August 11, 2017

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 2016-17

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 2016-17.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H KELKAR AND COMPANY LIMITED

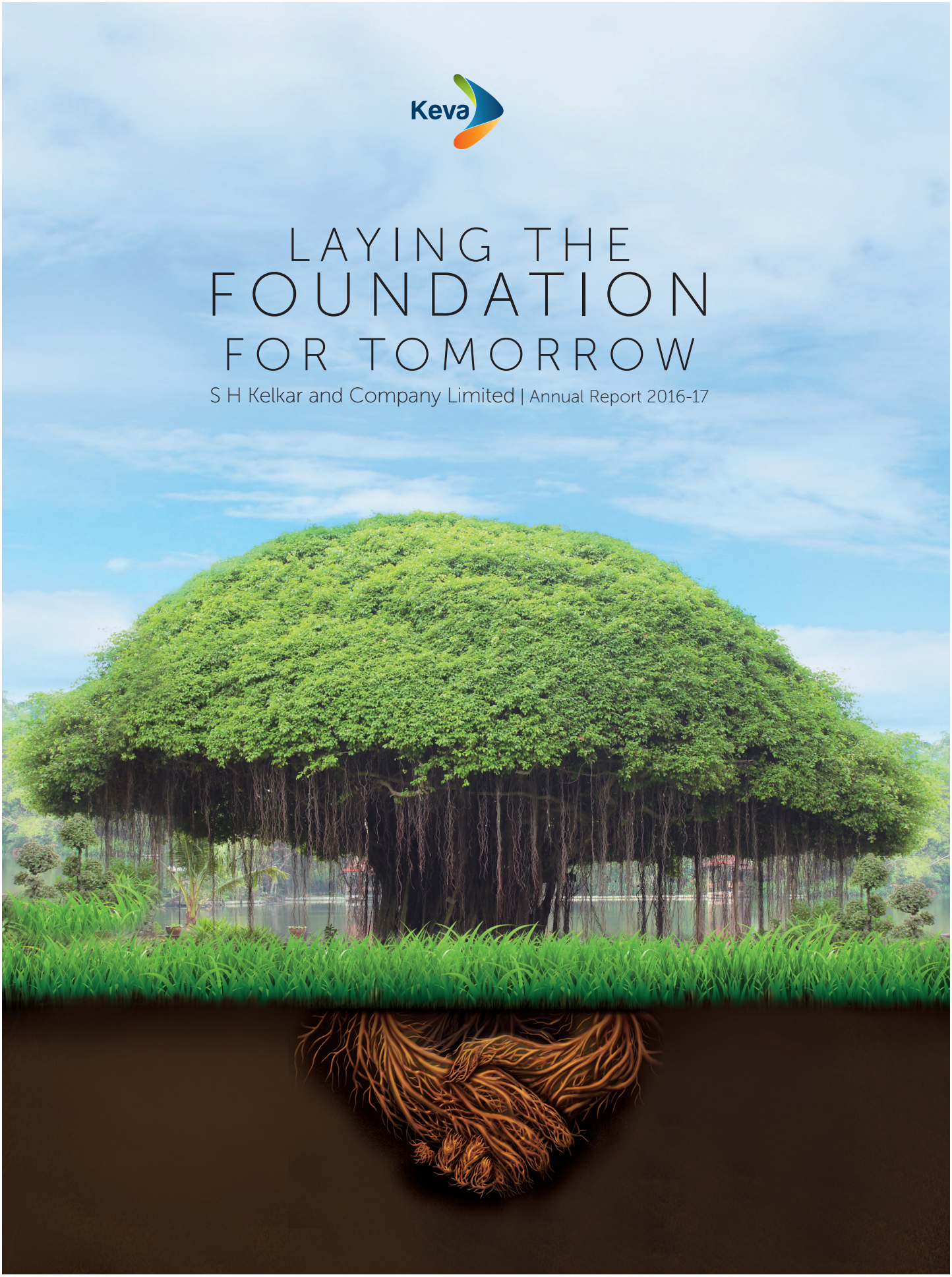
S H KELKAR AND COMPANY LIMITED
MUMBAI
400080

Deepti Chandratre
Company Secretary & Compliance Officer

Encl: As above

LAYING THE FOUNDATION FOR TOMORROW

S H Kelkar and Company Limited | Annual Report 2016-17



What makes you walk into a coffee lounge and say 'aaah'?

What makes you step into a mall and instantly feel good?

Why do you want to walk past the perfume section of a departmental store only to feel that all is well with the world?

Why do you feel like going to sleep when someone is pouring oil on your head?

Why does sniffing into vanilla always take you back to your childhood?

Why do people like cuddling into babies after they have bathed?

Why does sitting in a new car feel so different?

The answer in one word.

smell.

The last frontier.

Contents

Keva.

Smell. Consumers. Sensorial delight.

Keva.

People think we create smell molecules that make products smell good. We do more than that.

- We match product colour with smell.
- We mix product texture with smell.
- We blend the customer's desired brand positioning with smell.
- We differentiate different product categories around smell.
- We plan lasting consumer seduction around smell.

We are more than just a fragrance and flavours company.

- We are scientists. We are smell-engineers.
- We don't produce smell or taste; we design.
- We help customers launch brands that win in competitive marketplaces.

- A number of people think they buy because they see.
- At Keva, we believe they buy because they smell.
- They buy because they taste.

Humans can detect approximately one trillion distinct smells

Chemo-detection is the ability to detect chemicals related to smell or taste and is the oldest forms of sensory input for living organisms.

People can remember smells with 65% accuracy as compared to visual recall which is 50% accurate after three months

Women have a better sense of smell than men because the orbital prefrontal region of their brain is better developed.

Studies show certain smells can trigger specific memories, like crayons and vanilla invoke childhood memories for most people.

Pleasant fragrances are known to boost happiness and positivity in the mind.

Humans react emotionally to smell before identifying it, unlike sight or sound.

Episodic memories of meals are linked to sweet tasting food.

Smelling food first can alter what it tastes like. Many culinary experiences are developed on this principle.

At Keva, we have been in business for more than nine decades.

And yet, we are as young as we have been enduring.

Background

Established over 90 years back in 1922, Keva is one of the largest Indian fragrance and flavour companies.

Keva possesses state-of-the-art manufacturing facilities for both domestic and global markets. The Company manufactures and markets over 9700 products to over 4100 customers.

Keva's fragrance products and ingredients are used by FMCG companies in personal care, fabric care, hair care, home care, fine fragrances and blended products.

The Company's flavours are used in baked goods, dairy products, beverages, savoury snacking and pharmaceutical products.

Capacity

Keva's aggregate fragrance manufacturing capacity stood at 18,655 tonnes a year; the aggregate flavours manufacturing capacity stood at 3,000 tonnes a year as of 31 March 2017.

Customers

Keva markets fragrances and flavours largely within India (domestic sales accounting for 67.5% of revenues). The Company generated 32.5% of revenues from exports in 2016-17. The Company accounted for approximately 23% share of the Indian fragrance market and a little over 3% share of the Indian flavours market.

Downstream presence

Fragrance	Flavours
Personal care	Dairy products
Hair care	Beverages
Skincare and cosmetics	Confectionary
Fabric care	Bakery products
Household products	Pharmaceuticals
Fine fragrances	Savoury

Listing

The Company was listed in FY16 on the Bombay and the National Stock Exchanges. As of 31 March 2017, Keva had a market capitalisation of Rs.4,287.28 crore with the promoters holding a 57.6% stake.

Awards and recognitions

- Received the 'Best HR Strategy in Line with Business' award at the Global HR Excellence Awards, 2015
- Received 'Best Performance – Quality' award at Marico Samyut, 2014
- Received the 'Learning and Development - Diversity Award' at the National Learning and Development League Conference, 2014
- The Company has been ranked 29th 'Dream Company to Work For' by the World HRD Congress in February 2017.

Locations

Vapi, Gujarat	Mumbai, Maharashtra	Vashivali, Raigad, Maharashtra	Barneveld, the Netherlands
Area: 18 acres	**Area:** 11 acres	**Area:** 37 acres	**Area:** 3.46 acres
Installed capacity: 2,064 tonnes per annum	**Installed capacity:** 4,599 tonnes per annum	Fragrance unit **Installed capacity:** 10,342 tonnes per annum	**Installed capacity:** 1,650 tonnes per annum
Capacity utilisation: 44.8% in FY17	**Capacity utilisation:** 30.5% in FY17	**Capacity utilisation:** 52% in FY17	**Capacity utilisation:** 75% in FY17
		Flavour unit **Installed capacity:** 3,000 tonnes per annum	
		Capacity utilisation: 23% in FY17	

Milestones

1955
Incorporated as S. H. Kelkar& Co. Limited

1979
Establishment of the manufacturing unit at Vapi

1980
Incorporation of Keva Flavours Private Limited

1984
Establishment of the export-oriented Keva Fragrances Private Limited

2010
Consolidation of promoter's shareholding

Acquisition and integration of PFW Aroma Ingredients BV

2012
Investment by Blackstone

Acquisition of Saiba Industries Private Limited

2016
Acquisition of flavours business undertaking from High-Tech Technologies

2016
Acquisition of Rasiklal Hemani Agencies Private Limited to strengthen base in the northern India region

2016
Acquisition of flavours business undertaking and brands Three Birds and Wheel from Gujarat Flavours Private Limited

2017
Acquisition of fragrance encapsulation technology from Tanishka Fragrance Encapsulation Technologies LLP*

*Post Balance Sheet development.

R&D

1960
Establishment of the R&D centre at Mulund

1981
Expansion of the R&D centre at Mulund

2000
Expansion of a R&D centre in Mulund for fragrances

2012
Establishment of additional R&D centre at Mulund

Manufacturing

1960
Establishment of manufacturing facility at Mulund

1984
Expansion of the manufacturing facility at Mulund

1994
Expansion of fragrance manufacturing facility at Mulund for EOU

2007
Establishment of manufacturing facility at Vashivali

2014
Investment in Vapi plant to scale and modernise capacities

2016
Expansion of fragrance manufacturing facility at Mulund for EOU

2016
Expansion of flavours manufacturing facility at Vashivali

806
Team size (As of 31 March 2017)

84
Employees added during 2016-17)

23
% share of India's fragrance market)

3
% share of India's flavours market

A+
Credit rating assigned by CRISIL

MANAGING DIRECTOR'S OVERVIEW

Focusing on the Basics

Keva doubled revenues every five years in the last decade to reach nearly Rs. 1,000 crore in revenues during the last financial year. We continue to be driven by our business ambition of achieving US$ 1 billion in revenues within a decade.

The reality is that we possess the strategic clarity and execution capability on how to get there.

Context

At Keva, we believe that even though we are larger, more attractively placed and growing faster than ever before, we can grow faster on a larger revenue base for a number of reasons.

At the apex of the flavours and fragrance sectoral pyramid, 80% of the market is dominated by just 11 players with individual annual revenues of more than US$ 500 million. At the bottom of the sectoral pyramid, there are around 4,000 players marked by annual revenues of less than US$ 50 million.

Between these two segments lies a compelling sectoral opportunity – the largest available space marked by around a dozen players. Keva does not just belong to this space; it is arguably the fastest-growing in this segment. There are a number of fundamental realities which can accelerate our growth from this point onwards, translating into a progressively larger share of the global market.

Evolution

At Keva, we intend to extend our longstanding Indian market leadership to global stature. We intend to do what has succeeded for us in the past – a continuing focus on the basics, if only with more passion, more resolve and more endurance.

Perhaps the biggest transformation that we need to bring into play is a change in mindset. In the past, we were reasonably content to be a large and growing Indian player; the time has come to leverage our Indian foundation and emerge as a rapidly-growing global player.

In the past, we were content being a large Indian company. We soon realised that our market was relatively small by global standards; the time then has come to evolve from the 'small big' Indian Company to the 'big small' global company.

Global

At Keva, we recognise that the extension from the Indian environment to the global playground will be marked by a number of challenges.

Keva will enter select countries instead of spreading thin across a large number. In view of this, our global presence will be generally built bottom-up through a deeper understanding of grass-root customer needs as opposed to sitting in India and attempting to guess what might work in remote markets. This will also need an understanding of currency flows, demand trends and long-term capital allocation calls in business spaces, geographies, infrastructure and people.

At Keva, we will be cautious in this regard. For one, we do not expect to enter a large number of countries at one shot; we will enter only as many countries that fit into our strategic attractiveness criteria.

Besides, we will enter only those geographies where we see demographics unfold the way they did in India, leveraging our familiarity into how consumer response and appetites will evolve in the future.

Even as we are engaged in widening our global footprint, India will continue to be central to our strategy. We will make deeper investments in the country because we believe that the consumer revolution sweeping through the second most populous market provides an attractive growth opportunity for any serious long-term fragrance and flavours organisation.

At Keva, we intend to extend our longstanding Indian market leadership to global stature. We intend to do what has succeeded for us in the past – a continuing focus on the basics, if only with more passion, more resolve and more endurance.

At the bottom of the sectoral pyramid, there are around

4,000

players marked by annual revenues of less than US$ 50 million.

The market is transforming with speed. Keva is evolving faster than ever.

From a domestic market leader into a global fragrance and flavours player

From a focus on fragrances to a focus on fragrances and flavours

From research in safe spaces towards intellectual property research

From a broad product spread to a narrowing focus on the six largest fragrance-consuming categories.

From a narrow focus on organic growth to a wider focus on inorganic opportunities.

From a presence in broad category spaces to a growing presence in a niche extension.

Our fundamentals

Even as these challenges are daunting when seen together, our responses will be correspondingly simple. At Keva, we believe that the key lies in focusing on the basics, emphasising a continuing strategic focus on what served well for us for long. We believe that the best antidote for the increasingly complex challenges of today's global industrial environment is the ability to return to business fundamentals and then implement them better than ever.

So what are these basics or fundamentals at Keva?

At Keva, we believe that in business there is nothing more fundamental than partnering with customers in listening to consumers. This provides us with an opportunity to understand the kind of new products our customers intend to launch; it provides us with the latitude to suggest new developments that take the customer's business ahead. This engagement will help us graduate into trusted consultants. We will not only be strengthening our supply assurance, but also playing an influential role in the customer's product development, customer's brand building and winning consumer confidence. We will not be occupying a presence on the periphery of our customer's business; we would be playing an integral role in it.

The result will be that Keva will draw on its rich tradition of working alongside customers and helping grow their business, something that it has consistently done across the last nine decades. It will reconcile this deep legacy through a number of modern-day complements that make it possible for today's Keva to grow faster. This complement of the conventional and the contemporary will catalyse Keva's growth and translate into sectoral outperformance across the foreseeable future.

Acquisitions

At Keva, we believe that the inorganic opportunities could help us fast-track growth. We will continue to seek units that bring complementary research products and capabilities. We intend to buy these assets in a running condition, making it relatively easy for us to hit the ground at an accelerated pace. We intend to share best practices and invest in cultural integration that makes these companies a seamless extension of Keva in the shortest time.

Research

At Keva, we believe that the markets of the future will be driven and dominated by companies that invest in differentiated research. Primarily, we believe that this kind of research is something that generally works best for the customer and grows the customer's business. The more we look into the future, the more we believe that customers will need service providers like Keva to provide new molecule research, resulting in differentiated sensorial delight.

This is easier said than done. New molecule research is expensive and time-consuming; this combination means that the companies engaged in this kind of cutting-edge research will need adequate resources on the one hand and a long-term commitment on the other. At Keva, we are fortunate to possess both these attributes and hence, are attractively placed to graduate to this niche.

We possess a library of fragrances that has been compiled over more than nine decades. While it would have been convenient to be complacent with this library, we made the largest research investment within our sector in India, investing no less than Rs. 26.41 crore in new infrastructure and recruitment to address the growing needs of our customers.

We are doing two things here: one, we are preparing for a time when an increasing number of customers will seek the unique fragrances built on patent-protected molecules; two, we have already commissioned a studio in Amsterdam manned by international perfumers. We have invested in the niche end of fine fragrances, bringing a respected international dimension to our capability.

Culture

At Keva, we recognise the growing importance of the right organisational culture. This is something that we have consistently guarded. In the last five years, we infused a sense of youthfulness to our established values. The body may have grown larger but the soul is still of a young company. The result is that we shall be nimble; we will enter new customer categories, countries and products with speed. We hope to be a company that continues to mutate proactively in line with external dynamics within our desired risk appetite. We intend to remain a company that is forever young.

Conclusion

I must come back to something that I mentioned in the earlier paragraphs. It used to be said of a multinational giant that either it makes soap or markets soap. Period.

Similarly, Keva is researching new products and developing them. We believe that this focus will empower us to grow our business in a sustainable way so that we may emerge as a globally respected player in our fragrance and flavours space.

Even as Keva 1.0 has drawn to a close, we have extracted relevant elements to create a more compelling Keva 2.0 story. The time starts now.

Ramesh Vaze, *Managing Director*

The spirit of Keva

Stewardship

Partnership

Innovation

Responsibility

Integrity

Teamwork

Operational review

2016-17 was not only the best ever year for Keva from a quantitative perspective; it was also the best year from a qualitative point of view.

The Company reached three milestones: Rs. 981 crore in revenues (which was a shade below the coveted four-figure sales figure), Rs.105 crore in profit after tax and more than Rs. 100 crore in cash & investment on our books.

Q: Was the management pleased with the working during the year under review?

A: In view of the upheavals in the global and Indian economy during the financial year under review, the answer has to be an assertive yes. Even though FY2016-17 was challenging at Keva – we lost virtually an entire quarter due to demonetisation – the Company reported profit growth. Even as revenues increased 6.5%, the Company's bottomline strengthened 43%.

The result is that the Company reached three milestones: Rs. 981 crore in revenues (which was a shade below the coveted four-figure sales figure), Rs.105 crore in profit after tax and more than Rs. 100 crore in cash & investment on our books. This was not only the best ever year for Keva from a quantitative perspective; it was also the best year from a qualitative point of view.

Q: What were the constituents of this performance?

A: The performance of the Company during FY2016-17 represented a validation of our business model: some businesses performed creditably while others encountered headwinds, representing a broad de-risking of the company's business.

One, the international flavours and fragrances business did not perform creditably due to currency upheavals in ASEAN and Africa.

Two, the operations in Europe were affected following a weakening in the continent's currency; the Company procured in US dollars but marketed the end products in Euros, which affected viability.

Three, the Company continued to make a positive headway in the large Indian market. Even as the latter was affected by demonetisation, which caused the market to virtually disappear for an entire quarter due to weak consumer sentiment, Keva performed creditably in posting 6.67% revenue growth through the year even as global growth in the operating segment was a mere 1%. Keva's outperformance was the result of an extension in its business strategy: the Company continued to service the growing needs of a large number of small customers. This represented an adequate de-risking against precisely the sales slowdown that the Company encountered in the last financial year. The result was that the Company strengthened its market share from 20.5% in 2013 to ~ 23% in 2016 validating the point that during periods of market stress, strong companies enhance their footprint.

Four, the Company's flavours business reported more than 100% revenue growth during the financial year under review. The Company concluded two acquisitions in flavour business; while revenue growth through the organic route was 58%, the rest was derived from complementary acquisitions. The synergistic effect of acquisitions translated into an attractive revenue increase that enhanced viability for this fast-growing business during FY2016-17.

Q: What are the various ways in which the Company strengthened its business in 2016-17?

A: At Keva, we have always professed that the larger we become, the more profits we would reap. This was validated during the financial year under review. The Company strengthened its EBIDTA margin by 80 bps to 17.9% through three distinct initiatives: stronger procurement economies derived out of larger volume of purchases; graduating the product mix towards the premium; generating nearly Rs. 90 crore in revenues from new products (3 year basis, largely fragrances). The result reflected in the Company's Return on Capital Employed, which strengthened from 21% in FY2015-16 to 22.8% in FY2016-17.

Q: What were the other factors that strengthened the Company's profitability in a challenging year?

A: During a year when cash availability declined within the economy, there was a premium in enhancing corporate liquidity. The Company prioritised the need to strengthen its working capital management: it moderated inventory, collected receivables faster, repaid debt and moderated interest outflow by Rs. 15 crore. The combination of various efficiency-enhancing factors (decline in cost of goods sold, interest outflow and tax rate) strengthened profit after tax.

The Company prioritised the need to strengthen its working capital management: it moderated inventory, collected receivables faster, repaid debt and moderated interest outflow

Q: What are the various reasons that inspire optimism in the sustainable nature of the Company's business?

A: The Company strengthened its return on employed capital during a challenging year, which indicates the robust nature of the business model to capitalise on sectoral and economic rebounds. The Company has virtually no gearing corresponding to a net worth of Rs. 812 crore, which indicates the kind of financial leverage that lies within the Company should it need to capitalise on debt-funded acquisition opportunities. The Company's profitable flavours business used to be small at 6% of overall revenues in FY2015-16; this virtually doubled to 12% of revenues on a growing revenue size during the course of a single year. This volume-value play influenced our overall margins during FY2016-17, a trend we believe is sustainable.

The Company's domestic

formulations and ingredients business performed creditably during FY2016-17, at a time when our international business was affected by increased competition and Euro weakness. The Company intends to shift its ingredients manufacturing operations from Europe to India to moderate its cost structure and strengthen competitiveness.

Q: What is the outlook for the Company in FY 2017-18?

A: Some of the optimistic factors that drive our prospects are the new technologies that we acquired. We acquired the Fragrance Encapsulation Technology in FY 2017-18 (post-Balance Sheet development) because of its deep complementary competence in the area of encapsulated technology within the fragrance business. The Company is geared to strengthen its business in FY 2017-18 by commissioning new fragrance centre in Amsterdam.

Besides, during FY2016-17, we strengthened our research and development to focus on accelerated molecular development. We filed patents for products and are optimistic that the use of these patented raw materials in fragrance formulations will only enhance our competitiveness.

The Company commissioned studios and embarked on recruitment of professional perfumers. We believe that the combination of a presence in the niche area of fine fragrances and the specialised encapsulation technology represent a potent combination that will strengthen our international fragrance presence. We are optimistic that this business will be attractive and sustainable, considering that it is not being funded by debt; the company will be able to sustain this business across a longer period and even through profits which may be modest to begin with, we believe that we will be able to grow to the top of this business with profitable growth: a sustained 15% topline growth could generate 20% bottom line growth, effectively doubling the business in five years.

Q: Where do acquisitions fit into the Company's strategy?

A: At Keva, we are convinced that for a Company that grew to almost Rs. 1000 crore in revenues in 94 years and expects to grow to a billion dollars in size in the next 10 years, there is one important strategy that can make this happen: acquisitions. There is a lot more investment – material and intellectual – going into acquisitions today at Keva than ever before.

At Keva, our focus is on acquiring businesses that are niche and specialised, possessing complementary competencies. Keva made three acquisitions during FY2016-17; these tuck-in acquisitions were made in running businesses, businesses possessing enhanced technologies and differentiated products, and those that could graduate to the next level following acquisition.

We are attractively placed to sustain this activity: we possessed a net debt position of Rs. 31 crore as on 31 March 2017 compared with net worth of Rs 812 crore, which can empower us to borrow without compromising our gearing and prospective earnings capability. The Company has demonstrated an attractive track record in target identification, acquisition and cultural integration. The fact that the Company does not intend to acquire businesses with operational gestation indicates that we can expect to hit the ground running and grow aggressively through the inorganic route across the foreseeable future.

> We possessed a net debt position of Rs. 31 crore as on 31 March 2017 compared with net worth of Rs 812 crore, which can empower us to borrow without compromising our gearing and prospective earnings capability.

Q: What was the other positive to have emerged from the Company's working in FY 2016-17?

A: The demonetisation proved to be one of the most challenging moments for the country's fragrance and flavour segments. At Keva, we elected to perceive this juncture as an opportunity even as a number of peers elected to wait and see the storm blow over. Keva responded differently; the Company introduced the concept of a 'loyalty bonuses' for customers who had worked with us for a number of years. This proved to be a game-changer at a time when customer sentiment was tentative; this 'loyalty bonus' achieved critical business gains: it encouraged customers to buy products and restock; it 'locked' customers deeper into Keva, resulting in enhanced off take at a time of sectoral weakness. We are optimistic that a number of our customers will launch products by the third quarter of the current financial year. Besides, we believe that following the GST implementation, a number of our downstream FMCG customers will commence restocking, strengthening our off take.

Q: In what way did the Company leverage its strengths during the year under review?

A: The Company's strategy around fine fragrances represented its strongest business investment in a long time. This segment is large and value-added. During the year under review, Keva commenced marketing fine fragrances, which was well received by the market.

What makes this business segment attractive is that it is knowledge-driven, marked by scale, sophistication and sustainability. However the space is challenging, marked by high customer acquisition time, low success rate, sustainable sourcing and talent availability and retention. A company like Keva will need to recruit the right talent; we have already embarked on the recruitment of professional perfumers. A company like Keva needs the right products; the Company invested in cutting-edge research and filed patents, indicating its long-term commitment. The Company needs the right technology to sustain in this niche space; the Company invested in the encapsulation technology that will make it possible to grow its presence in non-traditional segments. During the year under review, Keva established its decisiveness; the Company ventured to seed this new business over the next five years, laying the foundation of growth at the Company and a business that is expected to enhance its international positioning.

At Keva, the global extension of these fine fragrances represented an inflection point and one of the most decisive initiatives that could progressively evolve the Company's personality across the foreseeable future.

> The Company's strategy around fine fragrances represented its strongest business investment in a long time. This segment is large and value-added.

We intend to go selectively global across 10 – or even 20 – countries.

We will replicate our India success in these geographies.

We intend to acquire complementary businesses while growing organically.

We intend to leverage technologies while growing faster.

We intend to move to niche value-added fragrance segments and focus on fragrances concentrated across half a dozen fastest-growing categories.

India is a consumption-driven economy.

This economic nature is influenced by a number of enduring concurrent realities.

The second largest global population. The largest annual population increment.

A population transforming from saving to spending.

A population evolving from price-sensitivity towards the premium lifestyle.

A population influenced by the consumption habits of the elders to a country driven by Millennials.

While these developments are exciting for market observers, they are challenging for the market-facing.

At Keva, we are bringing a differentiated priority to this exciting marketplace reality.

For one, we are fusing our longstanding values with a hungrier corporate ambition.

Keva. Seemingly same. Yet different.

A company continuing to focus on the basics. A company continuing to be driven by evolving realities.

How we do business

At Keva, we conduct our business in a distinctive manner with the objective to generate profitable and sustainable growth across market cycles.

The context of our sector

Income growth

India has been a turnaround among major economies across the last quarter of a century. This is reflected in the country's economic growth; a consistent GDP growth of 6-8 per cent makes India the fastest growing major economy.

Demanding consumers

Even as consumers have earned more, they have become increasingly demanding; this, in turn, has made fragrance and flavours customers demanding in their need to create differentiated products.

Increasing premiumisation

Indian customers are not merely buying a larger quantum of products; they are also graduating their purchases to the next premium product within the same category as opposed to the conventional image of a price-sensitive country buying the cheapest.

New product categories

India is being increasingly driven by a Millennial population; this younger India is willing to experiment and gravitate to products that have already been successful in the other countries. This experimentation is opening up categories: soap bars are extending to soap handwash; deodorant users are moving to perfumes.

Growing competition

The introduction of e-commerce is reducing business entry costs for intending entrepreneurs as a result of which the leadership of large brands is being constantly challenged.

Health consciousness

There is a growing health consciousness in the market that is prompting consumers away from the synthetic and chemical-based to the organic and the natural.

India is being increasingly driven by a Millennial population; this younger India is willing to experiment and gravitate to products that have already been successful in the other countries. This experimentation is opening up categories.

1

The passion that we bring to our business

Perennial curiosity: About markets, consensus and competition

Nimble: As a quick as a start-up

Commitment: 'Missionary over mercenary'

Long-term: Focus on endurance

Rejuvenating: Keep becoming younger

Innovation: Focus on doing the new

Push the envelope: Bigger and better prevails

Proactive: Move quicker than the market

Knowledge: Raise the bar

Outperformance: Passion overcomes everything

Ethical: Honesty – the only policy

2

Our strategic response

Vision

At Keva, our vision is to emerge among the ten largest fragrance companies in the world within the next decade.

Small is beautiful

At Keva, we continue to believe that the most resilient business strategy is one that focuses on the small needs of a large number of customers, resulting in customer intimacy that translates into a sustainable relationship.

Focus

We have consciously resisted backward integration due to the sheer variety of raw materials that we need in our business and that this would distract us from our core competence. The only integration that we have attempted is the manufacture of key ingredients for our fragrance business. Our Netherlands facility possesses this competence that has since also been transferred to our Indian manufacturing operations.

Acquisitions

Keva focuses on the acquisition of niche units or companies with complementary capabilities that can prove business-strengthening. The company acquired PFW Aroma Ingredients B.V. in the Netherlands, which added one manufacturing facility with two production plants and a research center to our operations. The company has made a number of acquisitions in the flavours business, accelerating revenues. The company has selected to buy running units and focusing on seamless and immediate cultural integration. Quicker success is more likely to be derived from acquisitions, capitalising on growing opportunities in Asia, Africa and the Middle East; if we acquire businesses that possess complementary research, professionals, assets and customer relationships, our corporate growth could be quicker. Our acquisition in the Netherlands helped bolster our global fragrance business and our Indian

3

Our strategic response

flavours business acquired business undertaking of two players in flavours industry in India.

India focus

Keva's principal market will continue to be India, a market in which it enjoys the status of being the largest Indian-origin manufacturer with 13% market share (flavours and fragrances).

Global ambition

At Keva, we derive 32.52 per cent of our revenues from global geographies today serving customers in 52 countries. We intend to increase our global revenues to US $ 1 billion within a decade through small steps in countries with demographics largely similar to India.

Research

At Keva, we invested Rs. 26.41 Crore (on consolidated basis) in research in FY2016-17. We intend to further invest in consumer and intellectual property-related research resulting in the development of products with a moat that strengthen the business of our customers and translate into repeated engagement. We developed 12 molecules in five years. We are the only company of Indian origin to file patents in the field of fragrances and novel aromatic molecules. We invested extensively; our 38 member research and development team (scientists, perfumers, flavourists, independent evaluators and application executives) are located across Mumbai, Bengaluru, the Netherlands and Indonesia. We enjoy the reputation of being a centre of excellence in our sector in India, making it possible to attract talented professionals. The company will continually seek to expand research and product creation capabilities by way of building development centers and strengthening our research team.

Scale

Keva has invested in scale with the objective to provide customers the confidence that we possess the adequate capacity to service their growing needs. The company's scale has helped us absorb fixed costs effectively, enhancing our competitiveness.

Category focus

Keva has focused on six large downstream sectors, which are faithful proxies of the country's economic growth and consume large quantities of fragrances. These comprise personal care, hair care, skin care and cosmetics, fabric care, household products and fine fragrances.

Branded small pack portfolio

Keva markets fragrance products in package sizes ranging from 25 grams to 500 grams to hundreds of traders and re-sellers. The company intends to increase the number of branded small packs while exploring opportunities to introduce different application methods for fragrance products.

Supply chain

Keva intends to strengthen supply chain management with the objective to widen sourcing, enhance product availability and moderate logistic costs, strengthening supply chain efficiency.

We developed 12 molecules in five years. We are the only company of Indian origin to file patents in the field of fragrances and novel aromatic molecules

3

The Keva edge

Leadership and Talent

Keva is an experience-rich company comprising promoters with a multi-decade experience of the fragrance and flavours industry, senior and mid-level management teams who have worked in large multi-national companies in the fragrance, flavour and FMCG sectors, as well as scientists, perfumers and flavourists who create differentiated products. Nearly 65 per cent of the company's employees were with the company for more than five years as on 31 March 2017, strengthening knowledge retention; the company's average age of 39 indicated high enthusiasm.

Pioneering

Keva's pioneering presence in the fragrance and flavours business has been reinforced through its distinctive intellectual property translating into pioneering products and services. We develop products that can be used for long-term and are environmentally sustainable. Our research team developed 12 molecules over the last three years; we filed patent applications for three molecules. We set up five product creation and development centers in Mumbai, Bengaluru, The Netherlands and Indonesia, increasing speed to market.

Collaborative

Keva helps customers grow, developing unique fragrance concepts (no duplication or multiple sale of the same product to different buyers) that make it possible for even the smallest of customers to establish a distinctive recall and resulting in our ability to grow with them.

