Company with related parties;
- 11) 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;
- 12) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- 13) 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;
- 14) Discussion with internal auditors any significant findings and follow up thereon;
- 15) 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;
- 16) 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;
- 17) Looking 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;
- 18) 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 the function) after assessing the qualifications, experience and background, etc. of the candidate;
- 19) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- 20) To investigate activity within its terms of reference;
- 21) To seek information from any employees;
- 22) To obtain outside legal or other professional advice;
- 23) To secure attendance of outsiders with relevant expertise, if it considers necessary; and

- 24) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Composition

The Nomination and Remuneration Committee was constituted by the Board of Directors at its meeting held on June 24, 2014. The Committee was last re-constituted by the Board of Directors on May 25, 2018.

As on March 31, 2018, the Nomination and Remuneration Committee comprised of the following members, all of them being Non-Executive Directors:

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

The Company Secretary is the Secretary to the Committee.

Mr. Deepak Raj Bindra was appointed as a member of the Committee on May 25, 2018.

Meetings and Attendance

The Committee met thrice during the year on 10.08.2017, 13.11.2017 and 28.02.2018. The attendance at the meetings was as under:

Committee Members	No. of Meetings held	No. of Meetings attended
Ms. Sangeeta Singh	3	3
Ms. Alpana Parida	3	3
Mr. Amit Dalmia	3	2

The Chairperson of the Committee was present at the last Annual General Meeting of the Company held on August 10, 2017.

Terms of Reference

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

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulating of criteria for evaluation of the independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who qualify to become directors or who may be appointed in senior management in accordance

with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;

- Analysing, monitoring and reviewing various human resource and compensation matters;
- Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; or The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition

The CSR Committee was constituted by the Board of Directors at its meeting held on June 24, 2014. The Committee was last re-constituted by the Board of Directors on February 28, 2018.

As on March 31, 2018, the CSR Committee comprises of the following members of which two are Non-Executive Directors and one is an Executive Director:

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

Mr. Nitin Potdar resigned from the Board of Directors of the Company on February 28, 2018. Consequently, he stepped down as CSR Committee Member from the said date. Mrs. Alpana Parida was appointed as CSR Committee Member on February 28, 2018.

The Company Secretary is the Secretary to the Committee.

Meetings and Attendance

The Committee met once during the year on 12.05.2017 and was attended by all the Committee Members.

Terms of Reference

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

- 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 Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on activities referred in the Corporate Social Responsibility Policy.
- Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, meetings and attendance

The Stakeholders' Relationship Committee was constituted by the Board of Directors at its meeting held on May 25, 2018.

As on March 31, 2018, the Stakeholders' Relationship Committee comprises of the following members, all of them being Non-Executive Directors:

- Mr. Dalip Sehgal – Independent Director, Chairman
- Mrs. Alpana Parida – Independent Director, Member
- Mr. Amit Dalmia – Non-Executive Director, Member

Summary of complaints during 2017-18:

As per the certificate issued by the Registrar & Transfer Agent, no investor complaints were received from shareholders/investors/stock exchanges/SEBI during the financial year ended March 31, 2018.

DISCLOSURES

General Body Meetings

Annual General Meetings

Year	Venue	Date	Time	Special Resolutions passed
2014-15	S H Kelkar and Company Limited, Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080	September 22, 2015	10.00 a.m.	Appointment of Mr. Ramesh Vaze as Managing Director
2015-16	Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai – 400 080	August 09, 2016	3.30 p.m.	NIL
2016-17	Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai – 400 080	August 10, 2017	3.30 p.m.	NIL

Mr. Nitin Potdar resigned from the Board of Directors of the Company on February 28, 2018. Consequently, he stepped down as Committee Member from the said date.

Mr. Amit Dalmia stepped down as member of the Committee and Mr. Deepak Raj Bindra was appointed as a member of the Committee on May 25, 2018.

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

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

The Committee met twice during the year on 12.05.2017 and 13.11.2017. The attendance at the meetings was as under:

Committee Members	No. of Meetings held	No. of Meetings attended
Mr. Nitin Potdar	2	2
Mr. Dalip Sehgal	2	2
Ms. Alpana Parida	2	2
Mr. Amit Dalmia	2	2

Postal Ballot

Details of Special Resolutions passed through Postal Ballot during the financial year 2017-18:

Details	Votes cast in favour		Votes cast against	
	No. of Votes	%	No. of Votes	%
Approval of S H Kelkar Stock Appreciation Rights Scheme 2017 for the benefit of employees of the Company	221	92.78	41	7.22
Approval of S H Kelkar Stock Appreciation Rights Scheme 2017 for the benefit of employees of the subsidiary company(ies)	217	92.78	43	7.22
Authorising SH Kelkar Employee Benefit Trust for secondary acquisition for implementation of SH Kelkar Stock Appreciation Rights Scheme 2017	218	92.78	42	7.22
Giving loan / provision of money by the Company to SH Kelkar Employee Benefit Trust for purchase of shares of the Company for the implementation of SH Kelkar Stock Appreciation Rights Scheme 2017	217	92.80	42	7.20
Scrutinizer for Postal Ballot	Mr. Ved Prakash, Designated Partner, M/s. S. Anantha & Ved LLP, Company Secretaries			
Date of commencement of Postal Ballot	October 03, 2017			
Date of closing of Postal Ballot	November 01, 2017			
Declaration of results of Postal Ballot	November 03, 2017			

Procedure followed by Company for conducting Postal Ballot:

In compliance with Regulation 44 of the Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the Rules thereunder, the Company provides electronic voting (e-voting) facility, in addition to physical postal ballot, to all its members. For this purpose, the Company engages services of Central Depository Services (India) Limited ("CDSL") or National Securities Depository Limited ("NSDL"). Postal ballot notices and forms are dispatched, alongwith postage-prepaid business reply envelopes to registered members/beneficiaries. The Postal Ballot notice is sent by email to the members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable Rules. Voting rights are reckoned on the paid-up value of shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical ballot are requested to return the forms, duly completed and signed, to the Scrutinizer on or before the close of voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting. The Scrutinizer completes his scrutiny and submits his report to the Authorised Officer of the Company. The results of Postal Ballot are also displayed on the Company's website, www.keva.co.in, besides being communicated to the stock exchanges and depository.

Means of Communication

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

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

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

General Shareholder Information

Annual General Meeting :

Date and Time : August 09, 2018 at 5.00 p.m.

Venue : Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (W), Mumbai - 400080

Record Date : August 02, 2018

Date of Dividend Payment : August 17, 2018

Financial Year : April 01 to March 31

Financial Reporting for:

Quarter ending June 30, 2018 : Second week of August, 2018

Half-year ending September 30, 2018 : Second week of November, 2018

Quarter ending December 31, 2018 : Second week of February, 2019

Year ending March 31, 2019 : Second week of May, 2019

Note: The above dates are indicative.

Corporate Identity Number: L74999MH1955PLC009593

ISIN : INE500L01026

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

Plant Locations of the Group: Vashivali, Mulund, Vapi, Milan and Netherlands.

Listing Details

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

The Company has paid the Listing Fees for the year 2017-18 to the above Stock Exchanges.

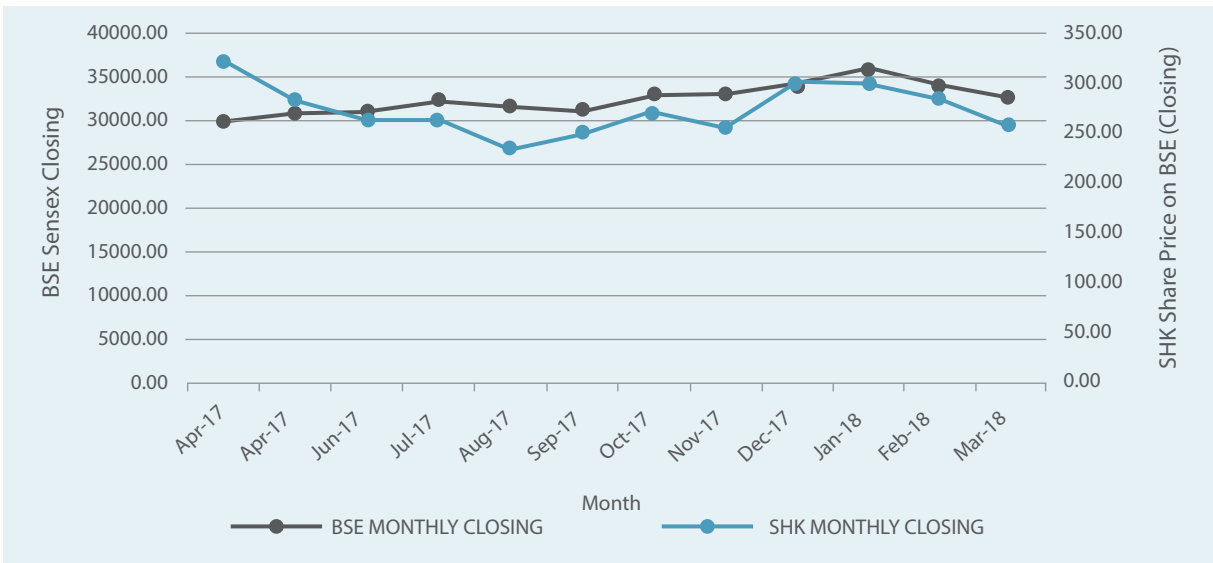
Stock Price Data

(in ₹)

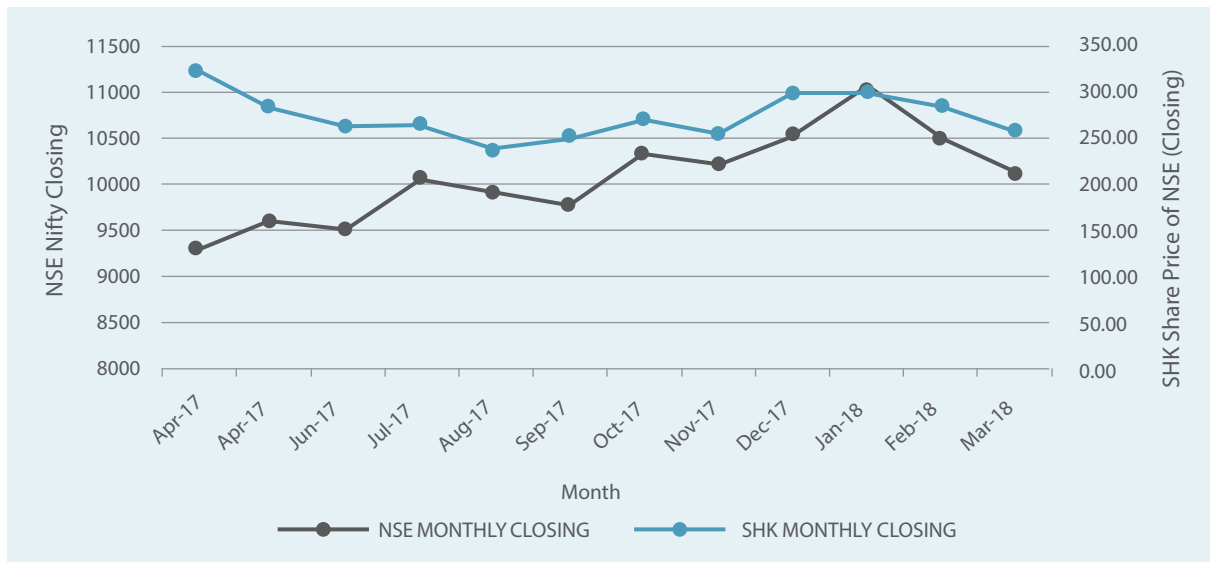
Month	BSE			BSE (Sensex) (Monthly Closing)	NSE			NSE (Nifty) (Monthly Closing)
	High	Low	Close		High	Low	Close	
April 2017	331.00	292.00	323.90	29918.40	332.00	295.70	323.50	9304.05
May 2017	333.00	265.00	283.25	31145.80	333.00	262.00	284.55	9621.25
June 2017	310.00	260.20	263.95	30921.61	309.90	262.25	263.75	9520.90
July 2017	283.00	258.00	265.40	32514.94	283.10	248.75	264.65	10077.10
August 2017	270.20	236.60	237.70	31730.49	270.20	236.00	237.85	9917.90
September 2017	285.90	238.25	252.00	31283.72	286.90	239.00	251.65	9788.60
October 2017	290.15	250.20	271.45	33213.13	290.70	250.10	271.15	10335.30
November 2017	278.00	249.60	256.00	33149.35	274.90	250.00	255.80	10226.55
December 2017	308.40	250.10	299.95	34056.83	308.40	251.20	298.50	10530.70
January 2018	313.50	281.00	300.45	35965.02	313.90	281.00	300.30	11027.70
February 2018	308.80	271.30	284.65	34184.04	308.20	272.00	284.80	10492.85
March 2018	294.10	243.25	258.45	32968.68	294.00	241.30	259.05	10113.70

Stock Performance

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



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



Share Transfer System and Dematerialisation of Shares

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Entire paid-up Equity Share Capital is held in a dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2018. The market lot of the Share of your Company is one Share, as the trading in the Equity Share of your Company is permitted only in dematerialised form. Non-Promoters' holding is around 42.91% and the stock is liquid.

Distribution of Shareholding as on March 31, 2018

Category of Shares	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	20,371	93.88	19,59,034	1.35
501 - 1000	721	3.32	57,56,28	0.40
1001 - 2000	282	1.30	4,17,988	0.29
2001 - 3000	82	0.38	2,09,159	0.14
3001 - 4000	37	0.17	1,29,539	0.09
4001 - 5000	18	0.08	86,809	0.06
5001 - 10000	43	0.20	3,18,646	0.22
10001 and above	144	0.67	14,09,23,998	97.45
Total	21,698	100.00	14,46,20,801	100.00

Shareholding Pattern as on March 31, 2018

Category of Shareholder	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Promoter & Promoter Group	17	0.08	8,25,60,630*	57.09
Public	21,409	99.92	6,20,60,171	42.91
Total	21,426	100.00	14,46,20,801	100.00

*Note: 1,198 Equity Shares sold by Mr. Kedar Vaze on Market on March 28, 2018 were in the pool with clearing member as on March 31, 2018. Hence, the change in holding did not get reflected in the Benpos dated March 31, 2018 under promoters & promoter group category. After taking into consideration the said transaction, the actual shareholding of promoters and promoter group category is 8,25,59,432 Equity Shares being 57.09% of the total paid up capital of the Company.

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

The company has no outstanding GDRs/ADRs/Warrants/Convertible instruments as on March 31, 2018.

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 (Rs.) unclaimed as on March 31, 2018
2015-16	Interim	March 10, 2016	May 14, 2023	16,932.00
2016-17	Final	August 10, 2017	October 13, 2024	66,046.75

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Link Intime India Private Limited
Address: C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai-400083
Tel. No.: +91 22 49186000
Fax No.: +91 22 49186060
Email:rnt.helpdesk@linkintime.co.in

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

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

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

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

Deepti Chandratre
Company Secretary & DGM – Legal
S H Kelkar and Company Limited
Address: Lal Bahadur Shastri Marg, near Balrajeshwar Temple, Mulund (West), Mumbai - 400 080
Tel. No: +91 22 2164 9163
Fax No.: +91 22 2164 9766
Email:investors@keva.co.in

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

Other Disclosures

A. Policy for determining 'material' subsidiaries

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: <https://www.keva.co.in/investors-categories/policies>. In the Financial Year 2017-18, the Company has one material subsidiary viz. Keva Fragrances Private Limited. Mrs. Sangeeta Singh - Independent Director of the Company – has been appointed as Independent Director on the Board of the said subsidiary.

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 bring to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

B. Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions in line with the requirements of Section 177 (iv) and 188 of the Act read with Rules framed thereunder and the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: <https://www.keva.co.in/investors-categories/policies>.

C. Policy on Dividend Distribution

Your Company has adopted a policy on Dividend Distribution formulated in accordance with the Regulation 43A of the Listing Regulations, and the same can be accessed on the website of the Company at the Web link: <https://www.keva.co.in/investors-categories/policies>.

D. Disclosure of transactions with Related Parties

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

E. Vigil Mechanism

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

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. 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 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 which is available on the website of the Company at the <https://www.keva.co.in/investors-categories/policies>.

H. Disclosure of Accounting Treatment

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) and provisions of the Companies Act, 2013 (the Act) and comply in material aspects with the Ind AS, as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 and other provisions of the Act.

I. Compliance Reports

The Board has reviewed the compliance reports from all functions pertaining to the respective laws applicable to them at its meetings on quarterly basis.

J. Audit of Reconciliation of Share Capital

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

K. Compliance with Mandatory Requirements

Your Company has complied with all the mandatory requirements relating to Corporate Governance under the Listing Regulations. No penalties, strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

L. 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 March 31, 2018. Your Company continues to adopt best practices to ensure regime of unqualified financial statements.
- The Internal Auditor of the company reports to the Audit Committee and participates in the meetings of the Audit Committee of the Board of Directors of the Company and presents his internal audit observations to the Audit Committee.
- The company has separate position of Managing Director (who chairs the Board Meetings) and the Chief Executive Officer.

M. 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.

N. The Company has complied with Corporate Governance Requirements specified in regulation 17 to 27 to the extent applicable and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

To the Shareholders of
S H Kelkar and Company Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the directors and senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2018.

Date: May 25, 2018
Place: Mumbai

Ramesh Vaze
Managing Director

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:

- We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief we state that:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- 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.

- 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.
- We have indicated, based in our most recent evaluation, wherever applicable, to the auditors and the Audit committee
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours faithfully,

Mumbai
May 25, 2018
Ratul Bhaduri
EVP & Group CFO

Kedar Vaze
Director &
Chief Executive Officer

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

To the Members of
S H Kelkar and Company Limited

1. This certificate is issued in accordance with the terms of our agreement dated September 13, 2017.
2. This report contains details of compliance of conditions of corporate governance by S H Kelkar and Company Limited (‘the Company’) for the year ended March 31, 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) pursuant to the Listing Agreement of the Company with Stock Exchanges.

MANAGEMENT’S RESPONSIBILITY FOR COMPLIANCE WITH THE CONDITIONS OF LISTING REGULATIONS

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

AUDITORS’ RESPONSIBILITY

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2018.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India.

The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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

OPINION

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

RESTRICTION ON USE

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

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

Aniruddha Godbole
Partner
Mumbai
May 25, 2018
Membership No: 105149

Business Responsibility Report

Pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2018 forming part of the Annual Report.

We believe that the only way to grow is to grow holistically. It is imminent for the corporate world to look beyond the boundaries of business and embrace shared responsibilities. Companies must enhance value for its shareholders, as well as assume accountability towards its other stakeholders. This Business Responsibility Report is a testimony of our commitment to all our stakeholders.

GENERAL INFORMATION:

1.	Corporate Identity Number (CIN) of the Company:	L74999MH1955PLC009593
2.	Name of the Company:	S H Kelkar and Company Limited
3.	Address of the Registered Office:	Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400002
4.	Website:	www.keva.co.in
5.	E-mail id:	investors@keva.co.in
6.	Financial Year reported:	2017-18
7.	Sector(s) the Company is engaged in (industrial activity code-wise)	Code 201* - Manufacture of organic and inorganic chemical compounds n.e.c.
8.	Key products / services:	Fragrances and flavours
9.	Locations where business activities are undertaken by the Company:	The Company’s businesses and operations are spread across the country. Details of plant locations are provided in the section, ‘General Shareholder Information’, in the Corporate Governance Report.
10.	Markets served by the Company:	The Company’s products and services have a national presence and several products are exported through its subsidiary/ies.
11.	Subsidiary companies and their BR initiatives:	The Company has 12 subsidiaries, including 5 subsidiaries outside India as on March 31, 2018. There is no direct participation.
12.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	The Business Responsibility policies are applicable to the management and all the employees of the Company. In due course of time, the Company intends to take its sustainability policies and initiatives beyond the boundaries of its manufacturing facilities and spread awareness amongst the relevant stakeholders.

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

FINANCIAL DETAILS:

1.	Paid up Capital (As on 31.03.2018):	₹ 144.62 Crores
2.	Total Turnover:	₹ 680.79 Crores
3.	Total Profit after taxes:	₹ 68.96 Crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 1.79 Crores
5.	As percentage of Profit after taxes:	2.61%
6.	List of CSR activities in which expenditure has been incurred:	Please refer Annexure E to the Directors’ Report.

BR INFORMATION:

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

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

Principle 1 : Ethics, Transparency and Accountability [P1]

Principle 2 : Product Lifecycle Sustainability [P2]

Principle 3 : Employee Well-being [P3]

Principle 4 : Stakeholder Engagement [P4]

Principle 5 : Human Rights [P5]

Principle 6 : Protection of Environment [P6]

Principle 7 : Responsible Advocacy [P7]

Principle 8 : Inclusive Growth and Equitable Development [P8]

Principle 9 : Customer Value [P9]

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

3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company? Within 3 months, 3-6 months, Annually, More than 1 year	The CEO periodically assesses the BR performance of the Company for ensuring the effectiveness and relevance of BR initiatives.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes its Business Responsibility Report annually alongwith the Annual Report. The Business Responsibility Report for financial year 2017-18 forms part of the Company's Annual Report for financial year 2017-18 and can be accessed at www.keva.co.in.

PRINCIPLE-WISE PERFORMANCE:**Principle 1 – Ethics, Transparency and Accountability:**

We build trust with our stakeholders by committing to adhere to compliance, disclosure, responsible and ethical business conduct. Our governance structure has facilitated a high level of integration and cohesion across the systems and processes, enhancing our ability to seize opportunities and respond to emerging challenges.

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

The Company's Policy on Ethics, Transparency and Accountability along with the Code of Conduct, is applicable to all employees working in the Company. Further the Code of Conduct for Employees and Directors cover issues related to ethics, workplace responsibilities and conflict of interest. Further, the Company has adopted a Whistle Blower Policy as well as Fraud Risk Management Policy to provide a mechanism for employees and Directors of the Company to approach the Chairman of the Audit Committee for reporting unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct. The Company has also in place Policy for prevention of Sexual Harassment at Workplace to maintain a work environment free from any form of conduct which can be considered as harassing, coercive or disruptive.
- How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the Management?

Nature / Stakeholder	Complaints Received during FY 2017-18	Complaints Resolved during FY 2017-18	Complaints Resolved (%)
Investor complaints	-	-	NA
Customer complaints	243	243	100
Sexual Harassment complaint	-	-	NA

Principle 2 – Product Life Cycle Sustainability:

Keva manufactures products which are safe for consumers and achieve growth in a responsible manner. Environment, health and safety continue to be key focus areas and the Company strives to reduce its environmental impact through various initiatives in the field of Energy Efficiency and Conservation.

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

The Company is procuring a product derived from White Biotechnology for using the same in the production of its fragrances. The product is a biotech natural fragrance ingredient and is totally renewable and cost-effective.
- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

With a diverse portfolio of products and complex production processes, calculating our environmental performance per product poses unique challenges. The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to produce our products. The Company has proactively looked at opportunities in green solutions as well as organic product designs.
- Does the Company have procedures in place for sustainable sourcing (including transportation)?

The Company has established an effective inter-department communication mechanism enabling the purchases department to act according to production and sales forecasts for the forthcoming quarters to ensure optimum raw material procurement. The Company has also developed over the last 25 years supplier intimacy and goodwill which enables the Company to source quality raw materials even when there is scarcity.
- Has the Company taken any steps to procure goods and services from local & small producers, including communities

surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Your Company has helped and trained numerous farmers across the country to cultivate natural oils and source the same from such farmers. The Company also provides support in terms of training, distillation tanks and rootstocks in this regard on a regular basis.

About 56% of material from third party suppliers is sourced locally from within the boundary of India. Out of this 16% is sourced from small and medium enterprises. A large number of MSME (Micro, Small and Medium Enterprises) rely on companies like us for their business. The Company continuously looks for opportunities to source its material locally. It engages in business with about 27 MSMEs.

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

Yes. The Company has a mechanism to recycle its products and waste. The Company recycles 100% of Industrial Effluents and Sewage after treatment. Hazardous wastes which are generated by the Company are given to Approved Transport Storage and Disposal Facility ("TSDF") for disposal. The Company re-uses about 25% of its non-hazardous waste and the balance is sold to authorised parties. Reuse is from the residue obtained from extraction of Cardamom seeds and all residues from distillation are used in manufacture of agarbatti compounds. 100% of E-waste is given to Authorised E-waste Disposal vendors for disposing off the same pursuant to which we receive a certificate to that effect from such vendors.

Principle 3 – Employee well-being:

Keva firmly believes that the knowledge, expertise and passion of its employees drive the growth of the Company. It provides the work environment that promotes well-being of its employees while giving them various opportunities to grow. It has adopted various policies, procedures and manuals for the protection and welfare of the employees. Keva acknowledges that the employees are its greatest assets and is consistently taking various initiatives, adopting various policies, conducting training programmes etc., to enable the employees to feel good, live healthy and work safely.

1.	Total number of employees	553
2.	Total number of employees hired on temporary / contractual /casual basis	190
3.	Number of permanent women employees	95
4.	Number of permanent employees with disabilities	2
5.	Do you have an employee association that is recognized by management?	Yes
6.	What percentage of your permanent employees is members of this recognized employee association?	34%

* Standalone entity data

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

The Company does not engage Child Labour / forced labour / involuntary labour. There is a 7 person committee to address complaints regarding sexual harassment. One of the members of this committee is an NGO representative. The committee looks into sexual harassment cases with sensitivity and confidentiality.

Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
Child labour/forced labour/	-	-
involuntary labour	-	-
Sexual harassment	-	-
Discriminatory employment	-	-

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

Particulars	%
Permanent Employees	25
Permanent Women Employees	0
Casual/ Temporary/ Contractual Employees	10
Employees with disabilities	Not Applicable

Principle 4 – Stakeholder Engagement:

Keva aims to meet the expectations of its stakeholders that include shareholders, consumers, farmers, suppliers, media and the government. Keva understands the needs of its stakeholders and develops action plans to fulfil them while achieving its business goals. Keva has in place investor redressal system, customer care centres and various other committees to protect the interest of all the stakeholders.

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

The Company has mapped the internal and external stakeholders in a structured way and carries out engagements with our investors, employees, customers, suppliers, business partners etc.

The Company identifies the interests of our internal stakeholders like permanent employees through engagement surveys and periodic worker settlement reviews. The external shareholders are mapped through defined activities such as customer events, channel partner meet etc. The Company

reaches out to the investors on regular basis through analyst meets, AGM and press releases. The Company participates in the events organised by IFRA.

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

The Company strongly believes that working with economically weaker sections of society supports growth and development. The Company identifies marginalized and disadvantaged groups through need assessment and engagement with local underprivileged communities around its business locations. The Company works with Vanvasi Kalyan Ashram for the upliftment of tribal communities.

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

Keva thinks beyond business and undertakes various initiatives to improve the lives of the lower socioeconomic sections of the society. The Company has employed two visually challenged persons who have been working in Technology & Application Function. The Company has provided them training in olfactive profile and identification i.e. identifying type of raw materials and fragrances and has also procured a software "JAWS" to aid them in typing.

The initiatives undertaken for disadvantaged, vulnerable and marginalized stakeholders are elaborated in Annual Report on Corporate Social Responsibility activities for financial year 2017-18 which forms Annexure E to the Directors' Report.

Principle 5 – Human Rights:

Keva firmly believes in upholding and promoting human rights. Human Rights are protected under Code of Conduct, Whistle Blower Policy, Fraud Risk Management Policy, Policy for Prevention of Sexual Harassment at Workplace and various other Labour and Employee Welfare Policies. Grievance Redressal Systems are put in place like Internal Complaints Committee etc. which resolve the issues reported in an expeditious manner.

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

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

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

During the financial year 2017-18, the Company did not receive any complaint with regard to violation of human rights.

Principle 6 – Protection of Environment:

Keva understands its responsibility towards environment and has taken various initiatives to reduce its environmental impact. Energy conservation continues to be a priority area of the Company.

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

The Group aims to achieve business excellence in environment protection, health management and safety across its businesses. The Company follows its EHS policy / policy on Environment Protection which is applicable to all its business places. However, the same is not applicable to suppliers and contractors.

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

The Company has replaced fluorescent lamps with CFL at its Vashivali and Mulund Units. The Company has commissioned rooftop solar panels at its units at Mulund and Vashivali for generation of electricity upto 460 and 120 KW per day, respectively. The Company has full-fledged Effluent Treatment plants, in its all locations and treat all effluent generated in respective processes. Your Company has installed Reverse Osmosis Plant of capacity 240 KL per day and Multiple Effect Evaporator of capacity 24 KL per day at Vashivali Unit thus making it Zero Liquid Discharge Unit. The Company has installed Foodie Machines of 75 Kg per day capacity, for converting canteen and garden waste into manure at Mulund and Vashivali Units. Your Company has planted approx 9,500 trees at Vashivali. Your Company uses PNG instead of LPG in its canteens.

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

Sustainable development is at the core of the Company's operations which is also outlined in the Environment, Health and Safety Policy. The Company follows sound environmental management practices across all its manufacturing units to assess and address environmental risks.

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

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

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

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

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

The Company is in compliance with the applicable environmental laws and regulations. The Company's emissions, effluents and waste are within Central and State Pollution Control Boards permissible limits.

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

As at the end of the Financial Year 2017-18, there are no show cause / legal notices received from CPCB / SPCB which are pending resolution.