Brand

Keva enjoys extensive respect – a company that is ethical (in terms of fairness and compliances), reliable (in terms of market reading), dependable (in terms of holistic client welfare) and accessible (in terms of responsiveness). Our tagline of 'crafting sensorial delight' indicates that we customise products; that we do not just transact but delight.

Nearly 65 per cent of the company's employees were with the company for more than five years as on 31 March 2017

4

The results of our business model

Sustainability

Keva has been a sectoral outlier across the last nine decades of its existence. In a business marked by revenue volatility, Keva has not reported an operational loss in any single year across the last five years.

Profitable growth

In the last five years ending 31 March 2017, the company reported CAGR 10.2 per cent revenue growth corresponded by CAGR 14.1 per cent profit growth.

Liquidity

Keva possesses a robust Balance Sheet that ensures sustainable viability. The company had net cash on its books as on 31 March 2017 (cash on hand being more than the debt); interest cover was a high 30.58 times.

Treasury management

Keva strengthened terms of trade: the receivables cycle declined from 91 days of turnover equivalent to 81 days of turnover equivalent in 2016-17.

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Management Discussion and Analysis

Global economic overview

The pace of global economic activity was mixed in 2016 as a number of crosswinds affected re-acceleration. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Within advanced economies, comprising the US, Europe and Japan, a protracted monetary policy support and return to fiscal neutrality underpinned a generally-accelerating output. In countries outside the advanced economies, the sources of slower growth comprised commodity price declines, overhangs from erstwhile credit growth and political turmoil.

Global growth was 3.1% in 2016, the forecast revised downwards by 10 bps for 2017 compared to the April 2016 projections. Long-term prospects of emerging market economies improved following a decline in interest rates in advanced economies and firming commodity prices.

Asia and India demonstrated robust growth. The currencies of advanced commodity exporters have also strengthened, reflecting the firming of commodity prices; however, several emerging market currencies depreciated substantially.

Outlook

The global economy has entered its sixth year of stagnation with growth estimates for 2017 continuing to trend the historical path. A projected stabilisation in energy and commodity prices may strengthen the case for resource-rich economies in 2017.

World growth is expected to rise from 3.1 percent in 2016 to 3.4 percent in 2017 and 3.6 percent in 2018, driven by stronger economic activity, expectations of robust global demand, reduced deflationary pressures and optimistic financial markets. (Source: IMF).

Growth	
Global **economy**	
2016	**3.1%**
2017	**3.4%**
2018	**3.6%**
Advanced **economy**	
2016	**1.6%**
2017	**1.9%**
2018	**2.0%**
Emerging market and developing **economy**	
2016	**4.1%**
2017	**4.5%**
2018	**4.8%**

(Source: IMF)

Indian economic overview

The Indian economy slowed in 2016-17 to 7.1% from 7.6% in FY2015-16, largely owing to the currency demonetization in the third quarter of the financial year under review. However, the general undercurrent continued to be optimistic; India's consumer confidence index stood at 136 in Q4 2016, the highest in the world.

India retained its position as the fastest growing major economy in the world catalysed by strong consumption growth and enhanced government spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 basis points rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front and fiscal consolidation by the government enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the government's demonetization initiative and the preparatory work related to the introduction of the goods and services Tax (GST). While the first initiative focused on eliminating the parallel economy, the second is expected to transform the country's taxation structure.

Outlook

India's outlook remains positive with economic growth expected to rebound in the range of 6.75-7.5% in FY2017-18. The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth to >8%. The Union Budget 2017-18 has laid a keen emphasis on rural infrastructural development, which is supposed to have a cascading multi-sectoral impact. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term. (Source: IMF)

The global fragrances industry

The global fragrance market continued to be a faithful proxy of the broad consumer sentiment. The global fragrances market was valued at ~ $ 11 billion. The global fragrances market was estimated at ~45% of the global flavours and fragrances market valued at ~$24.5 billion in 2016. Based on the ongoing global momentum, the global fragrance market is expected to report a CAGR of over 5 per cent across the next five years, much of this growth being catalysed by emerging markets like India, China and Indonesia where the growth would be considerably higher than the global average. On the other hand, growth in the mature North American and West European markets is expected to be muted. Given this reality, the APAC fragrance market is expected to be larger than America by 2022.

Much of the growth in the fragrance markets is expected to be derived from an increasing consumption of soaps and detergents on the one hand and cosmetics and personal care products on the other, which enjoy about 30% market share each of fragrance consumption. Rising disposable incomes in the developing economies of India and China is driving an increase in the consumption of these products from a low penetration average, assuring these product segments of sustained growth across the foreseeable future.

Catalysing this consumption shift is a growing recognition that fragrances are indispensable in modern-day marketplace success. This reality was validated by a study that indicated that the key driver of consumer repurchase in fine fragrances was scent (78%) followed by the overall experience (8%), brand (5%) and other realities.

Global fragrances industry – **Growth drivers**

The outlook for the global fragrance sector appears optimistic for a number of reasons.

Private labels proliferation: As consumption-driven economies grow larger, there has been an increase in the number of brands being created; besides, consumers are willing to experiment new fragrances more than ever, widening the market-entry opportunity.

Premiumisation: There is a visible traction towards premiumisation in the personal care and cosmetic product segments as consumers graduate from the use of basic soaps, lotions and fragrances to increasingly sophisticated cosmetic products across the skin care, hair care and personal wash categories.

Global flavours industry

The global flavours market in 2016 was valued at ~ $ 13.5 billion. The flavours market accounted for ~ 55% of the global flavours and fragrances market valued at ~$24.5 billion in 2016. The market is expected to report a CAGR of 5% over the next five years.

America and the Asia-Pacific account for the principal share of this market (~35%) each, followed by Europe, Africa and the Middle East.

Globally, beverages continues to be the largest end-use category, which enjoys about 30% market share, followed by the dairy, savoury and snacks segments.

Growth in this segment is likely to be led by the emerging markets of India, China and Indonesia. There could lower growth in the mature markets of North America and West Europe.

Interestingly, increasing consumer awareness and health consciousness strengthened the demand for 'health and wellness' products as consumers continued to seek healthy substitutes in processed foods and beverages.

Global flavours industry – **Growth drivers**

This segment of the industry is being catalysed by a number of enduring realities and developments: rising disposable incomes, growing urbanization, changes in lifestyle preferences and a growing willingness to experiment with new brands and products as well as a packaging revolution that has resulted in increase in the demand for bakery, beverage, savoury and snack products.

The global flavours and fragrances industry – challenges

Even as the outlook for the flavours and fragrances sector continues to be optimistic across the long-term, there are certain challenges that need to be addressed. Sustainable sourcing is probably one of the most critical challenges, making it imperative to source quality raw materials in a timely and sustainable manner. A growing global traction towards stringent regulations is enhancing standards and benchmarks applicable to the business. The growth of the sector is critically dependant on the availability of key talent, especially of perfumers and flavorists, making it imperative to retain talent.

The Indian flavours and fragrances industry and emerging trends

The Indian F&F market is valued at ~USD 770 million and expected to grow twice as fast as the global fragrance market; personal care and cosmetics segments in fragrances and savoury, bakery and beverages in flavours are expected to register the highest growth.

This growth is likely to be driven largely by the increased penetration of products in rural markets, the ongoing premiumisation of personal care and cosmetic products and the increased demand for bakery, beverages, savoury & snacks.

The Indian F&F market size in 2016 was Rs. 50.1 billion, and likely to grow at a CAGR of 10.2% over the next five years; the market is equally split between fragrances and flavours.

The Indian fragrances market (estimated at Rs. 25.2 billion in 2016) is expected to grow at a CAGR of 9.2% whereas the Indian flavours market (estimated at Rs.24.92 billion in 2016) is poised to grow at an estimated 11.2% over the next five years.

Keva accounts for a growing share of the Indian market at ~13%; while the company accounts for a 23% share of the fragrances market, it accounts for a little over 3% share of the flavours market (taking into account the annual potential of its recent acquisitions).

The key to growth in the sector in India lies in ongoing premiumisation - as Indian consumers graduate from using basic soaps and fragrances to higher-end and specialised cosmetic products across the skin care, hair care and personal wash categories, the demand for differentiated and premium products is expected to increase.

The sector is being increasingly marked by a growing focus on health, wellness and safety; besides, success is being increasingly derived from the ability to increase the speed to market.

Besides, a visible shift in consumer preference towards natural products and Ayurveda is evident. Keva has an Ayurveda extraction unit that enables it to offer and develop an extensive range of natural flavours/fragrances for customers.

The Indian flavours industry outlook

The Indian food flavours market offers innumerable opportunities. Urbanisation, growth in disposable incomes, increased availability of convenience goods coupled with growing health concerns have brought about sweeping changes. Moreover, increased awareness among governments and consumers to address specific health and nutritional needs are fuelling growth in the food and beverages sector. The future of the Indian flavours industry rests on the launch of novel foods and beverages which emphasize on health and nutrition. Hence, success in this space will be determined by a company's ability to introduce innovative variants, enhance sales force capabilities and usher technological improvements.

DID YOU KNOW?
Fragrance ingredients are tested around the same standards of consumer goods like food

DID YOU KNOW?
The human brain can distinguish 10,000 different odours

THE POWER OF PERFUMES
"Within the spiritual essence of scent lies the spirit of its time, the scented imagination -- the volatile, ever-changing cluster of mental images triggered by olfactory experience at different times of modern European history." – Richard Stamelman

The outlook of the Indian fragrances industry

The outlook of the Indian fragrances industry appears optimistic for a number of reasons. The increase in personal incomes, enhanced lifestyle aspirations, a greater willingness to spend, a larger proportion of spending in FMCG products and a greater shift from the functional to the experiential are driving FMCG consumption, which, in turn, is driving the offtake of fragrance products. Considering the lower penetration of FMCG products within the country and a large proportion of the country's population at a cusp of graduating into the middle-class, the outlook for the sector appears positive for fragrance product manufacturers.

India's climatic conditions provide an ideal habitat for the growth of a variety of aromatic plants and herbs. The climatic diversity also offers large opportunities for the domestication of many herbs that are in short supply and would otherwise need to be imported.

The Indian flavours and fragrances industry – opportunities

India's demographic advantage – the country has the largest proportion of youth in the world – coupled with rising employment are creating a foundation for sustained consumer spending.

This consumption spending is being increasingly reflected in a growing demand for packaged food items and wellness products like fruit drinks, instant-mixes, canned and flavoured foods that could catalyse the offtake of flavours and fragrances.

The emergence of the Millennial and post-Millennial generations are marked by larger spending on packaged products, strengthening the offtake of fragrance and flavour inputs.

The realities augur favourably for companies engaged in the development, manufacture and marketing of flavour and fragrance products.

Financial performance analysis

Total Income (net of excise duty) improved by 6.1% to reach Rs. 992.1 crore while growth on a constant currency basis stood at 6%. The domestic fragrances segment grew at a rate of 7% while the domestic flavours segment recorded a growth rate of 155%. The Company's international fragrances segment moderated by 14% while the international flavours segment grew by 80%.

Operating EBITDA increased by 10.7% to reach Rs. 177.4 crores while EBITDA margins expanded by 80 bps to 17.90%.

Overall increase in operating expenses stood at 4% with operating expenses accounting for 88% of the EBITDA. Interest expenses decreased by 74% to Rs. 5.16 crore. Profit before tax has improved by 38.5% to Rs. 152.8 crore. Net operating profit after tax went up by 43.5% to Rs. 104.8 crore. Cash profit improved by 20.9% to Rs. 124.3 crore from Rs. 102.8.

The Indian consumption story

According to a report by the Boston Consultancy Group, India is poised to become the world's third-largest consumer market by 2025

The share of modern retail is expected to triple from USD 60 billion in 2015 to USD 180 billion in 2020

The personal care industry makes up 22% of India's market for consumer packaged goods (as on 31 March, 2017)

The next set of FDI reforms is likely to permit the sale of India-made products to account for 25% of total merchandise sales

The Centre sanctioned 42 mega food parks and 234 cold chain projects with 139 lac tonnes of agro-produce preserving and processing capacity worth Rs 35,000 crore

The Central Government has allotted a sum of USD 19.65 million for developing mega food processing parks across India

Business segment 01

Fragrances

Keva is the largest fragrance producer of Indian origin in India with over 6000 products across multiple categories catering to brands the world over. The Mulund facility is recognised and approved by the DSIR, Ministry of Science and Technology, India.

Highlights, 2016-17

Revenues moderated by 1% in 2016-17 to
Rs. 857 crore

Operating profit grew by 9% in 2016-17 to
Rs. 124 crore

Domestic sales stood at 70%; exports comprised
30%

Became the first Indian company to file a global patent in the field of fragrances and novel aromatic molecules

Products and applications

Keva provides ingredients for some of the world's most prominent scents. With a legacy of fragrance manufacturing spanning a century, the Company possesses a robust backward integration that makes it responsive to market demand. The Company comprises three manufacturing facilities in India and one in The Netherlands, widening its access to developing and emerging markets.

Personal care: Personal hygiene products are vital to individuals. Keva provides the right fragrances and quality to ensure that personal products smell as they are required, relaxing and soothing after a long day or fresh aromas that vitalize the senses in the morning. These fragrances are used in products like soaps, shower gels, hand washes and creams.

Fabric care: Fresh fabrics not only need to look fresh, but need to smell fresh as well. Keva's fragrances for fabric care are designed to generate a fresh aroma after wash, derived out of the use of detergents and fabric softeners.

Skin & hair care: Keva's qualitative products for the skin and hair care sector ensure that every product offers the right aromatic experience at the start of the day. Products comprise hair gels, shampoos, hair oils and face washes.

Fine fragrances: Keva manufactures diverse compounds for fine fragrances comprising fruity notes to effervescent scents customised around the senses. These compounds are used in products like deodorants and perfumes.

Household products: While household products keep homes clean, Keva's expertise keeps them smelling comforting. The fragrances are used in room fresheners, floor cleaners and washroom products.

Fragrance & flavour blends: Keva's products are also blended to manufacture other products.

Branded small packs: Keva engages in the trade business, marketing products through three brands to traders, resellers and SMEs. These customers cater to downstream businesses like soaps and detergents addressing Tier II and III towns and villages.

Domestic sales

Highlights, 2016-17

Focus on partnering customers and widening market engagement helped to improve market share. The outcome: while the market grew 7%, domestic sales grew by 13%, market share increasing to 23%.

Outlook

The company intends to strengthen the basic building blocks of its business, comprising a growing focus on partnering with customers, helping customers understand consumer trends and win in challenging business spaces, launching a wider product basket and leveraging research to create differentiated fragrances that provide a superior sensorial experience.

Exports

Highlights, 2016-17

The year was marked by intense competition, currency volatility and weakening of the Euro vis-à-vis the dollar. Besides, the Middle East, which accounted for over 31% of the Company's international business, was affected by geopolitical tension. The abolishment of import duties across Europe made continental players competitive. The Company's exports grew by 3% in dollar terms as a result of a strategic strengthening of processes, productivity and systems in South East Asia. The Company addressed growing demand in Indonesia and Thailand through methodical recruitment and other initiatives.

Outlook

Keva commissioned a facility in Mulund in April 2016 for the manufacture of fine fragrances. Keva intends to cater to the growing demand coming out of Indonesia, Iran, Middle East, South Asia and Africa, strengthening profitability.

THE POWER OF PERFUMES

"Natural oils are glorious, unspeakably romantic, and silken. Science is grand, but nature is grander." – Cathy Newman

DID YOU KNOW?

Smelling a fragrance you know and perceive as pleasant could have significantly positive effects on your mood

DID YOU KNOW?

55% of women use fragrances as a mood lifter

Business segment 02

Flavours

Keva creates signature flavours based on its knowledge and experience, establishing its position as one of the leading manufacturers in India.

Keva's extensive range of flavours is used in industry sectors like beverages, dairy products, confectionaries, bakery products, savoury and pharmaceuticals. Its understanding of trends helped reinforce its position as the manufacturer of choice.

Products and applications

Keva's flavour range comprises over 3000 flavours, which are categorised into natural, nature-identical and artificial. These are available in four applications: dry mix, liquid and encapsulated. The Company widened flavours diversity based on its domestic palate understanding. The flavours were used in the following sectors:

Dairy products: Dairy products such as ice creams, milk shakes, smoothies, yoghurt and flavoured milk are increasingly popular among the young. Keva's flavours for dairy products find increasing favour with clients.

Beverages: Beverages are among the most-consumed products, comprising tea, coffee, drink concentrates and carbonated beverages. Keva's expertise in creating nature-identical flavours such as ginger, rose, watermelon, orange, and mango is responsible for creating signature tastes for clients.

Confectionery: India is one of the fastest growing confectionery markets in the world based on new products and taste combinations. Keva leverages its experience to create some of the most innovative flavours and ingredients.

Bakery products: The bakery industry is evolving from typical products to trend-leading products marked by signature tastes. Keva's global pool of flavour profiles, matched with various product applications, provide a one-stop solution.

Pharmaceuticals: Keva's flavours find use in the pharmaceutical sector, with select flavours (mint) being exceedingly popular.

Highlights, 2016-17

Revenues grew by 113% in 2016-17 to
Rs. 124 crore

Operating profit grew by 211% in 2016-17 to
Rs. 34 crore

Domestic revenue stood at 52%; exports at
48%
of overall revenues

Achieved healthy market share gains

Integrated tuck-in acquisitions

Domestic sales

Highlights, 2016-17

Keva grew its domestic business through a multi-pronged approach.

- The Company appointed 12 new distributors to address small-scale manufacturers in the food processing sector keen on diversification
- The Company identified distributors with a nationwide retail presence
- The Company deepened its presence in Delhi and Hyderabad
- The Company strengthened customer service through shorter turnaround times and timely courier engagement.

Outlook

The Company aims to reinforce its domestic presence by foraying into the uncharted Eastern and Central India – West Bengal (opportunity on account of a mass tea-drinking population), Odisha (growing local bakery industry with large production capacities), Jharkhand (opportunities originating from new food projects coming up in Ranchi), Madhya Pradesh and Chhattisgarh (fast-growing markets). On the international front, Keva intends to grow its presence in South East Asia and Middle East.

The Indian opportunity

- One of the largest flavours market (Rs.24.92 billion in 2016)
- Market dominated by small unorganised players, benefiting large organised players
- Acquisitions represent the quickest way to grow
- GST expected to narrow the difference between unorganised and organised sectors

Exports
Business driver 01
Highlights, 2016-17

Overview

- Keva has two state-of-the-art R&D facilities in India and The Netherlands, engaged in developing new and better products for domestic and global markets.
- Keva's product portfolio comprises of higher proportion of natural flavours in line with the marketplace demand as consumers are more conscious of artificial flavouring.
- The win ratio for deployment of newly developed products has improved, establishing the Company's presence in the domestic F&F market.

Highlights, 2016-17

- Keva expanded its discovery & development team by 30%
- The Company is initiating long term research programmes for future products.

Outlook

Keva is aiming to improve its timelines for product development. Besides initiating fresh research for its long-term products, Keva is establishing the foundation for its prospective product basket through the long-term renewal of its research programmes.

Exports
Business driver 02
Quality management

Overview

- Keva's facility has been registered by USFDA and certified by numerous bodies including FSSC and the FSSAI.
- Keva has a fully equipped fragrance and flavour testing laboratory with gas chromatographs, density meters, automatic polarimeters, tintometers, flash-point testers and Microbiological testing.
- The Company has invested in the best safety equipment for its workers and effluent treatment plants near its facilities to ensure quality extends beyond its products.
- The Company has been utilising state-of-the-art technology to ensure robust quality control

2016-17 highlights

- Keva's creation and development Centres are responsible for creating quality products across various categories, for diverse product applications, specifically working with its customers as an extended R&D arm.
- Keva has a team of 20 scientists, 12 perfumers and six flavourists, along with evaluators and application specialists to perfect each product for every application.
- Keva is engaged in developing products for its prospective product range, with a strong emphasis on quality and specific applicability.

Outlook

Keva maintains stringent quality norms for all its products and processes resulting in the highest product integrity. The Company is constantly innovating and acquiring newer certifications from regulatory bodies around the globe. Keva's cutting-edge research centre in India is recognised by the DSIR as an in-house R&D centre developing quality fragrances and flavours.

Exports
Business driver 03
Knowledge capital

806
Total employees at the end of FY2016-17

39
Average age of employees (in years)

- Keva possess rich multi-decade experience in the fragrances and flavours business
- The Company employs one of the largest knowledge pool in the sector in India
- The Company leverages campus and lateral hiring to create a quality talent base
- The Company conducts management training programmes to nurture the right talent
- The Company launched a LEAD programme to build talent from within

Highlights, 2016-17

- The Company's LEAD programme identified and developed 44 employees under an Individual Development Plan
- The Company migrated the working of its HR division to a cloud-based format called Success Factors
- The Company leveraged technology to increase transparency, ease of access, digitise its Performance Management System and provide online learning modules
- The Company launched 'Ear to Hear', an employee well-being programme to provide secure confidential counselling to employees and their family members
- The Company offered flexible work timings to employees, enhancing the work-life balance
- The Company hosted its Keva Star programme, conducted bi-annually to recognise outperformers.

Outlook

The Company intends to create a talent board to discuss, review and appraise promising talent.

Risk identification and mitigation

Export presence risk

Keva exports to nearly 50 countries and derives 30% of its revenues from exports; the dispersed country presence represents a risk in terms of the diverse variables.

Mitigation

Keva intends to spread its business across nine countries enjoying demographics similar to India (Africa and ASEAN). The Company expects new avenues will open up faster in Asia. Higher disposable incomes, grooming consciousness and an increasing product experimentation are expected to catalyse demand.

Product specific risk

Keva may not be able to develop new flavours and fragrances to grow the business.

Mitigation

Keva is responding through robust research and acquisitions of companies possessing the expertise to develop flavours. Keva possesses the brands and market coverage to attract professional alliances.

Raw material risk

Keva requires 1500+ raw materials, any shortage of which can affect competitiveness and revenues.

Mitigation

The Company will continue to strengthen research through adequate investment, protecting its competitiveness.

Acquisition risk

Keva may acquire companies that do not represent a strategic fit.

Mitigation

Keva has laid down rigorous appraisal criteria for acquisitions; the Board reviews each target across these criteria resulting in informed strategic decision-making.

Regulatory risk

The Company may be unable to address regulatory compliances, international and domestic.

Mitigation

The Company's statutory compliance management system ensures impeccable compliance. The Company's internal financial control system is periodically monitored by an internal auditor, validated by an external auditor with findings reported to the Board.

Currency risk

Keva markets products to customers across 52 countries; cross-currency volatility could impact profitability.

Mitigation

The Company hedges its foreign currency trade without an open position, safeguarding itself from the forex fluctuations.

Receivables risk

Keva is exposed to the risk of longer export receivables and bad debts while working with customers in unfamiliar markets.

Mitigation

The Company has opted for credit insurance, drawing on its local knowledge to shortlist companies to work with. Bad debts related exports in FY17 accounted for less than 1% of revenues.

Client concentration risk

The loss of large customers could affect business profitability.

Mitigation

The Company works with more than 4100 customers, one of the largest among companies of equivalent size. Most of these customers are relatively small, minimising the risk of client attrition. Collaborative engagements of the Company have also strengthened customer engagement. The Company has selected to work directly with customers (as opposed to working through commission agents), strengthening its engagement.

Succession risk

Risks arising from over-dependence on few key personnel could affect the business.

Mitigation

Keva developed an in-house 'Talent Management' programme based on a performance potential matrix. This has helped in identifying critical employees and plugging key positions with experienced professionals from downstream industries.

Competition risk

Keva is exposed to increased competition.

Mitigation

The Company has endured nine decades in the industry as a trusted consultant for customers, extending most transactions into enduring relationships. The Company has increased its client engagement extensively and has improved its turnaround time for application samples, minimising risk from local and foreign players.

Sectoral concentration risk

An excessive dependence on a few downstream sectors can limit prospects.

Mitigation

The Company has focused on six prominent downstream sectors – FMCG, personal care, hair care, beverages and fine fragrances – to mitigate this risk.

Wages risk

Any unexpected increase in wages could affect viability.

Mitigation

The Company signed a four-year wage agreement with workers in its Vashivali plant in 2015-16, providing wages cost visibility.

Strategic clarity risk

Keva may fail in backward or forward integration.

Mitigation

Keva has selected to focus on the research-led production of flavours and fragrances.

Corporate Social Responsibility

We are committed to contribute positively towards the social and economic development of the community as a whole. We constituted a corporate social responsibility committee of our Board of Directors to focus on environment sustainability, education and employability.

We initiated a plantation program, which includes approximately 2,100 Australian teak wood trees and 1,000 pink pepper trees over 10 acres of land in Raigad in Maharashtra to create a green belt.

We partnered Udaan India Foundation and Shabari Seva Samiti to provide education to children from low-income communities in Maharashtra and provide vocational training to disabled and handicapped students through our partnership with the National Society for Equal Opportunities for the Handicapped.

We set up drinking water and sanitation facilities for students at Dr. Parnekar Maharaj Vidyalaya and Junior College and our partnership with the Lions Club, Thane, helps to provide solar power to the Adivasi Ashram School in Talavali, Mrunmai Vikas Prabhodini Sanstha and Murbad in the Thane district.

The Kelkar Education Trust, set up in 1979, established the Shri V.G. Vaze College of Arts, Commerce and Science in the Greater Mumbai Metropolitan Area in 1984.

We support environmental sustainability efforts at the national level such as the Namami Gange project, which aims to improve the cleanliness of the Ganges river.

Directors' Report

Dear Shareholders

Your Directors take pleasure in presenting their 61st Annual Report on the business and operations of S H Kelkar And Company Limited (SHK / the Company) and audited financial statements for the financial year ended 31 March, 2017.

FINANCIAL HIGHLIGHTS & BUSINESS REVIEW

Financial Highlights:

(₹in Cr)

Particulars	Standalone			Consolidated		
	2016-17	2015-16	Growth %	2016-17	2015-16	Growth %
Revenue from operations	687.26	624.04	10.13	1059.82	993.59	6.67
EBITDA before royalty expense	130.41	116.79	11.66	177.38	160.22	10.71
Royalty Expense	18.02	-	100.00	-	-	-
Finance Costs	2.40	14.07	(82.94)	5.16	20.22	(74.48)
Depreciation	6.81	13.40	(49.18)	19.44	29.70	(35.55)
Profit before Tax (PBT)	103.18	89.31	15.53	152.78	110.30	38.51
Taxation	28.87	23.65	22.07	47.96	37.24	28.79
Profit after Tax (PAT)	74.31	65.66	13.17	104.82	73.06	43.47

Business Review:

Keva (consolidated SHK) impacts the lives of millions of consumers around the world with the fragrances and flavours it creates, from prestige perfumes to fabric care and from a favourite drink to a preferred snack.

This year, Keva forayed into Fine Fragrances. For Fine Fragrances, we intend to increase growth by focusing on fast growing end-market customers.

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

Fragrances are a way of expressing personal style and individuality, thereby making it a consumer-driven industry. The fragrances market is also dictated by fickle and ever-changing fashion trends. This means that manufacturers in the industry are on a constant lookout for exciting, unique, and new fragrances to attract different consumer segments worldwide. Keva's fragrances have several application used as raw materials in the fabric care, skin and hair care, fine fragrance and household product verticals.

Flavours are the key building blocks that impart taste experiences in food and beverage products and play a significant role in determining consumer preference of the end products in which they are used. Keva helps its customers deliver on the promise of delicious foods and drinks that appeal to consumers. In flavours, our customers are in beverages, savoury, snacks, confectionery and dairy products.

On consolidated basis, the overall revenue of Keva recorded a growth of 6.67% vis a vis last year. The total domestic business recorded a growth of 13% while the international business had a subdued performance with a decline of 5%. The segmentation of fragrances business to flavours business has altered from 94% in 2016 to 87% in 2017. The domestic and international business ratio stands at 67:33 as against 63:37 in 2015-16. The composition has changed due to strong domestic performance and subdued international performance.

A deep dive into the segmental business reflects the following:

The domestic formulations business which represents 59% of the total SHK pie vis a vis 55% last year, recorded a healthy growth of 13% compared to previous year. This happened despite the impact of demonitisation which affected the revenue growth from

November 2016 to January 2017. The growth came not only from existing products but also through introduction of new products in the market. The international formulations business however recorded a decline of 6%. This was because of the impact of currency devaluation in South East Asia and Africa and subdued demand in the Middle East due to softening of the oil prices.

The flavours business recorded an impressive growth of 155 %. The organic growth of flavours was 58%. Both the domestic segment as well as the international segment recorded a healthy growth of 30% and 80% respectively. The flavours business was also favourably impacted due to incremental sales generated from two business acquisitions from High Tech Technologies and Gujarat Flavours Private Limited which recorded a revenue of ₹32 Crores.

The ingredients business recorded a decline of 30% mainly on account of softening of Euro, subdued demand, coupled with intense Chinese competition. As part of the Company's long term strategy all the technologies and IP of the group will reside in the Company. Accordingly, during 2016-17, SHK has acquired part of the ingredients technology from PFW Aroma Ingredients BV.

The profit after tax however reflected a robust growth of 43.5%. This has mainly been achieved due to a revenue increase of around ₹67 Crores, improved product mix coupled with interest savings of ₹15 Crores and reduced depreciation by ₹10 Crores mainly due to change in depreciation policy from WDV method to SLM method. Due to change in R&D policy, the Company has capitalized a part of the R&D costs as intangible costs, the impact of which is around ₹5 Crores for the current year. The operating cash flow of the Company has also shown a healthy growth. Due to the above performance, the EPS of the Company has improved by 35% from ₹5.36 in 2015-16 to ₹7.25 in 2016-17.

On a standalone basis, the Company achieved a topline of ₹687.26 Crores due to robust growth in domestic fragrance business despite the headwinds faced by the business due to demonitisation. The demonitisation impacted the domestic fragrance revenues.

The tradename "Keva", which is used by the Company, is registered in the name of Keva Fragrances Private Limited ("KFG"), a wholly owned subsidiary of the Company. The Company has entered into an agreement with KFG for use of brand name "Keva". As per the agreement, the Company has accrued for a total royalty charge of ₹18.02 crores (incl VAT) for the financial year 2016-17 calculated @ 3% of its net external sales.

The profit before tax excluding royalty has grown by 36% from ₹89.3 Crores in 2015-16 to ₹121.2 Crores in 2016-17.

Operating cash flow of the Company has shown a growth from ₹45.33 Crore in FY 2015-16 to ₹66.68 Crores in 2016-17.

ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16 February 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, the Company and its subsidiaries have adopted "IND AS" with effect from 01 April 2016, with the comparatives for the periods ending 31 March 2016. The implementation of IND AS was a major change process for which the Company had established a project team and had dedicated considerable resources. The impact of the change on adoption of IND AS was duly assessed.

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

Corporate Governance is all about ethical conduct, openness, integrity and accountability of an enterprise. Good Corporate Governance involves a commitment of the Company to run the business in a legal, ethical and transparent manner and runs from the top and permeates throughout the organization. The guiding principle of the Corporate Governance at Keva is 'harmony' i.e. balancing the need for transparency with the need to protect the interest of the Company and balancing the need for empowerment at all levels with the need for accountability. Credibility offered by Corporate Governance helps in improving the confidence of the investors – both domestic and foreign, and establishing productive and lasting business relationship with all stakeholders.

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 ("SEBI Listing Regulations") forms an integral part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

At Keva, fulfillment of environmental, social and governance responsibility is an integral part of the way the Company conducts its business. 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 SEBI 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 2016-17, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The list of unpaid dividend declared upto the financial year 2015-16 and updated upto the date of 60th Annual General Meeting held on 09 August 2016 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 31 March 2017, the Company had subsidiaries in India, United Kingdom, Netherlands, Singapore and Indonesia as mentioned hereunder:

- Keva Fragrances Pvt. Ltd.
- Keva Flavours Pvt. Ltd.
- Saiba Industries Pvt. Ltd.
- Rasiklal Hemani Agencies Pvt. Ltd.
- Keva UK Ltd., United Kingdom
- Keva Fragrance Industries Pte. Ltd., Singapore
- PFW Aroma Ingredients B.V., Netherlands (step-down subsidiary)
- PT SHKKEVA Indonesia (Indonesia) (step-down subsidiary)
- Keva Chemicals Pvt. Ltd. (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 ₹291.05 Crores in financial year 2016-17 as against ₹268.83 Crores in financial year 2015-16 and loss of ₹18.40 Crores in financial year 2016-17 as against loss of ₹30.08 Crores in financial year 2015-16.

Keva Flavours Private Limited:

Keva Flavours Private Limited develops flavours that underpin food and beverage brands in India. During the year under review, the company acquired flavours business undertaking of High Tech Technologies as well as Gujarat Flavours Pvt. Ltd. The acquisitions have helped the company garner handsome revenue of ₹75.13 Crores from operations – up by 145.68% over last year's sales of 30.58 Crores and profit after tax of ₹6.06 Crores as against ₹2.42 Crores during previous year representing a robust growth of 150.41%.

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 ₹4.99 Crores in the financial year 2016-17 as against ₹4.30 Crores in financial year 2015-16 and profit after tax of ₹0.97 Crores in the financial year 2016-17 as against ₹0.76 Crores in financial year 2015-16.

Rasiklal Hemani Agencies Pvt. Ltd.:

Rasiklal Hemani Agencies Pvt. Ltd. was acquired by the Company on 02 April 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 ₹7.21 Crores in the financial year 2016-17 as against ₹7.28 Crores in financial year 2015-16 and profit after tax of ₹5.34 Crores in the financial year 2016-17 as against ₹4.57 Crores in financial year 2015-16.

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 ₹151.71 Crores as against ₹189.62 Crores during the previous year and loss of ₹0.45 Crores as against loss of ₹2.18 Crores during the previous year. The decline in revenue is mainly on account of softening of the Euro and subdued demand coupled with intense Chinese competition.

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 a revenue of ₹0.58 Crores as against ₹1.10 Crores during the previous year and profit after tax of ₹0.50 Crores as against ₹0.71 Crores during the previous year.

Keva Fragrance Industries Pte. Ltd.:

Keva Fragrance Industries Pte. Ltd., Singapore, 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 ₹3.45 Crores as against ₹3.15 Crores during the previous years and a loss of ₹0.52 Crores as against ₹0.46 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 ₹11.44 Crores as against ₹6.24 Crores during the previous year and loss of ₹0.45 Crores as against loss of ₹4.51 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 of the Company during the financial year ended 31 March 2017 amounted to ₹0.15 lacs.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company for the financial year 2016-17, 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 SEBI 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

To achieve inorganic growth in operations, your Company is aggressively working for acquisitions of brands, businesses, etc. which have synergy with the business operations of the Company. During the year under review, your Company has acquired Rasiklal Hemani Agencies Pvt. Ltd. (RHAPL). RHAPL have been the indenting agents in Northern region for Company's fragrances for 50 years. Through deep industry knowledge and wide network of trade contacts of its promoters, RHAPL has over the years built a strong portfolio of customers for the Company's fragrances. The acquisition will aid in expansion of the marketing and field activities in Northern region in coming years.

During the year under review, your Company has also acquired the Business Undertaking of High-Tech Technologies comprising of Flavours Division through its subsidiary Keva Flavours Pvt. Ltd. The acquisition helped Keva power its flavours portfolio throughout the regions in which it operates and thus, expand of Keva's presence in the Flavours business.

Fragrance delivery via encapsulation is a win-win platform because it provides a great opportunity across all categories. Accordingly, on 24 April, 2017, the Company, through Keva Chemicals Pvt. Ltd. ("KCPL"), step-down subsidiary of the Company, has acquired Fragrance Encapsulation Technology (FET) from Tanishka Fragrance Encapsulation Technologies LLP ("TFET LLP"). As a part of the transaction, KCPL has also contributed ₹2 Crore to the capital of TFET LLP on the said date and thus, has become a majority capital contributing partner in TFET LLP. Acquisition of FET would enable the Company to offer differentiated fragrance products.

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

MERGER

During the year under review, Keva Fragrances Pvt. Ltd. ("Transferor Company"), a wholly-owned subsidiary of the Company got amalgamated with K V Arochem Private Limited ("Transferee Company"), a wholly-owned subsidiary of the Company pursuant to the Scheme of Amalgamation (the "Scheme") sanctioned by the Honorable High Court of Bombay vide its order dated 22 September 2016. The Scheme came into effect on 15 November 2016 upon filing of the court order with the Registrar of Companies, Mumbai by the respective companies and pursuant thereto, the entire business and all the assets and liabilities, duties, taxes and obligations of the Transferor Company have been transferred to and vested in the Transferee Company from the Appointed Date i.e. 01 May 2015.

Thereafter, the name of the Transferee Company was changed to 'Keva Fragrances Pvt. Ltd.' with effect from 14 December 2016.

The objective of merger was to enable optimal utilisation of existing resources through consolidation of operations into a single legal entity, provide an opportunity to leverage and pool skilled and experienced manpower of the respective companies and derive operational and financial synergies through prudent financial management and cost reduction.

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

Mr. Amit Dixit, Non-Executive Director, is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and being eligible, has offered himself for re-appointment. Your Directors recommend his re-appointment as Non-Executive Director of your Company.

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, 1956 or Companies Act, 2013, as applicable. The Independent Directors have been familiarised with the Company, their roles, rights, responsibilities in the Company etc. The details of the Familiarization Programme are available on the website of the Company www.keva.co.in. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

BOARD MEETINGS

During the year, 7 (seven) Board Meetings were convened and held on 27.05.2016, 09.08.2016, 29.08.2016, 14.11.2016, 30.11.2016, 14.02.2017 and 27.03.2017. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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 27 March 2017.

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 SEBI 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

The Key Managerial Personnel in the Company as per Section 2(51) and 203 of the Companies Act, 2013 as on 31 March 2017 are as follows:

- Mr. Ramesh Vaze: Managing Director
- Mr. Kedar Vaze: Whole Time Director and Group Chief Executive Officer and
- Mr. Tapas Majumdar: Executive VP and Chief Financial Officer
- Mrs. Deepti Chandratre: Company Secretary & DGM - Legal

DIRECTOR'S RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts, the applicable accounting standards have been followed;

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

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

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

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

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

STATUTORY AUDITORS

Your Company's Auditors, B S R & Co. LLP [holding Registration No. 101248W/W-100022 with the Institute of Chartered Accountants of India (ICAI)] were appointed as the Statutory Auditors at the Annual General Meeting of the Company held on 18 September 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, their appointment is to be ratified by the shareholders under Section 139 of the Companies Act, 2013 at the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility to the effect that their appointment, if ratified, would be 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. In relation to para 2(a) in the Auditors' Report, directors wish to state that there was delay in recording certain cash amounts received in the normal course of business in Company's retail outlet in Mumbai. These were subsequently recorded and have been properly reflected in the financial statements.

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 2016-17. The Secretarial Audit Report for the financial year ended 31 March 2017 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

The Company has a well-placed, proper and adequate Internal Financial Control system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company has laid down standard operating procedures and policies to guide the operations of the business. 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.

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 Board of Directors of your Company has formulated and approved a Risk Management Policy in terms of the requirement of the Companies Act, 2013 and the SEBI Listing Regulations. The Policy has been drafted to identify the risks to the Company and to control and manage the risks and mitigate the loss from the risks. The Board is responsible for the overall process of risk management in the organisation. Through Enterprise Risk Management Programme, Business Units, Corporate functions address opportunities and the attendant risks through an institutionalized approach aligned to the Company's objectives. This is facilitated by Internal Audit. The business risk is managed through cross functional involvement and communication across businesses. In the opinion of the Board, there has been no identification of elements of risk that may threaten the existence of the Company.

The focus of compliance activities is on quality, environmental protection, health, work safety, product safety, risk and value management and combating corruption. 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

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, the Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI Listing Regulations has been implemented by the Company through the Whistle Blower Policy. The Policy 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 Whistle Blower Policy may be accessed on the website of the Company at www.keva.co.in. During the year under review, no protected disclosure from any Whistle Blower was received by the designated officer under the Whistle Blower Policy.

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

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices and has zero tolerance for sexual harassment at workplace. It is the continuous endeavor of the management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment.

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, 1 complaint with allegations of sexual harassment was filed with the Company and the same was investigated and resolved as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY

India is a nation of a billion dreams, a billion aspirations and above all, great opportunities. To turn these dreams into reality, especially for the vulnerable sections of the society, the Company has taken the path of inclusive development to address their basic needs and is at the forefront of Corporate Social Responsibility (CSR) and sustainability initiatives and practices. While social responsibility has been ingrained in Keva culture since our earliest days as a Company, Keva is committed to inclusive, sustainable development and contributing to building and sustaining economic, social and environmental capital and to pursue CSR projects that are scalable and sustainable with a significant multiplier impact on sustainable livelihood creation and environmental replenishment.

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 ₹1.20 Crore on CSR activities.

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

CONSERVATION OF ENERGY

Energy Conservation is unquestionably of great importance to all of us since we rely on energy for everything we do every single day. Energy supplies are limited and to maintain a good quality of life, we must find ways to use energy wisely. Though the Company's operations involve low energy consumption, the Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end.

The following key initiatives have been undertaken by your Company towards conservation of energy/utilising alternate sources of energy:

- Installation of Solar Panels at Mulund and Vashivali Units.
- Successful commissioning of 'PNG fuel' in canteen instead of LPG.
- Installation of Energy Efficient LED lights in place of conventional lights.
- Introduction of auto on-off system of exhaust fan in lift rooms.
- Introduction of compressed air backup system for CDL machine for blending function.
- Replacement of existing steam ejectors used in vaccum generation in distillation assembly at Vapi Unit with efficient steam ejectors having low steam consumption. This has led to fuel saving of approx. 31 MT pa.
- Implementation of condensate and flush recovery project at Vapi Unit for recovery of condensed steam generated in distillation process and reusing the high temperature water as boiler feed. Reuse of the condensed steam i.e. high temperature water as boiler feed has led to saving of fuel of approx. 84 MT pa. that was being used earlier for pre-heating of water in distillation process.
- Close monitoring of lighting system by providing dedicated team to avoid unwanted lighting power.
- Implemented tertiary treatment system for Effluent treatment plant to reduce COD load in discharge at Vashivali and Mulund Units of Keva.

The capital expenditure on energy conservation during the year under review was ₹4.50 crores on a consolidated basis.

ENVIRONMENT, HEALTH AND SAFETY

Environment, Health and Safety (EHS) is one of the primary focus areas for your Company. Your Company's policy is to consider compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate.

Your Company is sensitive about the health and safety of its employees and has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees. Your Company also invests resources and efforts in training and hardware upgradation to move the needle on safety. During the year, your Company has made substantial investments on sourcing and installation of renewable energy.

EHS initiatives taken by Keva are as under:

- Implementation of online incident reporting system at Mulund Unit.
- Implementation of contractor safety management system and behaviour based safety management system at Mulund Unit.
- Organization of Mock safety drills.
- Imparting training in first aid, road safety, fire safety, ergonomics, use of PPEs, safe handling of chemicals, contract labour safety, SCBA training etc.
- Formation of Emergency Response Team at Mulund Unit.
- Organization of Safety competitions.
- Commissioning of Sewage Treatment Plant of capacity 25 KL per day at Vashivali Unit.
- Commissioning of rooftop solar power plants at units at Vashivali and Mulund.
- Tree Plantation on World Environment Day.

TECHNOLOGY ABSORPTION

The future belongs to those who can innovate. Innovation has become one of the most important pillars of Keva. Keva has been putting innovation and technology to work to make its growth journey more meaningful. In keeping with Keva's strategic vision, Keva has stayed invested in research and has been making brisk progress with a robust pipeline of innovative fragrances and flavours and novel formulations. Within Fragrances, our technologies are working to enhance the day-to-day experience of consumers across a multitude of product lines. 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.

A high innovation driven approach to products under development will help the Company for timely delivery of its envisaged future product portfolio. All products manufactured today and those under development are the fruits of our steadfast focus on ingenious R&D. The Company has continued its endeavour to adopt and learn new technologies for its product range; and stay ahead of the curve in view of a globally competitive market.

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

You will be glad to know that your Company has built world-class Creative Centres equipped with the state-of-the-art infrastructure required for research and new product development. The Innovation team continuously does market research as well as customer survey to understand the needs and requirements of the consumers. Expenditure on R & D and creative development during the year under review was ₹16.49 Crores on standalone basis and ₹26.41 Crores on consolidated basis.

Your Company's R&D function will continue to focus on consumer insight based unique, differentiated yet relevant superior products, renovation of the portfolio for better value and sensorial delight leading to sustainable profitable share growth for your Company.

HUMAN RESOURCES

At Keva, we are focused on building an organization which continuously innovates, nurtures and develops talent and HR processes to deliver on the short term and long term business strategy. Our strength lies within the diverse cultures, backgrounds, skills, and experience of our global team. At Keva, employees from diverse backgrounds with 10 different nationalities, provide unique perspectives to all aspects of the business, from discovery to creation to sales. Our values – SPIRIT of Keva (where SPIRIT stands for Stewardship, Partnership Innovation, Responsibility, Integrity, and Teamwork) binds our diverse workforce. SPIRIT of Keva awareness sessions were rolled out and cascaded amongst all levels of management and across all geographies in the year 2016.

As a growing organization while attracting talent is critical, Keva places equal emphasis on honing and growing their knowledge and skills to groom them for higher roles and more responsibilities. It has developed a blended approach for learning and development that caters not only to each stage of an employee life-cycle but is also specific to the requirements of a specific function, business and role demand.

Novel programs such as 'Managerial Effectiveness', 'Building Leaders for Tomorrow', 'Executive Presence' and 'Advanced Leadership Development Program' have helped harnessing the potential of the managers and create future leaders of Keva. Signature programs like 'Urja' and 'Saksham', specially designed for workers aim at developing personal and professional excellence through self-driven approach. LEAD (Leveraging E-learning for Accelerated Development) - our e- learning platform - provides world class learning solution in all locations across the globe. For a growing and expanding company, Keva needs to build a talent pipeline and make the organization

future-ready. Keva launched its Global Talent Management Program – LeAP (Leadership Advancement Program) with an aim to identify and build talent pipeline. LeAP will help Keva to have a focused approach towards building careers from within going forward. Keva Star - Keva's Global 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. Your Company has also launched Ear2Hear - Employee Assistance Program for Keva's employees and their families where they can seek help of professional counsellors on various personal issues and concerns.

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

The Company is proud of its work culture which emphasizes safety, high productivity, good health, quality of life and overall wellbeing of employees. The Company maintained healthy, cordial and harmonious industrial relations at all levels. A peaceful, Long Term Settlement was executed while maintaining zero man day loss at our manufacturing plant at Vashivali.

The enthusiasm and unstinting efforts of employees have enabled the Company to remain at the dominant position in the industry. The Board acknowledges the contribution of the workers and the employees towards meeting the objectives of the Company.

INFORMATION TECHNOLOGY

Your Company has invested in a superior IT infrastructure as a tool to improve work efficiency, reduce errors/duplication, enhance business relationships, manage inventories better and cut down on internal administrative delays.

As a journey towards continual improvement, Keva has achieved a milestone by implementing 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. Implementing this standard will enable mitigation of risk of Information Security breaches as also the impact of Information Security breaches when they occur. This shall also aid in streamlining the IT processes across Keva and building a secure infrastructure for business operations.

Embracing technology and bringing in a platform, accessible to all employees, anywhere and anytime, HR transitioned from paper-based HR processes to a cloud based online system, with the implementation of Success Factors. Through this single HR platform, 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. All employees in India, South East Asia and The Netherlands are currently connected through Success Factors.

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.

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 F to this Report.

AWARDS AND RECOGNITION

The World HRD Congress recognizes corporate and individuals for their contribution in employee engagement, strategic HR management, talent management, recruiting and staffing. Our contemporary HR practices have been recognized at external platforms. Your Company has been ranked 29th 'Dream Company to Work For' by the World HRD Congress in February 2017.

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

Mumbai
12 May 2017

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Annexure A

FORM AOC 1

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

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

₹in crores

Sr. No.	1	2	3	4	5	6	7	8	9
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
Financial Period ended	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017
Exchange rate (year ended)	-	-	-	-	80.88	46.40	69.25	64.84	
Exchange rate (Average Rate)	-	-	-	-	87.71	48.18	73.61	67.09	-
Share Capital	7.43	0.10	0.22	0.25	7.21	7.85	0.12	7.80	0.03
Reserves & Surplus	377.19	23.63	7.72	33.26	17.12	(1.40)	47.99	(7.71)	(0.04)
Total assets	510.83	92.46	18.54	33.92	24.47	9.34	142.76	17.30	0.01
Total Liabilities	126.21	68.72	10.60	0.41	0.14	2.88	94.65	17.21	0.02
Investment	11.64	-	14.77	-	22.48	7.42	-	-	-
Turnover^	259.73	75.13	4.99	7.21	0.58	-	143.65	11.44	-
Profit / (loss) before taxation	(1.38)	9.01	1.56	8.20	0.51	(0.52)	(0.36)	0.60	(0.01)
Provision for taxation	17.02	2.95	0.59	2.86	0.01	-	0.08	0.15	-
Profit / (loss) after taxation	(18.40)	6.06	0.97	5.34	0.50	(0.52)	(0.45)	0.45	(0.01)
% of shareholding*	100	100	100	100	100	100	100	100	100

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

#Adjusted to align with group accounting policies.

^Includes excise duty.

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
12 May 2017

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 Companies Act, 2013 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	0.30
Rent paid:				
Keva Constructions Pvt Ltd	Common Directors	5 years	As per Agreement	5.00
Saiba Industries Pvt Ltd	Subsidiary	5 years	As per Agreement	0.40
Sale of goods:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	24.26
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	7.93
Purandar Fine Chemicals Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	*0.00
PFW Aroma Ingredients B.V.	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.29
Purchase of goods:				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	30.73
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.15
Purandar Fine Chemicals Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.96
Purchase of Fixed Assets				
Keva Fragrances Pvt Ltd	Subsidiary	one time	As per Transfer Pricing Guidelines	*0.00
PFW Aroma Ingredients B.V.	Subsidiary	one time	As per Transfer Pricing Guidelines	15.02
Perfumers' Salary				
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	8.05
Commission paid				
Rasiklal Hemani Agencies Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	7.21
Processing Charges paid				
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.69

* Amount less than ₹0.01 Crore

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
12 May 2017

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

[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 by **S H Kelkar and Company Limited** (hereinafter called "the Company") for the financial year ended on 31 March 2017. 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 officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 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;

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

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;

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 member 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) At the Board meeting held on 29 August 2016, the Board of Directors accorded its consent to acquire business undertaking of Gujarat Flavours Private Limited comprising of flavours division. This acquisition is done through Company's Subsidiary Keva Flavours Private Limited.

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

Dipti Mehta
Partner
FCS No : 3667
CP No. : 3202

Mumbai
12 May 2017

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

Appendix A

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

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

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

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

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

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

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

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

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

Dipti Mehta
Partner
FCS No : 3667
CP No. : 3202

Mumbai
12 May 2017

Annexure D

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

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

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

The Board of Directors at its meeting held on 09 December 2014 approved the CSR Policy of 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 31 March 2017 is as follows:

a) Mr. Ramesh Vaze – Managing Director, Chairman

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

c) Mr. Nitin Potdar – 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:

₹60.19 cr

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

₹1.20 cr

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: Of the amount mentioned in point no 4, ₹0.99 cr was spent as on 31 March 2017 and ₹0.21 cr was spent after 31 March 2017 but before the date of this report.

b) Amount unspent, if any: ₹0.00 cr

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

(₹in Cr.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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	Livelihood enhancement projects of NASEOH in the form of making the physically challenged independent by providing Mobility Appliances to beneficiaries	Education by empowering people through employability programs to support future livelihood	Mumbai (Maharashtra)	0.03	0.03	0.03	Amount spent through implementing agency
2	To provide E-Interactive program in classrooms to increase the effectiveness & impact of intervention to the students (with special needs) of NASEOH	Promoting education with an aim to provide improved and advanced education system	Mumbai (Maharashtra)	0.03	0.03	0.03	Amount spent through implementing agency
3	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)	0.08	0.06	0.06	Amount spent through implementing agency
4	Promote education by supporting Vanvasi Kalyan Ashram and their adivasi students by providing hostel for them to stay and seek primary and secondary education	Promoting Education by upgrading educational infrastructure	Akole Ahmednagar Dist. Maharashtra	0.10	0.10	0.10	Amount spent through implementing agency
5	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

(1) S. No	(2) CSR project or activity identified.	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads (1)Direct expenditure on projects or programs (2)Overheads	(7) Cumulative Expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
6	Promote rural development by bus shelter to villagers to enhance their surroundings, from Scorching sun and rainfall	Promote rural development and environment protection by providing bus shelter for villagers	Vashivali Village Vadgaon Grampanchayat and Parade - Chambharli Grampanchayat, Tal - Khalapur, Dist - Raigad	0.05	0.05	0.05	Amount spent: Direct by the company
7	Construction of Community Toilets- Construction of Community toilet with disposal pits (septic tanks etc.), at 44 locations to make it "open defecation free" as a part of Swacch Bharat Mission	Support Government of India project - Swachh Bharat Mission	Vadgaon Grampanchayat, Tal - Khalapur, Dist - Raigad	0.14	0.09	0.09	Amount spent: Direct by the company
8	Upgrade educational infrastructure at Dr. Parnerkar Maharaj Vidyalaya & other schools and colleges	Promoting education with an aim to provide improved and advanced education system	Vashivali, Post Patalganga, Taluka - Khalapur, Dist – Raigad	0.04	0.04	0.04	Amount spent: Direct by the company
9	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
10	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	0.01	0.01	Amount spent: Direct by the company
11	Provide basic education facility through Balwadi's (pre-school) run at 6 centres & Guardianship of 15 students by Shabari Seva Samiti	Promoting Education of girl child and empower them	Karjat and Murbad District, Raigad, Mumbai Maharashtra	0.06	0.08	0.08	Amount spent through implementing agency
12	Promote Indian culture by providing spiritual, secular and moral teachings by Sree Animisha Bhagavan Tapo Yoga Adyatmika Sangam	Promoting Education by upgrading educational infrastructure	Kumili Village, Poosapati, Rega mandal, Vizianagaram, Andhra Pradesh	-	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.	-	0.51*	0.51*	Amount spent through implementing agency
	TOTAL			0.75	1.20	1.20	

*Of the said amount, ₹0.21 cr was spent after 31 March 2017 but before date of this report.

Details of the Implementing Agencies:

1. Udaan India Foundation
2. NASEOH (National Society for Equal Opportunities for handicapped)
3. Vanvasi Kalyam Ashram
4. Shabari Seva Samiti
5. Gandhi Film Foundation
6. Sree Animisha Bhagavan Tapo Yoga Adyatmika Sangam

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 2016-17. Of the overall CSR Expenditure of ₹1.20 cr in respect of financial year 2016-17, ₹0.99 cr was spent as on 31 March 2017 and ₹0.21 cr was spent after 31 March 2017 but before the date of this report. 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
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Mumbai
12 May 2017

Annexure E

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	1:24
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	7.88%
		b) Mr. Kedar Vaze – Wholetime Director & Chief Executive Officer	7.88%
		c) Mr. Tapas Majumdar – Executive Vice President & Chief Financial Officer	22.88%
		d) Ms. Deepti Chandratre – Company Secretary & DGM-Legal	30.25%
iii)	The percentage increase in the median remuneration of employees in the financial year.	8.10%	
iv)	The number of permanent employees on the rolls of the company.	512 (standalone basis) 806 (group basis)	
v)	The explanation on the relationship between average increase in remuneration and company performance.	The average increase in remuneration was 8.78%. The Average increase is based on the objectives of Remuneration policy of the Company that is designed to attract, motivate and retain the employees who are the drivers of organization success and helps the Company to retain its industry competitiveness. Factors viz. Company's Performance in terms of Revenue, EBITDA and PAT, Individual Performance of each employee basis performance appraisal, market position of each employee vis-à-vis benchmark remuneration for his/her role are taken into consideration while finalizing the remuneration increase for the employees of the company.	
vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	a) % Increase in Net Sales in 2016-17 as compared to 2015-16	10.16%
		b) % Increase in EBIDTA in 2016-17 as compared to 2015-16	0.71%
		c) % Increase in PAT in 2016-17 as compared to 2015-16	13.17%
		For comparison purpose the percentage increase in remuneration of KMP is given in Sr. No. ii) above.	

Sr. No.	Particulars				
vii)	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase / decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Particulars	As on 31.03.2016	As on 31.03.2017	Increase/ (Decrease)%
		Market Capitalization (₹in Cr)	3,283.62	4,287.28	30.57
		Price Earning Ratio	47.20	57.68	22.20
		Closing share price as on 31 March 2017 on NSE and BSE was ₹296.45 and ₹297.85. Closing share price as on 31 March 2016 on NSE and BSE was ₹227.05 and ₹226.50. The % increase in the stock price is 30.57% (NSE) and 31.50% (BSE).			
viii)	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 12.78% while for workers it is about 3%. 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.			
ix)	The key parameters for any variable component of remuneration availed by the Directors.	The Company has a well-established Variable Pay (Performance Linked Pay) policy for all full time employees including managing/whole-time directors. The variable component of the remuneration is directly linked to Individual Performance Rating and Company performance in terms of Revenue and EBITDA achievement vis-à-vis agreed budget.			
x)	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.	Not applicable			
xi)	It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.				

Annexure F

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31 March 2017

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:

1.	i)	CIN	L74999MH1955PLC009593
2.	ii)	Registration Date	01.07.1955
3.	iii)	Name of the Company	S H Kelkar and Company Ltd
4.	iv)	Category/Sub-category of the Company	Public Company / Limited by Shares
5.	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
6.	vi)	Whether listed company	Yes
7.	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 2016-17.

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	Keva UK Limited 63 Elliot Road, Hendon, London, NW4 3DN	-	Subsidiary	100%	2(87)

7	Keva Fragrance Industries Pte Ltd 540 Sims Avenue, #3-5 Sims Avenue Centre, Singapore	-	Subsidiary	100%	2(87)
8	PFW Aroma Ingredients B.V Office – Veemweg 29- 31, Plant Nijverheidsweg 60 Barneveld	-	Subsidiary	100%	2(87)
9	PT SHK Keva Indonesia Jalan Letjen TB. Simatupang No. 1, South Jakarta, Kab Bekasi	-	Subsidiary	100%	2(87)

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

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 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	52200464	-	52200464	36.09	51200464*	-	51200464*	35.40*	(0.69)*
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	10660000	-	10660000	7.37	12008757	-	12008757	8.30	0.93
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	2030000	-	2030000	1.40	2030000	-	2030000	1.40	-
Sub-total (A) (1)	64890464	-	64890464	44.86	65239221	-	65239221	45.10	0.24
(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 Promoters (A)= (A)(1) + (A)(2)	**82014464**	**-**	**82014464**	**56.70**	**82363221**	**-**	**82363221**	**56.95**	**0.25**

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% 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	3562743	-	3562743	2.46	3517639	-	3517639	2.43	(0.03)
b) Banks / FI	18968	-	18968	0.01	10960	-	10960	0.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Cap Funds	-	-	-	-	-	-	-	-	-
f) Insurance Cos	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investor	20260531	-	20260531	14.00	25168168	-	25168168	17.40	3.40
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	23842242	-	23842242	16.49	28696767	-	28696767	19.84	3.35
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	2538989	-	2538989	1.76	2572948	-	2572948	1.78	0.02
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹2 lakh	2324786	-	2324786	1.61	2119477	-	2119477	1.47	(0.14)
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	2172475	-	2172475	1.50	1779682	-	1779682	1.23	(0.27)
c) Others	31727845	-	31727845	21.94	27088706	-	27088706	18.73	(3.21)
Sub-total (B)(2)	38764095	-	38764095	26.81	33560813	-	33560813	23.20	(3.61)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**62606337**	**-**	**62606337**	**43.30**	**62257580**	**-**	**62257580**	**43.05**	**(0.25)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Grand Total (A+B+C)	**144620801**	**-**	**144620801**	**100**	**144620801**	**-**	**145620801**	**100**	**0**

Note: *10,00,000 Equity Shares were acquired by Mr. Kedar Vaze through block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence, the same did not get reflected in the Benpos dated 31 March 2017 under promoters & promoter group category. The actual shareholding of Mr. Kedar Vaze as on 31 March 2017 after clearance by the clearing member is 155,25,100 Equity Shares.

B) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% 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	17391000	12.03	-	25965600	17.95	-	5.92
2	Prabha Vaze	5014414	3.47	-	5014514	3.47	-	-
3	Kedar Vaze	15525000	10.74	-	14525100*	10.04*	728598	0.70*
4	Parth Vaze	1325000	0.92	-	1325000	0.92	-	-
5	Nandan Vaze	1325000	0.92	-	1325000	0.92	-	-
6	Nihar Nene	1522500	1.05	-	1522500	1.05	-	-
7	Neha Karmarkar	761250	0.53	-	761250	0.53	-	-
8	Sumedha Karmarkar	50	-	-	150	0.00#	-	-
9	Nishant Karmarkar	761250	0.53	-	761250	0.53	-	-
10	Ramesh Vaze HUF	8575000	5.93	-	-	-	-	-
11	Anagha Nene	-	-	-	100	0.00#	-	-
12	Vinayak Ganesh Vaze Charities	2030000	1.40	-	2030000	1.40	-	-
13	Keva Constructions Pvt Ltd	7615000	5.27	-	8963757	6.20	-	0.93
14	ASN Investment Advisors Pvt Ltd	1522500	1.05	-	1522500	1.05	-	-
15	SKK Industries Pvt Ltd	1522500	1.05	-	1522500	1.05	-	-
16	KNP Industries Pte. Ltd.	17124000	11.84	-	17124000	11.84	-	-

Notes:

#Less than 0.01%

*10,00,000 Equity Shares were acquired by Mr. Kedar Vaze through block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence, the same did not get reflected in the Benpos dated 31 March 2017 under promoters & promoter group category. The actual shareholding of Mr. Kedar Vaze as on 31 March 2017 after clearance by the clearing member is 155,25,100 Equity Shares.

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	**01.04.2016**	**Opening balance**	**17391000**	**12.03**	**17391000**	**12.03**
		19.12.2016	Transfer	8574600	5.92	25965600	15.95
		31.03.2017	**Closing balance**	**25965600**	**17.95**	**25965600**	**17.95**
2	Kedar Vaze	**01.04.2016**	**Opening balance**	**15525000**	**10.74**	**15525000**	**10.74**
		19.12.2016	Transfer	100	0.00#	15525100	10.74
		24.03.2017	Sale	(1000000)	(0.69)	14525100	10.04
		24.03.2017	Purchase	1200000	0.83	15725100	10.87
		27.03.2017	Sale	(1200000)	(0.83)	14525100	10.04
		30.03.2017	Purchase	1000000	0.69	15525100*	0.69*
		31.03.2017	**Closing balance**	**15525100**	**10.74**	**15525100**	**10.74**
3	Prabha Vaze	**01.04.2016**	**Opening balance**	**5014414**	**3.47**	**5014414**	**3.47**
		19.12.2016	Transfer	100	0.00#	5014514	3.47
		24.03.2017	Purchase	1000000	0.69	6014514	4.15
		30.03.2017	Sale	(1000000)	(0.69)	5014514	3.47
		31.03.2017	**Closing balance**	**5014514**	**3.47**	**5014514**	**3.47**
4	Parth Vaze	**01.04.2016**	**Opening balance**	**1325000**	**0.92**	**1325000**	**0.92**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**1325000**	**0.92**	**1325000**	**0.92**
5	Nandan Vaze	**01.04.2016**	**Opening balance**	**1325000**	**0.92**	**1325000**	**0.92**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**1325000**	**0.92**	**1325000**	**0.92**
6	Nihar Nene	**01.04.2016**	**Opening balance**	**1522500**	**1.05**	**1522500**	**1.05**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**1522500**	**1.05**	**1522500**	**1.05**
7	Neha Karmarkar	**01.04.2016**	**Opening balance**	**761250**	**0.53**	**761250**	**0.53**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**761250**	**0.53**	**761250**	**0.53**
8	Sumedha Karmarkar	**01.04.2016**	**Opening balance**	**50**	**0.00#**	**50**	**0.00#**
		19.12.2016	Transfer	100	0.00#	100	0.00#
		31.03.2017	**Closing balance**	**150**	**0.00#**	**150**	**0.00#**
9	Nishant Karmarkar	**01.04.2016**	**Opening balance**	**761250**	**0.53**	**761250**	**0.53**
		-	Purchase/Sale/Transfer	-	-	-	
		31.03.2017	**Closing balance**	**761250**	**0.53**	**761250**	**0.53**

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
10	Ramesh Vaze- HUF	**01.04.2016**	**Opening balance**	**8575000**	**5.93**	**8575000**	**5.93**
		19.12.2016	Transfer	(8575000)	(5.93)	(8575000)	(5.93)
		31.03.2017	Closing balance	-	-	-	-
11	Anagha Nene	**01.04.2016**	**Opening balance**	**-**	**-**	**-**	**-**
		19.12.2016	Transfer	100	0.00#	100	0.00#
		31.03.2017	**Closing Balance**	**100**	**0.00#**	**100**	**0.00#**
12	Vinayak Ganesh Vaze Charities	**01.04.2016**	**Opening balance**	**2030000**	**1.40**	**2030000**	**1.40**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**2030000**	**1.40**	**2030000**	**1.40**
13	Keva Constructions Pvt Ltd	**01.04.2016**	**Opening balance**	**7615000**	**5.27**	**7615000**	**5.27**
		14.12.2017	Purchase	1348757	0.93	1348757	0.93
		31.03.2017	**Closing balance**	**8963757**	**6.20**	**8963757**	**6.20**
14	ASN Investment Advisors Pvt Ltd	**01.04.2016**	**Opening balance**	**1522500**	**1.05**	**1522500**	**1.05**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**1522500**	**1.05**	**1522500**	**1.05**
15	SKK Industries Pvt Ltd	**01.04.2016**	**Opening balance**	**1522500**	**1.05**	**1522500**	**1.05**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**1522500**	**1.05**	**1522500**	**1.05**
16	KNP Industries Pte Ltd	**01.04.2016**	**Opening balance**	**17124000**	**11.84**	**17124000**	**11.84**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**17124000**	**11.84**	**17124000**	**11.84**

Notes:

#Less than 0.01%

*10,00,000 Equity Shares were acquired by Mr. Kedar Vaze through block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence, the same did not get reflected in the Benpos dated 31 March 2017 under promoters & promoter group category. The actual shareholding of Mr. Kedar Vaze as on 31 March 2017 after clearance by the clearing member is 155,25,100 Equity Shares.