Principle 7 – Responsible Advocacy:

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

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

Yes. The Company is a member of several industrial and trade bodies namely:

- IFRA (International Fragrance Association)
- European Federation of Essential Oils
- National Safety Council
- Mulund Kurla MARG (Mutual Aid Response Group)

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

Through membership with trade and industry associations, the Company makes efforts to further contribute on specific sustainable business issues. The Company has used banners and safety promotional material of National Safety Council ("NSC") for celebration of National Safety Week, Fire Service Week, World Environment Day etc. The Company has been using their safety posters for display within our Company's premises. The Company regularly nominates its representatives for scheduled Environment, Health & Safety trainings organised by NSC viz. Statutory Requirements, Fire Prevention & Protection, Safety at 'Working at Height', Electrical Safety, Behaviour based Safety, Disaster Management etc. The Company also participated in the "Safety Officers' Meet" jointly organised by Directorate of Industrial Safety & Heath and NSC. All wastes are segregated at source only in 4 different Dust bins of separate colours, identified for the respective type of the waste. Then all wastes are sold to the authorized recyclers for recycling.

Principle 8 – Inclusive Growth and Equitable Development:

Keva supports the principle of inclusive growth and equitable development through its Corporate Social

Responsibility initiatives and also through its business. The Company acknowledges the impact of its activities on social and economic development and strives to create positive environment.

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

Keva believes in inclusive growth to facilitate creation of a value-based and empowered society through continuous and purposeful engagement with society around. The Company undertakes the initiatives through the CSR committee of the Board as per the CSR policy of the Company. The CSR projects are in accordance with Schedule VII of the Companies Act, 2013 and rules made thereunder.

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

The aforesaid projects have been carried out by the Company either directly or by partnering with like-minded NGOs and government organizations. Details of CSR initiatives are available in the Annual Report on Corporate Social Responsibility activities for financial year 2017-18 which forms Annexure E to the Directors' Report.

- Have you done any impact assessment of your initiative?

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

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

During the year, the Company spent ₹ 1.79 Crore towards various community development projects. Details of CSR projects are available in the Annual Report on Corporate Social Responsibility activities for financial year 2017-18 which forms Annexure E to the Directors' Report.

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

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

Principle 9 – Customer Value:

We choose to work in a sensitive and responsible manner to create a partnership with our customers for giving them a delightful experience. We continue to engage with our customers and address their needs through tailored outreach.

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

All customer complaints / consumer cases received during Financial Year 2017-18 were resolved. No complaints were pending as on March 31, 2018.

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

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

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

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

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

Customer feedback is gathered at the end of key customer interactions, during project management as well as service delivery. The input is critically required for continual improvements. The Company had sent feedback forms to customers during the year. On analysing the feedback received from customers, it was noted that 80% of the customers were highly satisfied with the Company.

For and on behalf of the Board of Directors of

S H KELKAR AND COMPANY LIMITED

CIN: L74999MH1955PLC009593

Ramesh Vaze

Managing Director

DIN: 00509751

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Mumbai

May 25, 2018

Independent Auditors' Report

To the Members of
S H Kelkar and Company Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of S H Kelkar and Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub section (10) of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to 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 Group and of its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the 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 Group and its joint venture to cease to continue as a going concern.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on

other financial information of the subsidiaries and its joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

OTHER MATTERS

- We did not audit the financial statements of ten subsidiaries included in the consolidated Ind AS financial statements, whose financial statements reflect total assets of ₹ 443.06 crores as at March 31, 2018, total revenues of ₹ 292.60 crores and net cash outflows amounting to ₹ 6.38 crores for year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS 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 sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- The consolidated Ind AS financial statements include the Group's share of net profit of ₹ 1.61 crores for the year ended March 31, 2018, in respect of one joint venture whose financial information has not been audited by us. This financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial 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 reports of other auditors on separate financial statements and other financial information of the subsidiaries and a joint venture, as noted in the 'Other matters' paragraph, 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 Ind AS financial statements;
- in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- 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 Ind AS financial statements;
- in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules thereunder;
- on the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India, are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report "Annexure A"; and
- 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and a joint venture, as noted in the 'Other matters' paragraph:
 - the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture – Refer Note 38 to the consolidated Ind AS financial statements;

- ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 24 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and its joint venture;
- iii. there are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2018; and
- iv. the disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the

financial year ended March 31, 2018. However, amounts as appearing in the audited consolidated Ind AS financial statements for the year ended March 31, 2017 have been disclosed. However, in respect of the dealings in specified bank notes by the Holding Company, we were unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures were in accordance with books of accounts maintained by the Holding Company and as produced to us by the Management. Refer note 52 to the consolidated Ind AS financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022
Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
May 25, 2018

Annexure A to the Independent Auditors’ Report – March 31, 2018

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS 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 financial statements of S H Kelkar and Company Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies incorporated in India and to whom the internal financial reporting is applicable (the Holding Company and its subsidiary companies incorporated in India together referred to as "the Group") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Group as of that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and the subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with respect to 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. 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.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting 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 over financial reporting 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 authorizations 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 OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal

financial controls over financial reporting 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 and to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors as mentioned in the Other Matters paragraph below, the Holding company and its subsidiary companiesincorporated in India and to whom internal financial reporting is applicable, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary companies incorporated in India and to whom financial reporting is applicable are based on the corresponding reports of the auditors of such companies incorporated in India.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
May 25, 2018

Consolidated Balance Sheet

As at March 31, 2018

(Currency : INR in crores)			
	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	274.38	233.14
Capital work-in-progress	4	35.57	2.44
Investment Property	5	14.30	-
Goodwill	6A	35.64	34.09
Other intangible assets	6B	27.55	29.13
Intangible assets under development		24.62	5.01
Equity Accounted Investee	7	94.94	-
Financial assets			
Investments	8	*0.00	*0.00
Loans	9	2.25	2.05
Others	10	1.37	1.11
Deferred tax assets (net)	36	4.44	4.08
Other tax assets (net)	35	25.19	25.48
Other non-current assets	11	41.19	43.64
Total non-current assets		581.44	380.17
Current assets			
Inventories	12	347.95	350.15
Financial assets			
Investments	13	1.55	49.68
Trade receivables	14	276.63	217.01
Cash and cash equivalents	15	17.40	41.91
Other bank balances	16	6.45	13.55
Loans	9	4.09	2.73
Others	10	0.20	3.47
Other current assets	11	44.21	18.57
Total current assets		698.48	697.07
TOTAL ASSETS		1,279.92	1,077.24
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	144.62	144.62
Other equity			
Retained earnings		368.44	304.71
Other reserves	18	344.15	362.41
Equity attributable to owners of the Company		857.21	811.74
Non-controlling interests		-	-
Total equity		857.21	811.74
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	48.20	9.17
Others	20	1.29	1.10
Provisions	21	0.62	0.71
Deferred tax liabilities (net)	36	8.22	7.33
Total non-current liabilities		58.33	18.31
Current liabilities			
Financial liabilities			
Borrowings	22	116.07	53.19
Trade payables	23	155.62	110.66
Others	24	28.99	44.95
Other current liabilities	25	25.29	16.58
Provisions	21	12.41	10.42
Current tax liabilities (net)	35	26.00	11.39
Total current liabilities		364.38	247.19
Total Liabilities		422.71	265.50
TOTAL EQUITY AND LIABILITIES		1,279.92	1,077.24
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-56		

*Amount less than ₹ 0.01 crore

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Place : Mumbai

Date : May 25, 2018

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepthi Chandratre

Company Secretary

Membership No: A20759

Consolidated Statement of Profit and Loss

For the year ended March 31, 2018

(Currency : INR in crores)			
	Note	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	26	1,043.04	1,059.82
Other income	27	21.61	11.55
Total income		1,064.65	1,071.37
Expenses			
Cost of materials consumed	28	527.19	495.54
Purchase of traded goods		25.62	23.83
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	10.12	16.07
Excise duty		17.93	79.31
Employee benefits expense	30	125.19	122.49
Finance costs	31	3.97	5.16
Depreciation and amortisation expense	32	23.84	19.44
Other expenses	33	174.78	156.75
Total expenses		908.64	918.59
Consolidated Profit before exceptional items and tax		156.01	152.78
Exceptional items (refer note 54)		12.85	-
Consolidated profit before tax		143.16	152.78
Tax expense			
Current tax			
- for current year		51.27	48.54
- for earlier years		(0.75)	(2.60)
Deferred tax charge			
- for current year		0.06	1.91
- for earlier years		-	0.11
Consolidated profit before share of profit in equity accounted investee		92.58	104.82
Share of profit in equity accounted investee (net of tax)		1.61	-
Consolidated profit for the year		94.19	104.82
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		0.11	(1.83)
Income tax related to items that will not be reclassified to profit or loss		(0.10)	0.63
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of a foreign operation		11.54	(7.97)
Consolidated other comprehensive income for the year, net of income tax		11.55	(9.17)
Total consolidated comprehensive income for the year		105.74	95.65
Earnings per equity share (Nominal value of ₹ 10 each, fully paid-up)	34		
Basic earnings per share (₹)		6.52	7.25
Diluted earnings per share (₹)		6.52	7.25
Significant accounting policies			
The notes referred to above and other notes form an integral part of the consolidated financial statements.	1-3 4-56		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Place : Mumbai

Date : May 25, 2018

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepthi Chandratre

Company Secretary

Membership No: A20759

(Currency : INR in crores)

	March 31, 2018	March 31, 2017
Cash flows from financing activities		
Proceeds from term loans	45.75	3.51
Repayment of term loans	(9.82)	(23.28)
Proceeds of working capital loans	56.63	12.95
Repayment of working capital loans	-	(3.32)
(Repayment) of finance lease obligations	(0.68)	(0.65)
(Purchase) of Treasury shares by Employee Benefit Trust	(29.80)	-
Dividend paid	(30.47)	-
Interest paid	(3.93)	(5.08)
Net consolidated cash flows generated from/ (used in) financing activities (C)	27.68	(15.87)
Net decrease in consolidated cash and cash equivalents D = (A+B+C)	(32.61)	(17.36)
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents at the beginning of the year (E)	41.91	58.56
Cash taken over on acquisition of subsidiary (F)	-	0.98
Effect of exchange rate changes on cash and cash equivalents (G)	1.85	(0.27)
Cash and cash equivalents at the end of the year (D+E+F+G)	11.15	41.91
Notes:		
Cash and cash equivalents		
Balances with banks in:		
- current accounts	11.45	21.14
- exchange earners foreign currency account	5.64	12.82
- deposits accounts (with original maturity of 3 months or less)	-	7.63
Cash on hand	0.31	0.32
Bank overdrafts used for cash management purposes	(6.25)	-
Cash and cash equivalents in the statement of cash flows	11.15	41.91
Debt reconciliation statement in accordance with Ind AS 7		
Opening balances		
Long-term borrowing	21.18	41.93
Short-term borrowing	53.19	43.56
Cash flows		
Long-term borrowing	34.60	(19.76)
Short-term borrowing	56.63	9.63
Non-cash changes		
Foreign exchange movement	0.65	(0.99)
Closing balances		
Long-term borrowing	56.43	21.18
Short-term borrowing	109.82	53.19

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

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

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

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Place : Mumbai

Date : May 25, 2018

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepti Chandratre

Company Secretary

Membership No: A20759

Notes to the consolidated financial statements

For the year ended March 31, 2018

1 COMPANY AND GROUP OVERVIEW

S H Kelkar and Company Limited ('SHK' or 'the Holding Company') was incorporated under the provisions of the Companies Act, 1913, and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002. The Holding Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These Consolidated financial statement comprise the Holding Company alongwith its subsidiaries, collectively referred to as "the Group" and the Group's interest in joint venture. The Group and its joint venture 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

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements for the year ended March 31, 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on May 25, 2018.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is also the Holding Company's functional currency. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise indicated.

2.3 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations; and
- contingent consideration in business combination is measured at fair value.

2.4 Use of estimates and judgements

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

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 are as follows:

a. Property, plant and equipment

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

b. Recognition and measurement of defined benefit obligations

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

c. Recognition of deferred tax assets

Deferred tax assets are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

d. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent 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.

e. Allowances for doubtful debts

The Group and its joint venture make allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

f. Discounting of long-term 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 amortized cost, interest is accrued using the effective interest method.

g. Fair value of financial instruments

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

h. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

i. Intangible assets under development

Development expenditure is capitalised as part of the cost of the fragrance development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group and its joint venture intends to and has sufficient resources to complete development and sell the asset.

Notes to the consolidated financial statements

For the year ended March 31, 2018

2.5 Measurement of fair values

The Group and its joint venture's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group and its joint venture has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group and its joint venture uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

The Group and its joint venture recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Current / non-current classification

An entity shall classify an asset as current when-

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when-

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi, freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Rental income

Rental income , included under other income, is recognised on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

Export incentives

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

3.2 Foreign currency

Foreign currency transactions

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

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

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

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

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

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave. A liability is recognised for the amount expected to be paid if the Group and its joint venture 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.

Notes to the consolidated financial statements

For the year ended March 31, 2018

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's contributions to Employee State Insurance and Labour Welfare Fund are recognised in the consolidated statement of profit and loss on an accrual basis. Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust. The Group also makes specified monthly contribution towards employee provident fund in India for certain class of employees. The Group's such contribution is considered as defined contribution plan and is recognised as expenses in the Consolidated Statement of Profit and loss during the year. The Group's contribution towards defined contribution benefit plan is accrued in compliance with the domestic laws of the country in which the consolidated foreign entities operate.

ii. *Defined benefit plans*

The Group's gratuity benefit scheme and provident fund managed by the Group's trust are 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 and its joint venture net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and its joint venture, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in the consolidated statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the consolidated statement of profit and loss. The Group and its joint venture recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

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

Provident fund trust

Eligible employees of certain Group entities in India also receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the Holding Company. Both the employee and the Group entities in India make monthly

Notes to the consolidated financial statements

For the year ended March 31, 2018

contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Accordingly, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. An obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

Other long-term employee benefits

The Group and its joint venture's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the consolidated balance sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the consolidated statement of profit and loss. Other long-term employee benefits also include long-term incentive plan provided to eligible employees. Vesting of the long-term incentive would be contingent on achievement of certain performance conditions. The obligation for the long-term incentive plan is calculated arithmatically as a percentage of fixed salary.

Termination benefits

Termination benefits are expensed at the earlier of when the Group and its joint venture can no longer withdraw the offer of those benefits and when the Group and its joint venture recognises the costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

3.4 Recognition of dividend income, interest income or expense

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in the consolidated statement of profit and loss on the date on which the Group and its joint venture's right to receive payment is established.

3.5 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the consolidated statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

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

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

Notes to the consolidated financial statements

For the year ended March 31, 2018

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries and joint venture to the extent that the Group and its joint venture is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

Deferred tax assets and liabilities are offset only if:

- a) the Holding Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable Holding Company.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent it is probable evidence that the Group will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of profit and loss and is included in Deferred tax assets. The Group reviews the same at each balance sheet date and if required write down the carrying amount of MAT credit entitlement to the extent it is no longer probable that Group will be able to absorb such credit during the specified period.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

With effect from April 1, 2016, the Group had changed its policy for valuation of inventory from 'First-in first-out' method to 'Weighted average cost' method. The impact of the change in valuation of inventory as at April 1, 2016 was not material.

Notes to the consolidated financial statements

For the year ended March 31, 2018

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.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and its joint venture.

iii. Depreciation

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Companies Act, 2013. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and its joint venture will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Group and its joint venture are applied. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible assets	Life defined	Useful life as per Schedule II
Buildings	30-60 years	30-60 years
Research and development - equipments	10-15 years	10-15 years
Computers	3 years	3 years
Office equipments	5 years	5 years
Plant and machinery	15-20 years	8-15 years
Furniture and fixtures	10 years	10 years
Electrical installation	10 years	10 years
Motor cars and vehicles	8 years	8 years
Motor cars under lease	4-5 years	4-5 years
Office equipments under lease	5 years	5 years

Notes to the consolidated financial statements

For the year ended March 31, 2018

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

With effect from April 1, 2016, the Group and its joint venture had prospectively changed its method for charging depreciation on tangible assets from diminishing balance method to straight-line method, based on the expected pattern of consumption of the future economic benefits embodied in the asset. Consequently, the depreciation charge for the year ended March 31, 2017 was lower by ₹ 13.47 crores. Accordingly, the profit for the year ended March 31, 2017 was higher by ₹ 8.76 crores.

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.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

ii. Subsequent expenditure

Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and its joint venture and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

iii. Depreciation

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

Tangible assets	Life defined	Useful life as per Schedule II
Buildings	30 years	30 years

iv. Fair value

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the Note 5.

3.10 Intangible assets

i. Recognition and measurement

Internally generated: Research and development

Expenditure on research activities is recognised in the consolidated statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable,

Notes to the consolidated financial statements

For the year ended March 31, 2018

and the Group and its joint venture intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in the consolidated statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible asset under development includes formulations.

Other intangible assets

Other intangible assets, include technical know-how, computer software, brand, customer relationships, non-compete fees and formulations which are acquired by the Group and its joint venture are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of profit and loss as incurred.

iii. Amortisation

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

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years
- Brand 5 years
- Formulations 5-10 years
- Customer relationship 5 years
- Non-compete fees 5 years
- Formulations (internally generated) 3 years

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

3.11 Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group and its joint venture becomes a party to the contractual provisions of the instrument.

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

ii. Classification

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

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

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit and loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the consolidated statement of profit and loss.

iv. Derecognition

The Group and its joint venture derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which

Notes to the consolidated financial statements

For the year ended March 31, 2018

substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and its joint venture neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group and its joint venture enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group and its joint venture becomes a party to the contractual provisions of the instrument.

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

ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the consolidated statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of profit and loss. Any gain or loss on derecognition is also recognised in the consolidated statement of profit and loss.

iii. Derecognition

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

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

iv. Offsetting

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

c. Derivative financial instruments

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

3.12 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group and its joint venture has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle

Notes to the consolidated financial statements

For the year ended March 31, 2018

the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

3.13 Leases

i. Lease payments

Payments made under operating leases are recognised in the consolidated statement of profit and loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Group and its joint venture substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the similar owned asset.

Assets held under leases that do not transfer to the Group and its joint venture substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Group and its joint venture's statement of financial position.

3.14 Impairment of non-financial assets

The Group and its joint venture'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. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated 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 Holding Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the consolidated statement of profit and loss. In case of revalued assets, such reversal is not recognised.

3.15 Cash and cash equivalents

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

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

3.16 Employee Stock Appreciation Rights Scheme:

Liability for the Holding Company's Employee Stock Appreciation Rights (STARs), granted pursuant to the Holding Company's Employee Stock Appreciation Rights Scheme, 2017 of the Holding Company which was adopted by the Board on August 10, 2017 and approved by shareholders of the Holding Company on November 1, 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 recognized 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 Earnings per Share (EPS)

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Holding Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

3.19 Recent accounting pronouncement

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS which the Holding Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115-Revenue from Contracts with Customers

Ind AS 21-The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group and its joint venture is currently evaluating the effect of this standard on its consolidated financial statements.

Notes to the consolidated financial statements

For the year ended March 31, 2018

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group and its joint venture is evaluating the impact of this amendment on its financial statements.

3.20 Basis of consolidation

i. Business combinations

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

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

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

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

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group and its joint venture'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 assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group and its joint venture.

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

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 recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Equity accounted investee

The Group's interest in equity accounted investee comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangements, rather than rights to its assets and obligations for its liabilities.

Interest in joint venture are accounted for using the equity method. They are initially recognised at cost which includes transactions cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investee until the date on which joint control ceases.

iv. Consolidation procedure

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group and its joint venture uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group and its joint venture member's financial statements in reparing the consolidated financial statements to ensure conformity with the Group and its joint venture's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on 31 March.

The procedure followed is as follows:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup and its joint venture assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group and its joint venture (profits or losses resulting from intragroup and its joint venture transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup and its joint venture transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group and its joint venture's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group and its joint venture are eliminated in full on consolidation.

The list of companies, controlled directly or indirectly by the Holding Company and the joint venture which are included in the consolidated financial statements are set out in Note no. 49 (I).

Notes to the consolidated financial statements

As at March 31, 2018

4 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(Currency: INR in crores)

Block of asset	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2017	Additions	Additions on subsidiary/business acquisition	Disposals during the year	Translation difference	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Land	29.12	-	-	-	2.20	31.32	31.32	29.13
Leasehold land	0.08	-	-	-	-	0.08	0.08	0.08
Leasehold building improvement	5.38	9.81	-	(0.39)	-	14.80	14.80	4.05
Buildings	82.53	16.09	-	-	2.25	100.87	12.74	88.13
Research and development equipments	5.40	4.13	-	-	0.06	9.59	2.46	7.13
Factory building and sheds	19.88	1.64	-	-	0.04	21.56	3.53	18.03
Office equipment	1.63	1.33	-	(0.01)	0.11	3.06	1.14	1.92
Furniture and fixtures	6.56	2.89	-	(0.16)	1.34	10.63	4.08	6.55
Electrical equipment and installations	5.16	0.84	-	-	-	6.00	2.35	3.65
Plant and machinery	114.46	9.19	-	(0.86)	24.98	147.77	45.60	102.17
Motor cars and vehicles	0.87	0.27	-	(0.25)	0.06	0.95	0.25	0.70
Computer and printers	2.00	0.96	-	-	1.15	4.11	2.36	1.73
Assets under lease:								
Motor cars	1.13	-	-	-	-	1.13	0.76	0.37
Office equipments	0.34	-	-	-	-	0.34	0.34	-
Capital Work in Progress	274.54	47.15	-	(1.67)	32.19	352.21	77.81	233.14
							35.57	2.44

*Amount less than ₹ 0.01 crores

Notes to the consolidated financial statements

As at March 31, 2018

4 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS (PREVIOUS YEAR)

(Currency: INR in crores)

Block of asset	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2016	Additions	Disposals during the year	Translation difference	As at March 31, 2017	Charge for the year	Disposals during the year	Translation difference
Land	31.59	-	-	(2.47)	29.12	-	-	-
Leasehold land	0.08	-	-	-	0.08	*0.00	-	*0.00
Leasehold building improvement	3.03	2.35	-	-	5.38	0.56	0.77	-
Buildings	70.60	8.94	4.55	(1.56)	82.53	7.25	2.30	(0.88)
Research and development equipments	4.99	0.41	-	-	5.40	0.91	0.66	-
Factory building and sheds	18.12	0.78	0.99	-	19.88	1.68	0.89	-
Office equipment	1.30	0.58	-	(0.19)	1.63	0.58	0.22	(0.16)
Furniture and fixtures	5.85	1.40	-	*(0.00)	6.56	2.09	0.65	*(0.00)
Electrical equipment and installations	4.36	0.80	-	-	5.16	1.25	0.54	-
Plant and machinery	98.26	29.31	0.12	(0.64)	114.46	24.42	6.42	(9.33)
Motor cars and vehicles	1.08	0.07	0.01	(0.25)	0.87	0.38	0.13	(0.23)
Computer and printers	1.94	0.66	-	(0.01)	2.00	0.97	0.31	(0.01)
Assets under lease:								
Motor cars	0.54	0.59	-	-	1.13	0.40	0.19	-
Office equipments	0.34	-	-	-	0.34	0.17	0.17	-
Capital Work in Progress	242.08	45.89	5.67	(1.09)	274.54	40.66	13.25	(0.94)
								(11.55)
								41.43
								233.11
								2.44
								18.12

*Amount less than ₹ 0.01 crore

Notes for the years ended March 31, 2018 and March 31, 2017:

- (a) The Group has acquired office equipments and motor cars under a number of finance lease agreements. The assets acquired under lease secures related lease obligations. (Refer note 19 for details on charge created).
- (b) With effect from April 1, 2016, the Group has changed its method for charging depreciation on tangible assets from diminishing balance method to straight-line method, based on the expected pattern of consumption of the future economic benefits embodied in the asset. Consequently, the depreciation charge for the year ended March 31, 2017 is lower by ₹ 13.47 crores.
- (c) Factory Land and Buildings and Plant & machinery of certain subsidiaries have been pledged against the long term borrowings. (Refer note 19 for details on charge created).
- (d) Capital work in progress as at 31 March 2018 includes the borrowing cost capitalised during the year Rs. 0.58 crores by a subsidiary, with the capitalisation rate of 7.7%. The Group had not capitalised any borrowing cost during the previous year.

Notes to the consolidated financial statements

As at March 31, 2018

5 INVESTMENT PROPERTY

(Currency: INR in crores)

Block of asset	Gross Block			Accumulated Depreciation		Net Block	
	As at April 1, 2017	Additions during the year	Disposals during the year	As at March 31, 2018	Charge for the year	As at March 31, 2018	As at March 31, 2017
Buildings	-	14.72	-	14.72	-	14.30	-
	-	14.72	-	14.72	0.42	14.30	-
					0.42	14.30	-

Notes:

1. Buildings are classified as Investment property by the Group in accordance with IND AS-40 "Investment Property".
2. Fair value of Investment Property is ₹ 18.90 crores (March 31, 2017: Nil).

Fair Value

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement for all of the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

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

(Currency: INR in crores)

Block of asset	Gross Block					Accumulated Amortisation and impairment costs				Net Block	
	As at April 1, 2017	Additions during the year	Additions internally generated	Additions on subsidiary/ business acquisition	Disposal during the year	Translation difference	As at March 31, 2018	Disposal during the year	Translation difference	As at March 31, 2018	As at March 31, 2017
A. Goodwill											
Goodwill on Consolidation	20.64	-	-	-	-	1.55	22.19	-	-	22.19	20.64
Goodwill (Acquired seperately)	13.45	-	-	-	-	-	13.45	-	-	13.45	13.45
	34.09	-	-	-	-	1.55	35.64	-	-	35.64	34.09
B. Others											
Formulations	21.33	3.28	0.96	-	-	-	25.57	-	-	17.59	17.90
Brand	2.00	-	-	-	-	-	2.00	-	-	0.50	1.90
Customer relationship	2.77	-	-	-	-	-	2.77	-	-	0.55	1.66
Computer software	10.04	2.56	-	-	-	-	12.60	-	0.18	6.77	5.83
Non-compete fees	1.10	0.16	-	-	-	-	1.26	-	-	0.05	0.29
	37.24	6.07	0.89	-	-	-	44.20	-	0.18	16.64	27.55
	71.33	6.07	0.89	-	-	1.55	79.84	-	0.18	16.64	63.19
											63.22

(Currency: INR in crores)

Block of asset	Gross Block					Accumulated Amortisation and impairment costs				Net Block	
	As at April 1, 2016	Additions during the year	Additions internally generated	Additions on subsidiary/ business acquisition	Disposal during the year	Translation difference	As at March 31, 2017	Disposal during the year	Translation difference	As at March 31, 2017	As at March 31, 2016
A. Goodwill											
Goodwill on Consolidation	20.55	-	-	2.02	-	(1.93)	20.64	-	-	-	20.55
Goodwill acquired seperately	-	-	-	13.45	-	-	13.45	-	-	-	-
	20.55	-	-	15.47	-	(1.93)	34.09	-	-	-	20.55
B. Others											
Formulations	-	-	-	21.33	-	-	21.33	-	-	3.43	17.90
Brand	-	-	-	2.00	-	-	2.00	-	-	0.10	1.90
Customer relationship	-	-	-	2.77	-	-	2.77	-	-	0.55	2.21
Computer software	7.32	2.92	-	-	-	(0.20)	10.04	-	(0.11)	3.97	5.30
Non-compete fees	-	-	-	1.10	-	-	1.10	-	-	0.05	1.05
	7.32	2.92	-	27.20	-	(0.20)	37.24	-	(0.11)	8.10	29.13
	27.87	2.92	-	42.67	-	(2.13)	71.33	-	(0.11)	8.10	63.23
											25.85

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

7 EQUITY ACCOUNTED INVESTEE

	Number of shares / units		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investment in Joint venture (unquoted)				
Creative Flavours & Fragrances SpA (face value Euro 1 per share) (refer note 51 V)	1,020,000	-	94.94	-
			94.94	-

8 NON-CURRENT INVESTMENTS

	Number of shares / units		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Quoted equity shares at FVTPL				
Hico Products Ltd. (face value ₹ 10 per share)**	19,250	19,250	-	-
Reliance Industries Limited (face value of ₹ 10 per share)	16	16	*0.00	*0.00
			*0.00	*0.00

	March 31, 2018	March 31, 2017
The aggregate book value and market value of quoted non-current investments are as follows:		
Aggregate book value of quoted investments	*0.00	*0.00
Aggregate market value of quoted investments	*0.00	*0.00
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in the investments	-	-

*Amount less than ₹ 0.01 crore

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

9 LOANS

(unsecured)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
To other than related parties				
Security deposits				
- considered good	2.25	2.05	0.88	0.72
- considered doubtful	0.18	-	-	0.18
	2.43	2.05	0.88	0.90
Loss Allowance for bad & doubtful loans	(0.18)	-	-	(0.18)
	2.25	2.05	0.88	0.72
Loans to employees	-	*0.00	2.15	1.90
Other receivables	-	-	1.06	0.11
	2.25	2.05	4.09	2.73

*Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

10 OTHER FINANCIAL ASSETS (unsecured, considered good)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
To related parties				
Other receivables	-	-	-	0.14
Interest accrued on loan*	-	-	-	0.06
To other than related parties				
Term deposits with banks with remaining maturity more than 12 months**	1.37	1.11	-	-
Interest accrued and due on fixed deposits	-	-	0.07	0.97
Derivative Assets - Foreign currency forward exchange contracts	-	-	-	2.07
Other receivables	-	-	0.13	0.23
	1.37	1.11	0.20	3.47

	March 31, 2018	March 31, 2017
* Details of interest accrued from companies/ body corporates in which a director of the Holding Company is a director or firms in which a director of Holding Company is a partner		
Evolutis India Private Limited	-	0.06
	-	0.06

**Bank deposits of ₹ 1.37 crores (March 31, 2017 : ₹ 1.11 crores) are pledged with bank for guarantees issued.

11 OTHER ASSETS (unsecured, considered good)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
To other than related parties				
Capital advances	5.43	1.36	-	-
Prepaid expenses	0.23	0.42	4.88	3.77
Balances with government authorities	31.17	33.13	27.80	9.82
VAT/Sales tax refund receivable	4.36	8.73	1.55	1.31
Others	-	-	1.98	0.42
Advance to suppliers	-	-	8.00	3.25
	41.19	43.64	44.21	18.57

12 INVENTORIES

	March 31, 2018	March 31, 2017
Raw materials	236.98	221.45
Raw materials in transit	8.13	17.75
Packing materials	6.72	4.71
Work-in-process	57.09	52.51
Finished goods	37.91	53.46
Stock-in-trade	1.12	0.27
	347.95	350.15

Inventories which comprise raw materials, packing materials, work-in-progress, finished goods and stock-in-trade are carried at the lower of cost and net realisable value. (see detailed accounting policy note no: 3.6)

The write-down of inventories to net realisable value during the year amounted to ₹ 4.55 crores (March 31, 2017: ₹ 4.42 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the consolidated statement of profit or loss.