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

Sr No.	Name of Shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd	**01.04.2016**	**Opening balance**	31100677	21.51	31100677	21.51
		16.12.2016	Sale	(5746973)	(3.97)	25353704	17.53
		31.03.2017	**Closing balance**	**25353704**	**17.53**	**25353704**	**17.53**
2	T. Rowe Price International Discovery Fund	**01.04.2016**	**Opening balance**	**3728874**	**2.58**	**3728874**	**2.58**
		06.01.2017	Sale	(404136)	(0.28)	3324738	2.30
		13.01.2017	Sale	(55048)	(0.04)	3269690	2.26
		20.01.2017	Sale	(4561)	(0.00)#	3265129	2.26
		31.03.2017	**Closing balance**	**3265129**	**2.26**	**3265129**	**2.26**
3	Mondrian Emerging Markets Small Cap Equity Fund, L.P.	**01.04.2016**	**Opening balance**	**2389359**	**1.65**	**2389359**	**1.65**
		08.04.2016	Purchase	45500	0.03	2434859	1.68
		15.04.2016	Purchase	75300	0.05	2510159	1.74
		22.04.2016	Purchase	143253	0.10	2653412	1.83
		02.12.2016	Sale	(112360)	(0.08)	2541052	1.76
		03.02.2017	Sale	(7000)	(0.00)#	2534052	1.75
		10.02.2017	Sale	(72000)	(0.05)	2462052	1.70
		17.02.2017	Sale	(21000)	(0.01)	2441052	1.69
		24.02.2017	Sale	(15000)	(0.01)	2426052	1.67
		03.032017	Sale	(16000)	(0.01)	2410052	1.67
		10.03.2017	Sale	(51649)	(0.04)	2358403	1.63
		17.03.2017	Sale	(17351)	(0.01)	2341052	1.62
		31.03.2017	**Closing balance**	**2341052**	**1.62**	**2341052**	**1.62**
4	Smallcap World Fund, Inc	**01.04.2016**	**Opening balance**	**1920883**	**1.33**	**1920883**	**1.33**
		15.07.2016	Purchase	559024	0.39	2479907	1.71
		22.07.2016	Purchase	97152	0.07	2577059	1.78
		29.07.2016	Purchase	864	0.00#	2577923	1.78
		05.08.2016	Purchase	496890	0.34	3074813	2.12
		12.08.2016	Purchase	61774	0.04	3136587	2.17
		19.08.2016	Purchase	51164	0.04	3187751	2.20
		02.09.2016	Purchase	1400	0.00#	3189151	2.20
		09.09.2016	Sale	(177682)	(0.12)	3011469	2.08
		16.09.2016	Sale	(22153)	(0.02)	2989316	2.06
		23.09.2016	Sale	(204275)	(0.14)	2785041	1.93
		30.09.2016	Sale	(230024)	(0.16)	2555017	1.77
		07.10.2016	Sale	(634134)	(0.44)	1920883	1.33
		31.03.2017	**Closing balance**	**1920883**	**1.33**	**1920883**	**1.33**
5	First State Investments ICVC-Stewart Investors Asia Pacific Fund	**01.04.2016**	**Opening balance**	**-**	**-**	**-**	**-**
		17.06.2016	Purchase	1706180	1.18	1706180	1.18
		31.03.2017	**Closing balance**	**1706180**	**1.18**	**1706180**	**1.18**

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
6	IDFC Premier Equity Fund	**01.04.2016**	**Opening balance**	**-**	**-**	**-**	**-**
		15.07.2016	Purchase	175259	0.12	175259	0.12
		22.07.2016	Purchase	5342	0.00#	180601	0.12
		18.11.2016	Sale	(12825)	(0.01)	167776	0.12
		25.11.2016	Sale	(22776)	(0.02)	145000	0.10
		16.12.2016	Purchase	1082582	0.75	1227582	0.85
		23.12.2016	Purchase	1230	0.00#	1228812	0.85
		03.02.2017	Purchase	17626	0.01	1246438	0.86
		31.03.2017	**Closing balance**	**1246438**	**0.86**	**1246438**	**0.86**
7	Aditi Vaze	**01.04.2016**	**Opening balance**	**1269000**	**0.88**	**1269000**	**0.88**
		24.03.2017	Sale	1200000	0.83	69000	0.05
		30.03.2017	Purchase	1200000	0.83	1269000	0.88
			Closing balance	**1269000**	**0.88**	**1269000**	**0.88**
8	Motilal Oswal Most Focused Midcap 30 Fund	**01.04.2016**	**Opening balance**	**1720837**	**1.19**	**1720837**	**1.19**
		08.04.2016	Purchase	34518	0.02	1755355	1.21
		22.04.2016	Purchase	4756	0.00#	1760111	1.21
		06.05.2016	Purchase	17070	0.01	1777181	1.23
		13.05.2016	Purchase	10128	0.01	1787309	1.24
		20.05.2016	Purchase	19323	0.01	1806632	0.25
		27.05.2016	Purchase	55820	0.04	1862452	0.29
		03.06.2016	Purchase	7542	0.01	1869994	1.30
		24.06.2016	Purchase	7223	0.00#	1877217	1.30
		30.06.2016	Purchase	15522	0.01	1892739	1.31
		15.07.2016	Sale	(21765)	(0.02)	1870974	1.29
		26.08.2016	Sale	(200000)	(0.14)	1670974	1.15
		02.09.2016	Sale	(150000)	(0.10)	1520974	1.05
		07.10.2016	Purchase	13167	0.01	1534141	1.06
		25.11.2016	Sale	(150000)	(0.10)	1384141	0.96
		02.12.2016	Sale	(32777)	(0.02)	1351364	0.93
		09.12.2016	Purchase	12965	0.01	1364329	0.94
		23.12.2016	Sale	(1170)	(0.00)#	1363159	0.94
		30.12.2016	Sale	(1907)	(0.00)#	1361252	0.94
		06.01.2017	Sale	(62000)	(0.04)	1299252	0.90
		17.02.2017	Sale	(50000)	(0.03)	1249252	0.87
		24.03.2017	Sale	(24823)	(0.02)	1224429	0.84
		31.03.2017	Sale	(49360)	(0.03)	1175069	0.81
		31.03.2017	**Closing Balance**	**1175069**	**0.81**	**1175069**	**0.81**

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
9	Ontario Pension Board - Mondrian Investment Partners Limited	**01.04.2016**	**Opening balance**	**1103871**	**0.76**	**1103871**	**0.76**
			Sale/Purchase	-	-	-	-
		31.03.2017	**Closing balance**	**1103871**	**0.76**	**1103871**	**0.76**
10	Wasatch Emerging Markets Small Cap Fund	**01.04.2016**	**Opening balance**	**983578**	**0.68**	**983578**	**0.68**
		06.05.2016	Sale	(27044)	(0.02)	956534	0.66
		13.05.2016	Sale	(1953)	(0.00)#	954581	0.66
		20.05.2016	Sale	(13742)	(0.01)	940839	0.65
		27.05.2016	Sale	(34225)	(0.02)	906614	0.63
		03.06.2016	Sale	(48692)	(0.03)	857922	0.59
		10.06.2016	Sale	(503770)	(0.35)	354152	0.24
		17.06.2016	Sale	(12127)	(0.00)#	342025	0.24
		24.06.2016	Sale	(108035)	(0.07)	233990	0.16
		30.06.2016	Sale	(4718)	(0.00)#	229272	0.16
		01.07.2016	Sale	(3315)	(0.00)#	225957	0.16
		08.07.2016	Sale	(111356)	(0.08)	114601	0.08
		15.07.2016	Sale	(114601)	(0.08)	-	-
		31.03.2017	**Closing Balance**	**-**	**-**	**-**	**-**

Note: #Less than 0.01%

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	**01.04.2016**	**Opening balance**	**17391000**	**12.03**	**17391000**	**12.03**
		19.12.2016	Transfer	8574600	5.92	25965600	17.95
		31.03.2017	**Closing balance**	**25965600**	**17.95**	**25965600**	**17.95**
2	Kedar Vaze	**01.04.2016**	**Opening balance**	**15525000**	**10.74**	**15525000**	**10.74**
		19.12.2016	Transfer	100	0.00#	15525100	10.74
		24.03.2017	Sale	(1000000)	(0.69)	14525100	10.04
		24.03.2017	Purchase	1200000	0.83	15725100	10.87
		27.03.2017	Sale	(1200000)	(0.83)	14525100	10.04
		30.03.2017	Purchase	1000000	0.69	15525100*	10.74*
		31.03.2017	**Closing balance**	**15525100**	**10.74**	**15525100**	**10.74**

3	Prabha Vaze	**01.04.2016**	**Opening balance**	**5014414**	**3.47**	**5014414**	**3.47**
		19.12.2016	Transfer	100	0.00#	5014514	3.47
		24.03.2017	Purchase	1000000	0.69	6014514	4.15
		30.03.2017	Sale	(1000000)	(0.69)	5014514	3.47
		31.03.2017	**Closing balance**	**5014514**	**3.47**	**5014514**	**3.47**
4	Tapas Majumdar	**01.04.2016**	**Opening balance**	**-**	**-**	**-**	**-**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**-**	**-**	**-**	**-**
5	Deepti Chandratre	**01.04.2016**	**Opening balance**	**-**	**-**	**-**	**-**
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2017	**Closing balance**	**-**	**-**	**-**	**-**

Notes:

#Less than 0.01%

*10,00,000 Equity Shares were acquired by Mr. Kedar Vaze through block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence, the same did not get reflected in the Benpos dated 31 March 2017 under promoters & promoter group category. The actual shareholding of Mr. Kedar Vaze as on 31 March 2017 after clearance by the clearing member is 155,25,100 Equity Shares.

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			1.10	1.10
i) Principal Amount	-	-		
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)			1.10	1.10
Change in Indebtedness during the financial year				
* Addition	-	-	23.00	23.00
* Reduction	-	-		
Exchange Difference	-	-	-	
Net Change	-	-	23.00	23.00
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	24.10	24.10
ii) Interest due but not paid	-	-	1.97	1.97
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	26.07	26.07

*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	2.31	1.44	3.75
	(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)	2.31	1.44	3.75
	Ceiling as per Companies Act, 2013	13.51		

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	0.14	0.14	0.10	0.08	0.11	0.57
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.14	0.14	0.10	0.08	0.11	0.57
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)	0.57					
	Ceiling as per Companies Act, 2013	1.23 (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	1.44	1.09	0.20	2.73
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.04	-	0.04
	(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	1.44	1.13	0.20	2.77

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There was 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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Mumbai
12 May 2017

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy

Your Company believes that Corporate Governance is a prerequisite for attaining sustainable growth in this competitive world. Your Company's philosophy on Corporate Governance is based on transparency and accountability and has been a part of the organizational culture of your Company since inception. Your Company has achieved sustainable growth by being a responsible and well-governed corporate while meeting the expectations of all stakeholders. It is your Company's unending mission to regularly nurture and develop steadfast professionalism, astute accountability and increased disclosures by taking all steps necessary towards superior growth in its value for its stakeholders.

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 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 ("SEBI 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 composition of the Board, attendance at the last Annual General Meeting (AGM), number of other directorships, memberships/ chairmanships of the Committees of other companies as on 31 March, 2017 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	10	-	-
Mrs. Prabha Vaze	00509817	Non-Executive/Promoter	Yes	10	-	-
Mr. Kedar Vaze	00511325	Whole-time Director & CEO/ Promoter	Yes	12	-	-
Mr. Amit Dixit	01798942	Non-Executive/Non-Independent	Yes	8	-	3
Mr. Amit Dalmia	05313886	Non-Executive/Non-Independent	Yes	2	-	1
Mr. Nitin Potdar	00452644	Non-Executive/Independent	Yes	3	-	1
Mr. Dalip Sehgal	00217255	Non-Executive/Independent	Yes	10	-	4
Mrs. Alpana Parida	06796621	Non-Executive/Independent	Yes	5	-	3
Mr. Jairaj Purandare	00159886	Non-Executive/Independent	Yes	3	-	1
Mrs. Sangeeta Singh	06920906	Non-Executive/Independent	Yes	5	-	4

Notes:

*Excludes directorship in 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.

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 are serving as a Whole Time Director in any Listed Company, do 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 27.05.2016, 09.08.2016, 29.08.2016, 14.11.2016, 30.11.2016, 14.02.2017 and 27.03.2017. 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	5
Mrs. Prabha Vaze	7	6
Mr. Kedar Vaze	7	7
Mr. Amit Dixit	7	6
Mr. Amit Dalmia	7	5
Mr. Nitin Potdar	7	6
Mr. Dalip Sehgal	7	7
Mrs. Alpana Parida	7	5
Mr. Jairaj Purandare	7	6
Mrs. Sangeeta Singh	7	6

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 www.keva.co.in.

Independent Directors' Meeting

One Independent Directors' meeting was convened on 27 March 2017, 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 SEBI 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 Committees, 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/policies.

Board Procedures

The required information, including information as enumerated in Part A of Schedule II of the SEBI 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 SEBI Listing Regulations, pertaining to CEO and CFO certification for the Financial Year ended 31 March 2017.

Code of Conduct

The Board 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 basis for ethical decision-making in conduct of professional work. The Code of Conduct enjoins that each individual in the organization must know and respect existing laws, accept and provide appropriate professional views, and be upright in his conduct and observe corporate discipline. The Code has been posted on the website of the Company at Web link: https://www.keva.co.in/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

Apart from the sitting fees, the Independent Directors do not receive any remuneration. The other non-executive directors do not receive

Details of remuneration paid to Directors for the Financial Year 2016-17 along with their respective Shareholding in the Company are as under:

(₹ in Crores)

Name of Director	Salary & Perquisites	Contribution to Funds	Performance Linked Variable Incentive	Sitting Fees*	Total	Number of Equity Shares held as on 31 March 2017
Mr. Ramesh Vaze	1.82	0.22	0.27	-	2.31	2,59,65,600
Mrs. Prabha Vaze	-	-	-	-	-	50,14,414
Mr. Kedar Vaze	1.14	0.14	0.59[$]	-	1.87	1,45,25,100[#]
Mr. Amit Dixit	-	-	-	-	-	-
Mr. Amit Dalmia	-	-	-	-	-	-
Mr. Nitin Potdar	-	-	-	0.14	0.14	-
Mr. Dalip Sehgal	-	-	-	0.14	0.14	-
Mrs. Alpana Parida	-	-	-	0.08	0.08	-
Mr. Jairaj Purandare	-	-	-	0.10	0.10	-
Mrs. Sangeeta Singh	-	-	-	0.11	0.11	-

Notes:

[$] Includes Long Term Incentive of ₹0.43 Crore which is effective from 1 April 2016. The same shall vest on 1 April 2019.

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

[#] 10,00,000 Equity Shares were acquired by Mr. Kedar Vaze through block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence, the same did not get reflected in the Benpos dated 31 March 2017 under promoters & promoter group category. The actual shareholding of Mr. Kedar Vaze as on 31 March 2017 after clearance by the clearing member is 155,25,100 Equity Shares.

any kind of remuneration including sitting fees.

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 2016-17, 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.

Long Term Incentive Plan for Senior Leadership Team:

Keva introduced a Long Term Incentive Plan for its Senior Leadership Team with effect from 1 April 2016. This is a "Cash" based plan with a 3 year cliff-vesting. The Grant size for each eligible employee is calculated as a % of Annual Fixed Salary as on 31 March 2016. Average Product of 3 years ROCE and Revenue Growth during the vesting period (01 April 2016 – 31 March 2019) will be considered for payout calculation. Vesting would be contingent on achievement of the said performance conditions.

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 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 24 June 2014. The Committee was last re-constituted by the Board of Directors on 09 August 2016.

As on 31 March 2017, the Audit Committee comprises 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
- Mr. Nitin Potdar – Independent Director, Member
- Mrs. Sangeeta Singh – Independent Director, Member
- Mr. Kedar Vaze – Executive Director, Member
- Mr. Amit Dalmia – Non-Executive Director, Member

The Members of the Committee possess accounting and financial management knowledge. The Chairman of the Committee is a member of the Institute of Chartered Accountants of India. The Company Secretary is the Secretary to the Committee. The 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 27.05.2016, 09.08.2016, 14.11.2016, 14.02.2017 and 27.03.2017. 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	5	4
Mrs. Sangeeta Singh	5*	3
Mr. Kedar Vaze	5	5
Mr. Amit Dalmia	5	4

*Of the 5 meetings, 3 meetings were held after Mrs. Sangeeta Singh was inducted as Member of the Committee.

The chairman of the Committee was present at the last Annual General Meeting of the company held on 09 August 2016.

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 of 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 24 June 2014. The

Committee was last re-constituted by the Board of Directors on 12 March 2015.

As on 31 March 2017, the Nomination and Remuneration Committee comprises 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.

Meetings and Attendance

The Committee met twice during the year on 09.08.2016 and 27.03.2017. The attendance at the meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mrs. Sangeeta Singh	2	2
Mrs. Alpana Parida	2	2
Mr. Amit Dalmia	2	1

The Chairperson of the Committee was present at the last Annual General Meeting of the Company held on 09 August 2016.

Terms of Reference

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

1) 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;
2) Formulating criteria for evaluation of the independent directors and the Board;
3) Devising a policy on Board diversity;
4) 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;
5) Analysing, monitoring and reviewing various human resource and compensation matters;
6) 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;
7) 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;
8) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
9) 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.
10) 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 24 June 2014. The Committee was last re-constituted by the Board of Directors on 12 March 2015.

As on 31 March 2017, 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
- Mr. Nitin Potdar – Independent Director, Member

The Company Secretary is the Secretary to the Committee.

Meetings and Attendance

The Committee met twice during the year on 27.05.2016 and 27.03.2017. The attendance at the meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mr. Ramesh Vaze	2	1
Mrs. Prabha Vaze	2	2
Mr. Nitin Potdar	2	2

Terms of Reference

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

1) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act, 2013.
2) Recommend the amount of expenditure to be incurred on activities referred in the Corporate Social Responsibility Policy.
3) Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition, meetings and attendance

The Stakeholders Relationship Committee was constituted by the Board of Directors at its meeting held on 12 March 2015.

As on 31 March 2017, the Stakeholders Relationship Committee comprises of the following members, all of them being Non-Executive Directors:

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

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 two times times during the year on 27 May 2016 and 14 February 2017. The attendance at the meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mr. Nitin Potdar	2	2
Mr. Dalip Sehgal	2	2
Mrs. Alpana Parida	2	1
Mr. Amit Dalmia	2	2

Summary of complaints during 2016-17:

As per the certificate issued by the Registrar & Transfer Agent, 5 complaints were received from shareholders/investors during the financial year ended 31 March 2017.

Particulars	Opening Balance	Received	Resolved	Closing Balance
SEBI/NSE/BSE	0	1	1	0
Letters	0	4	4	0
Total	0	5	5	0

All complaints were resolved to the satisfaction of the shareholders and no complaints remained unattended / pending as on 31 March 2017.

DISCLOSURES

General Body Meetings

Annual General Meetings

Year	Venue	Date	Time	Special Resolutions passed
2013-14	S H Kelkar and Company Limited, Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080	18 September 2014	2.30 p.m.	1) Sub-division of 13,40,645 Equity Shares of ₹1,000/- each in the Authorised Share Capital of the Company into 13,40,64,500 equity shares having a face value of ₹10/-; 2) Issue of 11,90,43,900 bonus equity shares of ₹10/- each; 3) Increase in Authorised Share Capital of the Company to ₹146,00,00,000
2014-15	S H Kelkar and Company Limited, Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080	22 September 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	09 August 2016	3.30 p.m.	None

No resolution was passed through postal ballot during the financial year 2016-17. None of the businesses proposed to be transacted at the ensuing Annual General Meeting requires the passing of a special resolution by way of postal ballot.

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 – 10 August 2017 at 3.30 p.m.

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

Record Date : 03 August 2017

Date of Dividend Payment : 18 August 2017

Financial Year : 01 April to 31 March

Financial Reporting for:

Quarter ending 30 June 2017:

Second week of August, 2017

Half-year ending 30 September 2017 :

Second week of November, 2017

Quarter ending 31 December 2017 :

Second week of February, 2018

Year ending 31 March 2018 :

Second week of May, 2018

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, Umbergaon and Barneveld (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 2016-17 to the above Stock Exchanges.

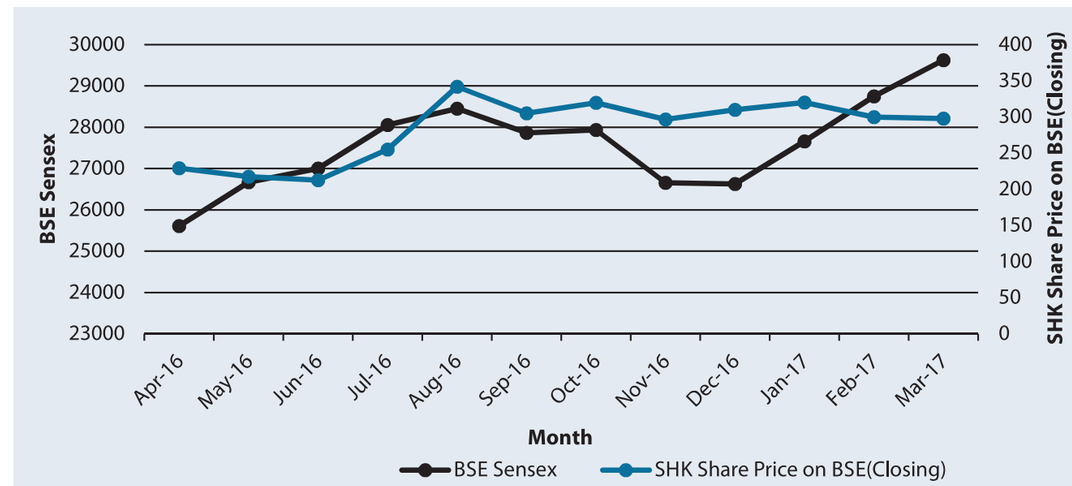
Stock Price Data

(in ₹)

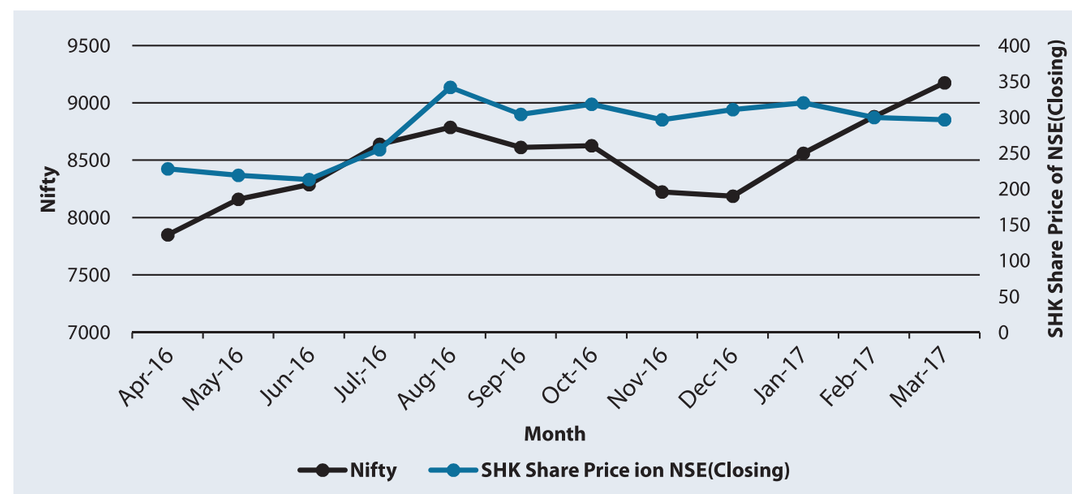
Month	BSE			BSE (Sensex) (Monthly Closing)	NSE			NSE (Nifty) (Monthly Closing)
	High	Low	Close		High	Low	Close	
April 2016	257.50	223.10	229.10	25,606.62	258.30	221.90	227.95	7,849.80
May 2016	235.20	210.50	217.35	26,667.96	236.00	214.00	218.80	8,160.10
June 2016	227.75	201.50	212.45	26,999.72	228.00	208.00	213.05	8,287.75
July 2016	260.00	210.20	254.70	28,051.86	258.00	210.10	254.90	8,638.50
August 2016	349.95	247.50	341.60	28,452.17	349.95	246.40	341.70	8,786.20
September 2016	354.00	295.50	304.85	27,865.96	354.85	295.00	303.75	8,611.15
October 2016	321.80	288.05	319.60	27,930.21	321.80	287.70	318.20	8,625.70
November 2016	330.00	275.00	296.50	26,652.81	330.35	268.00	296.45	8,224.50
December 2016	316.60	277.65	309.60	26,626.46	318.00	276.00	310.50	8,185.80
January 2017	361.90	304.00	320.00	27,655.96	362.90	303.00	319.95	8,561.30
February 2017	325.00	291.05	299.65	28,743.32	316.95	293.60	299.77	8,879.60
March 2017	316.60	284.50	297.85	29,620.50	316.80	283.50	296.45	9,173.75

Stock Performance

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



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



Share Transfer System and Dematerialisation of Shares

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form. Entire paid-up Equity Share Capital is held in a dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31 March 2017. The market lot of the shares 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 42.36% and the stock is liquid.

Distribution of Shareholding as on 31 March 2017

Category of Shares	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	18,256	96.19	15,71,977	1.09
501 - 1000	326	1.72	2,66,026	0.18
1001 - 2000	159	0.84	2,41,953	0.17
2001 - 3000	54	0.28	1,31,993	0.09
3001 - 4000	18	0.09	64,813	0.05
4001 - 5000	18	0.09	84,210	0.06
5001 - 10000	28	0.15	1,94,081	0.13
10001 and above	121	0.64	14,20,65,748	98.23
Total	18,980	100.00	14,46,20,801	100.00

Shareholding Pattern as on 31 March 2017

Category of Shareholder	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Promoter & Promoter Group	17	0.09	8,23,63,221*	56.95*
Public	18,963	99.91	6,22,57,580	43.05
Total	18,980	100.00	14,46,20,801	100.00

*10,00,000 Equity Shares were acquired by Mr. Kedar Vaze through block deal on 31 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence, the same did not get reflected in the Benpos dated 31 March 2017 under promoters & promoter group category. The actual shareholding of Mr. Kedar Vaze as on 31 March 2017 after clearance by the clearing member is 155,25,100 Equity Shares. The actual shareholding of promoters and promoter group category as on March 31, 2017 after clearance of said 10,00,000 Equity Shares is 8,33,63,221 Equity Shares being 57.64% of the total paid up capital of the Company and that of public category is 6,12,57,580 Equity Shares being 42.36% 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 31 March 2017.

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 SEBI Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.keva.co.in/policies. In the Financial Year 2016-17, the Company had one material subsidiary viz. Keva Fragrances Private Limited. Mr. Nitin Potdar and Mrs. Sangeeta Singh - Independent Directors of the Company – have been appointed as Independent Directors 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 companies periodically brings to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

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 SEBI Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.keva.co.in/policies.

C. Disclosure of transactions with Related Parties

During the Financial Year 2016-17, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives, etc. that may have potential conflict with the interests of the Company at large. Further, 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.

D. Vigil Mechanism

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/policies. No personnel has been denied access to the Whistle Officer / CEO / Chairman of the Audit Committee.

E. 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.

F. 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 Web link: https://www.keva.co.in/policies.

G. 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.

H. Compliance with Mandatory Requirements

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

I. Compliance with Non-mandatory Requirements

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

- There is no audit qualification in the company's financial statements for the year ended 31 March 2017. 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.

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

K. 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 SEBI 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 31 March 2017.

Mumbai
12 May 2017

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:

A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2017 and that to the best of our knowledge and belief we state that:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

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

Yours faithfully,

	Tapas Majumdar	**Kedar Vaze**
Mumbai	EVP & Group CFO	Director & Chief Executive Officer
12 May 2017		

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 8 September 2016.

2. This report contains details of compliance of conditions of corporate governance by S H Kelkar and Company Limited ('the Company') for the year ended 31 March 2017 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 31 March 2017.

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
Membership No: 105149

Mumbai
12 May 2017

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, 2017 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:	2016-17
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, 'Shareholder Information', in the Annual 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 9 subsidiaries, including 4 subsidiaries outside India as on 31 March 2017. 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 31.03.2017):	₹144.62 Crores
2.	Total Turnover:	₹687.26 Crores
3.	Total Profit after taxes:	₹74.31 Crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹1.20 Crores
5.	As percentage of Profit after taxes:	1.61%
6.	List of CSR activities in which expenditure has been incurred:	Please refer Annexure D 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 has published its first Business Responsibility Report for financial year 2016-17 which forms part of the Company's Annual Report for financial year 2016-17. The same 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.

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

   The Company's Policy on Ethics, Transparency and Accountability along with the Code of Conduct, is applicable to all individuals working in the Company.

2. 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 2016-17	Complaints Resolved during FY 2016-17	Complaints Resolved (%)
Investor complaints	5	5	100.00
Customer complaints	230	210	91.30
Sexual Harassment complaint	1	1	100.00

Principle 2 – Product Life Cycle Sustainability

Product stewardship has always been our priority while ensuring customer satisfaction and delight. We have a strong and dedicated team of scientists, perfumers, flavourists, evaluators and application executives, who focus on creating fragrances and flavours that meet the global standards and are a mark of innovation. We focus on developing premium quality fragrances and flavours with minimal health and environmental impacts.

1. 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.

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

   With a diverse portfolio of products and complex production processes, calculating our environmental performance per product poses unique challenges. The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to produce our products. The Company has proactively looked at opportunities in green solutions as well as organic product designs.

   The Company has installed 104 KW solar electricity generation at Mulund unit along with Solar water heater with a capacity of 3000 litres/day of water at 90 degree Celsius. The Company has also installed at Vashivali unit 430 KW solar electricity generation. Overall, at present 534 KW of Solar energy generation is being done by the Company.

3. 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.

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

   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. Continual efforts to conserve resources, minimize and recycle wastes and reuse waste through both conventional and non-conventional waste management practices are an integral part of business operations of the Company. The Company recycles 100% of Industrial Effluents and Sewage after treatment. Hazardous wastes which are generated by the Company are given to 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. 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:

We believe that a healthy working environment founded on principles of empathy and symbiosis can unleash the full potential of the employees. HR at Keva has been about partnering the business through strategic initiatives. It translates into all people processes, from inviting new hires to join or helping our existing employees to design and develop their career.

1.	Total number of employees	513
2.	Total number of employees hired on temporary / contractual /casual basis	227
3.	Number of permanent women employees	82
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?	38%

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	Nil	Nil
Sexual harassment	1	Nil
Discriminatory employment	Nil	Nil

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

Particulars	%
Permanent Employees	21
Permanent Women Employees	1
Casual/ Temporary/ Contractual Employees	5
Employees with disabilities	Not Applicable

Principle 4 – Stakeholder Engagement:

We believe that our success is directly dependent on satisfaction levels of our stakeholders and we strive to meet their expectations. Depending on the purpose of the engagement, we adopt appropriate practices to interact with them.

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?

   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 2016-17 which forms Annexure D to the Directors' Report.

Principle 5 – Human Rights:

We firmly believe in upholding and promoting human rights. Human Rights are protected under Whistle Blower Policy, Policy on Prevention of Sexual Harassment at Workplace and various employee and labour welfare policies.

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?

   The Company had received 1 complaint pertaining to sexual harassment during the year under review and the same was resolved satisfactorily. Apart from the said complaint, no other complaint was received pertaining to violation of human rights during the year.

Principle 6 – Protection of Environment:

We endeavour to adopt an inclusive approach to protect and conserve the environment. We have been constantly working towards improving our environmental footprint while optimally utilising natural resources.

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 believes it is its responsibility to address global long term challenges and ensures the business is run in a socially, ecologically and economically responsible manner. A cooling tower for Multi-Purpose Plant at Vapi was installed at the terrace of the building to make use of the gravitational force for circulation of water which reduced power consumption. The Company has replaced fluorescent lamps with CFL at its unit at Vashivali. The Company has commissioned rooftop solar panels at its units at Mulund and Vashivali. The Company is in the process of making Vashivali Unit a Zero Liquid Discharge unit. The Company is also in the process of preparation of manure from canteen waste at Vashivali Unit.

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

   The Company firmly believes in sustainable development which is reinforced by environmental management systems practiced across manufacturing units. The Company identifies and assesses potential environmental risks. Hazards are analysed, evaluated and adequate control measures are implemented to reduce impact on environment and human.

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

   The Company currently does not have any Clean Development Mechanism (CDM) projects.

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

   The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to manufacture its products. The power consumption of the Company is negligible compared to its revenues. 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 DMF i.e. Dual Media pressure sand with activated carbon Filter to re-use the treated water from DMF for gardening purpose, implementation of tertiary treatment system for Effluent treatment plant to reduce COD load in discharge, incorporation of Variable Frequency Drives wherever feasible.

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

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

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

   As at the end of the Financial Year 2016-17, 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.

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

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

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

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

   Through membership with trade and industry associations, the Company makes efforts to further contribute on specific sustainable business issues. 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.

Principle 8 – Inclusive Growth and Equitable Development:

Inspired by the embedded tenets of trust, fairness and care, we strive to create shared value through inclusive growth, bringing about a measurable change in the lives of communities. Over the years, we have steadily built a culture of empowerment and providing appropriate opportunities to support to uplift the communities in which we operate.

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

   Inclusive growth and equitable development are essential to foster sustainable local development and uplift the communities in which we operate. The Company undertakes the initiatives through the CSR committee of the Board as per the CSR policy of the Company. The CSR projects are in accordance with Schedule VII of the Companies Act, 2013 and rules made thereunder.

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

   The aforesaid projects have been carried out by the Company either directly or by partnering with like-minded NGOs and government organizations. Details of CSR initiatives are available in the Annual Report on Corporate Social Responsibility activities for financial year 2016-17 which forms Annexure D to the Directors' Report.

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

   With a view to enhance the effectiveness of the CSR projects and initiatives, feedback is obtained on regular basis from the

concerned stakeholders, including the target beneficiaries of the CSR projects. Feedback is collated and appropriately analysed to understand the efficacy of the projects in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

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

   During the year, the Company spent ₹1.20 Crore towards various community development projects. Details of CSR projects are available in the Annual Report on Corporate Social Responsibility activities for financial year 2016-17 which forms Annexure D to the Directors' Report.

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

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

Principle 9 – Customer Value:

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.

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

   As on the end of the Financial Year 2016-17, 9% of the customer complaints / consumer cases are pending. The Company is in the process to get the outstanding complaints / cases resolved at the earliest.

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

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

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

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

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

   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 73% of the customers were highly satisfied with the Company.

Financial section

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") comprising of the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity 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 financial position, financial performance including other comprehensive income, consolidated cash flows and changes in equity of the Group 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 consolidated Ind AS 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.

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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, 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 including Ind AS, of the consolidated financial position of the Group as at 31 March, 2017 and its consolidated financial position including other comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other matters

(a) We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of Rs 338.87 crores as at 31 March 2017, total revenues of Rs. 254.57 crores and net cash inflows amounting to Rs 8.28 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us for the purpose of the consolidation, and our opinion on the consolidated Ind AS financial statements, in so far as it related to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion 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.

Report on other legal and regulatory requirements

1. As required by Section 143 (3) of the Act based on our audit and on the consideration of report of other auditors on separate financial statements of subsidiaries as noted in the 'Other matter' paragraph, we report, to the extent applicable, that:

   (a) except for matter specified in sub-clause (g) (iv) in respect of disclosure of dealings in Specified Bank Notes by the Holding Company during the period from 8 November 2016 to 30 December 2016 below, 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;

   (b) 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;

   (c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income) and the consolidated statement of cash flow 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;

   (d) 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;

   (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 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 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls of the Holding Company and its subsidiary companies incorporated in India, based on the comments in the auditors' reports of the Holding company and the other auditors of the subsidiary companies incorporated in India, we give in the Annexure our Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act ; and

   (g) 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:

      i. the Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Refer Note 38 to the consolidated Ind AS financial statements;

      ii. the Group did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India; and

iv. the Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 of its entities as applicable. However, in respect of the dealings in specified bank notes by the Holding Company, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Holding Company and as produced to us by the Management – Refer Note 39.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

Annexure A to the Independent Auditors' Report – 31 March 2017

(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 the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of S H Kelkar and Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies incorporated in India (the Holding Company and its subsidiary companies incorporated in India together referred to as "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 control over financial reporting 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 applicable to an audit of Internal Financial Controls and, 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 control 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 Group has, 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 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company incorporated in India, 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 subsidiary companies incorporated in India, is based solely on the report of the auditors of the subsidiary companies.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

Consolidated Balance sheet as at 31 March 2017

(Currency : Indian Rupees in crores)

	Note	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	233.14	201.45	207.64
Capital work-in-progress	4	2.44	18.12	10.48
Goodwill on consolidation	5	20.64	20.55	20.23
Other intangible assets	5	42.58	5.30	6.18
Intangible assets under development	43	5.01	-	-
Financial assets				
Investments*	6	*0.00	*0.00	*0.00
Loans	7	2.24	1.67	1.63
Others	8	1.11	1.17	1.10
Deferred tax assets (net)	36	4.08	4.67	10.74
Current tax assets (net)		25.49	15.44	14.28
Other non-current assets	9	43.08	28.87	17.24
Total non-current assets		379.81	297.24	289.52
Current assets				
Inventories	10	350.16	335.22	317.53
Financial assets				
Investments	11	49.68	35.41	-
Trade receivables	12	217.01	228.81	192.79
Cash and cash equivalents	13	41.91	58.56	72.37
Other bank balances	14	13.54	23.67	3.54
Loans	7	3.66	7.77	4.85
Derivatives	15	2.07	0.65	0.78
Others	8	1.29	0.75	0.43
Other current assets	9	19.78	19.46	21.52
Total current assets		699.10	710.30	613.81
TOTAL ASSETS		1,078.91	1,007.54	903.33
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	144.62	144.62	139.32
Other equity				
Retained earnings		304.72	201.09	167.27
Other reserves	17	362.42	370.34	115.53
Equity attributable to owners of the Company		811.76	716.05	422.12
Non-controlling interests		-	-	-
Total equity		811.76	716.05	422.12
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	18	9.17	29.62	38.23
Deposits	19	1.10	1.10	6.10
Provisions	20	5.42	4.61	4.41
Deferred tax liabilities (net)	36	7.33	5.67	8.14
Total non-current liabilities		23.02	41.00	56.88
Current liabilities				
Financial liabilities				
Borrowings	21	53.19	43.56	174.54
Trade payables	22	110.68	163.33	115.45
Other financial liabilities	23	46.13	26.09	110.52
Derivatives	24	0.20	0.19	0.45
Other current liabilities	25	16.84	10.95	12.23
Provisions	20	5.70	4.72	4.06
Current tax liabilities (net)		11.39	1.65	7.08
Total current liabilities		244.13	250.49	424.33
Total Liabilities		267.15	291.49	481.21
TOTAL EQUITY AND LIABILITIES		1,078.91	1,007.54	903.33
Significant accounting policies	1-3			
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-54			

*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

Mumbai
12 May 2017

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Consolidated statement of profit and loss for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	Note	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Revenue from operations	26	1,059.82	993.59
Other income	27	11.55	10.45
Total income		1,071.37	1,004.04
Expenses			
Cost of materials consumed	28	495.54	517.75
Purchase of traded goods		23.83	1.79
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	16.07	(6.62)
Excise duty		79.31	68.72
Employee benefits expense	30	122.49	111.85
Finance costs	31	5.16	20.22
Depreciation and amortisation expense	32	19.44	29.70
Other expenses	33	156.75	150.33
Total expenses		918.59	893.74
Consolidated profit before tax		152.78	110.30
Tax expense			
Current tax			
- for current year		48.54	34.69
- for earlier years		(2.60)	0.29
Deferred tax			
- for current year		1.91	2.90
- for earlier years		0.11	(0.64)
Consolidated profit for the year		104.82	73.06
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability (asset)		(1.83)	(0.14)
Income tax related to items that will not be reclassified to profit or loss		0.63	0.05
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of a foreign operation		(7.97)	6.21
Other comprehensive income for the year, net of income tax		(9.17)	6.12
Total consolidated comprehensive income for the year		95.65	79.18
Earnings per equity share (Nominal value of Rs 10 each, fully paid-up)	34		
Basic earnings per share (₹)		7.25	5.36
Diluted earnings per share (₹)		7.25	5.36
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the consolidated financial statements.	4-54		

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
12 May 2017

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Chief Financial Officer
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Deepti Chandratre
Company Secretary
Membership No: A20759

Consolidated statement of changes in equity for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
(a) Equity share capital		
Opening balance as at	144.62	131.04
Changes in equity share capital during the year (refer note 16)	-	13.58
Closing balance as at	144.62	144.62

(b) Other equity

	Attributable to the equity holders of the Company Reserves & Surplus								
	Capital Reserve	Securities Premium Account	Capital Redemption Reserve	General Reserve	Retained earnings	Other reserves (refer note 53(2))	Foreign Currency Translation Reserve	Total	Non-Controlling Interests	Total Equity
Balance at 1 April 2015	17.07	19.63	*0.00	111.16	167.27	(45.70)	13.37	282.81	-	282.81
Total comprehensive income for the year ended 31 March 2016										
Profit for the year	-	-	-	-	73.06	-	-	73.06	-	73.06
Items of OCI for the year, net of tax										
Remeasurements of defined benefit liability	-	-	-	-	(0.09)	-	-	(0.09)	-	(0.09)
Exchange differences in translating the financial statements of a foreign operation	-	-	-	-	-	-	6.21	6.21	-	6.21
Total comprehensive income	-	-	-	-	72.97	-	6.21	79.18	-	79.18
Transaction with owners in their capacity as owners, recorded directly in equity										
Dividends (refer note 17)	-	-	-	-	(36.64)	-	-	(36.64)	-	(36.64)
Dividend distribution tax	-	-	-	-	(7.47)	-	-	(7.47)	-	(7.47)
Issue of share capital (refer note 16)	-	206.84	-	-	-	-	-	206.84	-	206.84
Utilised towards share issue expenses (refer note 40)	-	(18.20)	-	-	-	-	-	(18.20)	-	(18.20)
Conversion of liability into equity (refer note 53 (2))	-	5.53	-	-	4.96	54.47	-	64.96	-	64.96
	-	194.17	-	-	(39.15)	54.47	-	209.49	-	209.49
Balance at 31 March 2016	17.07	213.80	*0.00	111.16	201.09	8.77	19.58	571.48	-	571.48
Total comprehensive income for the year ended 31 March 2017										
Profit for the year	-	-	-	-	104.82	-	-	104.82	-	104.82
Items of OCI for the year, net of tax										
Remeasurements of defined benefit liability	-	-	-	-	(1.20)	-	-	(1.20)	-	(1.20)
Exchange differences in translating the financial statements of a foreign operation	-	-	-	-	-	-	(7.97)	(7.97)	-	(7.97)
Total comprehensive income	-	-	-	-	103.62	-	(7.97)	95.66	-	95.66
Balance at 31 March 2017	17.07	213.80	*0.00	111.16	304.72	8.77	11.62	667.13	-	667.13

*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

Mumbai
12 May 2017

Ramesh Vaze
Managing Director
DIN: 00509751

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

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

Consolidated cash flow statement for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Cash flows from operating activities		
Consolidated profit before tax	152.78	110.30
Adjustments for:		
Depreciation and amortisation	19.44	29.70
Unrealised (gain)/loss on foreign exchange (net)	0.13	0.69
Interest income	(3.34)	(2.25)
Profit on sale of investment	(1.39)	(0.41)
Profit on sale of fixed assets (net)	(0.81)	(0.85)
Interest expense	5.16	14.38
Provision for doubtful debts (net)	3.88	2.99
Amortisation of upfront fees	-	1.04
Financial assets at FVTPL	(1.86)	0.14
Actuarial gains or losses	-	(0.16)
Provision / liability no longer required written back	(0.55)	(1.98)
Reversal of provision for mark-to-market loss	(1.58)	(0.45)
Dividend income on mutual fund investment	-	(0.07)
Bad debts written off	0.38	0.17
Consolidated profit before working capital changes	172.24	153.24
Decrease/ (Increase) in trade and other receivables	16.13	(37.76)
(Increase) in advances	(9.70)	(17.25)
(Increase) in inventories	(13.88)	(17.69)
Decrease/ (Increase) in other current assets	1.09	(0.02)
(Decrease) / Increase in trade and other payables	(19.88)	44.39
Increase in provision	1.48	0.87
Consolidated cash generated from operations	147.48	125.78
Direct taxes paid (net)	(46.29)	(40.66)
Effect of exchange differences on translation of subsidiaries	1.15	1.27
Net consolidated cash flows generated from operating activities (A)	102.34	86.39
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets under development	(38.28)	(25.76)
Proceeds on sale of fixed assets	0.15	1.93
Proceeds from disposal of investments	1.67	0.41
Investment in mutual funds	(14.27)	(34.53)
Increase/ (decrease) in non-current deposits with bank	10.14	(20.16)
Dividend income on mutual fund investments	-	0.07
Interest received	2.96	1.02
Payment for acqusition of business/ subsidiary	(62.69)	-
Net consolidated cash flows (used in) investing activities (B)	(100.32)	(77.02)

	31 March 2017	31 March 2016
Cash flows from financing activities		
Proceeds from issue of equity shares	-	209.98
Repayment of term loans	(23.28)	(27.40)
Increase / (decrease) working capital loans	9.63	(130.98)
Share issue expenses	-	(14.39)
(Repayment) of finance lease obligations	(0.65)	(0.55)
Dividend paid	-	(44.11)
Interest paid	(5.08)	(16.15)
Net consolidated cash flows (used in) financing activities (C)	(19.38)	(23.60)
Net decrease in consolidated cash and cash equivalents D = (A+B+C)	(17.36)	(14.23)
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents at the beginning of the year (E)	58.56	72.37
Cash taken over on acquisition of subsidiary (F)	0.98	-
Effect of exchange rate changes on cash and cash equivalents (G)	(0.27)	0.42
Cash and cash equivalents at the end of the year (D+E+F+G)	41.91	58.56
Notes:		
Cash and cash equivalents		
Balances with banks in:		
- current accounts	21.14	48.44
- exchange earners foreign currency account	12.82	9.80
- deposits accounts (with original maturity of 3 months or less)	7.63	0.01
Cash on hand	0.32	0.31
	41.91	58.56

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

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

Aniruddha Godbole
Partner
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Ramesh Vaze
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DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Mumbai
12 May 2017

Notes to the consolidated financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

1 Company and Group overview

S H Kelkar and Company Limited ('SHK' or 'the Company') was incorporated under the provisions of the Companies Act, 1913 ('the Act'), and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002. The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company along with its subsidiaries is referred to as 'the Group'. The Group is focused on its core business of manufacture 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 Group's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under the section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 53.

The consolidated financial statements for the year ended 31 March 2017 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 12 May 2017.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgements

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

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 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

Notes to the consolidated financial statements for the year ended 31 March 2017

lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b. Recognition and measurement of defined benefit obligations

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

c. Recognition of deferred tax assets

Deferred tax assets are 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 liabilites of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

e. 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 represent the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

2.5 Measurement of fair values

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

The Group 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 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:

Notes to the consolidated financial statements for the year ended 31 March 2017

- 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 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 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, 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

Notes to the consolidated financial statements for the year ended 31 March 2017

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.

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. Foreign currency exchange differences are recognised 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 has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group'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.

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's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Notes to the consolidated financial statements for the year ended 31 March 2017

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

Re-measurement of the net defined benefit liability, which 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 consolidated statement of profit and loss.

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

Gratuity

The 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 consolidated statement of profit and loss during the period in which the employee renders the related service.

Provident fund trust

Eligible employees of the Group also 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 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'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 perentage 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 consolidated financial statements for the year ended 31 March 2017

Dividend income is recognised in the consolidated statement of profit and loss on the date on which the Group'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:

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

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

ii. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the 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 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 Company.

Notes to the consolidated financial statements for the year ended 31 March 2017

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 1 April 2016, the Group has 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 1 April 2016 is 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:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the consolidated statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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

Notes to the consolidated financial statements for the year ended 31 March 2017

'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 will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Group 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:

Tengible assets	Life defined	Useful life as per Schedule II
Buildings	30-60 years	30-60 years
Research and devlopment - equipments	10-15 years	10-15 years
Computers	3 years	3 years
Office equipments	5 years	5 years
Plant & machinery	15-20 years	8-15 years
Electrical installation	10 years	10 years
Motor cars and vehicles	8 years	8 years
Motor cars under lease	4-5 years	4-5 years
Office equipments under lease	5 years	5 years

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

With effect from 1 April 2016, the Group has 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 31 March 2017 is lower by Rs 13.47 crores. Accordingly, the profit for the year ended 31 March 2017 is higher by Rs 8.76 crores.

iv. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (refer note 4)

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 Intangible assets

i. Recognition and measurement

Internally generated: Research and development

Expenditure on research activities is recognised in the consolidated statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and

Notes to the consolidated financial statements for the year ended 31 March 2017

the Group 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.

Other intangible assets, include technical know-how and computer software, which are acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of profit and loss as incurred.

iii. Amortisation

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

Other intangible assets are amortised over the estimated useful lives as given below:

- Computer Software 5 years
- Brand 5 years
- Formulations 5 years
- Customer relationship 5 years
- Non-compete fees 5 years
- Research and development 3 years

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

iv. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (refer note 5).

3.10 Financial Instruments

a. Financial assets

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value, 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

Notes to the consolidated financial statements for the year ended 31 March 2017

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

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

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

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

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

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

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

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

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

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

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

iii. Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. 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.

Notes to the consolidated financial statements for the year ended 31 March 2017

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the consolidated statement of profit and loss.

iv. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

b. Financial liabilities

i. Recognition and initial measurement

All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value, 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 derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

iv. Offsetting

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

Notes to the consolidated financial statements for the year ended 31 March 2017

c. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. 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.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

3.12 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.

3.13 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 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 substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Group's statement of financial position.

3.14 Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. 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.

Notes to the consolidated financial statements for the year ended 31 March 2017

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the 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's cash management.

3.16 Earnings per Share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

3.17 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Group from April 1, 2017. The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is currently evaluating the effect of the above amendments.

3.18 Basis of consolidation

i. Business combinations

Business combinations (other than common control business combinations) on or after 11 August 2010

As part of its transition to Ind AS, the Group has elected to apply the relevant Ind AS, viz. Ind AS 103, Business Combinations, to only those business combinations that occurred on or after 1 April 2011. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. 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.

Notes to the consolidated financial statements for the year ended 31 March 2017

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 at fair value and any resulting gain or loss is recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Business combinations prior to 11 August 2010

In respect of such business combinations, goodwill represents the amount recognised under the Group's previous accounting framework under Indian GAAP adjusted for the reclassification of certain intangibles.

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'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.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is 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.

Notes to the consolidated financial statements for the year ended 31 March 2017

iii. Consolidation procedure

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in reparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent 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 assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup 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 transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the 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's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of companies, controlled directly or indirectly by the Company and associate of the Company which are included in the consolidated financial statements are as under:

Name	Relationship	Country of incorporation	Ownership interest	
			31 March 2017	31 March 2016
Keva Fragrances Private Limited (formerly K.V.Arochem Private Limited)	Subsidiary	India	100%	100%
Keva Flavours Private Limited	Subsidiary	India	100%	100%
Saiba Industries Private Limited	Subsidiary	India	100%	100%
Rasiklal Hemani Agencies Private Limited	Subsidiary	India	100%	-
Keva Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited - formerly K.V. Arochem Private Limited)	Subsidiary	India	100%	100%
Keva UK Limited	Subsidiary	United Kingdom	100%	100%
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	Subsidiary	Netherlands	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Subsidiary	Indonesia	100%	100%
Keva Fragrances Private Limited (from 01 April 2015 to 30 April 2015*)	Subsidiary	India	-	-

* Ownership interest was 100% during the said period.

Notes to the consolidated financial statements as at 31 March 2017

(Currency: Indian Rupees in crores)

4 Property, plant and equipment and capital work-in-progress

Block of asset	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2016	Additions	Deductions/ adjustments during the year	Additions on subsidiary/ business acquisition	Translation difference	As at 31 March 2017	As at 1 April 2016	Charge for the year	Translation difference	Deductions/ adjustments during the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Land	31.59	-	-	-	(2.47)	29.13	-	-	-	-	-	29.13	31.59
Leasehold land	0.08	-	-	-	-	0.08	0.00	-	-	-	*0.00	0.08	0.08
Leasehold building improvement	3.03	2.35	-	-	-	5.38	0.56	0.77	-	-	1.33	4.05	2.47
Buildings	70.60	8.94	-	4.55	(1.56)	82.52	7.25	2.30	(0.88)	-	8.67	73.86	63.35
Research and development equipments	4.99	0.41	-	-	-	5.40	0.91	0.66	-	-	1.56	3.84	4.08
Factory building and sheds	18.12	0.78	-	0.99	(0.01)	19.87	1.68	0.89	(0.02)	-	2.56	17.31	16.44
Office equipment	1.30	0.58	(0.19)	-	(0.06)	1.63	0.58	0.22	(0.05)	(0.16)	0.59	1.04	0.72
Furniture and fixtures	5.85	1.40	(0.00)	-	(0.69)	6.56	2.09	0.65	(0.69)	(0.00)	2.05	4.51	3.76
Electrical fittings	4.36	0.80	-	-	-	5.16	1.25	0.54	-	-	1.79	3.38	3.11
Agricultural implements	-	-	-	-	-	-	*0.00	*0.00	-	-	*0.00	*(0.00)	*(0.00)
Plant and machinery	98.26	29.31	(0.64)	0.12	(12.59)	114.46	24.42	6.42	(9.33)	(0.54)	20.98	93.48	73.84
Motor cars and vehicles	1.08	0.07	(0.25)	0.01	(0.04)	0.87	0.38	0.13	(0.03)	(0.23)	0.24	0.64	0.71
Computer and printers	1.94	0.66	(0.01)	-	(0.59)	2.00	0.97	0.31	(0.55)	(0.01)	0.71	1.28	0.97
Assets under lease:													
Motor cars	0.54	0.59	-	-	-	1.13	0.40	0.19	-	-	0.59	0.54	0.14
Office equipments	0.34	-	-	-	-	0.34	0.17	0.17	-	-	0.34	0.00	0.17
	242.10	45.88	(1.09)	5.67	(18.01)	274.54	40.65	13.24	(11.55)	(0.94)	41.40	233.14	201.45
Capital Work in Progress	-											2.44	18.12

* Amount less than ₹ 0.01 crore.

Notes to the consolidated financial statements for the year ended 31 March 2017

(Currency: Indian Rupees in crores)

Property, plant and equipment and capital work-in-progress (previous year)

Block of asset	Gross Block						Accumulated Depreciation					Net Block	
	As at 1 April 2015	Additions	Deductions/ adjustments during the year	Additions on subsidiary/ business acquisition	Translation difference	As at 31 March 2016	As at 1 April 2015	Charge for the year	Translation difference	Deductions/ adjustments during the year	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Land	23.69	7.31	(0.01)	-	0.61	31.59	-	-	-	-	-	31.59	23.69
Leasehold land	0.08	0.00	-	-	-	0.08	-	*0.00	-	-	*0.00	0.08	0.08
Leasehold building improvement	2.96	0.78	(0.75)	-	0.04	3.03	-	0.55	0.01	-	0.56	2.47	2.96
Buildings	69.51	0.02	(0.15)	-	1.22	70.60	-	6.55	0.70	-	7.25	63.35	69.51
Research and development equipments	4.68	0.31	-	-	-	4.99	-	0.91	*0.00	-	0.91	4.08	4.68
Factory building and sheds	18.12	-	-	-	*(0.00)	18.12	-	1.68	*(0.00)	-	1.68	16.44	18.12
Office equipment	0.89	0.34	-	-	0.07	1.30	-	0.53	0.06	-	0.58	0.72	0.89
Furniture and fixtures	4.72	0.28	*0.00	-	0.86	5.85	-	1.47	0.62	-	2.09	3.76	4.72
Electrical fittings	4.32	0.04	-	-	*0.00	4.36	-	1.25	(0.00)	-	1.25	3.11	4.32
Agricultural implements	-	-	-	-	-	-	-	*0.00	-	-	*0.00	*0.00	*0.00
Plant and machinery	76.30	7.73	(0.12)	-	14.35	98.26	-	13.59	10.82	-	24.42	73.84	76.30
Motor cars and vehicles	1.09	*0.00	(0.05)	-	0.04	1.08	-	0.34	0.04	-	0.38	0.71	1.09
Computer and printers	0.40	0.84	-	-	0.70	1.94	-	0.30	0.67	-	0.97	0.97	0.40
Assets under lease:													
Motor cars	0.54	-	-	-	-	0.54	-	0.40	*(0.00)	-	0.40	0.14	0.54
Office equipments	0.34	-	-	-	-	0.34	-	0.17	*0.00	-	0.17	0.17	0.34
	207.64	17.65	(1.08)	-	17.89	242.10	-	27.74	12.91	-	40.65	201.45	207.64
Capital Work in Progress												18.12	10.48

* Amount less than ₹ 0.01 crore

Notes:

(a) The Capital Work in Progress represents the construction, upgradation and development of projection facilities.

(b) The Group has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2015 under the previous GAAP.

Description	Land	Lease-hold land	Lease-hold building improvement	Buildings	Research and development equipments	Factory building and sheds	Office equipment	Furniture and fixtures	Electrical fittings	Agricultural implements	Plant and machinery	Motor cars and vehicles	Motor cars under lease	Office equipments - finance lease	Computers and printers	Total
Gross Block	8.83	0.12	3.60	107.80	12.96	23.15	3.22	19.71	9.63	0.04	245.94	3.10	1.67	0.69	8.14	448.60
Less: Accumulated Depreciation	-	0.04	0.64	41.14	8.28	5.03	2.33	14.99	5.31	0.04	169.64	2.01	1.13	0.35	7.74	258.67
Add: Ind AS adjustment (refer note c below)	14.86	-	-	2.85	-	-	-	-	-	-	-	-	-	-	-	17.71
Net Block	23.69	0.08	2.96	69.51	4.68	18.12	0.89	4.72	4.32	-	76.30	1.09	0.54	0.34	0.40	207.64

Notes to the consolidated financial statements as at 31 March 2017

(c) As part of the Group's transition to Ind AS, the Group has elected to apply the Ind AS 103, Business Combinations, to the aquisitions prior to 1 April 2015. Accordingly, an adjustment of ₹ 14.86 crores and ₹ 2.85 crores has been made to the deemed cost adjusted gross block of Land and Buildings respectively.

(d) The Group has acquired office equipments and motor cars under a number of finance lease agreements. The leased equipment secures related lease obligations (refer note 18 for details of change created).

(e) With effect from 1 April 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 31 March 2017 is lower by ₹ 13.47 crores.

(f) Plant & machinery has been pledged against the long term borrowings. Refer note 18 for details on charge created.

(g) Nil amount of borrowing costs is capitalised during the current and comparative periods.

5 Other intangible assets

(Currency: Indian Rupees in crores)

Block of asset	Gross Block					Accumulated Depreciation					Net Block	
	As at 1 April 2016	Additions during the year	Additions on subsidiary/ business acquisition	Deductions during the year	Translation difference	As at 1 April 2016	Charge for the year	Deductions during the year	Translation difference	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Goodwill on consolidation	20.55	-	2.02	-	(1.93)	-	-	-	(1.93)	20.64	20.64	20.55
Others												
Goodwill	-	-	13.45	-	-	-	-	-	-	13.45	13.45	-
Formulations	-	-	21.33	-	-	-	3.43	-	-	3.43	17.90	-
Brand	-	-	2.00	-	-	-	0.10	-	-	0.10	1.90	-
Customer relationship	-	-	2.77	-	-	-	0.55	-	-	0.55	2.21	-
Computer software	7.32	2.92	-	-	(0.20)	2.02	2.06	-	(0.11)	3.97	6.07	5.30
Non-compete fees	-	-	1.10	-	-	-	0.05	-	-	0.05	1.05	-
	7.32											
	35.18	2.92	42.67	-	(2.13)	2.02	6.20	-	(0.11)	8.11	63.21	25.84

Other intangible assets (previous year)

(Currency: Indian Rupees in crores)

Block of asset	Gross Block					Accumulated Depreciation					Net Block	
	As at 1 April 2015	Additions during the year	Additions on subsidiary/ business acquisition	Deductions during the year	Translation difference	As at 1 April 2015	Charge for the year	Deductions during the year	Translation difference	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Goodwill on consolidation	20.23	-	-		0.32	-	-		-		20.55	20.23
Others												
Computer software	6.18	0.90	-		0.24	-	1.95		0.07	2.02	5.30	6.18
	26.40	0.90	-		0.56	-	1.95		0.07	2.02	25.84	26.40

Note: The Group has availed the deemed cost exemption in relation to the intangible asset on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2015 under the previous GAAP.

(Currency: Indian Rupees in crores)

Particulars	Computer software	Total
Gross Block	8.68	8.68
Less: Accumulated Depreciation	2.50	2.50
Net Block	6.18	6.18

Notes to the consolidated financial statements as at 31 March 2017

6 Non-current investments

(Currency : Indian Rupees in crores)

	Number of shares / units			Amount		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Quoted equity shares at FVTPL						
Hico Products Ltd. (face value ₹ 10 per share)**	19,250	19,250	19,250	-	-	-
Reliance Industries Limited (face value of ₹ 10 per share)	16	16	16	*0.00	*0.00	*0.00
				*0.00	*0.00	*0.00
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	*0.00
Aggregate market value of quoted investments				*0.00	*0.00	*0.00

* 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 Company and the market value is considered Nil.