Borrowings are secured by way of hypothecation of Inventories both in hand and transit (refer note 22).

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

13 CURRENT INVESTMENTS

	Number of units		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Unquoted mutual funds				
<i>Mutual funds at FVTPL</i>				
UTI Money Mkt -Institutional Plan-Direct-Growth	-	131,905.88	-	24.07
SBI Magnum Insta Cash Fund	-	29,253.24	-	10.52
Kotak Floater Short Term-Direct-Growth	5,446.07	5,723.60	1.55	1.53
Invesco Mutual Fund	-	60,587.27	-	13.56
			1.55	49.68

	March 31, 2018	March 31, 2017
Aggregate book value of unquoted current investments	1.55	49.68
Aggregate amount of impairment in value of investments	-	-

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 47.

14 TRADE RECEIVABLES (Unsecured)

	March 31, 2018	March 31, 2017
Trade receivables		
- Considered good**	280.18	224.39
- Considered doubtful	3.62	3.63
	283.80	228.02
Loss allowance*		
- Considered good	(3.55)	(7.38)
- Considered doubtful	(3.62)	(3.63)
	(7.17)	(11.01)
Net trade receivables	276.63	217.01

*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 47.

Borrowings are secured by way of hypothecation of book debts and other receivables (refer note 22).

** Trade receivables (unsecured, considered good) as at March 31, 2018 include ₹ 0.04 crores (March 31, 2017: ₹ 0.02 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

	March 31, 2018	March 31, 2017
Purandar Fine Chemicals Pvt.Ltd.	0.04	0.02
	0.04	0.02

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

15 CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
Balances with banks in:		
- current accounts	11.45	21.14
- exchange earners foreign currency account	5.64	12.82
- deposits accounts (with original maturity of 3 months or less)	-	7.63
Cash on hand	0.31	0.32
Cash and cash equivalents in the balance sheet	17.40	41.91
Bank overdrafts used for cash management purposes	(6.25)	-
Cash and cash equivalents in the statement of cash flows	11.15	41.91

16. OTHER BANK BALANCES

	March 31, 2018	March 31, 2017
Bank deposits due to mature within 12 months of the reporting date**	3.22	13.55
Current account of Holding Company's employee benefit trust (refer note 53)	3.23	-
Unclaimed dividend accounts	*0.00	-
	6.45	13.55

**Bank deposits of ₹ 0.35 crores (March 31, 2017 : ₹ 0.35 crores) are pledged with bank for guarantees issued.

*Amount less than ₹ 0.01 crore

17 SHARE CAPITAL

	Number of shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Authorised				
Equity shares of ₹ 10 each	154,064,500	154,064,500	154.06	154.06
Preference shares of ₹ 10 each	11,935,500	11,935,500	11.94	11.94
			166.00	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	144,620,801	144,620,801	144.62	144.62
			144.62	144.62

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

	Number of shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Equity share of ₹ 10 (Previous year ₹ 10) each fully paid-up				
Outstanding at the beginning of the year	144,620,801	144,620,801	144.62	144.62
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	144,620,801	144,620,801	144.62	144.62

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

b Terms / Rights attached to each classes of shares

Terms / Rights attached to Equity shares

The Holding Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Holding Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

	March 31, 2018		March 31, 2017	
	Number of Shares	%	Number of Shares	%
Equity shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	14,439,269	9.98%	25,353,704	17.53%
Ramesh V. Vaze	25,965,600	17.95%	25,965,600	17.95%
KNP Industries Pte. Ltd.	17,124,000	11.84%	17,124,000	11.84%
Kedar R.Vaze	14,722,309	10.18%	14,525,000	10.04%
Keva Constructions Private Limited	8,963,757	6.20%	8,963,757	6.20%

d Shares issued for a consideration other than cash

- On September 18, 2014, the Holding Company has allotted 119,043,900 bonus equity shares of ₹ 10 each to the existing equity shareholders of the Holding Company in ratio of 9 bonus equity shares for every 1 equity share held.
- 0.10% Redeemable Preference Shares (RPS): Pursuant to the scheme of the Amalgamation & Arrangement between Kelkar Investment Company Private Limited (KICPL) and S H Kelkar and Company Limited and Keva Aromatics Private Limited and Keva Constructions Private Limited and their respective shareholders and creditors under Section 391 to 394 read with Sections 78, 80 & 100 to 103 of the Companies Act ,1956 vide order dated December 10, 2013 issued by the Hon'ble High court of judicature of Bombay, S H Kelkar and Company Limited has issued and allotted 100 fully paid up 0.10% Redemable Preference shares (RPS) of ₹10 each at par on 28 March 2014, on proportionate basis, to the shareholders of KICPL (other than S H Kelkar and Company Limited) whose names appeared in the Register of Members of KICPL as on effective date of merger viz February 12, 2014.
- On October 17, 2014, the Holding Company has allotted 8,275,500 bonus preference shares of ₹ 10 each to the existing preference shareholders of the Holding Company in ratio of 9 bonus preference shares for every 1 preference share held.

e There are no shares reserved for issue under options.

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

18 OTHER EQUITY

Other reserves	Note	March 31, 2018	March 31, 2017
Capital reserve	i.	17.07	17.07
Capital redemption reserve	ii.	*0.00	*0.00
Securities premium account	iii.	213.80	213.80
Other reserves	iv.	8.77	8.77
General reserve	v.	111.16	111.16
Foreign currency translation reserve	vi.	23.15	11.61
Treasury Shares	vii.	(29.80)	-
		344.15	362.41

A. Notes:

	March 31, 2018	March 31, 2017
i. Capital reserve		
Opening balance	17.07	17.07
Addition during the year	-	-
Closing balance	17.07	17.07
ii Capital redemption reserve		
Opening balance	*0.00	*0.00
Addition during the year	-	-
Closing balance	*0.00	*0.00
iii. Securities premium account		
Opening balance	213.80	213.80
Addition during the year	-	-
Closing balance	213.80	213.80
iv. Other reserves		
Opening balance	8.77	8.77
Addition during the year	-	-
Closing balance	8.77	8.77
v. General reserve		
Opening balance	111.16	111.16
Addition during the year	-	-
Closing balance	111.16	111.16
vi. Foreign currency translation reserve		
Opening balance	11.61	19.58
Add: change during the year	11.54	(7.97)
Closing balance	23.15	11.62
vii. Treasury shares		
Opening balance	-	-
Add : (Purchase) of treasury shares (1,026,403 shares) by the trust during the year	(29.80)	-
Closing balance	(29.80)	-

* Amount less than ₹ 0.01 crore

B. Nature and purpose of reserves

i. Capital reserve

Capital reserve is mainly arising on account of conversion of a subsidiary to associate.

ii. Capital redemption reserve

Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

iii. Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. Other reserves

The Holding 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

Treasury shares are the shares acquired from the market by the S H Kelkar Employee Benefit Trust, setup by the Holding Company under the approved STARs. (refer note 53)

C. Dividends

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

	March 31, 2018	March 31, 2017
Final equity dividend of previous financial year 2016-2017 paid at ₹ 1.75 per equity share	25.31	-
Dividend distribution tax on the equity dividend paid above	5.16	-
	30.47	-

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends and tax thereon have not been recognised as liabilities in the year to which they pertain to and is recorded in the year in which they have been approved by the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

	March 31, 2018	March 31, 2017
Dividend proposed to equity shareholders at ₹1.75 per equity share (31 March 2017: ₹1.75 per equity share)	25.31	25.31
Dividend distribution tax on the equity dividend proposed	5.20	4.30
	30.51	29.61

19 NON-CURRENT BORROWINGS

	March 31, 2018	March 31, 2017
Secured		
Term loans from bank in foreign currency (refer note 'c' below)	-	6.29
Term loans from bank (refer note 'a' below)	20.00	-
Finance lease obligations (refer note 'd' below)	3.11	2.88
Unsecured		
Term loans from bank (refer note 'b' below)	25.09	-
	48.20	9.17

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

Terms of repayment and security:

- a) Term Loan from banks includes loan from The Hongkong and Shanghai Banking Corporation Limited taken by a subsidiary company in INR Currency. It is a long-term loan availed for an amount of ₹ 200,000,000. This loan is repayable in 16 quarterly installments after moratorium period of 12 months i.e. from March 12, 2019. The loan is secured by way of Pari-Passu charge on Moveable fixed assets and Corporate Guarantee from Holding Company. Applicable Interest Rate is mutually agreed rate, that will be fixed with reference to then prevalent Bank MCLR of appropriate Tenor. Current Rate is 7.7% p.a.
- b) Term Loan from banks includes loan from Standard Chartered Bank taken by a subsidiary company in INR Currency. It is a long-term loan availed for an amount of ₹ 257,500,000. This loan is repayable in 16 equal quarterly installments after moratorium of 12 months for each Tranche i.e. from March 28, 2019. The loan is backed by way of Corporate Guarantee from holding company. Applicable Interest Rate is MCLR plus applicable Margin. Applicable Margin will be mutually agreed between bank and borrower. Current Rate of Interest is 7.50% p.a. The current maturity of this long term loan ₹ 8.10 crores have been disclosed under note 24.
- c) Loan from banks taken by a subsidiary company include term loan from Standard Chartered Bank ('SCB') being, loan taken over from Commonwealth Bank of Australia, in foreign currency EUR 2,500,000 equivalent to ₹ 17.31 crores. The loan carries interest rate at EURIBOR + 1.7% p.a. Interest is payable on quarterly basis. The loan is backed by way of corporate guarantee of holding company and fellow Indian subsidiaries. The Loan is repayable by April 15, 2018 in 3 instalments starting from April 15, 2017.
- d) Finance lease obligations are towards certain vehicles, office equipments and plant and machinery obtained on finance lease basis. The legal title to these items vests with their lessors until all lease payments have been paid. The lease term for such vehicles ranges between 36-96 months with equated monthly payments beginning from the month subsequent to the commencement of the lease. The total future minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of these minimum lease payments are as follows:

The maturity profile of finance lease obligation is as follows:

Period	Future minimum lease payments	
	March 31, 2018	March 31, 2017
Payable within 1 year	0.16	1.00
Payable between 1-5 years	3.44	3.16
Payable later than 5 years	-	-
	3.60	4.17

Period	Present value of minimum lease payments	
	March 31, 2018	March 31, 2017
Payable within 1 year	0.13	0.81
Payable between 1-5 years	3.11	2.88
Payable later than 5 years	-	-
	3.24	3.69

Period	Interest element of MLP	
	March 31, 2018	March 31, 2017
Payable within 1 year	0.03	0.19
Payable between 1-5 years	0.33	0.28
Payable later than 5 years	-	-
	0.36	0.48

Finance lease obligations are secured against the respective assets taken on lease.

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

20 OTHER NON-CURRENT FINANCIAL LIABILITIES

	March 31, 2018	March 31, 2017
Security deposits	1.29	1.10
	1.29	1.10

21 PROVISIONS

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Provision for employee benefits				
Gratuity (refer note 45)	0.36	0.53	1.22	0.63
Compensated absences (refer note 45)	0.26	0.18	11.19	9.79
	0.62	0.71	12.41	10.42

22 CURRENT BORROWINGS

	March 31, 2018	March 31, 2017
Secured		
Working capital loans (refer note 'a', 'c' & 'e')	73.57	17.71
Bank over draft (refer note 'a')	6.25	-
Packing credit from banks (refer note 'b')	-	7.78
Unsecured		
Working capital loan (refer note 'd')	32.25	27.70
Packing credit from bank (refer note 'b')	4.00	-
	116.07	53.19

- a) Working capital loans and bank overdraft from banks holding company and Indian Subsidiary company of ₹ 33.67 crores (previous year: Nil) carry interest ranging between 7.5% p.a. to 10% (previous year : 9%-10.5% p.a.), computed on a monthly basis on the actual amount utilised, and are repayable on demand. Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future.
- b) Packing credit loans from bank by an Indian Subsidiary as at March 31, 2018 carries interest at 4.7% to 5.05% under Interest Subvention Scheme of RBI computed on a monthly basis on the actual amount utilised, and are repayable on demand. All the loans are backed by way of Corporate Guarantee from Holding Company. Packing credit loans from bank by Subsidiary of USD 1,200,000 equivalent to ₹ 7.78 crores, as at March 31, 2017 carry interest at LIBOR + 0.9% and are secured by first charge on all current assets of the Company.
- c) Working capital demand loan from bank by a foreign subsidiary company of USD 3,582,542 equivalent to ₹ 23.30 crores (March 31, 2017: Nil) carries interest @ Libor + 110 basis points and is secured by way of hypothecation of stock in trade, primary charge on book debts and corporate guarantee of holding company.
- d) Debt with HSBC Bank and Citibank taken by a foreign subsidiary company is a credit facility of total EUR 4,000,000 (March 31, 2017 : EUR 4,000,000) equivalent to ₹ 32.25 crores (March 31, 2017 : ₹ 27.70 crores) to finance working capital. The interest rate for this is the 1-month Euribor plus 1.5%. The loan is backed by way of Corporate Guarantee from holding company.
- e) Debt with ABN AMRO Bank taken by a foreign subsidiary company is a credit facility of EUR 2,622,048.24 (March 31, 2017 : EUR 3,093,515.07) equivalent to ₹ 20.27 Crores (March 31, 2017 : ₹ 23.23 crores) to finance working capital. The interest rate for this is the 1-month Euribor average. The individual storage is 1.1% and this is increased by the supplement market (04.01.2015: 0.25%). The loan is secured by (i) A mortgage for land and buildings on Nijverheidsweg 60, Barneveld, The Netherlands for EURO 3,500,000.(ii) Pledge on debtors, inventories and equipment.
- f) As at March 31, 2017, the Group had an open WCDL facility with HDFC Bank, Citibank and Standard Chartered Bank, secured by way of book debts and inventories. However there were no borrowings.

Notes to the consolidated financial statements

As at March 31, 2018

(Currency : INR in crores)

23 TRADE PAYABLES

	March 31, 2018	March 31, 2017
Dues to Micro and small enterprises (refer note 39)	8.91	4.13
Due to others	146.71	106.53
	155.62	110.65

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 47.

24 OTHER CURRENT FINANCIAL LIABILITIES

	March 31, 2018	March 31, 2017
Current maturities of long-term debt (refer note 19)	8.10	11.19
Current maturities of finance lease obligations (refer note 19)	0.13	0.81
Interest accrued and due under MSMED Act, 2006 (refer note 39)	0.39	0.35
Security deposit	0.53	0.35
Derivative liability- foreign currency forward exchange contract	0.02	0.20
Employee benefits payable	15.92	18.85
Unclaimed dividend account	*0.00	-
Other payables		
For capital goods	2.08	1.32
For acquisition of new business	0.76	11.02
For expenses	1.06	0.86
	28.99	44.95

*Amount less than ₹ 0.01 crore

25 OTHER CURRENT LIABILITIES

	March 31, 2018	March 31, 2017
Advances received from customers	4.40	6.79
Other payables		
- For statutory dues*	20.89	9.79
	25.29	16.58

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

26 REVENUE FROM OPERATIONS

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)		
Gross sales	1,042.20	1,060.32
Less: Discounts	5.00	5.97
Net sales	1,037.20	1,054.35
Other operating revenue		
Sale of scrap	1.75	1.34
Export incentives and excise refunds	4.09	4.12
	5.84	5.47
Total revenue from operations	1,043.04	1,059.82

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

27 OTHER INCOME

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income under effective interest method on:		
Deposits with banks	0.41	1.75
Others	0.75	1.59
Reversal of provision on doubtful debts	4.21	0.55
Net gain arising on financial assets measured at FVTPL	0.03	1.86
Rental income (refer note 37)	1.67	-
Provision / liabilities no longer required, written back	7.83	-
Miscellaneous income	1.16	2.28
Net foreign exchange gain	2.96	1.32
Net gain on sale of investment	2.02	1.39
Net gain on sale of property, plant & equipment	0.03	0.81
Sales tax Refund	0.54	-
Total other income	21.61	11.55

28 COST OF MATERIALS CONSUMED

	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock:		
- Raw materials	239.21	207.99
- Packing materials	4.71	4.45
	243.92	212.44
Add: Purchases		
- Raw materials	514.56	508.87
- Packing materials	20.54	18.15
	535.10	527.02
Less: closing stock		
- Raw materials	245.11	239.21
- Packing materials	6.72	4.71
	251.83	243.92
Materials consumed		
- Raw materials	508.66	477.65
- Packing materials	18.53	17.89
Total cost of materials consumed	527.19	495.54

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

29 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	Year ended March 31, 2018	Year ended March 31, 2017
Opening Stock:		
Finished goods	53.46	45.84
Stock-in-trade	0.27	6.51
Work-in-progress	52.51	69.96
Closing Stock:		
Finished goods	37.91	53.46
Stock-in-trade	1.12	0.27
Work-in-progress	57.09	52.51
Changes in inventories:		
Finished goods	15.55	(7.62)
Stock-in-trade	(0.85)	6.24
Work-in-progress	(4.58)	17.45
Changes in inventories of finished goods, stock-in-trade and work-in-progress	10.12	16.07

30 EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	101.86	107.56
Contribution to provident fund and other funds (refer note 45)	14.86	12.10
Compensated absences (refer note 45)	1.15	1.63
Staff welfare expense	19.55	5.11
	137.42	126.40
Less: Transferred to intangible assets under development	(12.23)	(3.91)
Employee benefits expense	125.19	122.49

31 FINANCE COSTS

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on term loans	3.26	2.49
Interest on working capital loans	0.99	0.93
Interest on dues to micro and small enterprises	0.08	0.18
Other finance costs	0.22	1.56
	4.55	5.16
Less: Interest capitalised to Capital work-in-progress	(0.58)	-
Finance costs	3.97	5.16

32 DEPRECIATION AND AMORTISATION

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	15.06	13.24
Depreciation of investment properties	0.42	-
Amortisation of intangible assets	8.36	6.20
	23.84	19.44

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

33 OTHER EXPENSES

	Year ended March 31, 2018	Year ended March 31, 2017
Commission and brokerage	14.65	17.14
Power and fuel	20.86	18.24
Selling and promotion expenses	5.70	3.91
Freight and forwarding	13.91	11.38
Legal and professional charges	21.16	16.43
Travelling and conveyance	12.42	10.84
Repairs and maintenance:		
- Buildings	1.53	1.60
- Plant and machinery	1.09	1.33
- Others	8.02	8.58
Security charges	3.59	3.57
Rent (refer note 37)	16.46	15.03
Rates and taxes	3.23	6.80
Bank charges	1.31	1.06
Insurance	1.97	2.37
Stationery and printing expenses	2.86	2.81
Training expenses	1.20	1.21
Pollution control expenses	1.96	4.04
Stores and spares consumed	6.03	4.37
Intangible asset under development written off	4.61	-
Corporate social responsibility expense	1.86	0.99
Provision for doubtful trade receivables	0.95	3.88
Bad debts written off	0.39	0.38
Payment to auditors	1.14	1.23
Postage and telephone expenses	2.61	2.36
Directors sitting fees	0.69	0.62
Contract labour charges	3.96	3.86
Sales support service	0.31	0.24
Miscellaneous expenses	24.91	13.82
Loss on derivative contracts	2.09	-
	180.34	157.85
Less: Transferred to intangible assets under development	(5.56)	(1.10)
Less: Transferred to property, plant and equipment	(1.12)	-
	174.78	156.75

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

34 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

	March 31, 2018	March 31, 2017
Consolidated Profit attributable to equity shareholders (basic and diluted)		
Consolidated profit for the year attributable to equity shareholders (A)	94.19	104.82
Weighted average number of equity shares for basic and diluted earnings per share		
Number of equity shares at beginning of the year	144,620,801	144,620,801
Equity shares held in controlled trust	(1,026,403)	-
Number of equity shares outstanding at the end of the year	143,594,398	144,620,801
Weighted average number of equity shares for the year (B)	144,488,135	144,620,801
Basic earnings per share of face value of ₹ 10 each (A) / (B)	6.52	7.25
Diluted earnings per share of face value of ₹ 10 each (A) / (B)	6.52	7.25

35 TAX EXPENSE

(a) Amounts recognised in consolidated balance sheet

	March 31, 2018	March 31, 2017
Current tax assets (net of provision ₹ 77.37 crores (March 31, 2017 : ₹ 106.27 crores))	25.19	25.48
Current tax liabilities (net of advance tax ₹ 47.85 crores (March 31, 2017 : ₹ 14.91 crores))	26.00	11.39
Provision for fringe benefits tax (net)	-	*0.00

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

*Amount less than ₹ 0.01 crore

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
Current year	51.27	48.54
Earlier years	(0.75)	(2.60)
Current tax expense	50.52	45.94
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	0.06	1.91
Related to earlier years	-	0.11
Deferred tax expense	0.06	2.02
Tax expense for the year	50.58	47.96

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

(c) Amounts recognised in other comprehensive income

	For the year ended March 31, 2018			For the year ended March 31, 2017		
	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	0.11	(0.10)	0.01	(1.83)	0.63	(1.20)
Items that will be reclassified to profit or loss						
Exchange differences in translating the financial statements of a foreign operation	11.54	-	11.54	(7.97)	-	(7.97)
	11.65	(0.10)	11.55	(9.80)	0.63	(9.16)

(d) Reconciliation of effective tax rate

	March 31, 2018	March 31, 2017
Profit before tax	143.16	152.78
Tax using the Holding Company's domestic tax rate (current year 34.61% and previous year 34.61%)	49.54	52.87
Change in tax rate of subsidiaries	(0.24)	(0.17)
Tax effect of:		
Differences in tax rates of subsidiaries	1.17	(0.06)
Non-deductible tax expenses	0.43	1.32
Tax losses for which no deferred tax asset is recognised	0.28	0.39
Incremental deduction allowed	(3.38)	(4.02)
Tax impact of earlier years	(0.75)	(2.49)
Others	0.17	0.12
	50.58	47.96

The Group's weighted average tax rates for the years ended March 31, 2018 and 2017 were 35.35% and 31.39%, respectively.

The effective tax rate for the year ended March 31, 2018 was higher primarily as result of lower additional allowances and higher non deductible tax expenses for tax purposes.

36 DEFERRED TAX

(a) Recognised deferred tax assets and liabilities

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax asset (liabilities)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Property, plant and equipment	-	-	(15.91)	(13.51)	(15.91)	(13.51)
Trade receivables	1.71	3.66	-	-	1.71	3.66
Derivatives	-	-	-	(0.70)	-	(0.70)
Inventories	-	1.70	-	-	-	1.70
Loans and borrowings	-	-	-	(0.05)	-	(0.05)
Loans and advances	-	0.05	-	-	-	0.05
Business loss	2.83	1.23	-	-	2.83	1.23
Provisions	7.24	4.04	-	-	7.24	4.04
MAT credit entitlement	0.35	0.43	-	-	0.35	0.43
Other items	-	-	-	(0.09)	-	(0.09)
Net deferred tax assets (liabilities)	12.13	11.11	(15.91)	(14.35)	(3.78)	(3.24)

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

(b) Movement in deferred tax balances

	March 31, 2018						
	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Translation Differences	Net deferred tax asset (liability)	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	(13.51)	(2.02)	-	(0.38)	(15.91)	-	(15.91)
Trade Receivables	3.66	(1.95)	-	-	1.71	1.71	-
Derivatives	(0.70)	0.70	-	-	-	-	-
Inventories	1.70	(1.70)	-	-	-	-	-
Loans and borrowings	(0.05)	0.05	-	-	-	-	-
Loans and advances	0.05	(0.05)	-	-	-	-	-
Business Loss	1.23	1.60	-	-	2.83	2.83	-
Provisions	4.04	3.29	(0.10)	-	7.24	7.24	-
MAT Credit Entitlement	0.43	(0.08)	-	-	0.35	0.35	-
Investments	(0.09)	0.09	-	-	-	-	-
Tax assets (liabilities)	(3.24)	(0.06)	(0.10)	(0.38)	(3.78)	12.13	(15.91)

(c) Movement in deferred tax balances

	March 31, 2017						
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Translation Differences	Net deferred tax asset (liability)	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	(12.12)	(0.53)	-	(0.87)	(13.51)	-	(13.51)
Trade receivables	4.87	(1.22)	-	-	3.66	3.66	-
Derivatives	(0.16)	(0.54)	-	-	(0.70)	-	(0.70)
Inventories	1.59	0.11	-	-	1.70	1.70	-
Loans and borrowings	-	(0.07)	-	-	(0.05)	-	(0.05)
Loans and advances	0.06	(0.01)	-	-	0.05	0.05	-
Business loss	1.46	(0.23)	-	-	1.23	1.23	-
Provisions	3.33	0.08	0.63	-	4.04	4.04	-
MAT credit entitlement	0.28	0.15	-	-	0.43	0.43	-
Investments	(0.31)	0.22	-	-	(0.09)	-	(0.09)
Tax assets (liabilities)	(1.00)	(2.03)	0.63	(0.87)	(3.24)	11.11	(14.35)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the tax authority.

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

Given that the Group does not have any intention to dispose investments in subsidiaries in foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

(d) Unrecognised deferred tax assets/ liabilities

As at March 31, 2018, undistributed earning of subsidiaries amounted to ₹ 122.50 crores (previous year 2017: ₹ 130.67 crores). The corresponding deferred tax liability of ₹ 21.22 crores (previous year 2016: ₹ 22.21 crores), was not recognised because the Holding Company controls the dividend policy of its subsidiaries i.e. the Holding Company controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

The deferred tax asset arising on account of merger of two wholly-owned subsidiaries, the merged entity being Keva Fragrances Pvt. Ltd as at March 31, 2018 of ₹ 34.36 crores and March 31, 2017 of ₹ 43.71 crores, has not been recognised, pending uncertainty over the allowability of the goodwill amortisation amount, as an eligible expenditure in the tax assessment by the tax authorities.

Deferred tax assets have not been recognised by the Group in respect of the tax losses of ₹ 1.54 crores (March 31, 2017 : ₹ 1.05 crores), because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom: The above tax losses for current year expires in 2024-25.

(e) Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

	31 March 2018	Expiry date	31 March 2017	Expiry date
Expire	1.54	2024-25	-	-
Never Expire	-	-	1.05	-

(INR crores)

In 2017-18, the Group's subsidiary has restructured its operations and as a result management has revised its estimates of future taxable profits and the Group recognised the tax effect of ₹ 1.05 crores of previously unrecognised tax losses (tax impact: ₹ 0.39 crores) because management considered it probable that future taxable profits would be available against which such losses can be used.

37 OPERATING LEASES

Leases as lessee

The Group has taken factory and office premises under cancellable and non-cancellable operating lease arrangements. The agreement for non-cancellable lease is executed for the period of 60 months with a non-cancellable period ranging from 36 to 60 months and having a renewable clause which can be exercised by both the parties. Lease rentals debited to the consolidated statement of profit and loss aggregates ₹ 9.93 crores (March 31, 2017 : ₹ 8.44 crores) for non-cancellable lease and ₹ 6.53 crores (March 31, 2017 : ₹ 6.59 crores) for cancellable leases.

i Future minimum lease payments

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

	March 31, 2018	March 31, 2017
Payable within one year	11.93	12.87
Payable between one year and five years	30.02	14.27
Payable after more than five years	14.64	-
	56.59	27.14

ii Amount recognised in profit or loss

	Year ended March 31, 2018	Year ended March 31, 2017
Lease expense (gross expense)	16.46	15.03

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Leases as lessor

The Group leases out its investment property on operating lease basis.

i Future minimum lease payments

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

	March 31, 2018	March 31, 2017
Receivable within one year	1.27	-
Receivable between one year and five years	1.76	-
Receivable after more than five years	-	-
	3.03	-

ii Amount recognised in profit or loss

	Year ended March 31, 2018	Year ended March 31, 2017
Rental income	1.67	-
	1.67	-

38 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	March 31, 2018	March 31, 2017
A. Contingent liabilities		
a. Direct and indirect taxes		
Income taxes	6.46	3.24
Excise duty	0.71	11.21
Service taxes	12.42	-
Sales tax	2.53	1.68

- a. Contigent liabilities above represent estimates made mainly for probable claims arising out of litigation / disputes pending with authorities under various statutes (Income tax, excise duty and service tax). The probability and timing of outflow with regard to these matters depend on the final outcome of litigations / disputes. Hence the Group is not able to reasonably ascertain the timing of the outflow.
- b. In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Group's results of operations or financial condition.

	March 31, 2018	March 31, 2017
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	22.21	1.45

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

39 DUES TO MICRO AND SMALL SUPPLIERS

	March 31, 2018	March 31, 2017
The amounts remaining unpaid		
Principal	8.91	4.13
Interest	0.39	0.35
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	6.12	6.80
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	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.39	0.35
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	0.39	0.35

40 TRANSFER PRICING

The Group's management is of the opinion that its international transactions and specified domestic transactions are at arm's length as per the independent accountants, report for the year ended March 31, 2017. Management continues to believe that its international transactions post March 2017 and the specified domestic transactions covered by the new regulations are at arm's length and that the transfer pricing legislation will not have any impact on these consolidated financial statements, particularly on amount of tax expense and that of provision of taxation.

41 EXPENSES INCURRED ON RESEARCH AND DEVELOPMENT DURING THE YEAR:

A unit of the Holding Company has been recognised by DSIR as in-house Research and Development unit. The Holding Company claims 150% exemption under Sec 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

The expenditure incurred by the Group on research and development activities is as follows:

Amount in respect to	March 31, 2018	March 31, 2017
Capital expenditure	2.54	0.37
Revenue expenditure	10.78	10.50
	13.32	10.87

- 42 With effect from April 1, 2016, the Group has changed its policy for accounting for research and development expenses. The Group has decided to capitalise development costs on intangible assets as per the requirements of Ind AS 38 – Intangible assets. The development costs capitalised during the year ended March 31, 2017 on eligible projects under development aggregated to ₹ 5.01 crores. Had the Group continued with the old policy of charging development costs to the statement of profit and loss, the profit after tax for the year ended March 31, 2017 would have been lower by ₹ 3.58 crores respectively.

43 AMALGAMATION OF KEVA FRAGRANCES PRIVATE LIMITED WITH K. V. AROCHEM PRIVATE LIMITED

Pursuant to the Scheme of Arrangement (the Scheme) under relevant provisions of the Companies Act, 2013, for amalgamation of the wholly-owned subsidiaries of the Holding Company, Keva Fragrances Private Limited ("KFG") with K. V. Arochem Private Limited ("KVA") as sanctioned by the Hon'ble High Court of Bombay on September 22, 2015 and filed with Registrar of Companies on November 15, 2016 (the Effective Date), the whole of the business, all assets, liabilities and reserves of KFG are transferred at fair values to and vested in KVA with effect from May 1, 2015 (the Appointed Date). The difference, if any, between the consideration and the amount of share capital of the acquired entity was transferred to Goodwill and the name of K. V. Arochem Private Limited stood changed to 'Keva Fragrances Private Limited' with effect from December 14, 2016.

In the consolidated financial statements, this being a common control transaction has been accounted as per Appendix C of Ind AS 103. Consequently, the impact of transaction as mentioned in the scheme has not been given effect to in the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

44 A DISCLOSURES AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013 WITH RESPECT TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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	73.20%	627.57	73.20%	68.96	0.80%	0.09	65.30%	69.05
	Subsidiaries								
	Indian								
1	Keva Flavours Private Limited	2.60%	22.28	(1.50)%	(1.43)	(0.30)%	(0.03)	(1.40)%	(1.46)
2	Keva Fragrances Private Limited (refer note 43)	43.10%	369.65	15.90%	(14.99)	0.20%	0.02	(14.20)%	(14.97)
3	Saiba Industries Private Limited	1.10%	9.48	1.70%	1.57	(0.30)%	(0.03)	1.50%	1.54
4	Rasiklal Hemani Agencies Private Limited	4.40%	37.77	4.50%	4.23	0.20%	0.02	4.00%	4.25
5	Keva Chemicals Private Limited	0.40%	3.56	(0.40)%	(0.42)	-	-	(0.40)%	(0.42)
6	VN Creative Chemicals Pvt Ltd (Subsidiary of Keva Fragrances Private Limited)	(0.10)%	(0.58)	(0.60)%	(0.58)	-	-	(0.50)%	(0.58)
7	Tanishka Fragrance Encapsulation Tech LLP (Subsidiary of Keva Chemicals Pvt.Ltd.)	*0.00%	**0.00	*0.00%	**0.00	-	-	0.00%	**0.00
	Foreign								
1	Keva UK Limited	3.20%	27.48	(0.30)%	(0.25)	-	-	(0.20)%	(0.25)
2	Keva Fragrance Industries Pte.Ltd.	0.90%	7.95	1.10%	1.04	-	-	1.00%	1.04
3	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	4.90%	41.92	(14.00)%	(13.20)	-	-	(12.50)%	(13.20)
4	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	*0.00%	0.27	0.20%	0.22	-	-	0.20%	0.22
	Joint Venture (Investment as per the equity method)								
	Foreign								
1	Creative Flavours & Fragrances SpA	-	-	1.70%	1.61	-	-	1.50%	1.61
	Total Eliminations	(33.80)%	(290.14)	50.40%	47.43	-	-	44.90%	47.43
	Exchange differences on translation of foreign operations	*0.00%	-	*0.00%	-	99.40%	11.48	10.90%	11.48
		-	-	-	-	-	-	-	-
	Total	100%	857.21	100%	94.19	100%	11.55	100%	105.74

* less than 0.01%

** Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

44 A DISCLOSURES AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013 WITH RESPECT TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

March 31, 2017

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	76.20%	618.79	70.90%	74.31	9.60%	(0.88)	76.80%	73.43
	Subsidiaries								
	Indian								
1	Keva Flavours Private Limited	2.90%	23.74	5.80%	6.06	0.30%	(0.03)	6.30%	6.03
2	Keva Fragrances Private Limited (refer note 43)	47.40%	384.62	(17.60)%	(18.40)	2.80%	(0.26)	(19.50)%	(18.66)
3	Saiba Industries Private Limited	1.00%	7.95	0.90%	0.97	0.30%	(0.03)	1.00%	0.94
4	Rasiklal Hemani Agencies Private Limited	4.10%	33.51	5.10%	5.34	*0.00%	**(0.00)	5.60%	5.34
5	Keva Chemicals Private Limited	*0.00%	(0.01)	*0.00%	**(0.00)	-	-	*0.00%	**(0.00)
	Foreign								
1	Keva UK Limited	3.00%	24.33	0.50%	0.50	-	-	0.50%	0.50
2	Keva Fragrance Industries Pte.Ltd.	0.80%	6.46	(0.50)%	(0.52)	-	-	(0.50)%	(0.52)
3	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	5.90%	48.11	(0.40)%	(0.45)	-	-	(0.50)%	(0.45)
4	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	*0.00%	0.09	0.40%	0.45	-	-	0.50%	0.45
	Total Eliminations	(41.40)%	(335.84)	34.90%	36.56	-	-	38.20%	36.56
	Exchange differences on translation of foreign operations	*0.00%	-	*0.00%	-	86.90%	(7.97)	(8.30)%	(7.97)
	Ind AS Adjustments	-	-	-	-	-	-	-	-
	Total	100%	811.75	100%	104.82	100%	(9.17)	100%	95.65

*less than 0.01%

**Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

44 B SUMMARY OF UNAUDITED PROVISIONAL FINANCIAL INFORMATION OF CFF NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP HELD BY THE COMPANY, IS AS FOLLOWS:

Particulars	March 31, 2018
Current assets	116.39
Non-current assets	73.16
Provisional assets pending audit and purchase price allocation exercise	162.52
Total assets	352.07
Current liabilities	132.51
Non current liabilities	33.40
Total liabilities	165.91
Net assets	186.16
Ownership	51%
Groups' share of net assets (carrying amount of joint venture)	94.94

Particulars	For the period January 15, 2018 to March 31, 2018
Revenues	26.83
Depreciation and amortisation	2.51
Interest expense	0.33
Income tax expense	1.10
Profit from continuing operations	3.16
Profit from discontinued operations	-
Profit for the year	3.16
Other comprehensive income	-
Total comprehensive income	3.16
Group's share of profit	1.61
Group's share of Other comprehensive income	-
Group's share of Total comprehensive income	1.61

45 EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to Defined Contribution Plans, recognised are charged off for the year as under :

Particulars	March 31, 2018	March 31, 2017
Group's contribution to Provident Fund/social security	4.54	0.81
Group's contribution towards foreign defined contribution plan in accordance with local laws	2.99	3.85
Group's contribution to Superannuation Fund	1.40	1.20
Group's Contribution to ESIC	0.02	0.01
Group's Contribution to Maharashtra Labour Welfare Fund	*0.00	*0.00

*Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

(ii) Defined Benefit Plan:

Gratuity:

The employees gratuity fund scheme for the holding Company and certain Indian subsidiaries is managed by "S.H.Kelkar & Co. Ltd. Employee's Gratuity Fund". The fund has the form of trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. The employees gratuity fund scheme for other Indian subsidiaries is managed by "LIC".

The contribution to the fund is made based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Holding 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 March 31, 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Opening balance	11.76	8.54	10.61	8.05	1.15	0.49
Included in profit or loss						
Current service cost	1.16	1.32	-	-	1.16	1.32
Past service cost	0.62	0.11	-	-	0.62	0.11
Interest cost (income)	0.83	0.71	0.74	0.64	0.09	0.07
Included in OCI						
Remeasurement loss (gain)	(0.03)	-	-	-	(0.03)	-
Actuarial loss (gain) arising from:						
Financial assumptions	(0.64)	0.95	-	-	(0.64)	0.95
Experience adjustment	0.50	0.85	-	-	0.50	0.85
Return on plan assets excluding interest income	-	-	(0.27)	(0.05)	0.27	0.05

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Contributions paid by the employer	-	-	1.54	3.15	(1.54)	(3.15)
Benefits paid	(0.81)	(0.72)	(0.80)	(1.18)	(0.01)	0.46
Closing balance	13.40	11.76	11.82	10.61	1.58	1.16

B. Plan assets

Plan assets comprise the following:

Particulars	March 31, 2018	March 31, 2017
Investment		
Investment in Government Securities	6%	12%
Bank Special Deposit	2%	4%
Investment in other securities	15%	36%
Corporate Bonds	25%	21%
State Government Bonds	34%	27%
Others	18%	0%
	100%	100%

C. Defined benefit obligations

i. Actuarial assumptions

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

	March 31, 2018	March 31, 2017
Discount rate	7.32% - 7.83%	7.32%
Salary escalation rate	6% - 10%	6.00%
Rate of Return on Plan Assets	7.32% - 7.83%	7.32%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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.

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:

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	0.09	2.68	(1.02)	1.19
Future salary growth (1% movement)	2.55	0.14	1.19	(1.04)
Rate of Employee Turnover (1% movement)	1.39	1.18	0.10	(0.12)

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

D. Maturity profile of the defined benefit obligation

	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years	Total
March 31, 2018						
Defined benefit obligations (Gratuity)	1.33	0.55	1.83	7.23	2.47	13.40
Total	1.33	0.55	1.83	7.23	2.47	13.40
March 31, 2017						
Defined benefit obligations (Gratuity)	1.06	0.40	2.13	4.91	3.27	11.76
Total	1.06	0.40	2.13	4.91	3.27	11.76

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

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

The Holding Company has contributed ₹ 3.79 crores (2016-17: ₹ 3.41 crores) to the Provident Fund Trust. The Holding Company has an obligation to fund any shortfall on the yield of the trust's investments over the guaranteed interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual returned earned by the Holding Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall.

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

	March 31, 2018	March 31, 2017
Plan assets at the period end, at fair value	50.27	41.65
Present value of benefit obligation at period end	48.66	40.02
Asset recognised in balance sheet	Nil	Nil

Plan assets comprise the following

	March 31, 2018	March 31, 2017
Investment		
Investment in Government Securities	48%	47%
Bank Special Deposit	7%	9%
Investment in other securities	11%	8%
Corporate Bonds	13%	19%
Debt Securities	21%	17%
	100%	100%

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach

	March 31, 2018	March 31, 2017
Discount rate (%)	7.83%	7.32%
Guaranteed interest rate (%)	8.55%	8.65%
Expected average remaining working lives of employees (Years)	16	16

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

(iii) Other long term 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 ₹ 1.15 crores (previous year ₹ 1.63 crores) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the consolidated statement of profit and loss during the year.

Long-term incentive plan:

The obligation for long-term incentive plan is recognised arithmatically as percentage of fixed salary, based on certain vesting conditions. An amount of ₹ 2.70 Crores (previous year ₹ 1.10 Crores) towards long-term incentive plan is recognised as an expense and included in the "Employee benefits expense" in the consolidated statement of profit and loss during the year.

46 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 Holding Company. The primary objective of the Groups's capital management is to safeguard its ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at March 31, 2018, 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.

	March 31, 2018	March 31, 2017
Non-current borrowings	48.20	9.17
Current borrowings	116.07	53.19
Current maturity of long term debt	8.10	11.02
Current maturity of long term finance lease obligations	0.13	0.81
Gross debt	172.50	74.19
Less - Cash and cash equivalents	17.40	41.91
Less - Other bank deposits	2.87	13.54
Less - Current investments	1.55	49.68
Adjusted net debt	150.68	(30.94)
Total equity	857.21	811.75
Adjusted net debt to equity ratio	0.18	(0.04)

47 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

March 31, 2018	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Non current investments	*0.00	-	*0.00	*0.00	-	-	*0.00
Loans	-	2.25	2.25	-	-	-	-
Other financial assets	-	1.37	1.37	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	17.40	17.40	-	-	-	-
Other bank balances	-	6.45	6.45	-	-	-	-
Loans	-	4.09	4.09	-	-	-	-
Other financial assets	-	0.20	0.20	-	-	-	-
Trade receivables	-	276.63	276.63	-	-	-	-
Current investments	1.55	-	1.55	-	1.55	-	1.55
	1.55	308.39	309.94	-	1.55	-	1.55
Financial liabilities							
Non current financial liabilities							
Long term borrowings	-	48.20	48.20	-	48.20	-	48.20
Others	-	1.29	1.29	-	-	-	-
Current financial liabilities							
Short term borrowings	-	116.07	116.07	-	-	-	-
Trade payables	-	155.62	155.62	-	-	-	-
Other financial liabilities - current	0.02	28.21	28.23	-	0.02	-	0.02
Payable on acquisition of new business	-	0.76	0.76	-	0.76	-	0.76
	0.02	350.15	350.17	-	48.98	-	48.98

*Amount less than ₹ 0.01 crore

March 31, 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Non current investments	*0.00	-	*0.00	*0.00	-	-	*0.00
Loans	-	2.05	2.05	-	-	-	-
Other financial asset	-	1.11	1.11	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	41.91	41.91	-	-	-	-
Other bank balances	-	13.55	13.55	-	-	-	-
Loans	-	2.73	2.73	-	-	-	-
Other financial assets	2.07	3.47	5.54	-	2.07	-	2.07
Trade receivables	-	217.01	217.01	-	-	-	-
Current investments	49.68	-	49.68	-	49.68	-	49.68
	51.75	281.82	333.57	-	51.75	-	51.75
Financial liabilities							
Non current financial liabilities							
Long term borrowings	-	9.17	9.17	-	9.17	-	9.17

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

March 31, 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Deposits	-	1.10	1.10	-	-	-	-
Current financial liabilities							
Short term borrowings	-	53.19	53.19	-	-	-	-
Trade payables	-	110.65	110.65	-	-	-	-
Other financial liabilities - current	0.20	33.93	34.13	-	0.20	-	0.20
Payable on acquisition of new business	-	11.02	11.02	-	2.62	8.40	11.02
	0.20	219.07	219.27	-	11.99	8.40	20.39

*Amount less than ₹ 0.01 crore

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration on business combination	The determination of fair value contingent consideration is based on discounted cash flows model. This model considers the present value of expected payment discounted using appropriate discounting rates. The expected payment is determined by considering the possible scenarios of meeting the stipulated turnover targets and other conditions as per the business purchase agreement.	- Expected turnover target - Other conditions - Discounting rates	The estimated fairvalue would increase/ (decrease) if - the stipulated turnover target and other conditions are not met as per the business purchase agreement. - the discounting rates were lower/ (higher)
Deferred payment consideration on business combination	Discounted cash flows: The valuation model considers the present value of expected payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Non-current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/ payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Current investments - in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable

Sensitivity analysis

For the fair values of contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects

	March 31, 2017	
	Increase	Decrease
Turnover target	-	0.57
Interest rate (100 bps movement)	0.06	(0.06)

C. Financial risk management

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

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

i. Risk management framework

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Holding 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.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

ii. Credit risk

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

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

Trade and other receivables

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

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

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

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

	Carrying amount	
	March 31, 2018	March 31, 2017
India	185.31	134.99
Other regions	91.32	82.02
	276.63	217.01
Total other receivables	7.91	5.89

Impairment

At March 31, 2018, the ageing of trade and other receivables that were not impaired was as follows.

	March 31, 2018		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired	208.66	0.43%	0.90
Past due not impaired			
Past due 0-180 days	64.20	1.55%	1.00
Past due 181-360 days	4.84	9.14%	0.44
Past due 361-540 days	1.00	29.43%	0.29
Past due 541-730 days	1.48	83.64%	1.23
More than 730 days	3.62	91.21%	3.30
	283.80		7.17

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

	March 31, 2017		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired	146.87	0.94%	1.37
Past due not impaired			
Past due 0-180 days	67.57	3.44%	2.32
Past due 181-360 days	6.32	27.61%	1.75
Past due 361-540 days	2.78	47.70%	1.32
Past due 541-730 days	0.85	71.25%	0.61
More than 730 days	3.63	100.00%	3.63
	228.02		11.01

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

For trade receivable	Amount
Balance as at March 31, 2016	14.70
Impairment loss/(gain) recognised	3.33
Amount utilised	7.02
Balance as at March 31, 2017	11.01
Impairment loss/(gain) recognised	(4.01)
Amount utilised	0.17
Balance as at March 31, 2018	7.17

For other receivable	Amount
Balance as at March 31, 2016	0.18
Impairment loss/(gain) recognised	-
Balance as at March 31, 2017	0.18
Impairment loss/(gain) recognised	-
Balance as at March 31, 2018	0.18

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 17.40 crores at March 31, 2018 (March 31, 2017: ₹ 41.91 crores). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other bank balances

The Group held other balance of ₹ 6.45 crores at March 31, 2018 (March 31, 2017: ₹ 13.56 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.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

iii. Liquidity risk

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

Exposure to liquidity risk

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

March 31, 2018	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowings	45.09	51.53	-	51.53	-
Finance lease obligations	3.11	3.60	0.16	3.44	-
Deposits	1.29	1.29	-	-	1.29
Current financial liabilities					
Current maturity of non current borrowings	8.10	11.57	11.57	-	-
Finance lease obligations	0.13	0.13	0.13	-	-
Other current financial liabilities	20.76	20.76	20.76	-	-
Trade payables	155.62	155.62	155.62	-	-
Short term borrowings	116.07	116.07	116.07	-	-
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	0.02	21.14	21.14	-	-
- Inflow	-	(21.46)	(21.46)	-	-

March 31, 2017	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowings	6.29	6.29	-	6.29	-
Finance lease obligations	2.88	4.17	1.00	3.16	-
Deposits	1.10	1.10	-	-	1.10
Current financial liabilities					
Current maturity on non current borrowings	11.19	11.19	11.19	-	-
Interest on term loans	-	0.28	0.25	0.03	-
Finance lease obligations	0.81	0.81	0.81	-	-
Other current financial liabilities	32.95	32.95	32.95	-	-
Trade payables	110.65	110.65	110.65	-	-
Short term borrowings	53.19	53.19	53.19	-	-
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	0.20	30.69	30.69	-	-
- Inflow	-	(41.58)	(41.58)	-	-

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

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

	Nominal amount	
	March 31, 2018	March 31, 2017
Fixed-rate instruments		
Financial assets	6.84	16.71
Financial liabilities	121.13	58.33
	127.97	75.04
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	53.19	17.30
	53.19	17.30

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

	Profit or loss	
	100 bp increase	100 bp decrease
March 31, 2018		
Variable-rate instruments	(0.53)	0.53
Cash flow sensitivity (net)	(0.53)	0.53
March 31, 2017		
Variable-rate instruments	(0.17)	0.17
Cash flow sensitivity (net)	(0.17)	0.17

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

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.

Currency risk

The Group is exposed to currency risk on account of its borrowings 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.

The 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 March 31, 2018 and March 31, 2017 are as below:

	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
	USD	EUR	SGD	CHF	Others*
Financial assets	90.21	30.65	0.18	-	** 0.00
Financial liabilities	73.03	24.12	-	0.93	0.07
Derivatives (net settled)	(21.14)	-	-	-	-
Net statement of financial position exposure	(3.96)	6.53	0.18	(0.93)	(0.07)

	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
	USD	EUR	SGD	CHF	Others*
Financial assets	97.32	8.54	0.40	-	0.02
Financial liabilities	46.97	22.33	-	0.02	0.18
Derivatives (net settled)	(30.69)	-	-	-	-
Net statement of financial position exposure	19.66	(13.80)	0.40	(0.02)	(0.17)

*Others include GBP, THB, AED, HKD and LKR.

**Amount less than ₹ 0.01 crore

a. The forward contracts booked also includes the future purchase transaction exposure.

b. Hedged foreign currency exposure

	March 31, 2018	
	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade receivables)	USD 32,50,000	21.14

	March 31, 2018	
	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade receivables, capital goods and buyer's credit)	USD 6,000,000	30.69

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at March 31, would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
March 31, 2018		
USD (3% movement)	0.12	(0.12)
EUR (3% movement)	(0.20)	0.20
	(0.08)	0.08

Effect in ₹	Profit or loss	
	Strengthening	Weakening
March 31, 2017		
USD (3% movement)	(0.59)	0.59
EUR (3% movement)	0.41	(0.41)
	(0.18)	0.18

48 SEGMENT REPORTING

A. General Information

(a) Factors used to identify the entity's reportable segments, including the basis of organisation

For management purposes, the Group and its joint venture is organised into business units based on its products and services and has two reportable segments, as follows:

- Fragrances, segment manufactures/trade in Fragrances and aroma ingredients for Fragrances
- Flavours, segment manufactures/ trade in Flavours

(b) Following are reportable segments

Reportable segment

Fragrances

Flavours

B. Information about reportable segments

Year ended March 31, 2018 Particulars	Reportable segments		
	Fragrance	Flavours	Total Segments
I. Segment revenue			
Total Sales	1,143.09	117.79	1,260.88
Inter-segment	(220.49)	(3.19)	(223.68)
Other operating income	4.82	1.02	5.84
Sales/ Income from Operations	927.42	115.62	1,043.04
II. Segment Results *	139.86	21.13	160.99
III. Specified amounts included in segment results			
Depreciation and amortisation	16.98	6.86	23.84
IV. Reconciliation of segment result with profit after tax			

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Year ended March 31, 2018 Particulars	Reportable segments		
	Fragrance	Flavours	Total Segments
Segment Results	139.86	21.13	160.99
Add/ (Less):			
Finance costs			(3.97)
Interest income			1.16
Financial assets measured at FVTPL			0.03
Tax expense			(50.58)
Other unallocable expenses net of unallocable income			(13.44)
Consolidated profit after tax and share of profit from equity investment in joint venture as per consolidated statement of profit and loss			94.19
V. Segment Assets	1,076.33	151.76	1,228.09
Unallocated			51.83
VI. Segment Liabilities	191.54	23.73	215.27
Unallocated			207.44
VII. Capital Employed (Segment assets - Segment liabilities)	884.79	128.03	857.21

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

Year ended March 31, 2017 Particulars	Reportable segments		
	Fragrance	Flavours	Total Segments
I. Segment revenue			
Total Sales	1,044.02	139.34	1,183.36
Inter-segment	(121.66)	(7.35)	(129.01)
Other operating income	4.44	1.03	5.47
Sales/ Income from Operations	926.80	133.02	1,059.82
II. Segment Results	123.86	34.40	158.26
III. Specified amounts included in segment results			
Depreciation and amortisation	14.34	5.10	19.44
Provision for doubtful debts	3.81	0.07	3.88
IV. Reconciliation of segment result with profit after tax			
Segment Results	123.86	34.40	158.26
Add/ (Less):			
Finance costs			(5.16)
Interest income			3.35
Net foreign exchange gain			1.32
Financial assets measured at FVTPL			1.86
Tax expense			(47.97)
Other unallocable expenses net of unallocable income			(6.84)
Consolidated profit after tax as per statement of profit and loss			104.82
V. Segment Assets	896.21	136.87	1,033.08
Unallocated			44.17
VI. Segment Liabilities	147.29	28.43	175.72
Unallocated			89.78
VII. Capital Employed (Segment assets - Segment liabilities)	748.92	108.44	811.75

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

C. Geographic information

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

Geography	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue		
India	722.08	735.49
Others	315.12	318.86
Total Revenue	1,037.20	1,054.35
II Non-current Assets *		
India	219.97	215.41
Others	126.90	131.46
Total Non-current Assets	569.00	346.87

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

D. Information about major customers

None of the customers as on March 31, 2018 and March 31, 2017 constituted 10% or more of the total revenue of the Group.

49 RELATED PARTY RELATIONSHIPS, TRANSACTIONS AND BALANCES

List of Related parties

I. List of subsidiaries and joint venture

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			31 March 2018	31 March 2017
Keva Flavours Private Limited	Subsidiary	India	100%	100%
Keva Fragrances Private Limited (refer note 48)	Subsidiary	India	100%	100%
Keva UK Limited	Subsidiary	United Kingdom	100%	100%
Saiba Industries Private Limited	Subsidiary	India	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
Rasiklal Hemani Agencies Private Limited	Subsidiary	India	100%	100%
Keva Chemicals Private Limited	Subsidiary	India	100%	100%
Creative Flavours & Fragrances SpA (wef January 15, 2018)	Joint venture	Italy	51%	-
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	Step down subsidiary	Netherlands	100%	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Step down subsidiary	Indonesia	100%	100%
V N Creative Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited) (wef September 29, 2017)	Step down subsidiary	India	100%	100%
Tanishka Fragrance Encapsulation Technologies LLP (Subsidiary of Keva Chemicals Private Limited) (wef April 24, 2017)	Step down subsidiary	India	51%	-

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

II. Other related parties

Relationship	Name of the related party
a) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	KNP Industries Pte. Ltd.
	Keva Constructions Private Limited
	Keva Aromatics Private Limited
	ASN Investment Advisors Private Limited
	SKK Industries Private Limited
	Purandar Fine Chemicals Private Limited
b) Key Management Personnel (KMP)	Vinayak Ganesh Vaze Charities
	Ramesh V. Vaze, Managing Director
	Kedar R. Vaze, Director & Chief Executive Officer
	Tapas Majumdar, Chief Financial Officer (upto May 31, 2017)
	Ratul Bhaduri, Chief Financial Officer (w.e.f November 15, 2017)
c) Relatives of Key Management	Deepti Chandratre , Company Secretary
	Anagha Nene
	Parth K Vaze
	Nandan K Vaze
	Prabha R. Vaze
	Sumedha Karmarkar
e) Non-executive director	Nitin Potdar (resigned w.e.f. February 28, 2018)
	Dalip Sehgal
	Alpana Parida
	Jairaj Purandare
	Sangeeta Singh

A Transactions during the year

Particulars	Transaction values for the year ended	
	March 31, 2018	March 31, 2017
Key Managerial Personnel		
Remuneration	5.01	5.30
Post-employment benefits	0.65	0.46
Sitting fees to non-executive directors	0.63	0.57
Purchase of good and services		
Purander Fine Chemicals Private Limited	3.06	1.52
Keva Aromatics Private Limited	2.90	2.56
Sale of goods		
Purander Fine Chemicals Private Limited	-	*0.00
Rent paid		
Keva Constructions Private Limited	5.00	5.00
Reimbursement (for expenses incurred by Holding Company on behalf of related party)		
Keva Constructions Private Limited	0.12	-
Evolutis India Private Limited	0.24	-
Dividend paid		
Ramesh V. Vaze	4.54	-
Kedar R. Vaze	2.72	-

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Particulars	Transaction values for the year ended	
	March 31, 2018	March 31, 2017
Prabha R. Vaze	0.88	-
Parth K. Vaze	0.23	-
Nandan K. Vaze	0.23	-
Sumedha Karmarkar	*0.00	-
Anagha S Nene	*0.00	-
KNP Industries Pte Ltd	3.00	-
Vinayak Ganesh Vaze Charities	0.36	-
SKK Industries Private Limited	0.27	-
ASN Investment Advisors Private Limited	0.27	-
Keva Constructions Private Limited	1.57	-
Interest income		
Evolutis India Private Limited	0.05	-
Reimbursement (for expenses incurred by Holding Company on behalf of related party)		
Keva Constructions Private Limited	-	0.11
Fixed assets sold		
Keva Constructions Private Limited	-	8.40
Purandar Fine Chemicals Private Limited	0.01	-
Investment made		
Creative Flavours & Fragrances SpA	93.32	-
Keva Chemicals Pvt Ltd	4.00	-
V N Creative Chemicals Private Limited	0.01	-

* Amount less than ₹ 0.01 crore

B Outstanding balances as at the reporting dates

Particulars	Balances outstanding	
	March 31, 2018	March 31, 2017
Outstanding Balances		
Other receivables		
Evolutis India Private Limited	-	0.14
Interest accrued on loan		
Evolutis India Private Limited	-	0.06
Trade receivables		
Purandar Fine Chemicals Pvt.Ltd.	0.04	0.02
Trade Payables		
Keva Aromatics Private Limited	0.82	0.24
Other payable		
Keva Aromatics Pvt.Ltd.	-	0.07

Terms and conditions of transactions with related parties

All the transactions with the related parties were made on normal commercial terms and conditions and at market rates. All the outstanding balances are unsecured and repayable in cash.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

50 I. GOODWILL AND OTHER INTANGIBLES

Impairment testing of Goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Particulars	March 31, 2018	March 31, 2017
Flavour Division		
Gujarat Flavours Private Limited	4.95	4.95
High-Tech Technologies	8.50	8.50
Saiba Industries Private Limited	7.56	7.56
Fragrance Division		
PFW Aroma Ingredients B.V.	12.61	11.06
Rasiklal Hemani Agencies Private Limited	2.02	2.02
	35.64	34.09

PFW Aroma Ingredients B.V.