7 Loans (unsecured)

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Security deposits						
- considered good	2.24	1.67	1.63	1.12	4.26	0.87
- considered doubtful	-	-	-	0.18	0.18	0.18
	2.24	1.67	1.63	1.30	4.44	1.05
Loss allowance	-	-	-	(0.18)	(0.18)	(0.18)
	2.24	1.67	1.63	1.12	4.26	0.87
Loans to employees	*0.00	-	*0.00	2.09	2.73	2.87
Other receivables	-	-	-	0.45	0.78	1.11
	2.24	1.67	1.63	3.66	7.77	4.85

*Amount less than ₹ 0.01 crore

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

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
To related parties						
Other receivables*	-	-	-	0.14	0.14	0.14
Interest accrued on loan **	-	-	-	0.06	0.06	0.04
To other than related parties						
Term deposits with banks with maturity period more than 12 months	1.11	1.12	1.09	-	-	-
Interest accrued and due on fixed deposits	-	0.05	0.01	0.97	0.55	0.25
Other receivables	-	-	-	0.12	-	-
	1.11	1.17	1.10	1.29	0.75	0.43

Notes to the consolidated financial statements as at 31 March 2017

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
* Details of other receivables from companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner			
Evolutis India Private Limited	0.14	0.14	0.14
	0.14	0.14	0.14
** 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			
Evolutis India Private Limited	0.06	0.06	0.04
	0.06	0.07	0.05

9 Other assets (*unsecured, considered good*)

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances	1.38	0.09	1.00	-	-	-
Prepaid expenses	0.42	0.68	0.66	3.77	3.06	2.31
Balances with government authorities	32.55	17.68	7.06	11.45	12.30	13.63
VAT/Sales tax refund receivable	8.73	10.42	8.52	1.31	1.56	0.52
Advance to suppliers	-	-	-	3.25	2.54	1.25
Share issue expenses (refer note 40)	-	-	-	-	-	3.81
	43.08	28.87	17.24	19.78	19.46	21.52

10 Inventories

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Raw materials (includes goods in transit amounting to ₹ 17.75 crores; 31 March 2016: ₹ 11.49 crores; 1 April 2015: ₹ 14.09 crores)	239.21	207.99	198.02
Packing materials	4.71	4.45	3.43
Work-in-process	52.51	69.96	69.44
Finished goods	53.46	45.84	41.21
Stock-in-trade (includes goods in transit amounting to ₹ Nil; 31 March 2016: ₹ 1.40 crores; 1 April 2015: ₹ 0.52 crores)	0.27	6.51	5.04
Consumable, stores and spares	-	0.47	0.39
	350.16	335.22	317.53

Inventories which comprise raw materials, packing materials, work-in-progress, finished goods, stock-in-trade and consumable stores and spares are carried at the lower of cost and net realisable value.

The write-down of inventories to net realisable value during the year amounted to ₹ 4.42 crores (31 March 2016: ₹ 0.08 crores; 1 April 2015: ₹ 0.11 crores). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

Notes to the consolidated financial statements as at 31 March 2017

11 Current investments

(Currency : Indian Rupees in crores)

	Number of units			Amount		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Unquoted mutual funds						
Mutual funds at FVTPL						
IDFC - Liquid Fund growth fund	-	18,731.62	-	-	3.45	-
IDFC - Liquid ultra short Fund growth fund	-	48,13,871.97	-	-	10.26	-
DWS Cash	-	50,31,573.12	-	-	10.27	-
Birla Sun Life mutual fund	-	48,801.21	-	-	1.19	-
Religare Invesco	-	58,746.74	-	-	10.24	-
UTI Money Mkt -Institutional Plan-Direct-Growth	1,31,905.88	-	-	24.07	-	-
SBI Magnum Insta Cash Fund	29,253.24	-	-	10.52	-	-
Kotak Floater Short Term-Direct-Growth	5,723.60	-	-	1.53	-	-
Invesco Mutual Fund	60,587.27	-	-	13.56	-	-
				49.68	35.41	-
Aggregate book value of unquoted current investments				49.68	35.41	-
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 48.

12 Trade receivables (*unsecured*)

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Trade receivables			
- Considered good	224.39	233.93	194.50
- Considered doubtful	3.63	9.57	6.50
	228.02	243.50	200.99
Loss allowance*			
- Considered good	(7.38)	(5.12)	(1.71)
- Considered doubtful	(3.63)	(9.57)	(6.50)
	(11.01)	(14.69)	(8.20)
Net trade receivables	217.01	228.81	192.79

* 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 51.

13 Cash and cash equivalents

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Balance with banks in:			
- current accounts	21.14	48.44	35.45
- exchange earners foreign currency account	12.82	9.80	3.34
- deposits accounts (with original maturity of 3 months or less)	7.63	0.01	33.39
Cash on hand	0.32	0.31	0.19
Cash and cash equivalents in the statement of cash flows	41.91	58.56	72.37

Notes to the consolidated financial statements as at 31 March 2017

14 Other bank balances

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Bank deposits due to mature within 12 months of the reporting date	13.54	23.67	3.54
	13.54	23.67	3.54

15 Derivatives - Assets

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Foreign currency forward exchange contracts	2.07	0.65	0.78
	2.07	0.65	0.78

16 Share capital

(Currency : Indian Rupees in crores)

	Number of shares		Amount	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Authorised				
Equity shares of ₹ 10 each	15,40,64,500	15,40,64,500	154.06	154.06
Preference shares of ₹ 10 each	1,19,35,500	1,19,35,500	11.94	11.94
			166.00	166.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each, fully paid-up	14,46,20,801	14,46,20,801	144.62	144.62
			144.62	144.62

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

(Currency : Indian Rupees in crores)

		Number of shares		Amount	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
i)	Equity shares of ₹10 (Previous year ₹ 10) each fully paid-up				
	Outstanding at the beginning of the year	14,46,20,801	13,10,43,900	144.62	131.04
	Conversion of CCPS on 5 October 2015	-	6,14,822	-	0.61
	Shares issued during the year	-	1,16,66,666	-	11.67
	Conversion of liability to equity on listing of equity shares	-	12,95,413	-	1.30
	Outstanding at the end of the year	14,46,20,801	14,46,20,801	144.62	144.62

b Terms / Rights attached to each classes of shares

1. Terms / Rights attached to Equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Notes to the consolidated financial statements as at 31 March 2017

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

(Currency : Indian Rupees in crores)

	31 March 2017		31 March 2016	
	Number of Shares	%	Number of Shares	%
Equity shares of Rs 10 (Previous year Rs 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	2,53,53,704	17.53%	3,11,00,677	21.50%
Ramesh V. Vaze	2,59,65,600	17.95%	1,73,91,000	12.03%
KNP Industries Pte. Ltd.	1,71,24,000	11.84%	1,71,24,000	11.84%
Kedar R.Vaze	*1,45,25,000	*10.04%	1,55,25,000	10.73%
Ramesh Vaze (as Karta of R V Vaze HUF)	-	0.00%	85,75,000	5.93%
Keva Constructions Private Limited	89,63,757	6.20%	76,15,000	5.27%

* 10,00,000 Equity Shares were acquired by Mr. Kedar R. Vaze thorugh block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence the same did not get reflected in the benpos dated 31 March 2017 under the promoters and promoter group category. The actual shareholding of Mr. Kedar R. Vaze as on 31 March 2017 after clearance by the clearing member is 1,55,25,000 equity shares.

d Shares issued for a consideration other than cash

(i) On 28 June 2012, the Company issued 13,955 equity shares of ₹ 1,000 each as Bonus shares to the existing equity shareholders of the Company in ratio of 7 bonus equity shares for every 26 equity shares held.

(ii) Pursuant to the Composite Scheme of Arrangement ("the Scheme") under section 391 to 394 read with Section 78 and Sections 100 to 103 of the Act filed with the Hon'ble High Court of Judicature at Bombay, Mumbai ("High Court") for the merger of two companies viz. Tridhaatu Estates Private Limited ("Tridhaatu") and Amerigo Holdings & Investment Private Limited ("Amerigo") with the Company and for financial restructuring within the Company in July, 2011, the Company has issued and allotted the following:

1) 15,500 fully paid-up Redeemable Preference Shares, carrying 8% coupon rate, of face value ₹ 10 each

2) 20,817 fully paid-up 0.1% Cumulative Compulsorily Convertible Preference Shares of Series C (CCPS – C) having face value of ₹ 1,000 each at a premium of ₹ 29,000 per CCPS - C.

The Scheme was approved by the High Court vide order passed on 21 October 2011.

(iii) On 18 September 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.

(iv) 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 alloted 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 12 February 2014.

(v) On 17 October 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 peference share held.

e Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

For 0.01% Cumulative Compulsorily Convertible Preference Shares of Series D (CCPS D):

The CCPS D are to be compulsorily converted into Equity shares, at the option of the shareholder, at any time prior to 8 August 2022 ('the Completion date'). Up to 4 October 2015, the conversion ratio was 1 equity share for 1 CCPS D. With effect from 5 October 2015, the conversion ratio stood changed to 1 equity share for 13.46 CCPS D, pursuant to the approval by the Board of Directors of the Company of the amendment to the Shareholder's Agreement dated 1 October 2015. Accordingly, 9,195,000 CCPS D shares of ₹10 each, have been converted to 683,135 equity shares of ₹ 10 each, on 5 October 2015.

f Initial Public Offering:

The Company had made an Initial public issue of 28,231,827 equity shares of face value ₹ 10 each fully paid up for cash at a price of ₹ 180 per equity share (including a share premium of ₹ 170 per equity share) aggregating ₹ 508.17 crore consisting of a fresh issue

Notes to the consolidated financial statements as at 31 March 2017

of 11,666,666 equity shares by the Company and an offer for sale of 13,141,000 equity shares, 86,575 equity shares and 3,337,586 equity shares by Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd., Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd. and Mrs. Prabha Vaze respectively aggregating ₹ 298.17 crore. Aforementioned 11,666,666 equity shares were allotted on 09 November 2015. The shares of the Company got listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 16 November 2015.

17 Other equity

(Currency : Indian Rupees in crores)

Other reserves	Note	31 March 2017	31 March 2016	1 April 2015
Capital reserve	i.	**17.07**	17.07	17.07
Capital redemption reserve	ii.	***0.00**	*0.00	*0.00
Securities premium account	iii.	**213.80**	213.76	19.63
Other reserves	iv.	**8.77**	8.76	(45.70)
General reserve	v.	**111.16**	111.16	111.16
Foreign currency translation reserve	vi.	**11.62**	19.58	13.37
		362.42	370.34	115.53

A. Notes:

(Currency : Indian Rupees in crores)

		31 March 2017	31 March 2016
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**	19.63
	Add: Premium on issued equity shares	-	206.84
	Add: Conversion of liability into equity (refer note 53 (2))	-	5.53
	Less: Utilised towards share issue expenses	-	(18.20)
	Closing balance	**213.80**	213.80
iv.	**Other reserves**		
	Opening balance	**8.77**	-
	Add: Conversion of liability into equity (refer note 53 (2))	-	8.77
	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	**19.58**	13.37
	Add: change during the year	**(7.97)**	6.21
	Closing balance	**11.62**	19.58

*Amount less than ₹ 0.01 crores

Notes to the consolidated financial statements as at 31 March 2017

B. Nature and purpose of reserves

i. **Capital reserve**

Capital reserve is mainly arising on account of conversion of a subsidiary to associate.

ii. **Capital redemption reserve**

Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

iii. **Securities premium account**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. **Other reserves**

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

v. **General reserve**

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

vi. **Foreign currency translation reserve**

Foreign currency translation reserve comprises of all exchange differences arising from translation of financial statements of foreign operations.

Dividends

The following dividends were declared and paid by the Company during the years ended: (Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Interim equity dividend paid for financial year 2015-16 at ₹ 1.50 per equity share	-	21.69
Final equity dividend of previous financial year 2014-2015 paid at ₹ 1.13 per equity share	-	14.95
Dividend distribution tax on the equity dividend paid above	-	7.47
	-	**44.11**

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 therenon have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in whcih they have been approved by the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Dividend proposed to equity shareholders at ₹ 1.75 per equity share (31 March 2016: ₹ Nil per equity share)	25.31	-
Dividend distribution tax on the equity dividend proposed	4.30	-
	29.61	-

18 Borrowings - non-current (*Secured*)

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Term loans from banks in foreign currency (refer note 'a', 'b', 'c', and 'd' below)	**6.29**	26.21	34.26
Finance lease obligations (refer note 'e' below)	**2.88**	3.41	3.97
	9.17	29.62	38.23

Notes to the consolidated financial statements as at 31 March 2017

Terms of repayment and security

a) Loan from banks represented term loan from Standard Chartered Bank ('SCB') in foreign currency, USD Nil equivalent to INR Nil (2016: Nil equivalent to Nil; 2015: USD 3,037,500/- equivalent to ₹ 19.01 crores) and was secured by a first mortgage on the Company's immovable properties both present and future ranking pari passu inter se and a first charge by way of hypothecation of all the Company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable properties for securing the borrowings of working capital and by way of personal guarantees of Directors and their relatives. The loan was repaid during the previous year.

b) The term loan in foreign currency from SCB was taken during the financial year 2010-2011 which carries interest at applicable LIBOR plus 250 basis points. The loan was repaid during the previous year.

c) Loan from banks taken by a subsidiary company include term loans from ABN Amro Bank in foreign currency EUR Nil (2016: EUR 1,250,850 equivalent to ₹ 9.40 crores; 2015 - ₹ 9.78 crores). It is a long-term loan of originally EUR 1,900,000 to finance land and buildings. This loan will be repaid from 01 September 2012 every month with EUR 15,833. The interest rate is 3.8% and is fixed for 5 years. The part with a maturity of over 5 years is EUR 491,000. The loan is secured by (i) A mortgage for land and buildings on Nijverheidsweg 60, Barneveld, The Netherlands for EUR 3,500,000. (ii) Plegde on debtors, inventories and equipment. The loan was repaid during the current year.

d) 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 GBP 2,500,000 equivalent to ₹ 17.31 crores (Commonwealth Bank of Australia 2016: USD 4,350,000 equivalent to ₹ 28.19 crores; 2015 - ₹ 34.42 crores). The loan carries interest rate at EURIBOR + 1.7% p.a. (2016: LIBOR Rate + 2.3% p.a.). Interest is payable on quarterly basis. This loan is secured by way of - (i) Equitable Mortgage of Factory Land and Building at Plot 170 to 175 GIDC, Industrial Estate, Vapi, Gujarat State, (ii) hypothecation of entire movable fixed assets of the Borrower on exclusive first charge basis. The loan is also secured by personal guarantees of Promoters / Directors and corporate guarantee of S H Kelkar And Company Ltd., holding company and fellow Indian subsidiaries. The Loan is repayable by 15 April 2018 in 3 instalments starting from 15 April 2017.

The said subsidiary company had also entered into an interest rate swap agreement with HDFC Bank on 1 September 2014, under which the interest payable is fixed at 3.60% per annum payable on quarterly basis. The said interest rate swap was cancelled during the current year.

e) Finance lease obligation 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: (Currency : Indian Rupees in crores)

Period	Future minimum lease payments		
	31 March 2017	31 March 2016	1 April 2015
Payable within 1 year	1.00	1.34	1.17
Payable between 1-5 years	3.16	3.58	4.24
Payable later than 5 years	-	0.02	0.27
	4.17	4.94	5.68

Period	Present value of minimum lease payments		
	31 March 2017	31 March 2016	1 April 2015
Payable within 1 year	0.81	0.93	0.92
Payable between 1-5 years	2.88	3.41	3.70
Payable later than 5 years	-	0.02	0.27
	3.69	4.36	4.89

Period	Interest element of MLP		
	31 March 2017	31 March 2016	1 April 2015
Payable within 1 year	0.19	0.41	0.25
Payable between 1-5 years	0.28	0.17	0.54
Payable later than 5 years	-	-	-
	0.47	0.58	0.79

Finance lease obligations are secured against the respective assets taken on lease.

Notes to the consolidated financial statements as at 31 March 2017

19 Deposits - non-current

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Deposit from others	0.20	0.20	5.20
Deposit from customers	0.90	0.90	0.90
	1.10	1.10	6.10

20 Provisions

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits						
Gratuity (refer note 47)	0.53	0.38	0.71	0.63	0.11	0.21
Compensated absences	4.89	4.23	3.70	5.07	4.61	3.85
	5.42	4.61	4.41	5.70	4.72	4.06

21 Borrowings - current (*Secured*)

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Working capital loans (refer note 'a', 'b', 'c', 'd' & 'e')	45.41	40.24	138.87
Buyer's credit from banks (refer note 'f')	-	-	5.75
Packing credit from banks (refer note 'g')	7.78	3.32	9.70
Bill discounting (refer note 'h')	-	-	20.22
	53.19	43.56	174.54

a) Working capital loans and bank overdraft from banks of ₹. Nil (previous year: ₹ 99.21 crores) carry interest ranging between 9.50% p.a. (previous year : 10%-10.4% 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 and also secured by way of second charge on fixed assets and personal guarantees of Directors and their relatives.

b) Debt with ABN AMRO Bank taken by a subsidiary company is a credit facility of EUR 30,93,515.07 equivalent to ₹ 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) Plegde on debtors, inventories and equipment.

c) Working capital demand loan from bank by a subsidiary company ₹ 8.00 crores (previous year: ₹ 11.31 crores) carries interest @ Base rate + 270 basis points and is secured by hypothecation of stock in trade, primary charge on book debts and plant and machinery of the company, second pari passu charge on Immovable assets by the way of Equitable mortgage of the property located at Plot No 170 to 175, GIDC, Industrial Estate, Vapi, Gujrat State. The loan is also secured by personal guarantees of Promoters / Directors and corporate guarantee of S H Kelkar and Company Limited., holding company.

d) Loan from HDFC Bank (India) taken by a subsidiary is of EUR 1,200,000 equivalent to ₹. 9.01 crores to finance working capital. The interest is based on the 6-month Libor (0.14286%), with an individual storage of 2.5%. The loan is secured by Letter of credit from holding company S H Kelkar and Company Limited.

e) In the current year, the loans repayable on demand for working capital loans includes -

i) the debt at ABN Amro Bank is a credit facility of EUR 4,000,000 to finance the working capital. From 01 April 2015, the Bank lowers the limit of EUR 125000 per quarter. The reduction continues to EUR 3,000,000. For the current facility, the following securities were provided

- First mortgage on land and buildings on Nijverheisdsweg 60, Barneveld of EUR 3.5 million, plus 40% interest and costs.
- Pledge receivables and inventory

The interest rate for the above is the 1-month Euribor average.

ii) Loan from HSBC Bank is a working capital loan with an interest rate of 1.8% per annum.

iii) Loan from Citibank is a working capital loan with an interest rate of EURIBOR +1% per annum.

Notes to the consolidated financial statements as at 31 March 2017

f) Buyers credit from banks carry interest ranging between 0.83% - 1.13% p.a. (P.Y. 0.7%-3.96% p.a.), and are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets and personal guarantees of Directors and their relatives. The loans have been repaid during the year.

g) Packing credit loans by a subsidiary from bank carry interest at LIBOR + 0.9% (P.Y.: LIBOR + 1.2%) and are secured by first charge on all current assets of the Company. The loans are repayable within a period of 90 to 180 days from the date of disbursement.

h) Loans availed under bill discounting facility are secured against specific receivables, have a tenure of 30 to 90 days and carries interest ranging between 10.25% to 10.75% per annum. The loans have been repaid during the year.

i) As at 31 March 2017 and 31 March 2016, the Group has an open WCDL facility with HDFC Bank, Citibank and Standard Chartered Bank, secured by way of book debts and floating charge and also secured by way of second charge on property, plant and equipment of the Company. However there are no borrowings.

22 Trade payables

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Dues to Micro and small enterprises	4.13	3.87	0.97
Due to others	106.55	159.46	114.48
	110.68	163.33	115.45

23 Other financial liabilities - current

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Current maturities of long-term debt (refer note 18)	11.02	11.38	28.13
Current maturities of finance lease obligations (refer note 18)	0.81	0.93	0.92
Interest accrued but not due on borrowings	0.18	0.22	1.16
Interest accrued and due under MSMED Act, 2006	0.35	0.10	0.93
Deposit from customers	0.35	0.10	0.10
Employee benefits payable	18.85	10.05	10.31
Amount due to investor (refer note 53 (2))	-	-	62.26
Other payables			
For capital goods	1.32	-	-
For acquisition of new business	11.02	-	-
For expenses	2.23	3.31	6.71
	46.13	26.09	110.52

24 Derivatives - Liability

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Forward exchange contract liabilities	0.05	-	-
Interest rate swaps	0.15	0.19	0.45
	0.20	0.19	0.45

25 Other current liabilities

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Advances received from customers	6.79	4.34	5.56
Other payables			
- For capital goods	-	0.53	1.51
- For statutory dues*	10.05	6.08	5.06
Advance billing	-	-	0.10
	16.84	10.95	12.23

* Statutory dues includes dues in respect to 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.

Notes to the consolidated financial statements for the year ended 31 March 2017

26 Revenue from operations

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)		
Gross sales	1,060.32	991.56
Less: Discounts	5.97	1.69
Net sales	1,054.35	989.87
Other operating revenue		
Sale of scrap	1.34	1.43
Export incentives and excise refunds	4.12	2.29
	5.47	3.72
Total revenue from operations	1,059.82	993.59

27 Other income

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest income under effective interest method on:		
Deposits with banks	1.75	1.33
Others	1.59	0.03
Dividend income	-	0.07
Provision/ liabilities no longer required, written back	0.55	1.14
Financial assets measured at FVTPL	1.86	1.20
Miscellaneous income	2.28	1.49
Foreign exchange fluctuation gain (net)	1.32	3.09
Profit on investment sold (net)	1.39	0.41
Profit on sale of fixed assets	0.81	0.85
Excess interest provision written back	-	0.84
Total other income	11.55	10.45

28 Cost of materials consumed

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Opening stock:		
- Raw materials	207.99	198.02
- Packing materials	4.45	3.43
Add: Purchases		
- Raw materials	508.87	509.30
- Packing materials	18.15	19.44
Less: closing stock		
- Raw materials	239.21	207.99
- Packing materials	4.71	4.45
Materials consumed		
- Raw materials	477.65	499.33
- Packing materials	17.89	18.42
Cost of materials consumed	495.54	517.75

Notes to the consolidated financial statements for the year ended 31 March 2017

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

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Opening Stock:		
Finished goods	45.84	41.21
Stock-in-trade	6.51	5.04
Work-in-progress	69.96	69.44
Closing Stock:		
Finished goods	53.46	45.84
Stock-in-trade	0.27	6.51
Work-in-progress	52.51	69.96
Changes in inventories:		
Finished goods	(7.62)	(4.63)
Stock-in-trade	6.24	(1.47)
Work-in-progress	17.45	(0.52)
Changes in inventories of finished goods, stock-in-trade and work-in-progress	16.07	(6.62)

30 Employee benefits expense

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	107.56	93.66
Contribution to provident fund and other funds (refer note 46)	12.10	13.16
Compensated absences (refer note 46)	1.63	1.55
Staff welfare expense	5.11	3.48
	126.40	111.85
Less: Transferred to intangible assets under development (refer note 43)	(3.91)	-
Employee benefits expense	122.49	111.85

31 Finance costs

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest on term loans	2.49	2.79
Interest on working capital loans	0.93	7.94
Interest on buyers credit	-	0.01
Interest on dues to micro and small enterprises	0.18	0.29
Fair valuation of financial assets	-	0.19
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	-	2.47
Imputed interest cost on payment to investors	-	4.80
Other finance costs	1.56	1.73
Finance costs	5.16	20.22

Notes to the consolidated financial statements for the year ended 31 March 2017

32 Depreciation and amortisation

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation of property, plant and equipment	13.24	27.74
Amortisation of intangible assets	6.20	1.95
	19.44	29.69

33 Other expenses

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Commission and brokerage	17.14	22.82
Power and fuel	18.24	20.15
Selling and promotion expenses	3.91	4.65
Freight and forwarding	11.38	9.77
Legal and professional charges	16.43	12.91
Travelling and conveyance	10.84	9.77
Repairs and maintenance:		
- Buildings	1.60	1.44
- Plant and machinery	1.33	5.14
- Others	8.58	3.89
Security charges	3.57	3.17
Rent (refer note 37)	15.03	15.83
Rates and taxes	6.80	1.52
Bank charges	1.06	1.35
Insurance	2.37	2.23
Stationery and printing expenses	2.81	2.95
Training expenses	1.21	0.88
Pollution control expenses	4.04	2.92
Stores and spares consumed	4.37	3.85
Corporate social responsibility expense	0.99	1.51
Provision for doubtful trade receivables	3.88	6.40
Bad debts written off	0.38	0.16
Payment to auditors	1.23	0.89
Postage and telephone expenses	2.36	1.80
Directors sitting fees	0.62	0.60
Contract labour charges	3.86	3.74
Miscellaneous expenses	13.82	9.85
Loss on derivative contracts	-	0.14
	157.85	150.33
Less: Transferred to intangible assets under development (refer note 43)	(1.10)	-
	156.75	150.33

Notes to the consolidated financial statements as at 31 March 2017

34 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.

(Currency : Indian Rupees in crores)

		31 March 2017	31 March 2016
Consolidated Profit attributable to equity shareholders (basic and diluted)			
Consolidated profit for the year attributable to equity shareholders	(A)	104.8	73.07
Weighted average number of equity shares for basic earnings per share			
Number of equity shares at beginning of the year		14,46,20,801	13,10,43,900
Conversion of CCPS on 5 October 2015		-	6,14,822
Equity shares issued during the year		-	1,16,66,666
Conversion of liability to equity on listing of equity shares		-	12,95,413
Number of equity shares outstanding at the end of the year		14,46,20,801	14,46,20,801
Weighted average number of equity shares for the year	(B)	14,46,20,801	13,64,19,650
Basic earnings per share of face value of ₹ 10 each	(A) / (B)	7.25	5.36
Weighted average number of equity shares for diluted earnings per share			
Effect of dilutive potential equity/ preference shares			
Number of preference shares outstanding at the beginning of the year		-	91,95,000
Conversion of preference shares into equity shares		-	(91,95,000)
Number of preference shares outstanding at the end of the year		-	-
Weighted average number of equity shares used to compute diluted earnings per share	(C)	14,46,20,801	13,64,19,650
Diluted earnings per share of face value of ₹ 10 each	(A) / (C)	7.25	5.36

35 Tax expense

(a) Amounts recognised in balance sheet

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Current tax assets (net)	25.49	15.44	14.28
Current tax liabilities (net)	11.39	1.65	7.08
Provision for fringe benefits tax (net)	*0.00	*0.00	*0.00

* Amount less than ₹ 0.01 crore

Note: The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the consolidated financial statements as at 31 March 2017

(b) Amounts recognised in profit and loss

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Current tax		
Current year	48.54	34.69
Earlier years	(2.60)	0.29
Current tax expense	45.94	34.98
Deferred income tax liability / (asset), net		
Current year	1.91	2.90
Earlier years	0.11	(0.64)
Deferred tax expense	2.02	2.26
Tax expense for the year	47.96	37.24

(c) Amounts recognised in other comprehensive income

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017			Year ended 31 March 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(1.83)	0.63	(1.20)	(0.14)	0.05	(0.09)
Items that will be reclassified to profit or loss						
Exchange differences in translating the financial statements of a foreign operation	(7.97)	-	(7.97)	6.21	-	6.21
	(9.80)	0.63	(9.16)	6.08	0.05	6.12

(d) Reconciliation of effective tax rate

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Profit before tax	152.78	110.30
Tax using the Company's domestic tax rate (current year 34.61% and previous year 34.61%)	52.87	38.17
Change in tax rate of subsidiaries	(0.17)	0.15
Tax effect of:		
Differences in tax rates of subsidiaries	(0.06)	0.93
Non-deductible tax expenses	1.32	2.09
Tax-exempt income	-	(0.02)
Tax losses for which no deferred tax asset is recognised	0.39	(0.03)
Incremental deduction allowed for research and development costs	(4.02)	(3.68)
Tax impact of earlier years	(2.49)	(0.35)
Others	0.12	(0.02)
	47.96	37.24

Notes to the consolidated financial statements as at 31 March 2017

36 Deferred Tax

(a) Recognised deferred tax assets and liabilities

(Currency : Indian Rupees in crores)

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax assets (liabilities)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Property, plant and equipment	-	-	(13.51)	(12.12)	(13.51)	(12.12)
Trade receivables	3.66	4.87	-	-	3.66	4.87
Derivatives	-	-	(0.70)	(0.16)	(0.70)	(0.16)
Inventories	1.70	1.59	-	-	1.70	1.59
Loans and borrowings	-	-	(0.05)	-	(0.05)	-
Loans and advances	0.05	0.06	-	-	0.05	0.06
Business loss	1.23	1.46	-	-	1.23	1.46
Provisions	4.04	3.33	-	-	4.04	3.33
MAT credit entitlement	0.43	0.28	-	-	0.43	0.28
Other items	-	-	(0.09)	(0.31)	(0.09)	(0.31)
Net deferred tax assets (liabilites)	11.11	11.59	(14.35)	(12.58)	(3.24)	(1.00)

(b) Movement in deferred tax balances

(Currency : Indian Rupees in crores)

	31 March 2017						
	Net balance 1 April 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)

Notes to the consolidated financial statements as at 31 March 2017

(c) Movement in deferred tax balances

(Currency : Indian Rupees in crores)

	31 March 2016						
	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	Translation Differences	Net deferred tax asset (liability)	Deferred tax asset	Deferred tax liability Deferred tax asset
Deferred tax asset							
Property, plant and equipment	(12.92)	2.19	-	(1.38)	(12.12)	-	(12.12)
Trade receivables	2.92	1.95	-	-	4.87	4.87	-
Derivatives	(0.27)	0.11	-	-	(0.16)	-	(0.16)
Inventories	0.01	1.58	-	-	1.59	1.59	-
Loans and borrowings	(0.40)	0.40	-	-	-	-	-
Loans and advances	-	0.06	-	-	0.06	0.06	-
Business loss	9.24	(7.78)	-	-	1.46	1.46	-
Provisions	2.84	0.44	0.05	-	3.33	3.33	-
MAT credit entitlement	1.19	(0.91)	-	-	0.28	0.28	-
Investments	-	(0.31)	-	-	(0.31)	-	(0.31)
Tax assets (liabilities)	2.61	(2.26)	0.05	(1.38)	(1.00)	11.59	(12.58)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

(d) Unrecognised deferred tax assets/ liabilities

As at 31 March 2017, undistributed earning of subsidiaries amounted to ₹ 130.67 crores (previous year 2016: ₹ 117.81 crores; 2015: ₹106.86 crores). The corresponding deferred tax liability of ₹ 22.21 crores (previous year 2016: ₹ 20.02 crores; 2015: ₹ 18.16 crores), was not recognised because the Company controls the dividend policy of its subsidiaries i.e. the Company controls the timing of reversal of the related taxable temporary differences and management 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 31 March 2017 of ₹ 43.71 crores and 31 March 2016 of ₹ 58.28 crores, have not been recognised, pending uncertainty over the allowability of the goodwill amortisation amount, as an eligible expenditure in the tax assessment by the tax authorities.

37 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 conslidated statement of profit and loss aggregates ₹ 8.44 crores (31 March 2016 : ₹ 8.42 crores) for non-cancellable lease and ₹ 6.59 crores (31 March 2016 : ₹ 8.95 crores) for cancellable leases.

Notes to the consolidated financial statements for the year ended 31 March 2017

i Future minimum lease payments

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

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Payable within one year	12.87	8.46
Payable between one year and five years	14.27	19.13
Payable after more than five years	-	-
	27.14	27.59

ii Amount recognised in profit or loss

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Lease expense (gross expense)	15.03	17.53
Less: capitalised during the year	-	(1.70)
Net rent expense	15.03	15.83

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

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
A. Contingent liabilities			
a. Direct and indirect taxes			
Income taxes	3.24	3.41	4.71
Excise duty	11.21	0.61	20.24
Service taxes	-	8.42	0.48
Sales tax	1.68	0.79	0.72
Others	-	0.12	-
b. Guarantees outstanding			
Bank guarantee for octroi	-	0.08	0.08

c. Pending litigation

1. The Company executed a conveyance deed dated 26 April 2007 for a consideration of ₹ 4.30 crores for purchase of land and building in village Wanwate from Gorakhnath Electricals Private Limited ("GEPL"). The Company received a show cause notice dated 16 July 2008 from the Bombay High Court ("High Court") for contempt of a court order. On appearance before the High Court, the Company was informed that the property was under litigation as a part of a scheme of compromise and arrangement sanctioned by the High Court under Sections 391 and 394 of the Companies Act, 1956 between Europlast India Private Limited (previous owners of the property) ("EIPL") and its unsecured creditors. The Company contended that these facts were not evident from the due diligence carried out prior to the purchase of the property. The High Court, vide order dated 07 January 2010 ("Order"), directed EIPL and GEPL to deposit ₹ 4.30 crores with the High Court, which was intended for payment to the Company. The High Court also directed that if the amount was not deposited by EIPL and GEPL, the property be auctioned off and the Company be paid from the proceeds of the auction. EIPL and GEPL failed to deposit the amount and consequently, the property came under the jurisdiction of the Commissioner of the High Court for auction. Subsequently, EIPL and an unsecured creditor filed an appeal dated 21 June 2010 against the Order before the Division Bench of the High Court. The Company filed its cross-objections before the High Court praying for protection as a bona fide purchaser of the property. While the order of the Division Bench of the High Court was pending, M/s Ashoka Buildcon, one of the major unsecured creditors, vide an assignment deed, assigned the arbitral award dated 30 November 2011 in favour of Keva Constructions Private Limited ("KCPL"). Thereafter, KCPL filed an application before the High Court seeking to be named one of the parties in the proceedings. The High Court, vide its order dated 28 August 2015, directed the Company to deposit a sum of ₹ 1.27 crores (inclusive of interest) and ₹ 5.97 Crores (inclusive of interest) in full and final settlement of the claims of KCPL and the creditors and stated that upon making such a deposit, the Order shall be set aside and the Company's title to property, sold under the deed of conveyance dated 26 April 2007, would stand confirmed as valid, binding and subsisting and that the Company would stand fully discharged of all its obligations. In terms of the said order, the Company deposited a sum of ₹ 7.24 crores (₹ 1.27 crores towards the claims of Keva Constructions Private Limited and ₹ 5.97 crores towards the claims of the creditors under the scheme sanctioned by the High Court) with the Prothonotary and Senior Master of the High Court on 21 September 2015. The matter was placed for compliance before the High Court on 01 October 2015 wherein the High Court noted that the order dated 28 August 2015 stands complied with. The matter was accordingly disposed of on 05 October 2015.