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The 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	March 31, 2018	March 31, 2017
Discount rate	7.02%	6.75%
Terminal value growth rate	1.00%	1.00%
Sales growth rate	10.00%	2.50%

The discount rate for 2017-18 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 10% at a market interest rate of 2.25%

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on new business plan and sales mix as envisaged by the management and adopted by the Board of Directors of the Holding Company.

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

50 II. GOODWILL AND OTHER INTANGIBLES

Saiba Industries Private Limited

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

The 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	March 31, 2018	March 31, 2017
Discount rate	14.20%	14.20%
Terminal value growth rate	5.00%	5.00%
Sales growth rate	9.00%	9.00%

The discount rate for 2017-18 was post tax measure estimated based on the weighted-average cost of capital, with no debt leveraging.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

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

50 III. GOODWILL AND OTHER INTANGIBLES

High-Tech Technologies and Gujarat Flavours Private Limited

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

The 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	March 31, 2018	March 31, 2017
Discount rate	12.00%	11.89%
Terminal value growth rate	5.00%	5.00%
Sales growth rate	15.00%	15.00%

The discount rate for 2017-18 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 24% at a market interest rate of 7%

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Sales growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

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

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

50 IV. GOODWILL AND OTHER INTANGIBLES

Rasiklal Hemani Agencies Private Limited

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The 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	March 31, 2018	March 31, 2017
Discount rate	14.20%	14.20%
Terminal value growth rate	3.00%	3.00%
Sales growth rate	7.00%	7.00%

The discount rate was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of NIL.

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term business growth rate, consistent with the assumptions that a market participant would make.

Revenue growth rate has been considered based on past performance duly adjusted with future growth as envisaged by the management.

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

51 I. ACQUISITION OF HIGH-TECH TECHNOLOGIES

On April 2, 2016, Keva Flavours Private Limited, a group Company, acquired the business undertaking of High-Tech Technologies comprising of the flavours division. High-Tech Technologies is engaged in the business of manufacturing, selling and trading of flavours. The acquisition is in-line with the Group's plan to pursue strategic tuck-in acquisitions to grow the flavours business.

A Consideration transferred

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

	March 31, 2017 Amount
Cash	11.27
Deferred consideration	6.48
Contingent consideration	6.38
Total consideration for business combination	24.13

Deferred payment consideration

As per the business purchase agreement, upon payment of initial consideration of ₹ 11.27 crores, an amount of ₹ 6.84 crores was to be paid by the subsidiary to High-Tech Technologies on a quarterly basis in equal instalments of ₹ 1.71 crores within one year from June 15, 2016 to March 15, 2017.

Contingent consideration

An amount of ₹ 7 Crores as at March 31 2017 was to be paid as contingent consideration to High-Tech Technologies subject to the continuation of its business arrangements and achievement of a stipulated turnover as per the agreement. Accordingly, this amount has been paid during the year as per the agreement.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

B Acquisition-related costs

The Group incurred acquisition related cost of ₹ 0.14 crores on legal fees and due diligence costs. These costs have been included in legal and professional fees and travelling and conveyance under other expenses in the previous year.

C Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at fair value at the date of acquisition.

	March 31, 2017 Amount
Property, plant and equipment	1.03
Formulations	15.83
Customer relationship	2.77
Net current assets	(4.00)
Total net identifiable assets acquired	15.63

D Goodwill

The following table summaries the recognised amounts of assets acquired and liabilities assumed at fair value at the date of acquisition.

	Note	March 31, 2017 Amount
Consideration transferred	A	24.13
Fair value of net identifiable assets	C	15.63
Goodwill		8.50

51 II. ACQUISITION OF GUJARAT FLAVOURS PRIVATE LIMITED

On January 2, 2017, Keva Flavours Private Limited, a group Company had acquired the flavour business of Gujarat Flavours Private Limited (GFPL) alongwith related brands for ₹ 16.80 crores. GFPL was in the business of flavours, food colours, saccharin and fine chemicals since 34 years. This acquisition would enable broadening of the Group's flavours business.

A Consideration transferred

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

	March 31, 2017 Amount
Cash	12.51
Deferred consideration	2.55
Contingent consideration	1.36
Total consideration for business combination	16.42

Deferred and contingent consideration

As at March 31, 2018, an amount of ₹ 0.76 crores out of the total purchase consideration was to be paid on fulfillment of certain stipulated conditions as per the agreement.

B Acquisition-related costs

The Group incurred acquisition related cost of ₹ 0.16 crores on legal fees and due diligence costs. These costs have been included in legal and professional fees under other expenses in the previous year.

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

C Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at fair value at the date of acquisition.

	March 31, 2017 Amount
Property, plant and equipment	0.08
Formulations	5.49
Brands	2.00
Non-compete	1.10
Net current assets	2.80
Total net identifiable assets acquired	11.47

D Goodwill

Goodwill arising from the acquisition has been determined as follows.

	Note	March 31, 2017 Amount
Consideration transferred	A	16.42
Fair value of net identifiable assets	C	11.47
Goodwill		4.95

51 III. ACQUISITION OF RASIKLAL HEMANI AGENCIES PRIVATE LIMITED

On April 2, 2016, the Holding Company had acquired, 100% share capital of Rasiklal Hemani Agencies Private Limited for a total consideration of ₹ 33.17 crores.

The acquisition is to help consolidate the Group's leadership position in India as it expands the marketing and sales team to address the growing requirements of customers.

A Consideration transferred

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

	Amount
Cash	33.17

B Acquisition-related costs

The Holding Company incurred acquisition related cost of ₹ 0.14 crores on legal fees and due diligence costs. These costs have been included in legal and professional fees under other expenses in the previous year.

C Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Amount
Property, plant and equipment	4.56
Net current assets	28.15
Deferred tax liability	(1.56)
Total net identifiable assets acquired	31.15

D Goodwill

Goodwill arising from the acquisition has been determined as follows:

	Note	Amount
Consideration transferred	A	33.17
Fair value of net identifiable assets	C	31.15
Goodwill		2.02

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

51 IV. ACQUISITION OF TANISHKA FRAGRANCE ENCAPSULATION TECHNOLOGIES LLP

On April 24, 2017, the Holding Company, through Keva Chemicals Private Limited, step-down subsidiary of the Holding Company has acquired 51% stake in Tanishka Fragrance Encapsulation Technologies LLP. Consequent to this capital contribution, the Group acquired right to use Fragrance Encapsulation Technology.

A. Consideration transferred

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

	Amount
Cash	2.00

B. Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Amount
Formulations	2.00
Total net identifiable assets acquired	2.00

51 V. ACQUISITION OF CREATIVE FLAVOURS AND FRAGRANCES S.P.A. ("CFF")

The Holding Company had entered into an agreement dated January 15, 2018 to acquire 51% of the share capital of Creative Flavours and Fragrances S.p.A. ("CFF"). Incorporated in year 2000, CFF is a leading fragrance company in Italy. CFF has presence throughout Europe. The acquisition would enable broadening of the group's fragrance business. During the current year, the Holding Company has joint control in CFF and accordingly classified its interest in CFF as a joint venture.

A. Consideration transferred

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

	Amount
Cash	93.30

Option

The Holding Company has an option to buy (which is currently non exercisable upto July 15, 2018) the remaining stake of 49% within three years, consideration for which shall be paid based on CFF's performance.

B. Acquisition-related costs

The Holding Company incurred acquisition related cost of ₹ 2.60 crores on legal fees and due diligence costs. These costs have been included in legal and professional fees under other expenses.

C. Identifiable assets acquired and liabilities assumed

The acquisition of the said joint venture is accounted for using the acquisition method of accounting. However, the Group did not perform a purchase price allocation exercise basis fair valuation of assets and liabilities as at the reporting date, as the audit of CFF as at January 15, 2018 and for the period from January 15, 2018 to March 31, 2018 is currently under progress. As a result, the Company has applied the exemption under the accounting standards which give the Group a period of twelve months from the acquisition date to complete the purchase price allocation exercise. Accordingly, the split of the total net assets acquired of ₹ 93.30 crores (into tangible assets, intangible assets, net current assets and goodwill, if any) is not currently determinable.

52 SPECIFIED BANK NOTES DISCLOSURE

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated March 30, 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes (SBN) held and transacted during the

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

period from November 8, 2016 to December 30, 2016. For the purpose of this clause, the term 'Specific Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the November 8, 2016.

Details of specified bank notes held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows:

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	3,262,500	1,728,626	4,991,126
(+) Permitted receipts	-	2,651,125	2,651,125
(-) Permitted payments	51,000	1,056,193	1,107,193
(-) Amount deposited in Banks	3,211,500	1,373,306	4,584,806
Closing cash in hand as on December 30, 2016	-	1,950,252	1,950,252

53 CONSOLIDATION OF TRUST

During the current year, Holding Company has formed S H Kelkar Employee Benefit Trust (Trust) through its trustees Barclays Wealth Trustees(India) Pvt. Ltd.

The Trust has been formed for administering and implementing S H Kelkar Stock Appreciation Rights Scheme 2017 ('the scheme') of the Holding Company which was adopted by the Board on August 10, 2017 and approved by shareholders of the Holding Company on November 1, 2017

For the purpose of the Scheme, the Trust will purchase Shares out of funds borrowed from the Holding 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 holding company treats Trust as its extension and shares held by trust are treated as treasury shares.

The Consolidation of the Trust financials statements with that of the Holding Company does not in any manner affect the independence of the trustees where the rights and obligations are regulated by the trust deed.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity.

The sources and application of funds of the Trust Consolidated as at March 31, 2018 were as follows:

Particulars	Amount
Sources of Funds	
Corpus	0.00*
Reserves and Surplus	(0.42)
Secured Loan	
Loan	33.00
Total	32.58

Application of Funds

Particulars	Amount
Investments	29.80
Current Assets, Loans and Advances (A)	
Cash and Cash Equivalents	3.23
Less: Current Liabilities and Provisions (B)	
Current Liabilities	0.45
Provisions	0.00*
Net Current Assets (A- B)	2.78
Total	32.58

Notes to the consolidated financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

ii. Impact on the Group's profit & loss post Trust consolidation for the year March 31, 2018

Particulars	Amount in ₹
Expenditure	
Management fees	0.01
Audit Fees	*0.00
Impact on profit before tax	0.01

* Amount less than ₹ 0.01 crore

Other items adjusted owing to the Trust consolidation include:

a. Treasury shares

Upon consolidation, the investment in the Holding Company's equity shares made by Trust is debited to the Holding Company's Equity as treasury shares amounting to ₹ 29.80 crores as at March 31, 2018.

b. Other Non Current Financial Assets and other Income

Loans advanced to Trust eliminated on consolidation amounting to ₹ 33 crores as at March 31, 2018 and interest ₹ 0.40 crores on above loan is also eliminated.

c. Other Current Financial Assets

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ 0.40 crores as at March 31, 2018.

54 EXCEPTIONAL ITEMS

The Group during the year, decided to restructure its operation at one of its subsidiary, PFW Aroma Ingredients B.V., Netherlands (PFW) and, inter alia, relocate part of its production base to India to optimise the cost structure of its fragrance business. This resulted in partial reduction of PFW's workforce. This restructuring cost (termination benefit) has been considered and recognised in full in the consolidated statement of profit and loss in accordance with Ind AS 19-Employee Benefits.

55 The Government of India introduced the Goods and Services Tax (GST) with effect from July 1, 2017, consequently revenue from operations for the year ended March 31, 2018 is net of GST, however revenue for the period April 1, 2017 to June 30, 2017 is inclusive of excise duty and hence, total income from operations for year ended March 31, 2018 and year ended March 31, 2017 are not comparable.

56 Consequent to the issuance of "Guidance Note on Division II -Ind AS Schedule III to the Companies Act, 2013, certain items of financial statements have been regrouped/reclassified.

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants
Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner
Membership No. 105149

Place : Mumbai

Date : May 25, 2018

Ramesh Vaze

Managing Director
DIN: 00509751

Ratul Bhaduri

Chief Financial Officer
ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited
CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer
DIN: 00511325

Deepti Chandratre

Company Secretary
Membership No: A20759

Independent Auditors’ Report

To the Members of
S H Kelkar and Company Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of S H Kelkar and Company Limited ('the Company'), which comprise the standalone Balance Sheet as at March 31, 2018, the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity and the standalone statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date of a Branch in Amsterdam, The Netherlands ('the Branch') and the returns of S H Kelkar Employee Benefit Trust ('the Trust') audited by the Trust auditors of the Company (hereinafter referred to as “standalone Ind AS financial statements”).

MANAGEMENT’S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company’s Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

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 Ind AS 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 Ind AS financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to 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 entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS

financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor’s Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the “Annexure A”, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
- As required by Section 143 (3) of the Act, we report 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;
 - 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 and proper returns adequate for the purposes of our audit have been received from the Branch in Amsterdam The Netherlands not visited by us;
 - the reports on the accounts of the branch S H Kelkar Employee Benefit Trust of the Company audited under Section 143(8) of the Act by Trust auditors have been sent to us and have been properly dealt with by us in preparing this report;
 - the standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Cash flows and the standalone Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules thereunder;
 - on the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act;

- with respect to the adequacy of the internal financial controls with reference to the standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- with respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements;
 - the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However, amounts as appearing in the audited Standalone Ind AS financial statements for the year ended March 31, 2017 have been disclosed. However we were unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures were in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer note 42 to the standalone Ind AS financial statements.

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

Aniruddha Godbole
Partner
Membership No: 105149
Mumbai
May 25, 2018

Annexure A to the Independent Auditors' Report – March 31, 2018

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the above programme, the Company has verified certain fixed assets during the year and no material discrepancies were noticed in respect of assets verified during the year and have been dealt with in the books of accounts.
- (c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except for goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) (a) The Company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). The Company has not granted any loans, secured or unsecured, to other body corporate, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. In our opinion and according to the information and explanation given to us, the Company does not consider the reimbursement of cost charged and outstanding to fall under purview of loans. In our opinion, the rate of interest and other terms and conditions on which the unsecured loans have been granted to the companies listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (b) The unsecured loans granted to companies covered in the register maintained under Section 189 of the Act are repayable on demand. The repayment of the loans was not demanded during the year. The borrowers have been regular in the payment of principal and interest as demanded.
- (c) The unsecured loans granted to companies covered in the register maintained under Section 189 of the Act are repayable on demand. The loan was not demanded during the year and there are no amounts which are overdue for more than ninety days in respect of such loans.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the guarantees given to body corporates, loans and guarantees given to companies, and investments made by the Company. The Company has not given any security under Section 185 and 186 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Duty of customs, Duty of excise, Sales-tax, Service tax, Value added tax, Goods and Service tax, Cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income-tax, Profession tax, Provident fund, Employees' State Insurance have generally been regularly deposited during the year with the appropriate authorities, though there have been slight delays in few cases.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Service tax, Sales tax, Value added tax, Goods and service tax, Professional tax, Duty of customs, Duty of excise, Cess and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Sales tax, Value added tax and Goods and service tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income-tax, Service tax and Duty of excise have not been deposited as on March 31, 2018 by the Company on account of disputes:

(Currency : INR in crores)

Name of the statute	Nature of the dues	Demand in Rupees crores	Amount not deposited on account of demand Rupees in crores	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income-tax	0.40	0.40	2008-09	Income-tax Appellate Tribunal
Income tax Act, 1961	Income-tax	0.04	0.04	2010-11	The Commissioner of Income-tax (appeals)
Income tax Act, 1961	Income-tax	0.52	0.52	2012-13	The Commissioner of Income-tax (appeals)
Income tax Act, 1961	Income-tax	2.41	2.41	2011-12	Income-tax Appellate Tribunal
Income tax Act, 1961	Income-tax	0.28	0.28	2008-09	High Court
Central Excise Act, 1944	Service tax	2.41	0.68	2008-09 to 2011-12	CESTAT
Central Excise Act, 1944	Excise duty	1.10	1.10	2008-09 to 2012-13	CESTAT
Central Excise Act, 1944	Excise duty	0.32	0.20	2008-09	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Excise duty	0.11	0.07	2011-12	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Service tax	0.04	0.04	2011-12	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Excise duty	1.01	1.01	2011-12	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Service tax	6.74	6.74	2008-09 to 2011-12	CESTAT
Central Excise Act, 1944	Excise duty	0.04	0.04	2008-09	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Excise duty	0.39	0.39	2008-09	The Commissioner of Central Excise (appeals)
Sales tax and Value added tax	VAT and CST	0.49	0.30	2012-13	Joint Commissioner of Sales Tax
Sales tax and Value added tax	VAT and CST	0.37	0.34	2013-14	Joint Commissioner of Sales Tax

- (viii) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding dues to financial institutions and debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us and based on our examination of records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.	during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company
(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.	(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.	(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.
(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures	

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
May 25, 2018

Annexure B to the Independent Auditors’ Report – March 31, 2018

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of S H Kelkar and Company Limited (“the Company”) as at March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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”) and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting 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 over financial reporting 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 OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting 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, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal financial controls over financial reporting 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.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
May 25, 2018

Standalone Balance Sheet

As at March 31, 2018

(Currency : INR in crores)			
	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	119.77	94.39
Capital work in progress	4	3.67	-
Investment property	5	14.30	-
Other intangible assets	6	19.97	19.43
Intangible assets under development		14.49	4.57
Financial assets			
Investments			
Investment in subsidiaries and joint venture	8A	267.91	170.61
Other investments	8B	-	-
Loans	7	1.07	-
Others	9	0.03	-
Deferred tax assets (net)	35	-	0.36
Other tax assets (net)		16.62	16.76
Other non-current assets	10	3.93	1.23
Total non-current assets		461.76	307.35
Current assets			
Inventories	11	156.80	190.51
Financial assets			
Investments	12	1.55	49.67
Trade receivables	13	187.60	138.13
Cash and cash equivalents	14	1.49	17.25
Other bank balances	15	3.23	0.03
Loans	16	20.75	41.17
Others	9	9.04	5.57
Other current assets	10	11.28	9.50
Total current assets		391.74	451.83
TOTAL ASSETS		853.50	759.18
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	144.62	144.62
Other equity	18		
Retained earnings		254.09	215.51
Other reserves		228.86	258.66
Total equity		627.57	618.79
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	0.28	0.40
Others	20	24.29	24.10
Deferred tax liability (net)	35	1.50	-
Total non-current liabilities		26.07	24.50
Current liabilities			
Financial liabilities			
Borrowings	19	18.67	-
Trade payables	22	139.26	68.43
Other financial liabilities	23	15.73	30.43
Other current liabilities	24	13.45	8.22
Provisions	21	9.62	7.91
Current tax liabilities (net)		3.13	0.90
Total current liabilities		199.86	115.89
Total liabilities		225.93	140.39
TOTAL EQUITY AND LIABILITIES		853.50	759.18
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-55		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepti Chandratre

Company Secretary

Membership No: A20759

Place : Mumbai

Date : May 25, 2018

Standalone Statement of Profit and Loss

For the year ended March 31, 2018

(Currency : INR in crores)			
	Note	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	25	698.24	687.26
Other income	26	13.62	11.49
Total income		711.86	698.75
Expenses			
Cost of materials consumed	27	394.28	348.00
Changes in inventories of finished goods and work-in-progress	28	5.46	14.38
Excise duty		16.05	71.91
Employee benefits expense	29	70.85	62.00
Finance costs - others	30	3.16	2.40
Depreciation and amortisation expense	31	10.53	6.81
Royalty expense	49	19.16	18.02
Other expenses	32	89.21	72.05
Total expenses		608.70	595.57
Profit before income tax		103.16	103.18
Tax expense:			
Current tax	34		
for current year		33.11	29.46
for earlier years		(0.73)	(2.77)
Deferred tax charge		1.82	2.18
Profit for the year		68.96	74.31
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability		0.13	(1.35)
Income tax related to items that will not be reclassified to profit or loss		(0.04)	0.47
Other comprehensive income for the year, net of income tax		0.09	(0.88)
Total comprehensive income for the year		69.05	73.43
Earnings per equity share (Nominal value of ₹ 10 each, fully paid-up)	33		
Basic earnings per share (₹)		4.77	5.14
Diluted earnings per share (₹)		4.77	5.14
Significant accounting policies			
The notes referred to above and other notes form an integral part of the standalone financial statements.	1-3		
	4-55		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

Place : Mumbai

Date : May 25, 2018

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepti Chandratre

Company Secretary

Membership No: A20759

Standalone Statement of Changes in Equity

For the year ended March 31, 2018

(Currency: INR in crores)

	March 31, 2018	March 31, 2017
(a) Equity share capital		
Opening balance as at	144.62	144.62
Changes in equity share capital during the year (refer note 17)	-	-
Closing balance as at	144.62	144.62
(b) Other equity		
	Attributable to the equity holders of the Company	
	Securities Premium Account	Reserves and Surplus
		Capital Redemption Reserve
		General Reserve
		Retained earnings
		Other reserves
		Treasury shares
		Total Equity
Balance as at April 1, 2017	194.14	474.17
Total comprehensive income for the year ended March 31, 2018		
Profit for the year	-	68.96
Items of OCI for the year, net of tax	-	-
Remeasurements of defined benefit liability	-	0.09
Total comprehensive income for the year	-	69.05
Transaction with the owners of the Company, recorded directly in equity		
Contributions and distributions		
Dividend Distribution Tax (DDT)	-	(5.16)
Dividends	-	(25.31)
Others		
Purchase of treasury shares by the Trust during the year (refer note 53)	-	-
Balance at March 31, 2018	194.14	482.95
Balance as at April 1, 2016	194.14	400.74
Total comprehensive income for the year ended March 31, 2017		
Profit for the year	-	74.31
Items of OCI for the year, net of tax	-	-
Remeasurements of defined benefit liability	-	(0.88)
Total comprehensive income for the year	-	73.43
Balance at March 31, 2017	194.14	474.17

*Amount less than ₹ 0.01 crore

Significant accounting policies

The notes referred to above and other notes form an integral part of the standalone financial statements. 1-3

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Mumbai

May 25, 2018

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

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For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepti Chandratre

Company Secretary

Membership No: A20759

Standalone Statement of Cash Flows

For the year ended March 31, 2018

(Currency : INR in crores)

	March 31, 2018	March 31, 2017
Cash flow from operating activities		
Profit before tax	103.16	103.18
Adjustments for		
Depreciation and amortisation	10.53	6.81
Net loss / (gain) on sale of property, plant and equipment	0.21	(0.80)
Intangible asset under development written off	4.16	-
Net gain arising on financials assets measured at FVTPL	(0.03)	-
Gain on sale of investment	(2.02)	(1.64)
Unrealised exchange fluctuation loss / (gain) (net)	(0.06)	0.39
Rent income	(4.19)	(3.72)
Interest income on Deposits with banks	(0.01)	(0.02)
Interest income on loans to subsidiary	(3.64)	(2.96)
Reversal of provision for doubtful debts	(1.13)	(0.20)
Bad debts written off	0.03	0.17
Guarantee commission income	(0.90)	(0.49)
Remeasurements of defined benefit liability	0.13	(1.35)
Interest received on income tax refund	(0.25)	(1.37)
Interest expense and other finance costs	3.16	2.40
	109.15	100.40
Working capital adjustments		
Decrease in inventories	33.71	12.47
(Increase) in trade receivables	(48.37)	(21.03)
(Increase) / decrease in loans and advances and other current assets	(10.22)	0.10
Increase in trade payables, other current liabilities and provisions	63.33	11.01
Net change in working capital	38.46	2.55
Cash flows generated from operating activities	147.61	102.95
Income tax paid (net)	(30.01)	(36.27)
Net cash flows generated from operating activities	117.60	66.68
Cash flows from investing activities		
Purchase of property, plant and equipment, investment property and intangibles (including CWIP and intangible under development)	(69.72)	(17.07)
Investment in equity shares of subsidiary/Joint venture	(97.30)	(38.90)
Loan given to / recovered from subsidiary	19.30	(32.46)
Proceeds from sale of property, plant and equipment (net of related expenditure)	0.12	0.07
Proceeds from sale of mutual funds	371.79	199.65
Investment in mutual funds	(319.34)	(211.07)
Rent income	4.19	3.72
Increase / (decrease) in non-current deposits with bank	(0.00)	0.42
Interest received	2.48	3.85
Net cash flows (used in) investing activities	(88.49)	(91.79)

(Currency : INR in crores)		
	March 31, 2018	March 31, 2017
Cash flows from financing activities		
Finance leases payment	(0.15)	(0.34)
Working capital loans taken	97.50	-
Working capital loans repaid	(82.50)	-
(Purchase) of Investment by Employee Benefit Trust	(29.80)	-
Dividend paid, including tax thereon	(30.47)	-
Interest paid	(3.12)	(2.40)
Net cash flows (used in) from financing activities	(48.54)	(2.74)
Net (decrease) in cash and cash equivalents	(19.43)	(27.84)
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents at the beginning of the year	17.25	45.09
Cash and cash equivalents at the end of the year	(2.18)	17.25
	19.43	27.84
Notes:		
Cash and cash equivalents		
Balances with banks in:		
- current accounts	0.84	14.16
- exchange earners foreign currency account	0.40	2.83
Cash on hand	0.25	0.26
Bank overdrafts used for cash management purposes	(3.67)	-
Cash and cash equivalents in the statement of cash flows	(2.18)	17.25
Debt reconciliation statement in accordance with Ind AS 7		
Opening balances		
Long-term borrowing	0.40	0.04
Short-term borrowing	0.16	0.29
Movements		
Long-term borrowing	(0.12)	0.36
Short-term borrowing	14.97	(0.13)
Closing balances		
Long-term borrowing	0.28	0.40
Short-term borrowing	15.13	0.16
1. The above standalone cash flow statement has been prepared under the 'indirect method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements"		
2. 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.	4-55	

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Place : Mumbai

Date : May 25, 2018

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepti Chandratre

Company Secretary

Membership No: A20759

Notes to the standalone financial statements

For the year ended March 31, 2018

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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying standalone financial statements, in which are incorporated the returns of a Branch in Amsterdam, the Netherlands and the returns of S H Kelkar Employee Benefit Trust, have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended and notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements for the year ended March 31, 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on May 25, 2018.

2.2 Functional and presentation currency

These standalone financial statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest crores, unless otherwise indicated.

2.3 Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

2.4 Use of estimates and judgements

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

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 are as follows:

a. Property, plant and equipment

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

Notes to the standalone financial statements

For the year ended March 31, 2018

b. Recognition and measurement of defined benefit obligations

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

c. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

d. Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

e. Discounting of long-term financials instruments

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

f. Intangible assets under development

Development expenditure is capitalised as part of the cost of the fragrance development only if the expenditure can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and sell the assets.

g. Fair value of financial instruments

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

2.5 Measurement of fair values

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

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Notes to the standalone financial statements

For the year ended March 31, 2018

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

2.6 Current / non-current classification

An entity shall classify an asset as current when-

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when-

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Operating cycle

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi ,freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Notes to the standalone financial statements

For the year ended March 31, 2018

Rental income and Technical know-how

Rental income (including income from sub-leasing), included under other income, is recognised on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Technical know-how is recognised on accrual basis.

Export incentives

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

3.2 Foreign currency

Foreign currency transactions

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

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

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

Foreign currency exchange differences are recognised in the Statement of profit or loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Employee State Insurance and Labour Welfare Fund that are recognised as an employee benefit expense in the 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 Statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Notes to the standalone financial statements

For the year ended March 31, 2018

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 comprises 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 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 the 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 Statement of profit and loss during the period in which the employee renders the related service.

Provident fund trust

Eligible employees receive benefits from a provident fund which is a defined benefit plan and managed by the trust set up by the Company. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The rate at which the annual interest is payable to the beneficiaries of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Accordingly, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. And an obligation in this respect is measured and accounted on the basis of independent actuarial valuation as stated above.

Other long-term employee benefits

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

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

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.

Notes to the standalone financial statements

For the year ended March 31, 2018

Dividend income is recognised in the 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 profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and current tax liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company 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 Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- the Company has 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.

Notes to the standalone financial statements

For the year ended March 31, 2018

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.

With effect from April 1, 2016, the Company had changed its policy for valuation of inventory from 'First-in first-out' method to 'Weighted average cost' method. The impact of the change in valuation of inventory as at April 1, 2016 was not material.

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 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 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.

Notes to the standalone financial statements

For the year ended March 31, 2018

iii. Depreciation

Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act, except for certain assets in 'Plant and Machinery', where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Companies Act, 2013.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied.

Assets acquired under finance lease and leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

Tangible assets	Life defined	Useful life as per Schedule II
Buildings	30-60 years	30-60 years
Research and development - equipments	10-15 years	10-15 years
Computers	3 years	3 years
Office equipments	5 years	5 years
Plant and machinery	15-20 years	8-15 years
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.

With effect from April 1, 2016, the Company had prospectively changed its method for charging depreciation on tangible assets from diminishing balance method to straight-line method, based on the expected pattern of consumption of the future economic benefits embodied in the asset. Consequently, the depreciation expense for the year ended March 31, 2017 was adjusted by ₹ 5.70 crores. Accordingly, the profit after tax for the year ended March 31, 2017 was higher by ₹ 3.70 crores.

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.

Notes to the standalone financial statements

For the year ended March 31, 2018

ii. Subsequent expenditure

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

iii. Depreciation

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

Tangible assets	Life defined	Useful life as per Schedule II
Buildings	30 years	30 years

iv. Fair value

Fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value of investment property is disclosed in the note 5.

3.10 Intangible assets

i. Recognition and measurement

Internally generated: Research and development

Expenditure on research activities is recognised in the 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 Statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible asset under development includes formulations.

Other intangible assets

Other intangible assets include technical know-how, computer software 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 statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software	5 years
- Technical know-how	10 years
- Formulation	10 years
- Formulation (internally generated)	3 years
- Non compete fees	5 years

Notes to the standalone financial statements

For the year ended March 31, 2018

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

3.11 Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

ii. Classification

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

Notes to the standalone financial statements

For the year ended March 31, 2018

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the 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 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 the statement of profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of 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 whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

ii. Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in 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 statement of profit or loss. Any gain or loss on derecognition is also recognised in the 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

Notes to the standalone financial statements

For the year ended March 31, 2018

with modified terms is recognised in profit or loss.

iv. Offsetting

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

c. Derivative financial instruments

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

d. Investment in subsidiaries and joint venture

The Company accounts for the investments in equity shares of subsidiaries and joint venture at cost in accordance with Ind AS 27- Separate Financial Statements.

3.12 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but will probably not require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

3.13 Leases

i. Lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the similar owned asset.

Assets held under leases that do not transfer to the Company substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Company's statement of financial position.

3.14 Impairment of non-financial assets

Notes to the standalone financial statements

For the year ended March 31, 2018

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. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.15 Cash and cash equivalents

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

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

3.16 Employee Stock Appreciation Rights Scheme:

Liability for the Company's Employee Stock Appreciation Rights (STARs), granted pursuant to the Company's Employee Stock Appreciation Rights Scheme, 2017 of the Company which was adopted by the Board on August 10, 2017 and approved by shareholders of the Company on November 01, 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 Earnings per share (EPS)

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

3.19 Recent accounting pronouncement

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Notes to the standalone financial statements

For the year ended March 31, 2018

Ind AS 21 - The effect of changes in Foreign Exchange rates

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue, Ind AS 11 - Construction contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is currently evaluating the effect of this standard on its financial statements.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Notes to the standalone financial statements

As at March 31, 2018

4 PROPERTY, PLANT AND EQUIPMENT

(Currency: INR in crores)

Block of asset	Gross Block			As at		Accumulated Depreciation			Net Block	
	As at April 1, 2017	Additions during the year	Disposals during the year	March 31, 2018	As at April 1, 2017	Charge for the year	Disposals during the year	March 31, 2018	As at March 31, 2018	As at March 31, 2017
Freehold land	13.92	-	-	13.92	-	-	-	-	13.92	13.92
Buildings	54.83	16.09	-	70.92	6.95	2.27	-	9.22	61.70	47.88
Leasehold improvements	4.49	5.70	0.39	9.80	1.08	0.88	0.18	1.78	8.02	3.41
Research and development - equipments	5.41	3.25	-	8.66	1.36	0.49	-	1.85	6.81	4.05
Furniture and fixtures	3.83	2.87	0.03	6.67	1.39	0.46	0.01	1.84	4.83	2.44
Computers	0.95	0.65	-	1.60	0.40	0.29	-	0.69	0.91	0.55
Office equipment	1.40	0.94	0.01	2.33	0.56	0.29	*0.00	0.85	1.48	0.84
Plant and machinery	22.59	2.49	0.74	24.34	3.84	1.54	0.66	4.72	19.62	18.75
Electrical equipment and installations	2.63	0.26	-	2.89	1.18	0.31	-	1.49	1.40	1.45
Motor cars and vehicles	0.96	0.27	0.11	1.12	0.41	0.11	0.10	0.42	0.70	0.55
Assets under lease										
- Office equipments	0.35	-	-	0.35	0.34	-	-	0.34	0.01	0.01
- Motor cars	1.13	-	-	1.13	0.59	0.17	-	0.76	0.37	0.54
	112.49	32.52	1.28	143.73	18.10	6.81	0.95	23.96	119.77	94.39
Capital work in Progress									3.67	-

*Amount less than ₹ 0.01 crore

Notes to the standalone financial statements

As at March 31, 2018

(Currency: INR in crores)

4 PROPERTY, PLANT AND EQUIPMENT (PREVIOUS YEAR)

Block of asset	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2016	Additions during the year	Disposals during the year	As at April 1, 2016	Charge for the year	Disposals during the year	As at March 31, 2017	As at March 31, 2016
Freehold land	13.92	-	-	-	-	-	13.92	13.92
Buildings	54.20	0.63	-	5.12	1.83	-	6.95	49.08
Leasehold improvements	2.65	1.84	-	0.45	0.63	-	1.08	2.20
Research and development - equipments	5.05	0.37	0.01	0.91	0.45	-	1.36	4.14
Furniture and fixtures	3.71	0.12	-	0.99	0.40	-	1.39	2.72
Computers	0.62	0.33	-	0.24	0.16	-	0.40	0.38
Office equipment	0.88	0.56	0.04	0.41	0.15	-	0.56	0.47
Plant and machinery	16.91	5.74	0.06	2.66	1.18	-	3.84	14.25
Electrical equipment and installations	2.63	-	-	0.85	0.33	-	1.18	1.78
Motor cars and vehicles	0.97	-	0.01	0.30	0.11	-	0.41	0.67
Assets under lease								
- Office equipments	0.35	-	-	0.17	0.17	-	0.34	0.18
- Motor cars	0.54	0.59	-	0.40	0.19	-	0.59	0.14
	102.43	10.18	0.12	112.49	12.50	5.60	18.10	89.93

Notes:

- The Company has acquired office equipments and motor cars under a number of finance lease agreements. The assets acquired under lease secures related lease obligations (refer note 19)
- With effect from April 1, 2016, the Company has changed its method for charging depreciation on tangible assets from diminishing balance method to straight-line method, based on the expected pattern of consumption of the future economic benefits embodied in the asset. Consequently, the depreciation charge for the year ended March 31, 2017 is lower by ₹ 5.70 crores.
- The Company has not capitalised any borrowing cost and foreign exchange differences during the current and previous year.

Notes to the standalone financial statements

As at March 31, 2018

(Currency: INR in crores)

5 INVESTMENT PROPERTY

Block of asset	Gross Block			Accumulated Depreciation		Net Block	
	As at April 1, 2017	Additions during the year	Disposals during the year	As at March 31, 2018	Charge for the year	As at March 31, 2018	As at March 31, 2017
Buildings	-	14.72	-	14.72	0.42	14.30	-
	-	14.72	-	14.72	0.42	14.30	-

Notes:

- Buildings are classified as Investment property by the Company in accordance with IND AS-40 "Investment Property".
- Fair value of Investment Property is ₹18.90 crores (March 31, 2017: Nil).

Fair Value

The fair value of investment property has been determined by external independent property valuers, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value measurement for all of the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

Description of Valuation Technique used:

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

6 OTHER INTANGIBLE ASSETS

Block of asset	Gross Block			Accumulated Depreciation		Net Block	
	As at April 1, 2017	Additions during the year	Disposals during the year	As at March 31, 2018	Charge for the year	As at March 31, 2018	As at March 31, 2017
Computer software	6.07	2.03	-	8.10	2.11	3.81	3.96
Technical know-how	15.47	-	-	15.47	-	1.55	15.47
Formulation	-	0.75	0.89	1.64	-	0.03	-
Non compete fees	-	0.17	-	0.17	-	0.02	-
	21.54	2.95	0.89	25.38	2.11	5.41	19.43

OTHER INTANGIBLE ASSETS (PREVIOUS YEAR)

Block of asset	Gross Block			Accumulated Depreciation		Net Block	
	As at April 1, 2016	Additions during the year	Disposals during the year	As at March 31, 2017	Charge for the year	As at March 31, 2017	As at March 31, 2016
Computer Software	3.60	2.47	-	6.07	0.90	2.11	2.70
Technical know-how	-	15.47	-	15.47	-	-	-
	3.60	17.94	-	21.54	0.90	2.11	19.43

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

7 NON-CURRENT LOANS (unsecured)

	March 31, 2018	March 31, 2017
To other than related parties		
Security deposits		
- considered good	1.07	-
- considered doubtful	0.18	-
	1.25	-
Less: Allowance for bad and doubtful deposits	(0.18)	-
	1.07	-

8 NON-CURRENT INVESTMENTS

	Number of shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
A) Investment in subsidiaries and joint venture				
Unquoted equity shares at cost				
Investment in subsidiary companies				
Keva Fragrances Private Limited (face value ₹100 per share) (refer note 50)	621,010	621,010	55.45	55.45
Keva Flavours Private Limited (face value ₹10 per share)	9,900	9,900	0.10	0.10
Keva UK Ltd. (face value Euro 1 per share)	833,500	833,500	61.61	61.61
Saiba Industries Private Limited (face value ₹1,000 per share)	2,198	2,198	12.42	12.42
Keva Fragrance Industries Pte Ltd., Singapore (face value Singapore Dollar 1 per share)	1,632,926	1,632,926	7.86	7.86
Rasiklal Hemani Agencies Pvt Ltd., (face value ₹100 per share)	25,000	25,000	33.17	33.17
Keva Chemicals Pvt Ltd, (face value ₹10 per share)	4,000,000	-	4.00	-
Investment in Joint venture				
Creative Flavours & Fragrances SpA (face value Euro 1 per share)	1,020,000	-	93.30	-
Total (A)			267.91	170.61
B) Other investments				
Quoted equity shares at FVTPL				
Hico Products Ltd. (face value ₹10 per share)*	19,250	19,250	-	-
Total (B)			-	-
Total (A) + (B)			267.91	170.61
The aggregate book value and market value of quoted and unquoted non-current investments are as follows:				
Aggregate book value of quoted investments			-	-
Aggregate market value of quoted investments			-	-
Aggregate value of unquoted investments			267.91	170.61
Aggregate amount of impairment in value of investments			-	-

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

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

9 OTHER FINANCIAL ASSETS (unsecured, considered good)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
To other than related parties				
Other receivables	-	-	0.14	0.12
Term deposits with banks with remaining maturity of more than 12 months*	0.03	-	-	-
To related parties				
Other receivables (refer note 44)	-	-	6.43	4.14
Interest accrued on loan to subsidiaries (refer note 44)**	-	-	2.47	1.31
	0.03	-	9.04	5.57

* Bank deposits of ₹ 0.03 crores (March 31, 2017 : ₹ Nil) are pledged with bank for guarantees issued

	March 31, 2018	March 31, 2017
** Details of interest accrued from companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner		
Keva Fragrances Industries PTE Limited	0.86	1.08
Evolutis India Private Limited	-	0.06
Saiba Industries Private Limited	0.10	0.17
Keva Flavours Private Limited	0.99	-
Keva Fragrances Private Limited	0.02	-
VN Creative Chemicals Private Limited	0.50	-
	2.47	1.31

10 OTHER ASSETS (unsecured, considered good)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Capital advances	1.27	0.38	-	-
To other than related parties				
Advance to suppliers	-	-	1.26	1.37
Prepaid expenses	-	-	2.14	1.82
Balances with government authorities	1.02	0.52	0.09	2.22
VAT/Sales tax refund receivable	1.63	0.33	-	-
To related parties				
Advance to suppliers (refer note 44)	-	-	7.79	4.09
	3.93	1.23	11.28	9.50

11 INVENTORIES

	March 31, 2018	March 31, 2017
Raw materials	113.67	140.00
Raw materials in transit	5.11	7.63
Packing materials	1.81	1.21
Work-in-progress	27.21	33.26
Finished goods	9.00	8.41
	156.80	190.51

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

The write-down of inventories to net realisable value during the year amounted to ₹ 4.41 crores (March 31, 2017: ₹ 3.31 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the Standalone statement of profit and loss.

Borrowings are secured by way of hypothecation of Inventories both in hand and transit (refer note 19).

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

12 CURRENT INVESTMENTS

	Number of units		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Unquoted mutual funds				
<i>Mutual funds at FVTPL</i>				
UTI Money Mkt -Institutional Plan-Direct-Growth	-	131,906	-	24.06
SBI Magnum Insta Cash Fund	-	29,253	-	10.52
Kotak Floater Short Term-Direct-Growth	5,446	5,724	1.55	1.53
Invesco Mutual Fund	-	60,587	-	13.56
			1.55	49.67
Aggregate book value of unquoted investments			1.55	49.67
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 38.

13 TRADE RECEIVABLES

	March 31, 2018	March 31, 2017
Trade receivables		
<i>Unsecured</i>		
- Considered good*	189.03	140.28
- Considered doubtful	0.35	0.76
	189.38	141.04
Loss allowance**		
- Considered good	(1.43)	(2.15)
- Considered doubtful	(0.35)	(0.76)
	(1.78)	(2.91)
Net trade receivables	187.60	138.13

*Trade receivables (unsecured, considered good) as at March 31, 2018 include ₹ 24.18 crores (March 31, 2017: ₹ 23.83 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

	March 31, 2018	March 31, 2017
Keva Fragrances Private Limited	17.69	17.18
Keva Flavours Private Limited	1.54	6.35
PFW Aroma Ingredients B.V.	0.35	0.30
Keva Fragrances Industries Pte Limited	4.60	-
	24.18	23.83

**The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 38.

Borrowings are secured by way of hypothecation of book debts and other receivables (refer note 19).

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

14 CASH AND CASH EQUIVALENTS

	March 31, 2018	March 31, 2017
Balances with banks in:		
- current accounts	0.84	14.16
- exchange earners foreign currency account	0.40	2.83
Cash on hand	0.25	0.26
Cash and cash equivalents in the balance sheet	1.49	17.25
Bank overdrafts used for cash management purposes	(3.67)	-
Cash and cash equivalents in the statement of cash flows	(2.18)	17.25

15 OTHER BANK BALANCES

	March 31, 2018	March 31, 2017
Bank deposits due to mature within 12 months of the reporting date	-	0.03
Current account of Company's employee benefit trust (refer note 53)	3.23	-
Unclaimed dividend accounts	*0.00	-
	3.23	0.03

*Amount less than ₹ 0.01 crore

16 CURRENT LOANS

	March 31, 2018	March 31, 2017
<i>(unsecured)</i>		
To other than related parties		
Loans to employees	1.85	1.93
Security deposits		
- considered good	-	1.04
- considered doubtful	-	0.18
	-	1.22
Less: Allowance for bad and doubtful deposits	-	(0.18)
	-	1.04
To related parties		
Loans to subsidiaries*	18.90	38.20
	20.75	41.17
All loans are 'current'.		
* Details of loans given to companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner		
Saiba Industries Private Limited	7.00	8.50
Keva Flavours Private Limited	-	29.70
V N Creative Chemicals Private Limited	11.90	-
	18.90	38.20

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

17 EQUITY SHARE CAPITAL

	Number of shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Authorised				
Equity shares of ₹ 10 each	154,064,500	154,064,500	154.06	154.06
Preference shares of ₹ 10 each	11,935,500	11,935,500	11.94	11.94
			166.00	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	144,620,801	144,620,801	144.62	144.62
			144.62	144.62

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

	Number of shares		Amount	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Equity share of ₹ 10 (Previous year ₹ 10) each fully paid-up				
Outstanding at the beginning of the year	144,620,801	144,620,801	144.62	144.62
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	144,620,801	144,620,801	144.62	144.62

b Terms / Rights attached to each classes of shares

Terms / Rights attached to Equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

	March 31, 2018		March 31, 2017	
	Number of Shares	%	Number of Shares	%
Equity shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	14,439,269	9.98%	25,353,704	17.53%
Ramesh V. Vaze	25,965,600	17.95%	25,965,600	17.95%
KNP Industries Pte. Ltd.	17,124,000	11.84%	17,124,000	11.84%
Kedar R.Vaze	14,722,309	10.18%	14,525,000	10.04%
Keva Constructions Private Limited	8,963,757	6.20%	8,963,757	6.20%

d Shares issued for a consideration other than cash

- (i) On September 18, 2014, the Company has allotted 119,043,900 bonus equity shares of ₹ 10 each to the existing equity shareholders of the Company in ratio of 9 bonus equity shares for every 1 equity share held.

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

- (ii) 0.10% Redeemable Preference Shares (RPS): Pursuant to the scheme of the Amalgamation & Arrangement between Kelkar Investment Company Private Limited (KICPL) and S H Kelkar and Company Limited and Keva Aromatics Private Limited and Keva Constructions Private Limited and their respective shareholders and creditors under Section 391 to 394 read with Sections 78, 80 & 100 to 103 of the Companies Act ,1956 vide order dated December 10, 2013 issued by the Hon'ble High court of judicature of Bombay, S H Kelkar and Company Limited has issued and allotted 100 fully paid up 0.10% Redemable Preference shares (RPS) of ₹10 each at par on March 28, 2014, on proportionate basis, to the shareholders of KICPL (other than S H Kelkar and Company Limited) whose names appeared in the Register of Members of KICPL as on effective date of merger viz February 12, 2014.
- (iii) On October 17, 2014, the Company has allotted 8,275,500 bonus preference shares of ₹ 10 each to the existing preference shareholders of the Company in ratio of 9 bonus preference shares for every 1 preference share held.

e There are no shares reserved for issue under options.

18 OTHER EQUITY

Other reserves	Note	March 31, 2018	March 31, 2017
Capital redemption reserve	i.	*0.00	*0.00
Securities premium account	ii.	194.14	194.14
General reserve	iii.	55.76	55.76
Treasury shares	iv.	(29.80)	-
Other reserves	v.	8.76	8.76
		228.86	258.66

A. Notes:

	March 31, 2018	March 31, 2017
i. Capital redemption reserve		
Opening Balance	*0.00	*0.00
Addition during the year	-	-
Closing Balance	*0.00	*0.00
ii. Securities premium account		
Opening Balance	194.14	194.14
Addition during the year	-	-
Closing Balance	194.14	194.14
iii. General reserve		
Opening Balance	55.76	55.76
Addition during the year	-	-
Closing Balance	55.76	55.76
iv. Treasury shares		
Opening Balance	-	-
Add : Purchase of 1,026,403 treasury shares by the trust during the year	(29.80)	-
Closing Balance	(29.80)	-
v. Other reserves		
Opening Balance	8.76	8.76
Addition during the year	-	-
Closing Balance	8.76	8.76

* Amount less than ₹ 0.01 crore

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

B. Nature and purpose of reserves

Capital redemption reserve

Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

Treasury shares

Treasury shares are the shares acquired from the market by the S H Kelkar Employee Benefit Trust, setup by the Company under the approved Stock Appreciation Rights Scheme (refer note 53).

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).

C. Dividends

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

	March 31, 2018	March 31, 2017
Final equity dividend of previous financial year 2016-2017 paid at ₹ 1.75 per equity share	25.31	-
Dividend distribution tax on the equity dividend paid	5.16	-
	30.47	-

After the reporting dates the following dividend was proposed by the directors subject to the approval at the Annual General Meeting. This dividend and tax thereon has not been recognised as liability in the year to it pertains to and will be recorded in the year in which would be approved by the shareholders in Annual General Meeting. Dividend would attract dividend distribution tax when it declared or paid:

	March 31, 2018	March 31, 2017
Dividend proposed to equity shareholders at 1.75 per equity share (March 31, 2017: ₹ 1.75 per equity share)	25.31	25.31
Dividend distribution tax on the equity dividend proposed	5.20	4.30
	30.51	29.61

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

19 BORROWINGS (Secured)

	Non-current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Working capital loans (refer note 'a')	-	-	15.00	-
Bank over draft (refer note 'a')	-	-	3.67	-
Finance lease obligations (refer note 'c')	0.28	0.40	0.13	0.16
	0.28	0.40	18.80	0.16
Less: Amount included under 'other financial liabilities' (refer note 23)	-	-	(0.13)	(0.16)
	0.28	0.40	18.67	-

Notes:

- Working capital loans and bank overdraft from banks of ₹ 18.67 Crores (previous year: Nil) carry interest ranging between 7.7% p.a. to 10% (previous year : 9.5%-10.5% p.a.), computed on a monthly basis on the actual amount utilised, and are repayable on demand. Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future.
- As at March 31, 2017, the Company had an open WCDL facility with HDFC Bank, Citibank and Standard Chartered Bank, secured by way of book debts and Inventories. However there were no borrowings.
- Certain vehicles and office equipments have been obtained on finance lease basis. The legal title to these items vests with their lessors. The lease term for such vehicles and office equipments ranges between 36-48 months with equated monthly payments beginning from the month subsequent to the commencement of the lease. The rate of interest implicit in the table below ranges between 7.77%- 10.15%. The total future minimum lease payments at the balance sheet date, element of interest included in such payments, and present value of these minimum lease payments are as follows:

	March 31, 2018		
	Future Minimum Lease Payments (MLP)	Interest Element of MLP	Present Value of Minimum Lease Payments
Payable within 1 year	0.16	0.03	0.13
Payable between 1-5 years	0.31	0.03	0.28
Payable later than 5 years	-	-	-
	0.47	0.06	0.41

	March 31, 2017		
	Future Minimum Lease Payments (MLP)	Interest Element of MLP	Present Value of Minimum Lease Payments
Payable within 1 year	0.21	0.05	0.16
Payable between 1-5 years	0.46	0.06	0.40
Payable later than 5 years	-	-	-
	0.67	0.11	0.56

20 OTHER NON-CURRENT FINANCIAL LIABILITIES

	March 31, 2018	March 31, 2017
Security deposits	24.29	24.10
	24.29	24.10

Notes to the standalone financial statements

As at March 31, 2018

(Currency : INR in crores)

21 CURRENT PROVISIONS

	March 31, 2018	March 31, 2017
Provision for employee benefits		
Gratuity (refer note 36)	1.05	0.46
Compensated absences (refer note 36)	8.57	7.45
	9.62	7.91

22 TRADE PAYABLES

	March 31, 2018	March 31, 2017
Dues to micro and small enterprises (refer note 41)	4.96	1.96
Other trade payables	134.30	66.47
	139.26	68.43

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 38.

23 OTHER FINANCIAL LIABILITIES - CURRENT

	March 31, 2018	March 31, 2017
Current maturities of finance lease obligations	0.13	0.16
Interest accrued under MSMED Act, 2006	0.27	0.23
Employee benefits payable	13.48	11.69
Security deposit	0.35	0.35
Derivative liability- Foreign currency forward contract	-	0.05
Unclaimed dividend account	*0.00	-
Other payables		
For capital goods	1.50	16.06
For expenses	-	1.89
	15.73	30.43

*Amount less than ₹ 0.01 crore

24 OTHER CURRENT LIABILITIES

	March 31, 2018	March 31, 2017
Advances received from customers	2.11	2.76
Statutory dues payable**		
Tax deducted at source	3.28	2.80
Service tax	-	0.04
GST	6.17	-
Provident fund	0.79	0.61
ESIC	*0.00	*0.00
Profession tax	0.01	0.01
Works contract tax	-	0.01
VAT/CST tax	0.39	1.99
Others	0.70	-
	13.45	8.22

*Amount less than ₹ 0.01 crore

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

25 REVENUE FROM OPERATIONS

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)		
Gross sales	701.45	692.00
Less: Discounts	4.61	5.63
Net Sales	696.84	686.37
Other operating revenue		
Sale of scrap	0.89	0.89
Export Incentive	0.51	-
	1.40	0.89
Total revenue from operations	698.24	687.26

26 OTHER INCOME

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income under the effective interest method on:		
Deposits with banks	0.01	0.02
Loans to subsidiary	3.64	2.96
Interest received on income tax refund	0.25	1.37
Net gain on sale of property, plant and equipment	-	0.80
Net gain arising on financial assets measured at FVTPL	0.03	0.25
Rental income (including from property subleases (refer note 37))	4.19	3.72
Guarantee commission income	0.90	0.49
Gain on sale of investment	2.02	1.39
Reversal of provision on doubtful debts	1.13	0.20
Miscellaneous income	0.25	0.29
Technical Knowhow	0.66	-
Sales Tax Refund Received	0.54	-
Total Other income	13.62	11.49

27 COST OF MATERIALS CONSUMED

	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock		
- Raw materials	140.00	144.94
- Packing materials	1.21	1.99
	141.21	146.94
Add: Purchases		
- Raw materials	356.83	332.65
- Packing materials	11.72	9.63
	368.55	342.28
Less: Closing Stock		
- Raw materials	113.67	140.00
- Packing materials	1.81	1.21
	115.48	141.21
Materials consumed		
- Raw materials	383.16	337.59
- Packing materials	11.12	10.41
Total cost of materials consumed	394.28	348.00

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

	Year ended March 31, 2018	Year ended March 31, 2017
Opening Stock :		
Finished goods	8.41	10.39
Work-in-progress	33.26	45.66
Closing Stock:		
Finished goods	9.00	8.41
Work-in-progress	27.21	33.26
Changes in inventories:		
Finished goods	(0.59)	1.98
Work-in-progress	6.05	12.40
Changes in inventories of finished goods and work in progress	5.46	14.38

29 EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	63.48	53.51
Contribution to provident and other funds (refer note 36)	7.06	5.33
Compensated absences (refer note 36)	0.86	1.50
Staff welfare expenses	3.39	3.51
	74.79	63.85
Less: Transferred to intangible assets under development	(3.94)	(1.85)
	70.85	62.00

30 FINANCE COSTS

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on working capital loans	0.82	-
Interest on dues to micro and small enterprises	0.04	0.13
Other finance costs	2.30	2.27
	3.16	2.40

31 DEPRECIATION AND AMORTISATION

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	6.81	5.60
Depreciation of investment properties	0.42	-
Amortisation of intangible assets	3.30	1.21
	10.53	6.81

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

32 OTHER EXPENSES

	Year ended March 31, 2018	Year ended March 31, 2017
Cleaning and housekeeping expenses	1.88	2.06
Stores and spares consumed	1.73	0.76
Repairs and maintenance:		
- Buildings	1.06	1.22
- Plant and machinery	0.46	0.84
- Others	4.17	3.10
Rent (refer note 37)	9.03	6.97
Rates and taxes	1.78	1.87
Insurance	0.80	0.75
Power and fuel (net of reimbursements of ₹ 1.22 crores (previous year: ₹ 1.14 crores))	4.01	3.46
Selling and promotion expenses	2.58	1.75
Brokerage and commission	12.26	14.95
Freight, forwarding and delivery	3.84	3.46
Postage and telephone expenses	1.34	0.75
Travelling and conveyance	6.04	5.20
Security charges	1.77	1.83
Legal and professional charges	29.04	15.84
Payment to auditors (refer details below)	0.65	0.65
Bank charges	0.16	0.18
Corporate social responsibility expense	1.79	1.01
Bad debts written off	0.03	0.17
Directors' sitting fees	0.63	0.58
Exchange rate difference on translation (net)	0.43	0.54
Intangible asset under development written off	4.16	-
Loss on sale of property, plant and equipment	0.22	-
Miscellaneous expenses	11.50	6.83
	101.36	74.77
Less: Transferred to intangible assets under development	(11.03)	(2.72)
Less: Transferred to property, plants and equipment	(1.12)	-
	89.21	72.05
Payment to auditors (excluding service tax)		
Statutory audit	0.29	0.23
Tax audit	0.03	0.03
Other matters	0.33	0.39
	0.65	0.65

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

33 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

	March 31, 2018	March 31, 2017
Profit attributable to equity shareholders (basic and diluted)		
Profit for the year attributable to equity shareholders (A)	68.96	74.31
Weighted average number of equity shares for basic and diluted earnings per share		
Number of equity shares at beginning of the year	144,620,801	144,620,801
Equity shares held in controlled trust	(1,026,403)	-
Number of equity shares outstanding at the end of the year	143,594,398	144,620,801
Weighted average number of equity shares for the year (B)	144,488,135	144,620,801
Basic earnings per share of face value of ₹ 10 each (A) / (B)	4.77	5.14
Diluted earnings per share of face value of ₹ 10 each (A) / (B)	4.77	5.14

34 TAX EXPENSE

(a) Amounts recognised in Standalone balance sheet

	March 31, 2018	March 31, 2017
Current tax assets (net of provision ₹ 54.44 crores (March 31, 2017 : ₹ 81.39 crores))	16.62	16.76
Current tax liabilities (net of advance tax ₹ 30.04 crores (March 31, 2017 : ₹ 0.88 crores))	3.13	0.90
Provision for fringe benefits tax (net of advance tax of ₹ Nil (March 31, 2017 ₹ 0.68 crores))	-	*0.00

*Amount less than ₹ 0.01 crores

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current income tax		
Current year	33.11	29.46
Earlier years	(0.73)	(2.77)
	32.38	26.69
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	1.82	2.18
Deferred tax expense	1.82	2.18
Tax expense for the year	34.20	28.87

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

(c) Amounts recognised in other comprehensive income

	For the year ended March 31, 2018			For the year ended March 31, 2017		
	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	0.13	(0.04)	0.09	(1.35)	0.47	(0.88)
	0.13	(0.04)	0.09	(1.35)	0.47	(0.88)

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

	March 31, 2018	March 31, 2017
Profit before tax	103.16	103.18
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	35.70	35.71
Tax effect of:		
Non-deductible tax expenses	2.59	0.26
Incremental deduction allowed for research and development costs	(3.18)	(4.02)
Tax pertaining to prior years	(0.73)	(2.77)
Others	(0.18)	(0.31)
	34.20	28.87

The Company's standalone weighted average tax rates for the years ended March 31, 2018 and 2017 were 33.13% and 27.98%, respectively.