2. 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 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.

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
B. Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	1.45	1.40	0.34

39 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 30 March 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 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 08 November 2016.

Details of specified bank notes held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

		SBNs (₹)	Other denomination notes (₹)	Total (₹)
	Closing cash in hand as on 8 November 2016	32,62,500	17,28,626	49,91,126
(+)	Permitted receipts	-	26,51,125	26,51,125
(-)	Permitted payments	51,000	10,56,193	11,07,193
(-)	Amount deposited in Banks	32,11,500	13,73,306	45,84,806
	Closing cash in hand as on 30 December 2016	-	19,50,252	19,50,252

40 Share issue expenses

During the year ended 31 March 2016, the Company has completed the initial public offer (IPO), pursuant to which 28,231,827 equity shares of ₹ 10 each were allotted, at an issue price of ₹ 180, consisting of fresh issue of 11,666,666 equity shares and an offer for sale of 16,565,161 equity shares by selling shareholders.

The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID SHK and BSE Limited (BSE) via ID 539450 on 16 November 2015.

The gross proceeds from the IPO aggregated to to ₹ 209.99 crores and the corresponding issue related expenses (inclusive of service tax) stood ₹ 18.20 crores.

Notes to the consolidated financial statements for the year ended 31 March 2017

Details of utilization of the net IPO proceeds are as follows: (Currency : Indian Rupees in crores)

Particulars	Object of the issue as per the prospectus	Utilisation upto 31 March 2017	Unutilized amount as at 31 March 2017	Utilisation upto 31 March 2016	Unutilized amount as at 31 March 2016
Repayment/pre-payment in full or in part of certain loans availed	126.00	**126.00**	-	126.00	-
Investment in Keva Fragrances Private Limited (KFG)* for repayment/pre-payment in full or in part of certain loans availed by KFG	32.00	**32.00**	-	32.00	-
General Corporate purposes	33.79	**33.79**	-	-	33.79
	191.79	**191.79**	-	158.00	33.79

* Formerly K.V. Arochem Pvt. Ltd.

The unutilised amounts of the issue as at 31 March 2016 have been temporarily deployed in money market mutual funds.

The Company has incurred ₹ 33.97 crores (inclusive of Service Tax) of IPO expenses of the above IPO expenses, certain expenses (such as legal counsel cost, payment to auditors', listing fees and stamp duty expenses) aggregating to ₹ 7.09 crores are directly attributable to the Company and have been adjusted towards the securities premium account. The remaining IPO expenses aggregating to ₹ 26.89 crores , have been allocated between the Company ₹ 11.11 crores and selling shareholders ₹ 15.78 crores in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the selling shareholders. The amount of ₹ 11.11 crores allocated to the Company has also been adjusted towards the securities premium account.

The gross share issues expenses include a sum of ₹ 0.57 crores paid to the statutory auditors, which is included in the amount adjusted towards the securities premium account.

41 Transfer pricing

The Group's management is of the opinion that its international transactions and specified domestic transactions are at arm's length as per the independent accountants report for the year ended 31 March 2016. Management continues to believe that its international transactions post March 2016 and the specified domestic transactions covered by the new regulations are at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision of taxation.

42 Expenses incurred on research and development during the year:

The expenditure incurred by the Group on research and development activities is as follows:

(Currency : Indian Rupees in crores)

Amount in respect to	31 March 2017	31 March 2016
Capital expenditure	**0.34**	1.90
Revenue expenditure	**26.07**	26.31
	26.41	28.21

43 With effect from 1 April 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 31 March 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 31 March 2017 would have been lower by ₹ 3.58 crores respectively.

44 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 Company, Keva Fragrances Private Limited ("KFG") with K. V. Arochem Private Limited ("KVA") as sanctioned by the Hon'ble High Court of Bombay on 22 September 2015 and filed with Registrar of Companies on 15 November 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 1 May 2015 (the Appointed Date). The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to Goodwill and the name of K. V. Arochem Private Limited stood changed to 'Keva Fragrances Private Limited' with effect from 14 December 2016.

Notes to the consolidated financial statements for the year ended 31 March 2017

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.

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

31 March 2017 (Currency : Indian Rupees in crores)

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive income		Share in Total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated profit or loss	Amount
	Parent								
1	S H Kelkar and Company Limited	76.20%	618.80	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 44)	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 (Subsidiary of Keva Fragrances Private Limited formerly, K.V. Arochem Private Limited)	0.00%	(0.01)	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
	Foreign								
1	Keva UK Limited	3.00%	24.33	0.50%	0.50	0.00%	-	0.50%	0.50
2	Keva Fragrance Industries Pte.Ltd.	0.80%	6.46	(0.50)%	(0.52)	0.00%	-	(0.50)%	(0.52)
3	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	5.90%	48.11	(0.40)%	(0.45)	0.00%	-	(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	0.00%	-	0.50%	0.45
	Total Eliminations	(41.40)%	(335.84)	34.90%	36.56	0.00%	-	38.20%	36.56
	Exchange differences on translation of foreign operations	0.00%	-	0.00%	-	86.90%	(7.97)	(8.30)%	(7.97)
		-	-	-	-	-	-	-	-
	Total	100%	811.76	100%	104.82	100%	(9.17)	100%	95.65

Notes to the consolidated financial statements for the year ended 31 March 2017

31 March 2016

(Currency : Indian Rupees in crores)

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive income		Share in Total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated profit or loss	Amount
	Parent								
1	S H Kelkar and Company Limited	76.20%	545.36	89.90%	65.68	(0.80)%	(0.05)	82.90%	65.63
	Subsidiaries								
	Indian								
1	Keva Flavours Private Limited	2.50%	17.71	3.30%	2.42	0.70%	0.04	3.10%	2.46
2	Keva Fragrances Private Limited (refer note 49)	56.30%	403.15	(41.20)%	(30.08)	(1.30)%	(0.08)	(38.10)%	(30.16)
3	Saiba Industries Private Limited	1.00%	7.01	1.00%	0.77	0.00%	-	1.00%	0.77
4	Keva Chemicals Private Limited	0.00%	(0.01)	0.00%	(0.00)	0.00%	-	0.00%	(0.00)
	Foreign								
1	Keva UK Limited	3.90%	28.06	1.00%	0.71	0.00%	-	0.90%	0.71
2	Keva Fragrance Industries Pte.Ltd.	0.20%	1.56	(0.60)%	(0.46)	0.00%	-	(0.60)%	(0.46)
3	PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	7.30%	52.62	(3.00)%	(2.18)	0.00%	-	(2.70)%	(2.18)
4	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte. Ltd., Singapore)	-0.90%	(6.29)	(6.20)%	(4.51)	0.00%	-	(5.70)%	(4.51)
	Minority Interest								
	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte. Ltd., Singapore)	0.00%	(0.02)	0.00%	0.02	0.00%	-	0.00%	0.02
	Total Eliminations	(46.50)%	(333.11)	55.70%	40.70	0.00%	-	51.40%	40.70
	Exchange differences on translation of foreign operations	0.00%	-	0.00%	-	101.50%	6.21	7.80%	6.21
	Ind AS Adjustments	-	-	-	-	-	-	-	-
	Total	100%	716.05	100%	73.06	100%	6.12	100%	79.18

46 Employee benefits

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

(i) Defined Contribution Plans:

The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Notes to the consolidated financial statements for the year ended 31 March 2017

Contribution to Defined Contribution Plans, recognised are charged off for the year as under :

(Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016
Group's contribution to Provident Fund/social security	0.81	0.69
Group's contribution towards foreign defined contribution plan in accordance with local laws	3.85	6.91
Group's contribution to Superannuation Fund	1.20	1.19
Group's Contribution to ESIC	0.01	0.03
Group's Contribution to Maharashtra Labour Welfare Fund	*0.00	*0.00

*Amount less than ₹ 0.01 crore

(ii) Defined Benefit Plan:

Gratuity:

A) The employees gratuity fund scheme for the Company and certain Indian subsidiaries is managed by "S.H.Kelkar & Co. Ltd. Employee's Gratuity Fund".

The employees gratuity fund scheme for other Indian subsidiaries is managed by "LIC ".

The contribution to the fund is made based on the actuarial valuation using the "Projected Unit Credit" Method. Gratuity is payable to all eligible employees of the Company and certain Indian subsidiaries on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2017. 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

(Currency : Indian Rupees in crores)

	Defined benefit obligation			Fair value of plan assets			Net defined benefit (asset) liability		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Opening balance	8.54	7.40	6.15	8.05	6.48	5.68	0.49	0.92	0.47
Included in profit or loss									
Current service cost	1.32	0.85	0.63	-	-	-	1.32	0.85	0.63
Past service cost	0.11	-	-	-	-	-	0.11	-	
Interest cost (income)	0.71	0.59	0.56	0.64	-	-	0.07	0.59	0.56
Included in OCI									
Remeasurement loss (gain):	-	-	-	-	-	-	-	-	-
Actuarial loss (gain) arising from:	-	-	-	-	-	-	-	-	-
Demographic assumptions	-	-	-	-	-	-	-	-	-
Financial assumptions	0.95	(0.19)	-	-	-	-	0.95	(0.19)	-
Experience adjustment	0.85	0.37	1.02	-	0.04	(0.05)	0.85	0.33	1.07
Return on plan assets excluding interest income	-	-	-	(0.05)	0.52	0.50	0.05	(0.52)	(0.50)
Contributions paid by the employer	-	-	-	3.16	1.53	1.37	(3.16)	(1.53)	(1.37)
Benefits paid	(0.72)	(0.48)	(0.96)	(1.18)	(0.52)	(1.02)	0.46	0.04	0.06
Closing balance	11.76	8.54	7.40	10.62	8.05	6.48	1.15	0.49	0.92

Notes to the consolidated financial statements for the year ended 31 March 2017

C. Plan assets

Plan assets comprise the following	31 March 2017	31 March 2016	1 April 2015
Investment			
Investment in Government Securities	8%	12%	13%
Bank Special Deposit	3%	4%	4%
Investment in other securities	57%	36%	31%
Bank Savings Deposit			
Corporate Bonds	2%	21%	23%
State Government Bonds	30%	27%	29%
	100%	100%	100%

D. Defined benefit obligations

i. Actuarial assumptions

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

Plan assets comprise the following	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.32%	8% to 9.31%	8% to 9.31%
Salary escalation rate	6.00%	6%	6%
Rate of Return on Plan Assets	7.32%	8% to 9.31%	8% to 9.31%

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:

(Currency : Indian Rupees in crores)

	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.02)	1.19	(0.69)	0.77
Future salary growth (1% movement)	1.19	(1.04)	0.77	(0.70)
Rate of Employee Turnover (1% movement)	0.10	(0.12)	0.12	(0.17)

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.

Provident fund (Managed by the Trust set up by the Company)

The Company has contributed ₹ 3.41 crores (2015-16: ₹ 2.91 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:

Notes to the consolidated financial statements for the year ended 31 March 2017

B. Defined benefit plans

The details of fund and plan assets position are given below: (Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
Plan assets at the period end, at fair value	41.65	34.38	28.56
Present value of benefit obligation at period end	40.02	32.83	27.02
Asset recognised in balance sheet	Nil	Nil	Nil

The plan assets have been primarily invested in government and debt securities.

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

Particulars	31 March 2017	31 March 2016	1 April 2015
Discount rate (%)	7.32%	8.27%	8.02%
Guaranteed interest rate (%)	8.65%	8.80%	8.75%
Expected average remaining working lives of employees (Years)	16	16	17

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 ₹ 1.63 crores (previous year ₹ 1.55 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 ₹ 1.10 Crores (previous year ₹ Nil) 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.

47 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Groups's capital management is to safeguard its ability to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2017, the Group has only one class of equity shares and has a debt. 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.

(Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current borrowings	9.17	29.62	38.23
Current borrowings	53.19	43.56	174.54
Current maturity of long term debt	11.02	11.38	28.13
Current maturity of long term finance lease obligations	0.81	0.93	0.92
Gross debt	74.19	85.49	241.82
Less - Cash and cash equivalents	41.91	58.56	72.37
Less - Other bank deposits	13.54	23.67	3.54
Less - Current investments	49.68	35.41	-
Adjusted net debt	(30.94)	(32.15)	165.91
Total equity	811.76	716.05	422.12
Adjusted net debt to equity ratio	(0.04)	(0.04)	0.39

Notes to the consolidated financial statements for the year ended 31 March 2017

48 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.

(Currency : Indian Rupees in crores)

31 March 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	41.91	41.91	-	-	-	-
Other bank balances	-	13.54	13.54	-	-	-	-
Loans - current	-	3.66	3.66	-	-	-	-
Other financial assets - current	-	1.29	1.29	-	-	-	-
Derivatives	2.07	-	2.07	-	2.07	-	2.07
Trade receivables	-	217.01	217.01	-	-	-	-
Current investments	49.68	-	49.68	-	49.68	-	49.68
Loans - non-current	-	2.24	2.24	-	-	-	-
Other financial assets - non-current	-	1.11	1.11	-	-	-	-
	51.75	280.77	332.52	-	51.75	-	51.75
Financial liabilities							
Long term borrowings	-	9.17	9.17	-	9.17	-	9.17
Short term borrowings	-	53.19	53.19	-	-	-	-
Trade payables	-	110.68	110.68	-	-	-	-
Deposits	-	1.10	1.10	-	-	-	-
Derivatives	0.20		0.20	-	0.20	-	0.20
Other financial liabilities - current	-	35.11	35.11	-	-	-	-
Payable on acquisition of new business	-	11.02	11.02	-	2.62	8.40	11.02
	0.20	209.26	209.46	-	11.99	8.40	9.37

31 March 2016	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	58.56	58.56	-	-	-	-
Other bank balances	-	23.67	23.67	-	-	-	-
Loans - current	-	7.77	7.77	-	-	-	-
Other financial assets - current	-	0.75	0.75	-	-	-	-
Derivatives	0.65	-	0.65	-	0.65	-	0.65
Trade receivables	-	228.81	228.81	-	-	-	-
Current investments	35.41	-	35.41	-	35.41	-	35.41
Loans - non-current	-	1.67	1.67	-	-	-	-
Other financial asset - non-current	-	1.17	1.17	-	-	-	-
	36.07	322.40	358.47	-	36.07	-	36.07
Financial liabilities							
Long term borrowings	-	29.62	29.62	-	29.62	-	29.62
Short term borrowings	-	43.56	43.56	-	-	-	-
Trade payables	-	163.33	163.33	-	-	-	-
Deposits	-	1.10	1.10	-	-	-	-
Derivatives	0.19	-	0.19	-	0.19	-	0.19
Other financial liabilities - current	-	26.09	26.09	-	-	-	-
	0.19	263.70	263.89	-	29.81	-	29.81

Notes to the consolidated financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

1 April 2015	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	72.37	72.37	-	-	-	-
Other bank balances	-	3.54	3.54	-	-	-	-
Loans - current	-	4.85	4.85	-	-	-	-
Other financial assets - current	-	0.43	0.43	-	-	-	-
Derivatives	0.78	-	0.78	-	0.78	-	0.78
Trade receivables	-	192.79	192.79	-	-	-	-
Loans - non-current	-	1.63	1.63	-	-	-	-
Other financial assets - non-current	-	1.10	1.10	-	-	-	-
	0.78	276.71	277.49	-	0.78	-	0.78
Financial liabilities							
Long term borrowings	-	38.23	38.23	-	38.23	-	38.23
Short term borrowings	-	174.54	174.54	-	-	-	-
Trade payables	-	115.45	115.45	-	-	-	-
Deposits	-	6.10	6.10	-	-	-	-
Other financial liabilities- current	-	110.52	110.52	-	-	-	-
Derivatives	0.45	-	0.45	-	0.45	-	0.45
	0.45	444.85	445.30	-	38.69	-	38.69

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.

Notes to the consolidated financial statements for the year ended 31 March 2017

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 detemination 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 receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Interest Rate Swap on foreign currency loan	The fair value is determined using the MTM report sent by the bank. It is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing 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
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:

(Currency : Indian Rupees in crores)

	31 March 2017	
	Profit or loss	
Significant unobservable inputs	Increase	Decrease
Turnover target	-	0.57
Interest rate (100 bps movement)	0.06	(0.06)

Notes to the consolidated financial statements for the year ended 31 March 2017

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 Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

ii. Credit risk

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

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 Company'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.

At 31 March 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

(Currency : Indian Rupees in crores)

	Carrying amount	
	31 March 2017	31 March 2016
India	134.99	122.03
Other regions	82.02	106.78
	217.01	228.81

Notes to the consolidated financial statements for the year ended 31 March 2017

Impairment

At 31 March 2017, the ageing of trade and other receivables that were not impaired was as follows.

(Currency : Indian Rupees in crores)

	31 March 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

(Currency : Indian Rupees in crores)

	31 March 2016		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired	151.30	0.28%	0.42
Past due not impaired			
Past due 0-180 days	69.02	3.11%	2.15
Past due 181-360 days	9.32	12.57%	1.17
Past due 361-540 days	3.32	31.95%	1.06
Past due 541-730 days	4.53	85.85%	3.89
More than 730 days	6.00	100.00%	6.00
	243.50		14.69

(Currency : Indian Rupees in crores)

	1 April 2015		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired	133.07	0.44%	0.58
Past due not impaired			
Past due 0-180 days	50.72	1.61%	0.82
Past due 181-360 days	7.16	13.70%	0.98
Past due 361-540 days	4.27	23.79%	1.02
Past due 541-730 days	2.20	56.27%	1.24
More than 730 days	3.56	100.00%	3.56
	200.99		8.20

Notes to the consolidated financial statements for the year ended 31 March 2017

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

(Currency : Indian Rupees in crores)

	Amount
Balance as at 1 April 2015	**8.20**
Impairment loss recognised	6.56
Amounts written off	0.06
Balance as at 31 March 2016	**14.70**
Impairment loss recognised	3.88
Amounts written off	7.57
Balance as at 31 March 2017	**11.01**

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 41.91 crores at 31 March 2017 (31 March 2016: ₹ 58.56 crores). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Derivatives

The derivatives are entered into with banks, financial institutions and other counterparties with good credit ratings.

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.

In addition, the Company maintains the following lines of credit.

₹ 201.81 crores (March 31, 2016: ₹ 207.00 crores; April 1, 2015: ₹ 79.00 crores) overdraft facility that is unsecured. Interest would be payable at the rate of LIBOR plus 150 basis points (March 31, 2016: LIBOR plus 160 basis points).

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.

(Currency : Indian Rupees in crores)

31 March 2017	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Term loans from banks	17.30	17.31	11.02	6.30	-
Interest on term loans	-	0.28	0.25	0.03	-
Finance lease obligations	3.69	4.17	1.00	3.16	-
Deposits	1.10	1.10	-	-	1.10
Other current financial liabilities	34.30	34.30	34.30	-	-
Trade payables	110.68	110.68	110.68	-	-
Short term borrowings	53.19	53.19	53.19	-	-
Derivative financial liabilities					
Forward exchange contracts					
- Outflow	0.20	6.27	6.27	-	-
- Inflow	-	(6.08)	(6.08)	-	-

Notes to the consolidated financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

31 March 2016	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Long term borrowings	37.59	37.59	11.38	22.54	3.67
Interest on term loans	-	2.23	1.07	1.16	*0.00
Finance lease obligations	4.34	4.94	1.34	3.58	0.02
Deposits	1.10	1.10	-	-	1.10
Other current financial liabilities	13.78	13.78	13.78	-	-
Trade payables	163.33	163.33	163.33	-	-
Short term borrowings	43.56	43.56	43.56	-	-
Derivative financial liabilities					
Interest rate swap					
- Outflow	0.19	1.71	0.88	0.83	-
- Inflow	-	(1.47)	(0.73)	(0.73)	-

(Currency : Indian Rupees in crores)

1 April 2015	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Term loans from banks	62.39	62.87	28.13	31.42	3.33
Interest on term loans	-	2.24	2.19	0.05	*0.00
Finance lease obligations	4.89	5.68	1.17	4.24	0.27
Deposits	6.10	6.10	-	5.00	1.10
Other current financial liabilities	81.47	81.47	81.47	-	-
Trade payables	115.45	115.45	115.45	-	-
Short term borrowings	174.54	174.54	174.54	-	-
Derivative financial liabilities					
Interest rate swap					
- Outflow	0.45	3.32	1.61	1.71	-
- Inflow	-	(2.61)	(1.14)	(1.47)	-

* Amount less than ₹ 0.01 crore

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Notes to the consolidated financial statements for the year ended 31 March 2017

Currency risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Company do not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015 are as below:

(Currency : Indian Rupees in crores)

	31 March 2017 USD	31 March 2017 EUR	31 March 2017 SGD	31 March 2017 CHF	31 March 2017 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)

(Currency : Indian Rupees in crores)

	31 March 2016 USD	31 March 2016 EUR	31 March 2016 SGD	31 March 2016 CHF	31 March 2016 Others*
Financial assets	89.26	2.56	2.22	-	-
Financial liabilities	39.76	11.42	-	0.79	0.01
Derivatives (net settled)	(41.26)	-	-	-	-
Net statement of financial position exposure	49.50	(8.86)	2.22	(0.79)	(0.01)

(Currency : Indian Rupees in crores)

	1 April 2015 USD	1 April 2015 EUR	1 April 2015 SGD	1 April 2015 CHF	1 April 2015 Others*
Financial assets	15.16	1.22	1.87	-	-
Financial liabilities	70.54	13.30	-	0.25	0.02
Derivatives (net settled)	(77.97)	-	-	-	-
Net statement of financial position exposure	(133.35)	(12.08)	1.87	(0.25)	(0.02)

*Others include GBP, THB, AED, HKD and LKR.

a. The forward contracts booked also includes the future purchase transaction exposure.

b. Hedged foreign currency exposure

	31 March 2017	
	Foreign currency	Indian rupees (in crores)
Foreign exchange forward contracts (To hedge trade payables and trade receivables)	USD 6,000,000	30.69

	31 March 2016	
	Foreign currency	Indian rupees (in crores)
Foreign exchange forward contracts (To hedge trade receivables, capital goods and buyer's credit)	USD 5,750,000	41.26

Notes to the consolidated financial statements for the year ended 31 March 2017

	1 April 2015	
	Foreign currency	Indian rupees (in Crores)
Foreign exchange forward contracts (To hedge trade receivables, capital goods and buyer's credit)	USD 12,100,000	77.97

No foreign exchange forward contracts book in previous years.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars and Euros at 31 March would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Currency : Indian Rupees in crores)

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 2017		
USD (3% movement)	(0.59)	0.59
EUR (3% movement)	0.41	(0.41)
	(0.18)	0.18

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 2016		
USD (3% movement)	(1.49)	1.49
EUR (3% movement)	0.27	(0.27)
	(1.22)	1.22

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

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

(Currency : Indian Rupees in crores)

	Nominal amount		
	31 March 2017	31 March 2016	1 April 2015
Fixed-rate instruments			
Financial assets	16.89	26.46	6.27
Financial liabilities	58.33	58.49	257.66
	75.22	84.95	263.93
Effect of interest rate swaps	-	28.19	53.44
	75.22	113.14	317.37
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	17.30	28.19	52.61
	17.30	28.19	52.61
Effect of interest rate swaps	-	(28.19)	(53.44)
	17.30	-	(0.83)

Notes to the consolidated financial statements for the year ended 31 March 2017

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest 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.

(Currency : Indian Rupees in crores)

INR	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2017		
Variable-rate instruments	(0.17)	0.17
Effect of interest rate swaps	-	-
Cash flow sensitivity (net)	(0.17)	0.17
31 March 2016		
Variable-rate instruments	(0.28)	0.28
Effect of interest rate swaps	0.28	(0.28)
Cash flow sensitivity (net)	-	-

49 i. Acquisition of High-Tech Technologies

On 2 April 2016, Keva Flavours Private Limited, a group company had acquired, the business undertaking of High-Tech Technologies comprising of the flavours division. High-Tech Technolgies 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:

(Currency : Indian Rupees in crores)

	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 INR 1.71 crores within one year from 15 June 2016 to 15 March 2017.

Contingent consideration

An amount of ₹ 7 Crores would be paid as contingent consideration to High-Tech Technologies subject to the continuing its business arrangements and achieving a stipulated turnover as per the agreement.

B. Acquisition-related costs

The 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 and travelling and conveyance under other expenses.

Notes to the consolidated financial statements for the year ended 31 March 2017

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.

(Currency : Indian Rupees in crores)

	Amount
Property, plant and equipment	1.03
Formulations	15.83
Customer relationship	2.77
Net current assets	(4.00)
Total net identifiable assets aquired	**15.63**

D. Goodwill

Goodwill arising from the acquisition has been determined as follows: (Currency : Indian Rupees in crores)

	Note	Amount
Consideration transferred	A	24.13
Fair value of net identifiable assets	C	15.63
Goodwill		**8.50**

ii. Acquisition of Gujarat Flavours Private Limited

On 2 January 2017, Keva Flavours Privat.e Limited, a group Company had acquired the flavours business of Gujarat Flavours Private Limited (GFPL) alongwith related brands for ₹ 16.80 crores. GFPL has been 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:

(Currency : Indian Rupees in crores)

	Amount
Cash	12.51
Deferred consideration	2.55
Contingent consideration	1.36
Total consideration for business combination	**16.42**

Deferred and contingent consideration

An amount of ₹ 4.30 crores out of the total purchase consideration shall be paid within a period of one year from the closing date. Of the said amount, ₹ 1.50 crores shall be paid on fulfillment of certain stipulated conditions as per the agreement.

B. Acquisition-related costs

The Company 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.

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.

(Currency : Indian Rupees in crores)

	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 aquired	**11.47**

Notes to the consolidated financial statements for the year ended 31 March 2017

D. Goodwill

Goodwill arising from the acquisition has been determined as follows:

(Currency : Indian Rupees in crores)

	Note	Amount
Consideration transferred	A	16.42
Fair value of net identifiable assets	C	11.47
Goodwill		**4.95**

iii. Acquisition of Rasiklal Hemani Agencies Private Limited

On 2 April 2016, the 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 Company's leadership position in India as it expands the marketing and sales team to address the growing rquirements of customers.

A. Consideration transferred

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

(Currency : Indian Rupees in crores)

	Amount
Cash	33.17

B. Acquisition-related costs

The 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.

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.

(Currency : Indian Rupees in crores)

	Amount
Property, plant and equipment	4.56
Net current assets	28.15
Deferred tax liability	(1.56)
Total net identifiable assets aquired	**31.15**

D. Goodwill

Goodwill arising from the acquisition has been determined as follows:

(Currency : Indian Rupees in crores)

	Note	Amount
Consideration transferred	A	33.17
Fair value of net identifiable assets	C	31.15
Goodwill		**2.02**

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

Notes to the consolidated financial statements for the year ended 31 March 2017

operating segments. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
Flavour Division			
Gujarat Flavours Private Limited	4.95	-	-
High-Tech Technologies	8.50	-	-
Saiba Industries Private Limited	7.56	7.56	7.56
Fragrance Division			
Keva Fragrance Industries Pte. Ltd.	0.03	0.02	0.02
PFW Aroma Ingredients B.V.	11.03	12.97	12.65
Rasiklal Hemani Agencies Private Limited	2.02	-	-
	34.09	20.55	20.23

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	31 March 2017	31 March 2016	1 April 2015
Discount rate	6.75%	4.76%	5.17%
Terminal value growth rate	1.00%	1.00%	1.00%
Sales growth rate	2.50%	2.90%	2.90%

The discount rate for 2016-17 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 23% at a market interest rate of 1.69%

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 new sales mix 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.

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.

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	31 March 2017	31 March 2016	1 April 2015
Discount rate	14.20%	17.00%	17.00%
Terminal value growth rate	5.00%	7.00%	7.00%
Sales growth rate	9.00%	9.00%	9.00%

The discount rate for 2016-17 was post tax measure estimated based on the weighted-average cost of capital, with no debt leveraging.

Notes to the consolidated financial statements for the year ended 31 March 2017

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.

iii. Goodwill and other intangibles

High-Tech Technolgies 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	31 March 2017	31 March 2016	1 April 2015
Discount rate	11.89%	NA	NA
Terminal value growth rate	5.00%	NA	NA
Sales growth rate	15.00%	NA	NA

The discount rate for 2016-17 was post tax measure estimated based on the weighted-average cost of capital, with the possible debt leveraging of 30% at a market interest rate of 6.5%

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.

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	31 March 2017	31 March 2016	1 April 2015
Discount rate	14.20%	NA	NA
Terminal value growth rate	3.00%	NA	NA
Revenue growth rate	7.00%	NA	NA

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 reasonalably possible change in any of the above key assumptions would cost the carrying amount of the CGU's to exceed their recoverable amount.

Notes to the consolidated financial statements for the year ended 31 March 2017

51 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 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

(Currency : Indian Rupees in crores)

Year ended 31 March 2017		Reportable segments		
Particulars		Fragrance	Flavours	Total Segments
A.	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
B.	Segment Results	123.86	34.40	158.26
C.	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
D.	Reconciliation of segment result with proft 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
	Segment Assets	896.21	136.87	1,033.08
	Unallocated			55.46
	Segment Liabilities	147.29	28.42	175.71
	Unallocated			101.07
	Capital Employed (Segment assets - Segment liabilities)	748.92	108.45	811.76

Notes to the consolidated financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

Year ended 31 March 2016		Reportable segments		
Particulars		Fragrance	Flavours	Total Segments
A.	Segment revenue			
	Total Sales	1,045.21	67.97	1,113.18
	Inter-segment	(116.10)	(7.21)	(123.31)
	Other operating income	3.30	0.42	3.72
	Sales/ Income from Operations	932.41	61.18	993.59
B.	Segment Results	114.12	11.06	125.18
C.	Specified amounts included in segment results			
	Depreciation and amortisation	28.81	0.88	29.69
	Provision for doubtful debts	6.33	0.07	6.40
D.	Reconciliation of segment result with proft after tax			
	Segment Results	114.12	11.06	125.18
	Add/ (Less):			
	Finance costs			(20.22)
	Interest income			1.36
	Net foreign exchange gain			3.09
	Financial assets measured at FVTPL			1.20
	Tax expense			(37.24)
	Other unallocable expenses net of unallocable income			(0.31)
	Consolidated profit after tax as per statement of profit and loss			73.06
	Segment Assets	921.03	41.00	962.03
	Unallocated			55.14
	Segment Liabilities	185.08	13.07	198.15
	Unallocated			102.07
	Capital Employed (Segment assets - Segment liabilities)	735.95	27.93	716.05

D. Geographic information

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

(Currency : Indian Rupees in crores)

Geography		For the year ended 31 March 2017	For the year ended 31 March 2016
I	Revenue		
	India	735.49	652.40
	Others	318.86	337.47
	Total Revenue	1,054.35	989.87
II	Non-current Assets *		
	India	215.41	155.11
	Others	131.46	119.17
	Total Non-current Assets	346.87	274.28

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

Notes to the consolidated financial statements for the year ended 31 March 2017

E. Information about major customers

None of the customers as on 31 March 2017 and 31 March 2016 constituted 10% or more of the total revenue of the Group.