The effective tax rate for the year ended March 31, 2018 was higher primarily as result of lower additional allowances and higher non deductible tax expenses for tax purposes.

35 DEFERRED TAX

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax asset (liabilities)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Property, plant and equipment and intangible assets	-	-	(7.20)	(3.67)	(7.20)	(3.67)
Trade receivables	0.68	1.06	-	-	0.68	1.06
Provisions	5.02	2.97	-	-	5.02	2.97
Net deferred tax asset (liabilities)	5.70	4.03	(7.20)	(3.67)	(1.50)	0.36

Movement in deferred tax balances

	March 31, 2018					
	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	(3.67)	(3.53)	-	(7.20)	-	(7.20)
Trade receivables	1.06	(0.38)	-	0.68	0.68	-
Provisions	2.97	2.09	(0.04)	5.02	5.02	-
Net deferred tax assets (liabilities)	0.36	(1.82)	(0.04)	(1.50)	5.70	(7.20)

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Movement in deferred tax balances (previous year)

	March 31, 2017					
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	(1.16)	(2.51)	-	(3.67)	-	(3.67)
Loans and advances	0.06	(0.06)	-	-	-	-
Trade receivables	1.08	(0.02)	-	1.06	1.06	-
Current investments	(0.31)	0.31	-	-	-	-
Provisions	2.40	0.10	0.47	2.97	2.97	-
Net deferred tax assets (liabilities)	2.07	(2.18)	0.47	0.36	4.03	(3.67)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

Given that the Company does not have any intention to dispose investments in subsidiaries in foreseeable future, deferred tax asset on indexation benefit in relation to such investments has not been recognised.

36 EMPLOYEE BENEFITS

(i) Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans, recognised are charged off for the year as under :

Particulars	March 31, 2018	March 31, 2017
Employer's contribution to Superannuation Fund	1.25	1.14
Employer's contribution towards foreign defined contribution plan in accordance with local laws	0.22	-
Employer's Contribution to ESIC	0.02	*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.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

These plans typically expose the Company to actuarial risk such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan's assets.

Longevity Risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

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

Particulars	March 31, 2018	March 31, 2017
Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	9.25	6.74
Past service cost	0.61	-
Current service cost	0.92	1.13
Interest cost (income)	0.65	0.56
Benefits paid	(0.46)	(0.44)
Actuarial losses/ (gains) recognised in other comprehensive income		
- financial assumptions	(0.50)	0.77
- experience adjustments	0.33	0.49
Balance at the end of the year	10.80	9.25
Reconciliation of present value of plan assets		
Balance at the beginning of the year	8.79	6.74
Interest income	0.61	0.57
Remeasurements :		
Return on plan assets, excluding amount included in interest (expense)/income	(0.28)	(0.10)
Employer contributions	1.09	2.02
Benefits paid	(0.46)	(0.44)
Balance at the end of the year	9.75	8.79
Net defined benefit (asset)/ liability	1.05	0.46

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

B. Plan assets

Plan assets comprise the following:

	March 31, 2018	March 31, 2017
Investment		
Investment in Government Securities	6%	8%
Bank Special Deposit	2%	3%
Investment in other securities	15%	57%
Corporate Bonds	25%	2%
State Government Bonds	34%	30%
Others	18%	0%
	100%	100%

C. The components of defined benefit plan expense are as follows:

	March 31, 2018	March 31, 2017
Recognised in income statement		
Current service cost	0.92	1.13
Interest cost	0.65	0.56
Past service cost	0.61	-
Expected return on plan assets	(0.61)	(0.57)
Total	1.57	1.12
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	(0.17)	1.26
Return on Plan Assets, Excluding Interest Income	0.29	0.09
Total	0.13	1.35

D. Defined benefit obligations

i. Actuarial assumptions

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

	March 31, 2018	March 31, 2017
Expected return on plan assets	7.83%	7.32%
Discount rate	7.83%	7.32%
Salary escalation rate	6.00%	6.00%
Attrition rate	2.00%	2.00%
	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality rate during employment		
Mortality rate after employment	N.A.	N.A.

ii. Sensitivity analysis

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

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.87)	1.01	(0.80)	0.94
Rate of salary increase (1% movement)	0.89	(0.82)	0.94	(0.82)
Rate of employee turnover (1% movement)	0.16	(0.18)	0.08	(0.10)

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.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Maturity profile of the defined benefit obligation

	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years	Total
March 31, 2018						
Defined benefit obligations (Gratuity)	1.18	0.44	1.37	4.74	3.06	10.80
Total	1.18	0.44	1.37	4.74	3.06	10.80
March 31, 2017						
Defined benefit obligations (Gratuity)	0.80	0.28	1.65	2.96	3.55	9.24
Total	0.80	0.28	1.65	2.96	3.55	9.24

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 ₹ 3.79 crores (2016-17: ₹ 3.41 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 there is no shortfall:

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

Particulars	As at March 31, 2018	As at March 31, 2017
Plan assets at the period end, at fair value	50.27	41.65
Present value of benefit obligation at period end	48.66	40.02
Asset recognised in balance sheet	Nil	Nil

Plan assets comprise the following

Particulars	As at March 31, 2018	As at March 31, 2017
Investment		
Investment in Government Securities	48%	47%
Bank Special Deposit	7%	9%
Investment in other securities	11%	8%
Corporate Bonds	13%	19%
Debt Securities	21%	17%
	100%	100%

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

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate (%)	7.83%	7.32%
Guaranteed Interest Rate (%)	8.55%	8.65%
Expected average remaining working lives of employees (Years)	16	16

Other long term employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 0.86 crores (previous year ₹ 1.50 crores) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

Long-term incentive plan:

The obligation for long-term incentive plan is recognised arithmetically as percentage of fixed salary, based on certain vesting conditions. An amount of ₹ 2.60 Crores (previous year ₹ 1.10 crores) towards long-term incentive plan is recognised as an expense and included in the "Employee benefits expense" in the Statement of profit and loss during the year.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

37 OPERATING LEASES

Leases as lessee

The Company has taken factory and office premises under cancellable and non-cancellable operating lease arrangements. The agreement for non-cancellable lease is executed for the period of 60 months with a non-cancellable period upto 60 months and having a renewable clause which can be exercised by both the parties. Lease rentals debited to the Statement of profit and loss aggregates ₹ 6.57 crores (previous year ₹ 5.03 crores) for non-cancellable lease and ₹ 2.46 crores (previous year ₹ 1.94 crores) for cancellable leases.

i Future minimum lease payments

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

	March 31, 2018	March 31, 2017
Payable within one year	5.67	5.03
Payable between one year and five years	6.07	3.80
Payable after more than five years	-	-
	11.74	8.83

ii Amount recognised in profit or loss

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

	Year ended March 31, 2018	Year ended March 31, 2017
Lease expense - minimum lease payments	9.03	6.97

Leases as lessor

The Company leases out its investment property on operating lease basis. Also it has sublet other office premises under operating lease, the sublease income of ₹ 3.42 crores was received during the tenure. The sublease expires in March 2018.

i Future minimum lease payments

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

	March 31, 2018	March 31, 2017
Receivable within one year	1.27	-
Receivable between one year and five years	1.76	-
Receivable after more than five years	-	-
	3.03	0.00

ii Amount recognised in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Rental income	4.19	3.72

38 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

March 31, 2018	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Non current financial assets							
Loans	-	1.07	1.07	-	-	-	-
Others	-	0.03	0.03	-	-	-	-
Current financial assets							
Cash and cash equivalents	-	1.49	1.49	-	-	-	-
Current investments	1.55	-	1.55	-	1.55	-	1.55
Other bank balances	-	3.23	3.23	-	-	-	-
Loans	-	20.75	20.75	-	-	-	-
Trade receivables	-	187.60	187.60	-	-	-	-
Other financial assets	-	9.04	9.04	-	-	-	-
	1.55	223.21	224.76	-	1.55	-	1.55
Financial liabilities							
Non current financial liabilities							
Borrowings	-	0.28	0.28	-	0.28	-	0.28
Others	-	24.29	24.29	-	-	-	-
Current financial liabilities							
Borrowings	-	18.67	18.67	-	-	-	-
Trade payables	-	139.26	139.26	-	-	-	-
Other financial liabilities	-	15.73	15.73	-	0.13	-	0.13
	-	198.24	198.24	-	0.41	-	0.41

March 31, 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Current financial assets							
Cash and cash equivalents	-	17.25	17.25	-	-	-	-
Current investments	49.67	-	49.67	-	49.67	-	49.67
Other bank balances	-	0.03	0.03	-	-	-	-
Loans	-	41.17	41.17	-	-	-	-
Trade receivables	-	138.13	138.13	-	-	-	-
Other financial assets	-	5.57	5.57	-	-	-	-
	49.67	202.15	251.82	-	49.67	-	49.67
Financial liabilities							
Non current financial liabilities							
Borrowings	-	0.40	0.40	-	0.40	-	0.40
Others	-	24.10	24.10	-	-	-	-
Current financial liabilities							
Trade payables	-	68.43	68.43	-	-	-	-
Other financial liabilities	-	30.43	30.43	-	0.21	-	0.21
	-	123.36	123.36	-	0.61	-	0.61

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Current investments - in mutual funds	The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable

C. Financial risk management

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

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

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

ii. Credit risk

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

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

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

Trade and other receivables

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

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

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

	Carrying amount	
	March 31, 2018	March 31, 2017
India	178.47	135.41
Other regions	9.13	2.72
Total Trade receivables	187.60	138.13
Total other receivables	30.86	46.74

At March 31, 2018, the Company's most significant customer, accounted for ₹ 40.17 crores (March 31, 2017: ₹ 26.86 crores) of the trade and other receivables carrying amount.

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

	March 31, 2018		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	24.18	0.00%	-
Neither past due nor impaired	130.71	0.32%	0.42
Past due not impaired			
Past due 0-180 days	31.98	1.09%	0.35
Past due 181-360 days	1.60	11.25%	0.18
Past due 361-540 days	0.03	45.62%	0.01
Past due 541-730 days	0.53	88.16%	0.47
More than 730 days	0.35	100.00%	0.35
	189.38		1.78

	March 31, 2017		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	23.82	0.00%	-
Neither past due nor impaired	70.21	0.49%	0.34
Past due not impaired			
Past due 0-180 days	44.69	3.37%	1.51
Past due 181-360 days	1.65	26.87%	0.44
Past due 361-540 days	0.17	67.88%	0.12
Past due 541-730 days	0.04	99.87%	0.04
More than 730 days	0.46	100.00%	0.46
	141.04		2.91

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

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

For Trade receivable	Amount
Balance as at March 31, 2016	3.11
Impairment loss/(gain) recognised	(0.20)
Balance as at March 31, 2017	2.91
Impairment loss/(gain) recognised	(1.13)
Balance as at March 31, 2018	1.78

For other receivable	Amount
Balance as at March 31, 2016	0.18
Impairment loss/(gain) recognised	-
Balance as at March 31, 2017	0.18
Impairment loss/(gain) recognised	-
Balance as at March 31, 2018	0.18

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 1.49 crores at March 31, 2018 (March 31, 2017: ₹ 17.25 crores). The cash and cash equivalents are held with banks and financial institution counterparties with good credit rating.

Other bank balances

The Company held other balance of ₹ 3.23 crores at March 31, 2018 (March 31, 2017: ₹ 0.03 crores).

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

iii. Liquidity risk

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

Exposure to liquidity risk

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

March 31, 2018	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowing	0.28	0.31	-	0.31	-
Others	24.29	24.29	-	0.19	24.10
Current financial liabilities					
Borrowings	18.67	18.67	18.67	-	-
Other financial liabilities	15.73	15.76	15.76	-	-
Trade payables	139.26	139.26	139.26	-	-
	198.24	198.29	173.69	0.50	24.10

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

March 31, 2017	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Non current financial liabilities					
Borrowing	0.40	0.46	-	0.46	-
Others	24.10	24.10	-	-	24.10
Current financial liabilities					
Other financial liabilities	30.38	30.43	30.43	-	-
Trade payables	68.43	68.43	68.43	-	-
Derivative financial liabilities					
Forward exchange contract liabilities	0.05	0.05	0.05	-	-
	123.36	123.47	98.91	0.46	24.10

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of Market risk management is to manage and control market risk exposure with in acceptable parameters, while optimising the return. 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.

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 currency risk.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
	USD	EUR	SGD	CHF	Others**
Financial assets	9.90	0.70	0.18	-	-
Financial liabilities	(7.76)	(3.29)	-	(0.32)	*(0.00)
Net Exposure	2.14	(2.59)	0.18	(0.32)	*(0.00)

	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
	USD	EUR	SGD	CHF	Others**
Financial assets	5.93	0.47	0.40	-	-
Financial liabilities	(4.71)	(15.36)	-	-	*(0.00)
Derivatives (net settled)	4.95	-	-	-	-
Net Exposure	5.93	(14.89)	0.40	-	*(0.00)

*Amount less than ₹ 0.01 crore.

**Others includes AED, THB, HKD and LKR.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

a. The forward contracts booked also includes the future purchase transaction exposure.

b. Hedged foreign currency exposure

	March 31, 2018		March 31, 2017	
	Foreign currency	Indian rupees	Foreign currency	Indian rupees
Foreign exchange forward contracts (To hedge trade payables)	-	-	USD 750,000	4.95

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against all other currencies at March 31, 2018 and 2017 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in ₹	Profit or loss	
	Strengthening	Weakening
March 31, 2018		
USD (3% movement)	(0.06)	0.06
EUR (3% movement)	0.08	(0.08)
SGD (3% movement)	(0.01)	0.01
	0.01	(0.01)

Effect in ₹	Profit or loss	
	Strengthening	Weakening
March 31, 2017		
USD (3% movement)	(0.18)	0.18
EUR (3% movement)	0.45	(0.45)
SGD (3% movement)	(0.01)	0.01
	0.26	(0.26)

iv. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

	Nominal amount	
	March 31, 2018	March 31, 2017
Fixed-rate instruments		
Financial assets	18.93	40.58
Financial liabilities	(43.22)	(24.42)
	(24.29)	16.16

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

The Company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect profit or loss.

39 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to maintain an 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 March 31, 2018, 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.

	March 31, 2018	March 31, 2017
Non-current borrowings (finance lease obligations)	0.28	0.40
Current borrowings	18.67	-
Current maturity of long term debt	0.13	0.16
Gross debt	19.08	0.56
Less - Cash and cash equivalents	1.49	17.25
Less - Other bank deposits	-	0.03
Less - Current investments	1.55	49.67
Adjusted net debt	16.04	(66.39)
Total equity	627.57	618.79
Adjusted net debt to equity ratio	0.03	(0.11)

40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	March 31, 2018	March 31, 2017
A. Contingent liabilities		
a. Direct and Indirect taxes		
Income Taxes	6.23	3.22
Excise Duty	0.61	10.98
Service Taxes	12.42	-
Sales Tax	0.86	-
b. Corporate Guarantee		
Corporate guarantees given for loans taken by subsidiary companies	314.75	57.70

Contingent liabilities above represent estimates made mainly for probable claims arising out of litigation / disputes pending with authorities under various statutes (Income tax, excise duty and service tax). The probability and timing of outflow with regard to these matters depend on the final outcome of litigations / disputes. Hence the Company is not able to reasonably ascertain the timing of the outflow.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its standalone financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

	March 31, 2018	March 31, 2017
B. Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	2.40	1.45

41 DUES TO MICRO AND SMALL SUPPLIERS

Particulars	March 31, 2018	March 31, 2017
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	4.96	1.96
- Interest on the above	0.27	0.23
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	4.09	6.80
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	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	0.27	0.23
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	0.27	0.23

42 SPECIFIED BANK NOTES DISCLOSURE

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated March 30, 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes held and transacted during the period from November 8, 2016 to December 30, 2016. For the purpose of this clause, the term 'Specific Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the November 8, 2016.

Details of specified bank notes held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows:

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	2,804,500	1,368,910	4,173,410
(+) Permitted receipts	-	2,272,454	2,272,454
(-) Permitted payments	51,000	534,833	585,833
(-) Amount deposited in Banks	2,753,500	1,373,306	4,126,806
Closing cash in hand as on December 30, 2016	-	1,733,225	1,733,225

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

43 SEGMENT REPORTING

A. Basis for segmentation

The Company is operating in the manufacture of fragrances. The Company has only one reportable business segment which is manufacture of fragrances.

B. Geographical information

As the Company mainly caters to the needs of domestic market and the total export turnover is not significant 1.95% (previous year 2.68 %), separate geographical segment information has not been given in the standalone financial statements.

C. Information about major customers

Revenue from one customer as on March 31, 2018 is ₹ 75.36 crores (March 31, 2017 ₹ Nil) which is more than 10% of the total revenue of S H Kelkar and Company Limited.

44 RELATED PARTY DISCLOSURES

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

i) List of Related parties

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest	
			March 31, 2018	March 31, 2017
Keva Flavours Private Limited	Subsidiary	India	100%	100%
Keva Fragrances Private Limited (refer note 48)	Subsidiary	India	100%	100%
Keva UK Limited	Subsidiary	United Kingdom	100%	100%
Saiba Industries Private Limited	Subsidiary	India	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
Rasiklal Hemani Agencies Private Limited	Subsidiary	India	100%	100%
Keva Chemicals Private Limited	Subsidiary	India	100%	100%
Creative Flavours & Fragrances SpA (wef January 15, 2018)	Joint venture	Italy	51%	-
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	Step down subsidiary	Netherlands	100%	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Step down subsidiary	Indonesia	100%	100%
V N Creative Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited) (wef September 29, 2017)	Step down subsidiary	India	100%	100%
Tanishka Fragrance Encapsulation Technologies LLP (Subsidiary of Keva Chemicals Private Limited) (wef April 24, 2017)	Step down subsidiary	India	51%	-

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Other related parties

Relationship	Name of the related party
a) Key Management Personnel (KMP) Executive Directors	Ramesh V. Vaze, Managing Director Kedar R. Vaze, Director & Chief Executive Officer Tapas Majumdar (Chief financial officer) upto May 31, 2017 Ratul Bhaduri (Chief financial officer) from November 15, 2017 Deepti Chandratre (Company Secretary)
b) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	ASN Investment Advisors Private Limited Evolutis India Private Limited Keva Constructions Private Limited KNP Industries Pte. Limited Purandar Fine Chemicals Private Limited SKK Industries Private Limited
c) Relatives of Key Management Personnel	Anagha Nene Sumedha Karmarkar Prabha R Vaze Nandan K Vaze Parth K Vaze
d) Non-executive directors	Dalip Sehgal Alpana Parida Jairaj Purandare Sangeeta Singh Nitin Potdar (resigned wef February 28, 2018)

ii) Details of transactions with related parties

	Transaction value		Balances outstanding	
	Year ended March 31, 2018	Year ended March 31, 2017	March 31, 2018	March 31, 2017
Sale of goods				
Keva Fragrances Private Limited	38.23	24.26	17.69	17.18
Keva Flavours Private Limited	9.77	7.93	1.54	6.35
PFW Aroma Ingredients B.V.	-	0.29	0.35	0.30
Purandar Fine Chemicals Private Limited	-	*0.00	-	-
Keva Frangrance Industries Pte. Ltd	4.55	-	4.60	-
Purchase of goods				
Keva Fragrances Private Limited	61.89	30.73	32.10	3.86
Keva Flavours Private Limited	0.43	0.15	0.40	-
Purandar Fine Chemicals Private Limited	0.08	0.96	-	-
Keva Frangrance Industries Pte. Ltd	4.97	-	-	-
Keva Chemicals Private Limited	0.20	-	0.15	-
Commission expense				
Rasiklal Hemani Agencies Private Limited	5.14	7.21	-	-
Rent income				
Keva Fragrances Private Limited	3.42	3.42	-	-
Keva Flavours Private Limited	0.57	0.30	-	-

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

	Transaction value		Balances outstanding	
	Year ended March 31, 2018	Year ended March 31, 2017	March 31, 2018	March 31, 2017
Interest income				
Keva Fragrance Industries Pte Ltd	-	0.45	0.86	1.08
Evolutis India Private Limited	0.05	-	-	0.06
Keva Flavours Private Limited	2.27	2.04	0.99	-
Saiba Industries Private Limited	0.75	0.47	0.10	0.17
Keva Fragrances Private Limited	0.02	-	0.02	-
V N Creative Chemicals Private Limited	0.55	-	0.50	-
Technical know how income				
Keva Fragrances Private Limited	0.66	-	-	-
Interest expense				
Rasiklal Hemani Agencies Private Limited	2.19	2.19	-	-
Commission on guarantee given				
PFW Aroma Ingredients B.V.	0.15	0.09	-	-
Keva Flavours Private Limited	0.01	-	-	-
Keva Fragrance Industries Pte Ltd	0.34	-	-	-
Keva Fragrances Private Limited	0.32	-	-	-
V N Creative Chemicals Private Limited	0.08	-	-	-
Other services reimbursement received (netted off against respective expenses)				
Keva Fragrances Private Limited	1.26	1.17	-	-
Keva Flavours Private Limited	0.17	0.14	-	-
Recharge cost paid				
PFW Aroma Ingredients B.V.	14.86	8.05	-	-
Discovery and Research cost paid				
PFW Aroma Ingredients B.V.	4.36	-	-	-
Rent Paid				
Keva Constructions Private Limited	5.00	5.00	-	-
Saiba Industries Private Limited	0.88	0.40	-	-
Keva Frangrance Industries Pte. Ltd	1.11	-	-	-
Job Work Charges paid				
Keva Fragrances Private Limited	0.51	0.69	-	-
Royalty expense				
Keva Fragrances Private Limited	18.99	17.00	-	-
Reimbursement (for expenses incurred by related parties on behalf of company)				
PFW Aroma Ingredients B.V.	3.07	-	-	-
Reimbursement (for expenses incurred by company on behalf of related party)				
Keva Constructions Private Limited	0.12	0.11	-	-
Keva Fragrances Private Limited	-	0.16	-	-
Keva Flavours Private Limited	-	0.09	-	-
Evolutis India Private Limited	0.24	-	-	-
Saiba Industries Private Limited	-	*0.00	-	-

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

	Transaction value		Balances outstanding	
	Year ended March 31, 2018	Year ended March 31, 2017	March 31, 2018	March 31, 2017
Fixed assets purchased				
Keva Fragrances Private Limited	0.15	*0.00	-	-
PFW Aroma Ingredients B.V.	-	15.02	-	-
Fixed assets sold				
V N Creative Chemicals Private Limited	0.10	-	-	-
Deposits received				
Rasiklal Hemani Agencies Private Limited	-	23.00	23.00	23.00
Loan given				
Saiba Industries Private Limited	-	8.80	7.00	8.50
Keva Flavours Private Limited	11.95	43.75	-	29.70
Keva Fragrances Private Limited	3.25	-	-	-
V N Creative Chemicals Private Limited	31.60	-	11.9	-
Investment made				
Keva Fragrance Industries Pte Ltd	-	5.59	-	-
Rasiklal Hemani Agencies Private Limited	-	32.00	-	-
Keva Chemicals Pvt Ltd	4.00	-	-	-
Creative Flavours & Fragrances SpA	93.30	-	-	-
Sitting fees to non-executive directors	0.63	0.57	-	-
Key managerial personnel				
Remuneration	5.01	5.30	-	-
Post-employment benefits	0.65	0.46	-	-
Dividend paid during the year				
Ramesh V. Vaze	4.54	-	-	-
Kedar R. Vaze	2.72	-	-	-
Prabha R. Vaze	0.88	-	-	-
Sumedha Karmarkar	*0.00	-	-	-
Anagha S Nene	*0.00	-	-	-
Parth K. Vaze	0.23	-	-	-
Nandan K. Vaze	0.23	-	-	-
KNP Industries Pte Ltd	3.00	-	-	-
Vinayak Ganesh Vaze Charities	0.36	-	-	-
SKK Industries Private Limited	0.27	-	-	-
ASN Investment Advisors Private Limited	0.27	-	-	-
Keva Constructions Private Limited	1.57	-	-	-
Guarantee given				
Keva Fragrances Private Limited	53.16	-	-	-
PFW Aroma Ingredients B.V.	-	27.70	-	-
Keva Fragrance Industries Pte. Ltd	110.57	-	-	-
V N Creative Chemicals Private Limited	50.00	-	-	-
Keva Flavours Private Limited	45.00	-	-	-
Other current financial assets				

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

	Transaction value		Balances outstanding	
	Year ended March 31, 2018	Year ended March 31, 2017	March 31, 2018	March 31, 2017
Keva Fragrance Private Limited	-	-	4.65	1.90
Keva Flavours Private Limited	-	-	0.40	1.45
PFW Aroma Ingredients B.V.	-	-	0.51	0.64
Saiba industries Private Limited	-	-	-	-
Evolutis India Private Limited	-	-	-	0.14
Keva Frangrance Industries Pte. Ltd	-	-	0.35	-
Keva Chemicals Private Limited	-	-	-	*0.00
V N Creative Chemicals Private Limited	-	-	0.52	-
Other current financial liabilities				
PFW Aroma Ingredients B.V.	-	-	-	14.89
Keva Fragrances Private Limited	-	-	20.51	16.22
Saiba Industries Private Limited	-	-	0.16	0.23
Rasiklal Hemani Agencies Private Limited	-	-	13.02	10.25
Advances for supplies and services				
Keva Fragrances Private Limited	-	-	-	-
PFW Aroma Ingredients B.V.	-	-	2.23	4.03
Keva Flavours Private Limited	-	-	-	0.06
Keva Frangrance Industries Pte. Ltd	-	-	5.56	-
Corporate guarantees				
Keva Fragrances Private Limited	-	-	83.16	30.00
PFW Aroma Ingredients B.V.	-	-	26.02	27.70
Keva Frangrance Industries Pte. Ltd	-	-	110.57	-
V N Creative Chemicals Private Limited	-	-	50.00	-
Keva Flavours Private Limited	-	-	45.00	-

* Amount less than ₹ 0.01 crore

Terms and conditions of transactions with related parties

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

The interest rate on loans given to subsidiaries are in the range of 9% to 9.50%.

All the outstanding balances are unsecured and repayable in cash and on demand.

45 TRANSFER PRICING

The Company's management is of the opinion that its international transactions and specified domestic transactions are at arm's length as per the independent accountants report for the year ended March 31, 2017. Management continues to believe that its international transactions post March 31, 2017 and the specified domestic transactions covered by the new regulations are at arm's length and that the transfer pricing legislation will not have any impact on these standalone financial statements, particularly on amount of tax expense and that of provision of taxation.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

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: ₹ 1.48 crores (previous year: ₹ 1.20 crores)

The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	March 31, 2018	March 31, 2017
Contribution to Clean Ganga Fund	0.97	0.29
Promotion of education	0.67	0.55
Development of infrastructure in rural area	0.14	0.15
Total	1.79	0.99

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

47 EXPENSES INCURRED ON RESEARCH AND DEVELOPMENT DURING THE YEAR

A unit of the Company has been recognised by DSIR as in-house Research and Development unit. The Company claims 150% exemption under Sec 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

Amount in respect to	March 31, 2018	March 31, 2017
Capital expenditure	2.54	0.37
Revenue expenditure	10.78	10.50
	13.32	10.87

48 DISCLOSURE PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013

a) Details of loans given:

Name of the entity and relation with the Company, if applicable	Terms and conditions of the loan and purpose for which it will be utilized
Keva Fragrance Industries Pte. Ltd., subsidiary of the Company	Unsecured loans given @ 11% for the purpose of financial support (working capital) to subsidiary which is repayable on demand
Saiba Industries Private Limited, subsidiary of the Company	Unsecured loans given @ 9% for the purpose of financial support for acquisition of assets to subsidiary which is repayable on demand
Keva Flavours Private Limited, subsidiary of the Company	Unsecured loans given @ 9% for the purpose of financial support to subsidiary for acquisition of business which is repayable on demand
Keva Fragrances Private Limited, subsidiary of the Company	Unsecured loans given @ 9% for the purpose of financial support (working capital) to subsidiary which is repayable on demand
V N Creative Chemicals Private Limited, Step down subsidiary of the Company	Unsecured loans given @ 9% for the purpose of financial support to subsidiary for capex which is repayable on demand

Movement of loans during the financial year ended March 31, 2018 is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance (excluding accrued interest)
Saiba Industries Private Limited	Year ended 31 March 2018	8.50	-	(1.50)	7.00
Keva Flavours Private Limited	Year ended 31 March 2018	29.70	11.95	(41.65)	-
Keva Fragrances Private Limited	Year ended 31 March 2018	-	3.25	(3.25)	-
V N Creative Chemicals Private Limited	Year ended 31 March 2018	-	31.60	(19.70)	11.90

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

Movement of loans during financial year March 31, 2017 is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid/ adjusted	Closing balance(excluding accrued interest)
Keva Fragrance Industries Pte. Ltd.	Year ended 31 March 2017	5.74	-	*5.74	-
Saiba Industries Private Limited	Year ended 31 March 2017	-	8.80	0.30	8.50
Keva Flavours Private Limited	Year ended 31 March 2017	-	43.75	14.05	29.70

* During the previous year, the loan outstanding of ₹ 5.74 crores has been converted into equity.

b) Details of guarantees given:

The Company has provided following corporate guarantees for the loans taken by certain subsidiary companies as set out below:

Name of the entity and relation with the Company, if applicable	Financial year	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Closing Balance
Keva Fragrances Private Limited	Year ended 31 March 2018	30.00	53.16	-	83.16
PFW Aroma Ingredients B. V.	Year ended 31 March 2018	27.70	-	(1.68)	26.02
Keva Fragrance Industries Pte. Ltd.	Year ended 31 March 2018	-	110.57	-	110.57
Keva Flavours Private Limited	Year ended 31 March 2018	-	50.00	-	50.00
V N Creative Chemicals Private Limited	Year ended 31 March 2018	-	45.00	-	45.00
		57.70	258.73	(1.68)	314.75

Name of the entity and relation with the Company, if applicable	Financial year	Opening balance	Corporate gurantee given	Corporate gurantee revoked	Closing Balance
Keva Fragrances Private Limited	Year ended 31 March 2017	84.80	-	(54.80)	30.00
PFW Aroma Ingredients B. V.	Year ended 31 March 2017	9.01	27.70	(9.01)	27.70
		93.81	27.70	(63.81)	57.70

c) Details of investments made:

Entity	Financial year	Opening		Investment made		Sale of Investment		Closing	
		No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Keva Chemicals Pvt Ltd (face value ₹ 10 per share)	Year ended 31 March 2018	-	-	40,00,000	4.00	-	-	40,00,000	4.00
Creative Flavours & Fragrances SpA (face value Euro 1 per share)	Year ended 31 March 2018	-	-	10,20,000	93.30	-	-	10,20,000	93.30
Keva Fragrance Industries Pte Ltd (nominal value SGD 1 per share)	Year ended 31 March 2017	4,50,000	2.27	11,82,926	5.59	-	-	16,32,926	7.86
Rasiklal Hemani Agencies Private Limited (nominal value INR 100 per share)	Year ended 31 March 2017	-	-	25,000	33.17	-	-	25,000	33.17

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

49 ROYALTY EXPENSES

The Tradename "Keva", which is used by the Company and Keva Flavours Private Limited ("KFL"), wholly owned subsidiary of the Company is registered in the name of Keva Fragrances Private Limited ("KFG") - another wholly owned subsidiary of the Company. The Company and KFL have entered into an agreement with KFG for use of brand name, pursuant to a board resolution passed on March 27, 2017. As per the agreement, the Company has recognised expenses.

50 AMALGAMATION OF KEVA FRAGRANCES PRIVATE LIMITED WITH K. V. AROCHEM PRIVATE LIMITED

Pursuant to the Scheme of Arrangement (the Scheme) under relevant provisions of the Companies Act 2013 for amalgamation of wholly-owned subsidiaries of the Company, Keva Fragrances Private Limited ("KFG") with K. V. Arochem Private Limited as sanctioned by the Hon'ble High Court of Bombay on September 22, 2015 and filed with Registrar of Companies on November 15, 2016 (the Effective Date), the whole of the business, all assets, liabilities and reserves of KFG were transferred at fair values to and vested in the Company with effect from May 1, 2015 (the Appointed Date) and the name of K. V. Arochem Private Limited stood changed to 'Keva Fragrances Private Limited' with effect from December 14, 2016.

51 DISCLOSURE AS PER REGULATION 53 (F) OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS

Name of party	Relationship	Amount outstanding as at 31 March 2018	Amount outstanding as at March 31, 2017	Maximum balance outstanding during the year March 31, 2018	Maximum balance outstanding during the year March 31, 2017
Keva Fragrance Industries Pte. Ltd.	Wholly Owned Subsidiary Company	-	-	-	5.59
Saiba Industries Private Limited	Wholly Owned Subsidiary Company	7.00	8.50	8.50	8.80
Keva Flavours Private Limited	Wholly Owned Subsidiary Company	-	29.70	31.15	29.20
Keva Fragrances Private Limited	Wholly Owned Subsidiary Company	-	-	3.25	-
V N Creative Chemicals Private Limited	Step down subsidiary of the Company	11.90	-	19.76	-

52 With effect from April 1, 2016, the Company has changed its policy for accounting for research and development expenses. The Company has decided to capitalise development costs on intangible assets as per the requirements of Ind AS 38 – Intangible assets. The development costs capitalised during the year ended March 31, 2017 on eligible projects under development aggregated to ₹ 4.57 crores. Had the Company continued with the old policy of charging development costs to the Statement of profit and loss, the profit after tax for the year ended March 31, 2017 would have been lower by ₹ 2.97 crores respectively.

53 CONSOLIDATION OF TRUST

During the current year, Company has formed SH Kelkar Employee Benefit Trust (Trust) through its trustees Barclays Wealth Trustees (India) Pvt. Ltd.

The Trust has been formed for administering and implementing SH Kelkar Stock Appreciation Rights Scheme 2017 ('the scheme') of the Company which was adopted by the Board on August 10, 2017 and approved by shareholders of the Company on November 01, 2017

For the purpose of the Scheme, the Trust will purchase Shares out of funds borrowed from the Company which will be sold on the secondary market. The appreciation amount received by the Trustee on sale of shares be transferred to the Beneficiaries upon fulfilment of certain terms and conditions of the Scheme.

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

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

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 March 31, 2018 were as follows:

Particulars	Amount
Sources of Funds	
Corpus	*0.00
Reserves and Surplus	(0.42)
Secured Loan	
Loan from the company	33.00
Total	32.58
Application of Funds	
Investments	29.80
Current Assets, Loans and Advances (A)	
Cash and Cash Equivalents	3.23
Less: Current Liabilities and Provisions (B)	
Current Liabilities	0.45
Provisions	*0.00
Net Current Assets (A- B)	2.78
Total	32.58

* Amount less than ₹ 0.01 crore

ii Impact on the Company's profit and loss post the Trust consolidation for the year ended March 31, 2018

Particulars	Amount
Expenditure	
Management fees	0.01
Audit Fees	0.00*
Impact on profit before tax	0.01

* 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 ₹ 29.80 crores as at March 31, 2018.

(b) Other Non Current Financial Assets and other Income

Loans advanced to the Trust have been eliminated on consolidation amounting to ₹ 33 crores as at March 31, 2018 and interest of ₹ 0.40 crores on the above loan is also eliminated.

(c) Other Current Financial Assets

Interest on loans receivable from Trust eliminated on consolidation amounting to ₹ 0.40 crores as at March 31, 2018.

Notes to the standalone financial statements

For the year ended March 31, 2018

(Currency : INR in crores)

54 The Government of India introduced the Goods & Services Tax (GST) with effect from July 1, 2017, consequently revenue from operations for the year ended March 31, 2018 is net of GST, however, revenue for the period April 1, 2017 to June 30, 2017 is inclusive of excise duty and hence, total income from operations for the year ended March 31, 2017 are not comparable.

55 Consequent to the issuance of “Guidance Note on Division II -Ind AS Schedule III to the Companies Act ,2013”, certain items of financial statements have been regrouped/reclassified.

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm’s Registration No: 101248W/W-100022

Aniruddha Godbole

Partner

Membership No. 105149

Place : Mumbai

Date : May 25, 2018

Ramesh Vaze

Managing Director

DIN: 00509751

Ratul Bhaduri

Chief Financial Officer

ICAI Membership No: 55570

For and on behalf of the Board of Directors

S H Kelkar and Company Limited

CIN: L74999MH1955PLC009593

Kedar Vaze

Director & Chief Executive Officer

DIN: 00511325

Deepti Chandratre

Company Secretary

Membership No: A20759

S H KELKAR AND COMPANY LIMITED

Registered Office: Devkaran Mansion, 36, Mangaldas Road,Mumbai - 400002

Corporate Office: Lal Bahadur Shastri Marg, Mulund (West), Mumbai - 400 080

CIN No: L74999MH1955PLC009593

Tel No: +91222164 9163; Fax No: +91222164 9766

Website: www.keva.co.in; Email Id: investors@keva.co.in

NOTICE

NOTICE is hereby given that the 62nd Annual General Meeting of the Members of S H KELKAR AND COMPANY LIMITED (the “Company”) will be held on Thursday, August 09, 2018 at Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai - 400080 at 5.00 p.m. to transact the following business:

ORDINARY BUSINESS

- To receive, consider, approve and adopt the audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2018 alongwith the Report of Board of Directors and Auditors thereon.
- To declare dividend for the financial year ended March 31, 2018.
- To appoint a Director in place of Mrs. Prabha Vaze (DIN: 00509817), Non-Executive/Non-Independent Director, who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS

- To appoint Mr. Shrikant Oka (DIN: 08135918) as an Independent Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

‘RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactment(s) thereof, for the time being in force and the Articles of Association of the Company, Mr. Shrikant Oka (DIN: 08135918) who was appointed as an Additional Director (Non-Executive & Independent) of the Company and who holds office up to the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of an Independent Director not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years with effect from May 25, 2018.’

- To appoint Mr. Deepak Raj Bindra (DIN: 06835196) as a Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

‘RESOLVED THAT pursuant to the provisions of Sections 152 and 161 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, including any statutory modifications or re-enactment(s) thereof, for the time being in force and the Articles of Association of the Company, Mr. Deepak Raj Bindra (DIN: 06835196) who was appointed as an Additional Director (Non-Executive & Non-independent) of the Company with effect from May 25, 2018 and who holds office up to the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director liable to retire by rotation, be and is hereby appointed as a Director of the Company liable to retire by rotation.’

- To ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants, appointed as Cost Auditors of the Company for the financial year 2018-19 and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

‘RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Kishore Bhatia & Associates, Cost Accountants, appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the financial year 2018-19, be paid a remuneration of Rs. 1,80,000/- plus out-of-pocket expenses and applicable service tax that may be incurred.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.’

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Deepti Chandratre
Company Secretary

Date: July 13, 2018
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

NOTES:

- The Statement, pursuant to Section 102 of the Companies Act, 2013 with respect to Item Nos. 4, 5 and 6 forms part of this Notice. Additional information, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Secretarial Standards on General Meetings in respect of Directors (“Secretarial Standards”) seeking appointment/re-appointment at the Annual General Meeting (“AGM”) is furnished as annexure to the Notice.
- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE AGM ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person. A Proxy form is enclosed herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable. Proxies, in order to be valid and effective, must be delivered at the registered/corporate office of the Company not later than forty-eight hours before the commencement of the AGM. During the period beginning 24 hours before the time fixed for the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days of notice in writing is given to the Company.
- Corporate members intending to send their authorised representatives to attend the AGM are requested to send a certified copy of the Board resolution to the Company, authorizing the representative to attend and vote on their behalf at the AGM.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 03, 2018 to Thursday, August 09, 2018 (both days inclusive) for annual closing and determining the entitlement of the members to the dividend for the financial year ended March 31, 2018.

Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after Friday, August 10, 2018 to those members whose names appear on the Register of Members as on Thursday, August 02, 2018. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of business hours on Thursday, August 02, 2018 as per the details furnished by the Depositories, viz. National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
- Members, Proxies and Authorised Representatives are requested to bring the attendance slip enclosed herewith duly completed and signed along with their copy of Annual Report to the AGM. Only registered members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the AGM. Members holding shares in dematerialised form are requested to bring their Client ID and DP ID details for identification.
- In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
- Members are requested to intimate immediately the change of address or demise of any Member, if any, to the Company’s Registrar and Transfer Agents to prevent frauds.
- Members are requested to register / update their bank details with their Depository Participants as well as the Company to enable expeditious credit of the dividend to their bank accounts electronically.
- In order to communicate the important and relevant information and events to the members in a cost-efficient manner, members are encouraged to register their e-mail addresses with their respective Depository Participants.
- The Company has uploaded the details of unpaid and unclaimed dividend lying with the Company on the website of the Company www.keva.co.in. Members who have not encashed their dividend warrants pertaining to earlier declared dividends are requested to lodge their claims to Link Intime India Pvt. Ltd., the Company’s Registrar & Transfer Agent, at the earliest for obtaining payments thereof. Members are advised that no claim shall lie with respect to unclaimed dividend after it is transferred to the IEPF.
- Members holding shares in dematerialised form may please note that, while opening a depository account with Depository Participants, they would have given their bank account details, which will be printed on their dividend warrants. However, if members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.
- Members desiring any information with regard to Accounts/Reports are requested to write to the Company Secretary at least ten days before the AGM so as to enable the Management to keep the information ready.

- Investors may address their queries/communications to investors@keva.co.in and/or rnt.helpdesk@linkintime.co.in
- The Annual Report is being sent through electronic mode only to the Members whose e-mail addresses are registered with the Company/Depository Participant (s) unless any Member has requested for physical copy of the Report. For Members who have not registered their e mail addresses, physical copies of the Annual Reports are being sent by permitted mode. The Annual Report can also be viewed on the website of the Company www.keva.co.in.
- Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the AGM.
- A roadmap showing directions to reach the venue of the AGM is given at the end of this Notice.
- Voting through Electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44(1) and 44(2) of the Listing Regulations, the Company is pleased to offer remote e-voting facility as an alternative mode of voting which will enable all the Members to cast their votes electronically on the resolutions mentioned in the Notice of the AGM. The business at the AGM may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). Members who have cast their votes by e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

E-voting is optional and e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as at the close of business hours on Thursday, August 02, 2018. The e-voting period commences on Monday, August 06, 2018 (9.00 a.m.) and ends on Wednesday, August 08, 2018 (5.00 p.m.). The voting module shall be disabled by CDSL for voting thereafter.

The facility for voting through ballot paper will also be made available at the AGM and the members attending the AGM who have not already cast their votes by e-voting, shall be able to exercise their rights at the AGM through ballot paper.

The Company has appointed Mr. Ved Prakash (Membership No. 36837/CP. No. 16986), Designated Partner, M/s. S. Anantha & Ved LLP, Company Secretaries, Mumbai as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The instructions for members voting electronically are as under:
 - Log on to the e-voting website: www.evotingindia.com.
 - Click on “Shareholders” tab.
 - Enter your User ID
 - For CDSL: 16 digits beneficiary ID
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - 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 10 digit sequence number printed in BOLD at TOP RIGHT SIDE of the address sticker affixed on this Annual Report.
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 - 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) – 180625001 for S H Kelkar and Company Limited. This will take you to the voting page.

- x) 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.
- xi) Click on the “RESOLUTIONS FILE LINK”, if you wish to view the entire Resolution details.
- xii) 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.
- xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- xv) 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.
- xvi) Note for Non-Individual Shareholders and Custodians:
 - a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - c) After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - d) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Deepti Chandratre
Company Secretary

Date: July 13, 2018
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
e-mail: investors@keva.co.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to Item Nos. 4, 5 and 6 mentioned in the accompanying Notice.

Item No 4:

The Board of Directors has appointed Mr. Shrikant Oka as an Additional Director (Non-Executive & Independent) of the Company with effect from May 25, 2018, on the recommendation of the Nomination and Remuneration Committee. As per the provisions of Section 161(1) of the Act, he holds office up to the date of this AGM of the Company and is eligible for appointment an Independent of the Company not liable to retire by rotation for a period of 5 years with effect from May 25, 2018.

The details of Mr. Shrikant Oka as required to be given pursuant to the Listing Regulations and the Secretarial Standards, are attached to the Notice. Mr. Oka’s appointment will enable the Company to leverage his strong expertise and background to guide the Company on legal matters. In the opinion of the Board, Mr. Shrikant Oka fulfils the conditions for appointment as specified under the Companies Act, 2013. The Company has received a Notice in writing under Section 160 of the Act, proposing his candidature for the office of Independent Director. A copy of the letter of appointment of Mr. Shrikant Oka as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members at the Registered Office of the Company during the normal business hours on working days up to the date of the AGM.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Mr. Shrikant Oka, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 4.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the Members.

Item No 5:

The Board of Directors has appointed Mr. Deepak Raj Bindra as an Additional Director (Non-Executive & Non-Independent) of the Company with effect from May 25, 2018, on the recommendation of the Nomination and Remuneration Committee. As per the provisions of Section 161(1) of the Act, he holds office up to the date of this AGM of the Company and is eligible to be appointed as a Director of the Company, liable to retire by rotation.

The details of Mr. Deepak Raj Bindra as required to be given pursuant to the Listing Regulations and the Secretarial Standards, are attached to the Notice. Mr. Bindra’s professional expertise, significant experience and perspectives will be very helpful in the Company’s journey towards becoming leading global player. The Company has received a Notice in writing under Section 160 of the Act, proposing his candidature for the office of Director.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Mr. Deepak Raj Bindra, to whom the resolution relates, 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.

Item No 6:

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records for applicable products of the Company and the remuneration to be paid to the Cost Auditor is Subject to ratification by members of the Company.

On the recommendation of the Audit Committee, at its meeting held on May 25, 2018, the Board considered and approved the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, as the Cost Auditor for the financial year 2018-19 at a remuneration of Rs. 1,80,000/- plus out-of-pocket expenses and applicable service tax.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 6.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 6 of the Notice for the approval of the Members.

By Order of the Board of Directors
of **S H KELKAR AND COMPANY LIMITED**
CIN: L74999MH1955PLC009593

Deepti Chandratre
Company Secretary

Date: July 13, 2018
Regd. 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 Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name of Director	Prabha Vaze	Deepak Raj Bindra	Shrikant Oka
Category	Non-Executive Director	Non-Executive Director	Independent Director
DIN	00509817	06835196	08135918
Date of Birth and Age	June 19, 1946 71 years	June 04, 1947 70 years	September 14, 1958 59 years
Qualification	Bachelor's in Science from University of Mumbai	Bachelor's in Commerce from University of Mumbai, Chartered Accountant, FCA from UK	Bachelor's in Science & LLB from University of Mumbai
Nature of Expertise/Experience	Industrialist	Business Management	Solicitor
Brief Resume	Appended at the end of this table	Appended at the end of this table	Appended at the end of this table
First Appointment on the Board	October 29, 1980	May 25, 2018	May 25, 2018
Terms & Conditions of Appointment/re-appointment	Appointment as a Non – Executive Director liable to retire by rotation	Appointment as a Non – Executive Director liable to retire by rotation	Appointment as an Independent Director for 5 years with effect from May 25, 2018
Last Drawn remuneration details along with remuneration sought to be paid	As a Non-Executive Director, she is entitled to sitting fees for attending meetings of the Board/Committee within the limits set out in the Companies Act, 2013	As a Non-Executive Director, he is entitled to sitting fees for attending meetings of the Board/ Committee within the limits set out in the Companies Act, 2013	As a Non-Executive Director, he is entitled to sitting fees for attending meetings of the Board/ Committee within the limits set out in the Companies Act, 2013
No. of shares held in S H Kelkar and Company Limited as at March 31, 2018	50,14,514	Nil	Nil
Relationship with Directors/ Manager/KMP	Spouse of Mr. Ramesh Vinayak Vaze & Mother of Mr. Kedar Ramesh Vaze	Not Related	Not Related
No. of Board meetings attended out of 7 meetings held during the year	5	NA	NA

Name of Director	Prabha Vaze	Deepak Raj Bindra	Shrikant Oka
Directorship Details	Listed Company: S H Kelkar and Company Limited Private Companies: Keva Flavours Pvt Ltd Keva Biotech Pvt Ltd Keva Fragrances Pvt Ltd (Formerly known as KV Arochem Pvt Ltd) Keva Aromatics Pvt Ltd Saiba Industries Pvt Ltd Keva Properties Pvt Ltd Keva Constructions Pvt Ltd ASN Investment Advisors Pvt Ltd SKK Industries Pvt Ltd Rasiklal Hemani Agencies Pvt Ltd VN Creative Chemicals Pvt Ltd	Listed Company: S H Kelkar and Company Limited	Listed Company: S H Kelkar and Company Limited
Committee Positions	Member: <u>Corporate Social Responsibility Committee:</u> S H Kelkar and Company Limited	Member: <u>Stakeholders' Relationship Committee & Nomination and Remuneration Committee:</u> S H Kelkar and Company Limited	Member: <u>Audit Committee:</u> S H Kelkar and Company Limited

Brief Profile of Mrs. Prabha Vaze:

Mrs. Prabha Vaze is a Non-Executive Director of our Company. She holds a degree of Bachelor of Science from University of Bombay. She has more than 35 years of experience in the Company. She is actively involved in various CSR activities of Keva group.

Brief Profile of Mr. Shrikant Oka:

Mr. Shrikant Oka obtained a degree in Science (B.Sc.) from Mumbai University and thereafter obtained LLb degree in 1983. He is a senior lawyer specialized in civil matters since last 35 years. He has advised several companies including government and multinational companies on civil matters covering commercial transactions, property matters and litigations. He is a keen observer of the evolution of the property law and is a trekking enthusiast. Mr. Oka has been appearing as a Senior Counsel in litigations of various municipal corporations.

Brief Profile of Mr. Deepak Raj Bindra:

Mr. Deepak Raj Bindra obtained a degree in commerce (B.Com) from Punjab University and qualified as a Chartered Accountant in 1972. He was later admitted as FCA in Institute of Chartered Accountants in England & Wales. After initial few years with KPMG in London, he joined Unilever Group where he worked for about 23 years in a variety of different segments and senior management roles. His vast experience includes setting up of large greenfield projects, turn around of businesses, heading profit centres dealing in both fast moving consumer goods as well as consumer durables. He has worked in Quest International, an International Flavour & Fragrance company (a part of Unilever Group that was later sold to ICI plc) for about 13 years as a CEO India, Divisional Director NAMECA (North Africa, Middle East, Central Asia) in Egypt and Global Key Account Director in Holland. Post retirement from Quest, he worked as a Business consultant helping SMEs to bring about change management and turn-around of their businesses.



S H KELKAR AND COMPANY LIMITED
Registered Office: Devkaran Mansion, 36, Mangaldas Road,Mumbai - 400002
Corporate Office: Lal Bahadur Shastri Marg, Mulund (West), Mumbai - 400 080
CIN No: L74999MH1955PLC009593
Tel No: +91222164 9163; Fax No: +91222164 9766
Website: www.keva.co.in; Email Id: investors@keva.co.in

ATTENDANCE SLIP

Please fill the attendance slip and hand it over at the entrance of the meeting hall.
Joint holders may obtain additional slip at the venue of the meeting.

DP ID		Folio No	
Client ID		No of shares	

Name and Address of the Shareholder / Proxy: _____

I hereby record my presence at the 62nd ANNUAL GENERAL MEETING of the Company held on Thursday, August 09, 2018 at 5.00 p.m. at
Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai - 400 080.

.....
Signature of Shareholder / Proxy

NOTE: Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.



S H KELKAR AND COMPANY LIMITED
Registered Office: Devkaran Mansion, 36, Mangaldas Road,Mumbai - 400002
Corporate Office: Lal Bahadur Shastri Marg, Mulund (West), Mumbai - 400 080
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Tel No: +91222164 9163; Fax No: +91222164 9766
Website: www.keva.co.in; Email Id: investors@keva.co.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

CIN :	L74999MH1955PLC009593
Name of the Company:	S H KELKAR AND COMPANY LIMITED
Registered Address:	Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002
Name of the Member(s):	
Registered Address:	
Email Id:	
Folio No / Client ID	
DP ID:	

I / We being the member(s) of _____ Equity Shares of S H Kelkar and Company Limited, hereby appoint:

1.	Name:	
	Address:	
	Email ID:	
	Signature:	_____, or failing him / her
2.	Name:	
	Address:	
	Email ID:	
	Signature:	_____, or failing him / her
3.	Name:	
	Address:	
	Email ID:	
	Signature:	_____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 62nd ANNUAL GENERAL MEETING (“AGM”) of the Company, to be held on Thursday, August 09, 2018 at 5.00 p.m. at Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West) Mumbai - 400080 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Description of the business as set out in the 62nd AGM	For	Against
Ordinary Business			
1.	Consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended March 31, 2018		
2.	Declaration of dividend for the financial year ended March 31, 2018.		
3.	Appointment of Mrs. Prabha Vaze (DIN: 00509817) as a non-executive/non-independent Director, liable to retire by rotation.		
Special Business			
4.	Appointment of Mr. Shrikant Oka (DIN: 08135918) as an Independent Director		
5.	Appointment of Mr. Deepak Raj Bindra (DIN: 06835196) as a Director		
6.	Ratification of remuneration payable to Cost Auditors of the Company for the financial year 2018-19		

Signed this _____ day of _____, 2018.

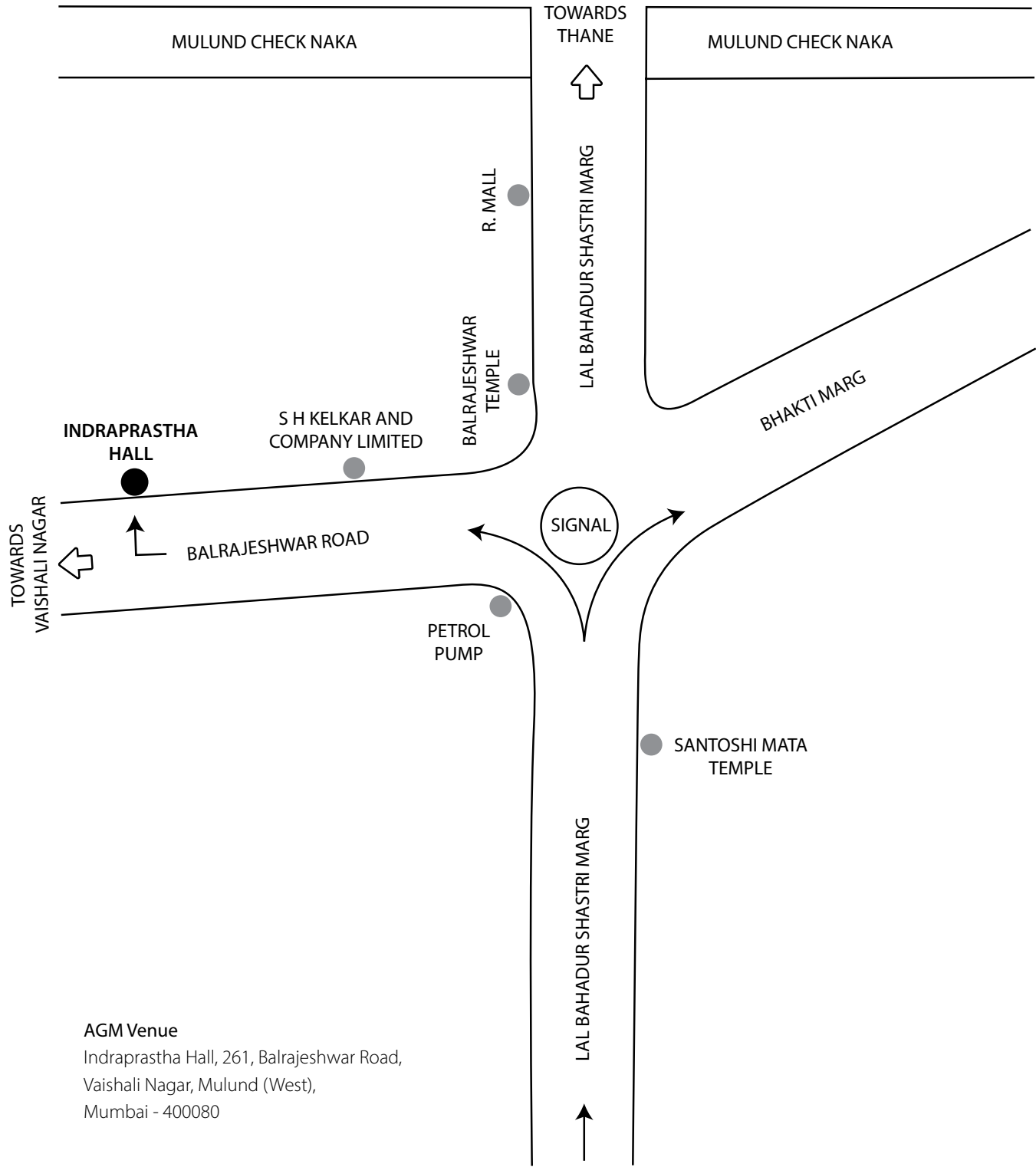
Signature of Share holder: _____

Signature of Proxy holder(s): _____

Affix
Revenue
Stamp

Note:
This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002 not less than 48 hours before the commencement of the AGM.

ROUTE MAP TO THE AGM VENUE



Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a template for writing or drawing. The margins are consistent on all sides.

Notes

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S H Kelkar and Company Limited
Devkaran Mansion, 36, Mangaldas Road,
Mumbai - 400 002