52 Related party relationships, transactions and balances

List of Related parties

a)	Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.
		Blackstone Family Investment Partnership (Singapore) VI -ESC FDI Two Pte. Ltd.
b)	Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Evolutis India Private Limited
		KNP Industries Pte. Ltd.
		Keva Contructions Private Limited
		Keva Aromatics Private Limited
		ASN Investment Advisors Private Limited
		SKK Industries Private Limited
		Keva Industries Private Limited
		Keva Biotech Private Limited
		Purandar Fine Chemicals Private Limited
		Keva Properties Private Limited
		4R Healthcare (partnership firm)
		Ramesh Vaze HUF (upto 31 March 2016)
		Vinayak Ganesh Vaze Charities
c)	Key Management Personnel (KMP)	Ramesh V. Vaze, Managing Director
		Kedar R. Vaze, Director & Chief Executive Officer
		Tapas Majumdar, Chief Financial Officer
		Deepti Chandratre, Company Secretary
d)	Relatives of Key Management Personnel	Anagha Nene
		Parth K Vaze
		Nandan K Vaze
		Sumedha Karmarkar
e)	Non-executive directors	Prabha R. Vaze
		Nitin Potdar
		Dalip Sehgal
		Alpana Parida
		Jairaj Purandare
		Sangeeta Singh

Notes to the consolidated financial statements for the year ended 31 March 2017

A Transactions during the year

(Currency : Indian Rupees in crores)

Particulars	Transaction values for the year ended	
	31 March 2017	31 March 2016
Key Managerial Personnel		
Remuneration	5.30	4.15
Post-employment benefits	0.46	0.42
Sitting fees to non-executive directors	0.57	0.54
Purchase of good and services		
Purander Fine Chemicals Private Limited	1.52	0.69
Keva Aromatics Private Limited	2.56	-
Sale of goods		
Purander Fine Chemicals Private Limited	*0.00	0.05
Rent paid		
Keva Constructions Private Limited	5.00	5.00
Reimbursement (for expenses incurred by Company on behalf of related party)		
Keva Constructions Private Limited	-	0.09
Dividend paid		
Ramesh V. Vaze	-	4.57
Kedar R. Vaze	-	4.08
Prabha R. Vaze	-	1.70
Parth K. Vaze	-	0.35
Nandan K. Vaze	-	0.35
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	-	9.59
KNP Industries Pte Ltd	-	4.50
Vinayak Ganesh Vaze Charities	-	0.53
Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte Ltd	-	0.06
SKK Industries Private Limited	-	0.04
ASN Investment Advisors Private Limited	-	0.04
Ramesh Vaze HUF	-	2.26
Interest income		
Evolutis India Private Limited	-	0.02
Reimbursement (for expenses incurred by Company on behalf of related party)		
Keva Constructions Private Limited	0.11	-
Fixed assets sold		
Keva Constructions Private Limited	8.40	-

Notes to the consolidated financial statements for the year ended 31 March 2017

B Outstanding balances as at the reporting dates

(Currency : Indian Rupees in crores)

Particulars	Balances outstanding		
	31 March 2017	31 March 2016	1 April 2015
Outstanding Balances			
Other Current Assets			
Evolutis India Private Limited	0.20	0.20	0.18
Trade receivables			
Purandar Fine Chemicals Pvt.Ltd.	0.02	-	-
Trade Payables			
Keva Aromatics Private Limited	0.24	0.49	0.48
Other payable			
Keva Aromatics Pvt.Ltd.	0.07	-	-

The executive directors of the Company have furnished personal guarantees for all the secured borrowings of a subsidiary.

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.

53 Explanation of transition to Ind AS:

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Business combinations

As per Ind AS 101, at the date of transition, an entity may elect not to restate business combinations that occurred before the date of transition. If the entity restates any business combinations that occurred before the date of transition, then it restates all later business combinations, and also applies Ind AS 110, Consolidated Financial Statements, from that same date.

The company has opted to restate business combinations on or after August 2010. For business combinations prior to August 2010 which have not been restated as per Ind AS 103, goodwill represents the amount recognised under the previous GAAP subject to specific adjustments as prescribed under Ind AS 101.

2. Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

Notes to the consolidated financial statements for the year ended 31 March 2017

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Notes to the consolidated financial statements for the year ended 31 March 2017

Reconciliation of equity as at 31 March 2016

(Currency : Indian Rupees in crores)

	Note	Amount as per IGAAP *	Effects of transition to Ind AS	Amount as per Ind AS
Equity and liabilities				
Equity				
Equity share capital		144.62	-	144.62
Other equity				
Retained earnings		252.35	(51.26)	201.09
Other reserves	2	365.85	4.49	370.34
Equity attributable to equity holders of the parent		762.83	(46.77)	716.05
Non-controlling interests		-	-	-
Total equity		762.83	(46.77)	716.05
Non current liabilities				
Financial liabilities				
Borrowings		29.62	-	29.62
Other		1.10	-	1.10
Provisions		4.61	-	4.61
Deferred tax liabilities (net)	7	4.90	0.77	5.67
Other non-current liabilities		-	-	-
Total non-current liabilities		40.23	0.77	41.00
Current liabilities				
Financial liabilities				
Borrowings		43.56	-	43.56
Trade payables		163.33	-	163.33
Other		26.09	0.00	26.09
Derivatives	11	-	0.19	0.19
Other current liabilities		10.95	-	10.95
Provisions		4.72	-	4.72
Liabilities for current tax (net)		1.94	(0.29)	1.65
Total current liabilities		250.59	(0.10)	250.49
Total liabilities		290.82	0.67	291.49
Total equity and liabilities		1,053.65	(46.11)	1,007.54

Notes to the consolidated financial statements for the year ended 31 March 2017

Reconciliation of assets as at 31 March 2016

(Currency : Indian Rupees in crores)

	Note	Amount as per IGAAP *	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1	183.57	17.87	201.45
Capital work-in-progress		18.12	-	18.12
Goodwill	1	79.25	(58.70)	20.55
Goodwill on consolidation		-	-	-
Other intangible assets		5.30	-	5.30
Intangible assets under development		-	-	-
Financial assets				
Investments		0.00	-	0.00
Loans		1.67	-	1.67
Others		1.17	-	1.17
Deferred tax assets (net)		4.67	-	4.67
Income Tax Assets		15.44	-	15.44
Other non-current assets		28.87	-	28.87
Total non-current assets		338.06	(40.83)	297.24
Current assets				
Inventories		336.93	(1.71)	335.22
Financial assets				
Current investments	3	34.53	0.88	35.41
Trade and other receivables	4	233.93	(5.12)	228.81
Cash and cash equivalents		58.56	-	58.56
Other bank balances		23.67		23.67
Short-term loans and advances		7.77	-	7.77
Derivatives	11	-	0.65	0.65
Other current assets		0.75	-	0.75
Other current assets		19.46	-	19.46
Total current assets		715.60	(5.30)	710.30
Total assets		1,053.66	(46.13)	1,007.54

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the consolidated financial statements for the year ended 31 March 2017

Reconciliation of profit or loss for the year ended 31 March 2016

(Currency : Indian Rupees in crores)

	Note	Amount as per IGAAP *	Effects of transition to Ind AS	Amount as per Ind AS
Revenue				
Revenue from operations (gross)	8,9	926.56	67.03	993.59
Other income	3	9.56	0.89	10.45
Total income		936.12	67.92	1,004.04
Expenses				
Cost of materials consumed		517.75	-	517.75
Purchase of traded goods		1.79	-	1.79
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(8.33)	1.71	(6.62)
Excise duty	8		68.72	68.72
Employee benefits expense	10	111.99	(0.14)	111.85
Finance costs	2	19.20	1.02	20.22
Depreciation and amortisation expenses		29.41	0.29	29.70
Other expenses	4,9,11	148.47	1.86	150.33
Total expenses		820.28	73.47	893.75
Profit/(loss) before exceptional Items and tax		115.84	(5.54)	110.30
Tax expense				
Current tax		35.27	(0.29)	34.98
Deferred tax	7	5.16	(2.90)	2.26
Profit/(Loss) for the period		75.41	(2.35)	73.06
Other comprehensive income				
Items that will not be reclassified to profit or loss	10	-	(0.14)	(0.14)
Tax on items that will not be reclassified to profit or loss	7	-	0.05	0.05
Items that will be reclassified to profit or loss	12	7.22	(1.01)	6.21
Total comprehensive income for the period		7.22	(1.10)	6.12
Total comprehensive income		82.63	(3.45)	79.18

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the consolidated financial statements for the year ended 31 March 2017

Reconciliation of equity as at 1 April 2015

(Currency : Indian Rupees in crores)

	Note	Amount as per IGAAP *	Effects of transition to Ind AS	Amount as per Ind AS
Equity and liabilities				
Equity				
Equity share capital	2	141.47	(2.15)	139.32
Other equity				
Retained earnings		198.25	(30.98)	167.27
Other reserves	2	169.99	(54.46)	115.53
Equity attributable to equity holders of the parent		509.71	(87.59)	422.12
Non-controlling interests		-	-	-
Total equity		509.71	(87.59)	422.12
Non current liabilities				
Financial liabilities				
Borrowings	6	39.06	(0.83)	38.23
Other		6.10	-	6.10
Provisions		4.41	-	4.41
Deferred tax liabilities (net)	7	4.55	3.59	8.14
Total non-current liabilities		54.12	2.76	56.88
Current liabilities				
Financial liabilities				
Borrowings		174.54	-	174.54
Trade payables		115.45	-	115.45
Other Financial liabilities	2	48.27	62.26	110.52
Derivatives		0.45	-	0.45
Other current liabilities		12.23	-	12.23
Provisions	5	22.06	(18.00)	4.06
Liabilities for current tax (net)		7.08	-	7.08
Total current liabilities		380.08	44.25	424.33
Total liabilities		434.19	47.02	481.21
Total equity and liabilities		943.90	(40.57)	903.33

Notes to the consolidated financial statements for the year ended 31 March 2017

Reconciliation of assets as at 1 April 2015

(Currency : Indian Rupees in crores)

	Note	Amount as per IGAAP *	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1	207.64	-	207.64
Capital work-in-progress		10.48	-	10.48
Goodwill on consolidation	1	77.58	(57.35)	20.23
Other intangible assets		6.18		6.18
Intangible assets under development		-	-	
Financial assets				
Investments		0.00	-	0.00
Loans		1.63	-	1.63
Others		1.10	-	1.10
Deferred tax assets (net)		10.74	-	10.74
Income Tax Assets		14.28	-	14.28
Other non-current assets		17.24	-	17.24
Total non-current assets		346.86	(57.35)	289.52
Current assets				
Inventories		317.53	-	317.53
Financial assets				
Current investments		-	-	-
Trade and other receivables	4	194.50	(1.71)	192.79
Cash and cash equivalents		72.37	-	72.37
Other bank balances		3.54	-	3.54
Short-term loans and advances		4.85	-	4.85
Derivatives	11	-	0.78	0.78
Other current assets		0.44	-	0.44
Other current assets		21.51	-	21.51
Total current assets		614.73	(0.92)	613.81
Total assets		961.59	(58.28)	903.33

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the consolidated financial statements for the year ended 31 March 2017

Reconciliation of net worth as at 1 April 2015

(Currency : Indian Rupees in crores)

Particulars	Note	1 April 2015	31 March 2016
Net worth under IGAAP		509.71	762.82
Summary of Ind AS adjustments			
Adjustment of upfront loan processing fees adjusted in the amount of borrowings with retrospective effect		0.83	-
Impairment of debtors based on expected credit model under Ind AS 109		(1.71)	(5.12)
Investment by PE Investor converted to Liability		(53.34)	-
Gain on conversion of liability to equity		-	8.76
Charge of imputed interest cost on the retained earnings		(8.92)	(13.72)
MTM of Derivative contracts		0.78	0.46
Reversal of proposed equity and preference dividend including taxes thereon		18.00	4.96
MTM on Investment in Mutual Funds		-	0.88
Restatement of PFW Business Combination		(40.49)	(41.71)
Restatement of Saiba Business Combination		(3.58)	(3.58)
Restatement of Error in consumption of Work in Progress		-	(1.71)
Deferred Tax Impact on above Ind AS adjustments		0.84	3.72
Reversal of provision for tax consequent to scheme of arrangement			0.29
Total Ind AS adjustments		(87.59)	(46.78)
Net worth under Ind AS		422.12	716.05

Reconciliation of Comprehensive income for the year ended on 31 March 2016

(Currency : Indian Rupees in crores)

Particulars	Footnote ref.	As on 31 March 2016 INR (Net of deferred tax)
Comprehensive income under IGAAP		80.21
Summary of Ind AS adjustments		
Amortization of upfront fees as per the EIR method		(0.83)
Impairment of debtors based on expected credit model under Ind AS 109		(3.41)
Imputed Interest Cost on amount due to Blackstone		(4.80)
MTM of Derivative contracts		(0.32)
MTM on Investment in Mutual Funds		0.88
Depreciation on Building due to restatement of PFW Business Combination		(0.29)
Remeasurements of defined benefit obligation reclassed to OCI		0.14
Restatement of Error in consumption of Work in Progress		(1.71)
Deferred Tax Impact on Ind AS adjustments		2.90
Reversal of provision for tax consequences to scheme of arrangement (refer Note 49)		0.29
Total Ind AS adjustments		(7.15)
Consolidated profit as per Ind AS		73.06

Notes to the consolidated financial statements for the year ended 31 March 2017

Notes to the reconciliations

1 Restatement of past business combinations:

The Company elected to apply Ind AS 103 retrospectively to business combinations that occurred on or after 11 August 2010. The adjustments arising from the only business combinations that occurred after the aforesaid date, namely acquisition of PFW Aroma Ingredients B.V. on 11 August 2010 and acquisition of Saiba Industries Private Limited on 10 February 2012 was accounted for as per Ind AS 103 and accordingly consolidated.

2 Equity to liability

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 and an imputed interest cost on the same was recognised in the consolidated statement of profit or loss. On completion of the initial public offering ('IPO') on 16 November 2015, 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). Following table summarises the movement:

(Currency : Indian Rupees in crores)

A.	On classification of equity to liability impact on:	31 March 2015
	Equity share capital (1,22,71,000 shares at face value of ₹ 10 each)	1.23
	Preference share capital (91,95,000 shares at face value of ₹ 10 each)	0.92
	Other reserves	45.70
	Securities premium	5.49
	Imputed interest cost liability on the above (till date of conversion)	13.89
	Adjusted towards dividend paid to the investor	(4.97)
	Net amount due to investor	62.26
B.	Derecognition of liability to equity (on completion of IPO) impact on:	31 March 2016
	Equity share capital	(1.46)
	Preference share capital (converted into equity shares)	-
	Other reserves (includes gain on extinguishment)	(54.46)
	Securities premium (includes premium on equity shares)	(6.34)
	Adjusted towards amount due to investor	62.26
	Net balance	0.00

3 Investment in mutual funds:

Under Indian GAAP, the company accounted for current investments were carried at lower of cost or market value. Under Ind AS, these investments are required to measured at fair value at the end of each reporting period and resulting fair value changes are to recognised in statement of profit or loss.

4 Trade receivables:

Under Indian GAAP, the company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

5 Proposed dividend

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend has been derecognised against retained earnings.

Notes to the consolidated financial statements for the year ended 31 March 2017

6 Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

7 Deferred tax assets (net) :

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

8 Excise duty on sales:

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense.

9 Sales discounts:

Under previous GAAP, sales and volume discounts were recognised as an expense. Under Ind AS, sales and volume discounts is presented under revenue from sale of goods.

10 Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Group recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

11 Derivative instruments:

Under previous GAAP, the Group provides for losses in respect of such outstanding derivative contracts at the balance sheet date by marking them to market, however, net gain on derivative contracts is not recognised.

Under Ind AS, the Group has not designated such derivative contracts as hedging instruments and thus are being fair valued with resulting changes being recognised profit or loss.

12 Translation differences:

Under Ind AS, exchange differences on translation of foreign operations are recorded in other comprehensive income.

54 On 24 April 2017, the Company, through Keva Chemicals Pvt. Ltd. ("KCPL"), step-down subsidiary of the Company, has acquired Fragrance Encapsulation Technology (FET) from Tanishka Fragrance Encapsulation Technologies LLP ("TFET LLP"). As part of transaction, KCPL has contributed ₹ 2 crore to the capital of TFET LLP on the said date and thus, has become a majority capital contributing partner in TFET LLP.

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
12 May 2017

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Independent Auditors' Report

To the Members of
S H Kelkar and Company Limited

Report on 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 Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (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 financial position, financial performance including other comprehensive income, standalone cash flows and changes in equity 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. 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.

2. As required by Section 143 (3) of the Act, we report that:

   (a) except for matter specified in sub-clause (g) (iv) in respect of disclosure of dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 below, we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the standalone balance sheet, the standalone statement of profit and loss and the statement of standalone cash flow and the standalone statement of changes in equity dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules thereunder;

   (e) on the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

   i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;

   ii. the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 41.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

Annexure A to the Independent Auditors' Report – 31 March 2017

(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.

(c) According to the information and explanations given to us and on the basis of our examination of the 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 and stocks with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the 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 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 explanations 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 has been granted to companies listed in the register maintained under Section 189 of the Act is 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 do not have stipulations with regard to the repayment of principal and interest. Accordingly, we are unable to comment on the regularity of repayment of principal and interest.

(c) The unsecured loans granted to companies covered in the register maintained under Section 189 of the Act do not have stipulations with regard to the repayment of principal and interest. Accordingly, we are unable to comment whether there is any amount overdue for more than ninety days in respect of such loan.

(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 unsecured loans and guarantee given to body corporates, loans and guarantees given to companies and a body corporate 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 records of the Company, amounts deducted/ accrued in the books of account in respect of Provident fund, Employees' State Insurance, Income tax, Service tax, Sales tax, Value added tax, Professional tax, Duty of customs, Duty of excise, Cess and other material statutory dues have been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Service tax, Sales tax, Value added tax, Professional tax, Duty of customs, Duty of excise, Cess and other material statutory dues were in arrears as at 31 March 2017 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 Duty of customs, 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 31 March 2017 by the Company on account of disputes:

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)
Central Excise Act, 1944	Service tax	3.67	1.91	1999-2012	The Commissioner of Central Excise (appeals)
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	Excise duty	6.98	6.98	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)

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from banks, government or dues to financial institutions or debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilised the money raised by way of initial public offer during the previous year. In our opinion and according to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public office (including debt instruments) and has not obtained any term loans during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(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 during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

Annexure B to the Independent Auditors' Report – 31 March 2017

(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 of 31 March 2017 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 applicable to an audit of Internal Financial Controls and, 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 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 control 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

Standalone balance sheet as at 31 March 2017

(Currency : Indian Rupees in crores)

	Note	31 March 2017	31 March 2016	1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	**94.39**	89.93	91.31
Other intangible assets	5	**19.43**	2.70	2.71
Intangible assets under development	47	**4.57**	-	-
Financial assets				
Investments	6	**170.61**	131.70	99.48
Others	7	**-**	0.03	0.03
Deferred tax assets (net)	34	**0.36**	2.08	1.79
Current tax assets (net)		**16.76**	10.22	9.38
Other non-current assets	8	**1.23**	1.08	0.56
Total non-current assets		**307.35**	237.74	205.26
Current assets				
Inventories	9	**190.51**	202.98	193.04
Financial assets				
Investments	10	**49.68**	35.42	-
Trade receivables	11	**138.13**	114.83	75.28
Cash and cash equivalents	12	**17.25**	45.09	53.85
Other bank balances	13	**0.03**	0.42	3.11
Loans	14	**41.29**	12.78	7.95
Others	7	**5.44**	2.58	4.37
Other current assets	8	**9.50**	7.86	11.03
Total current assets		**451.83**	421.96	348.63
TOTAL ASSETS		**759.19**	659.70	553.89
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	**144.62**	144.62	139.32
Other equity	16			
Retained earnings		**215.52**	142.09	112.58
Other reserves		**258.66**	258.66	10.06
Total equity		**618.80**	545.37	261.96
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	17	**0.40**	0.04	0.35
Deposits	18	**24.10**	1.10	6.10
Provisions	19	**3.88**	3.26	2.83
Total non-current liabilities		**28.38**	4.40	9.28
Current liabilities				
Financial liabilities				
Borrowings	17	**-**	-	125.17
Trade payables	20	**65.30**	87.97	58.45
Derivatives	21	**0.05**	-	0.13
Other financial liabilities	22	**33.32**	10.91	91.44
Other current liabilities	23	**8.41**	4.11	3.95
Provisions	19	**4.03**	3.00	2.51
Current tax liabilities (net)		**0.90**	3.94	1.00
Total current liabilities		**112.01**	109.93	282.65
Total liabilities		**140.39**	114.33	291.93
TOTAL EQUITY AND LIABILITIES		**759.19**	659.70	553.89
Significant accounting policies	1-3			
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-53			

As per our report of even date attached.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Standalone statement of profit and loss for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	Note	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Revenue from operations	24	**687.26**	624.04
Other income	25	**11.49**	23.98
Total income		**698.75**	648.02
Expenses			
Cost of materials consumed	26	**348.00**	343.53
Changes in inventories of finished goods and work-in-progress	27	**14.38**	(1.34)
Excise duty		**71.91**	64.80
Employee benefits expense	28	**62.00**	52.99
Finance costs - others	29	**2.40**	14.07
Depreciation and amortisation expense	30	**6.81**	13.40
Royalty expense	49	**18.02**	-
Other expenses	31	**72.05**	71.24
Total expenses		**595.57**	558.69
Profit before income tax		**103.18**	89.33
Tax expense:			
Current tax	33		
for current year		**29.46**	23.99
for earlier years		**(2.77)**	(0.08)
Deferred tax	33	**2.18**	(0.26)
Profit for the year		**74.31**	65.68
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability		**(1.35)**	(0.08)
Income tax related to items that will not be reclassified to profit or loss		**0.47**	0.03
Other comprehensive income for the year, net of income tax		**(0.88)**	(0.05)
Total comprehensive income for the year		**73.43**	65.63
Earnings per equity share (Nominal value of Rs 10 each, fully paid-up)	32		
Basic earnings per share (₹)		**5.14**	4.81
Diluted earnings per share (₹)		**5.14**	4.81
Significant accounting policies	1-3		
The notes referred to above and other notes form an integral part of the standalone financial statements.	4-53		

As per our report of even date attached.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
12 May 2017

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Standalone statement of changes in equity for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
(a) Equity share capital		
Opening balance as at	144.62	131.04
Changes in equity share capital during the year (refer note 15)	-	13.58
Closing balance as at	144.62	144.62

(b) Other equity

	Attributable to the equity holders of the Company					
	Securities Premium Account	Capital Redemption Reserve	General Reserve	Retained earnings	Other reserves (refer note 53(d))	Total Equity
Balance at 1 April 2015	-	*0.00	55.76	112.58	(45.70)	122.64
Total comprehensive income for the year ended 31 March 2016						
Profit for the year	-	-	-	65.66	-	65.66
Items of OCI for the year, net of tax						
Remeasurements of defined benefit liability	-	-	-	(0.05)	-	(0.05)
Total comprehensive income				65.61	-	65.61
Transaction with owners in their capacity as owners, recorded directly in equity						
Dividends (refer note 16)	-	-	-	(36.65)	-	(36.65)
Dividend distribution tax	-	-	-	(4.42)	-	(4.42)
Issue of equity shares during the year (refer note 15)	206.85	-	-	-	-	206.85
Utilised towards share issue expenses (refer note 44)	(18.20)	-	-	-	-	(18.20)
Conversion of liability into equity (refer note 53 (d))	5.49	-	-	4.96	54.47	64.92
Balance at 31 March 2016	194.14	-	-	(36.11)	54.47	212.50
Total comprehensive income for the year ended 31 March 2017						
Profit for the year	-	-	-	74.31	-	74.31
Items of OCI for the year, net of tax						
Remeasurements of defined benefit liability	-	-	-	(0.88)	-	(0.88)
Total comprehensive income	-	-	-	73.43	-	73.43
Balance at 31 March 2017	194.14	-	55.76	215.51	8.77	474.18

*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

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Director & Chief Executive Officer
DIN: 00511325

Deepti Chandratre
Company Secretary
Membership No: A20759

Standalone statement of cash flow for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Cash flow from operating activities		
Profit before tax	103.18	89.33
Adjustments for		
Depreciation and amortisation	6.81	13.40
Net gain on sale of Property, Plant and Equipment	(0.80)	(0.02)
Reversal of provision for mark-to-market loss	-	(0.13)
Profit on sale of investment in mutual funds	(1.64)	(0.41)
Unrealised exchange fluctuation loss / (gain) (net)	0.39	(0.74)
Dividend income	-	(15.00)
Dividend income on mutual fund investment	-	(0.07)
Rent income	(3.72)	(3.72)
Interest income on fixed deposits	(0.02)	(0.71)
Interest income on loan given to subsidiary	(3.02)	(0.59)
Provision for doubtful debts	-	1.17
Reversal of provision for doubtful debts	(0.20)	-
Bad debts written off	0.17	-
Amortization of upfront fees	-	0.83
Imputed interest cost	-	4.80
Gain on fair valuation of investment in mutual funds	-	(0.88)
Guarantee commission	(0.43)	(0.38)
Remeasurements of defined benefit liability	(1.35)	(0.08)
Excess interest provision written back	-	(0.84)
Liabilities no longer required written back	-	(0.98)
Interest received on income tax refund	(1.37)	-
Interest expense and other finance costs	2.40	8.44
	100.40	93.42
Working capital adjustments		
Decrease/ (Increase) in inventories	12.47	(9.94)
(Increase) in trade receivables	(21.03)	(40.55)
Decrease/ (Increase) in loans and advances and other current assets	0.10	(2.44)
Increase in trade payables, other current liabilities and provisions	11.01	28.46
Net change in working capital	2.55	(24.47)
Cash flows generated from operating activities	102.95	68.95
Income tax paid (net)	(36.27)	(23.63)
Net cash flows generated from operating activities	66.68	45.32
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(17.07)	(11.95)
Investment in equity shares of subsidiary	(38.90)	(32.00)
Loan given to subsidiary	(32.46)	(1.60)
Proceeds from sale of property, plant & equipment (net of related expenditure)	0.07	0.07
Proceeds from sale of Investment	199.65	155.07
Investment in mutual funds	(211.07)	(189.19)
Rent income	3.72	3.72
Increase / (decrease) in non-current deposits with bank	0.42	2.70
Dividend received	-	15.00
Interest received	3.85	0.87
Dividend income on mutual fund investment	-	0.07
Net cash flows (used in) investing activities	(91.79)	(57.24)

	31 March 2017	31 March 2016
Cash flows from financing activities		
Proceeds from issue of equity shares	-	209.99
Share issue expenses	-	(14.39)
Repayment of borrowings (net)	-	(16.52)
Principal payments under finance leases	(0.34)	(0.37)
(Decrease) in working capital loans, net	-	(125.17)
Dividend paid, including tax thereon	-	(41.06)
Interest paid	(2.40)	(9.32)
Net cash flows (used in) / generated from financing activities	(2.74)	3.16
Net (decrease) in cash and cash equivalents	(27.84)	(8.76)
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and cash equivalents at the beginning of the year	45.09	53.85
Cash and cash equivalents at the end of the year	17.25	45.09
	27.84	8.76
Notes:		
1. Cash and cash equivalents		
Balance with banks		
- in current accounts	14.16	44.06
- exchange earners foreign currency account	2.83	0.84
deposit accounts (with original maturity of 3 months or less)	-	0.01
Cash on hand	0.26	0.18
	17.25	45.09

2. The above Cash Flow Statement has been prepared under the 'indirect method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".
3. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

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
12 May 2017

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

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Managing Director
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DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Notes to the standalone financial statements as at 31 March 2017

1 Company Overview

S H Kelkar and Company Limited ('SHK' or 'the Company') was incorporated under the provisions of the Companies Act, 1913 ('the Act'), and has its registered office at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002. The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Company is engaged in the manufacture, supply and exports of fragrances and aroma ingredients.

2 Basis of preparation

2.1 Statement of compliance

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

The Company's standalone financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under the section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Ind AS, Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 52.

The standalone financial statements for the year ended 31 March 2017 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 12 May 2017.

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 (assets)/ liabilities 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 is recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 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 as at 31 March 2017

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.

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 meaasurements, 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).

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.

Notes to the standalone financial statements as at 31 March 2017

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 realization 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, 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 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.

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 asstes and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in profit or loss.

3.3 Employee benefits

Short-term employee benefits

Notes to the standalone financial statements as at 31 March 2017

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes specified monthly contributions to Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the 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.

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 profit or loss.

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

Gratuity

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Also, the Company's contribution paid/ payable to the Gratuity fund managed by the trust set up by the Company is recognised as expense in the 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 perentage 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.

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 curent tax liabilities are offset only if, the Company:

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

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

ii. Deferred tax

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

Notes to the standalone financial statements as at 31 March 2017

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

a) the 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 Company.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value.

The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

With effect from 1 April 2016, the Company has 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 1 April 2016 is 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:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the 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.

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.

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:

Tengible assets	Life defined	Useful life as per Schedule II
Buildings	30-60 years	30-60 years
Research and devlopment - equipments	10-15 years	10-15 years
Computers	3 years	3 years
Office equipments	5 years	5 years
Plant & machinery	15-20 years	8-15 years
Electrical installation	10 years	10 years
Motor cars and vehicles	8 years	8 years
Motor cars under lease	4-5 years	4-5 years
Office equipments under lease	5 years	5 years

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

With effect from 1 April 2016, the Company has 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

Notes to the standalone financial statements as at 31 March 2017

future economic benefits embodied in the asset. Consequently, the depreciation expense for the year ended 31 March 2017 is adjusted by ₹ 5.70 crores. Accordingly, the profit after tax for the year ended 31 March 2017 is higher by ₹ 3.70 crores.

iv. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (refer note 4)

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

Other intangible assets, include tehnical know-how and computer software, 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 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
- Research and development 3 years

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

iv. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised

Notes to the standalone financial statements as at 31 March 2017

as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (refer note 5).

3.10 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.

Notes to the standalone financial statements as at 31 March 2017

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 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 profit or loss. Any gain or loss on derecognition is recognised in 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 profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iv. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transactionin which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions 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 profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the standalone financial statements as at 31 March 2017

iii. Derecognition

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

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

iv. Offsetting

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

c. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. 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

Investment in subsidiaries is carried at cost in the standalone financial statements.

3.11 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.

3.12 Leases

i. Lease payments

Payments made under operating leases are recognised in 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.

Notes to the standalone financial statements as at 31 March 2017

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.

3.13 Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoveable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. 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 Comapny reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, impairment loss is reversed to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

3.14 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.

3.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

3.16 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from April 1, 2017. The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is currently evaluating the effect of the above amendments.

Notes to the standalone financial statements as at 31 March 2017

(Currency: Indian Rupees in crores)

4 Property, plant and equipment

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2016	Addition during the year	Deduction during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Freehold land	13.92	-	-	13.92	-	-	-	13.92	13.92
Buildings	54.20	0.63	-	54.83	5.12	1.83	6.95	47.88	49.08
Leasehold improvements	2.65	1.84	-	4.49	0.45	0.63	1.08	3.41	2.20
Research and development - equipments	5.05	0.37	0.01	5.41	0.91	0.45	1.36	4.05	4.14
Furniture and fixtures	3.71	0.12	-	3.83	0.99	0.40	1.39	2.44	2.72
Computers	0.62	0.33	-	0.95	0.24	0.16	0.40	0.55	0.38
Office equipment	0.88	0.56	0.04	1.40	0.41	0.15	0.56	0.84	0.47
Plant and machinery	16.91	5.74	0.06	22.59	2.66	1.18	3.84	18.75	14.25
Electrical equipment and installations	2.63	-	-	2.63	0.85	0.33	1.18	1.45	1.78
Motor cars and vehicles	0.97	-	0.01	0.96	0.30	0.11	0.41	0.55	0.67
Assets under lease									
- Office equipments	0.35	-	-	0.35	0.17	0.17	0.34	0.01	0.18
- Motor cars	0.54	0.59	-	1.13	0.40	0.19	0.59	0.54	0.14
	102.43	10.18	0.12	112.49	12.50	5.60	18.10	94.39	89.93

Notes to the standalone financial statements as at 31 March 2017

(Currency: Indian Rupees in crores)

Property, plant and equipment (previous year)

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2015	Addition during the year	Deduction during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Freehold land	6.61	7.31	-	13.92	-	-	-	13.92	6.61
Buildings	54.18	0.02	-	54.20	-	5.12	5.12	49.08	54.18
Leasehold improvements	1.87	0.78	-	2.65	-	0.45	0.45	2.20	1.87
Research and development - equipments	3.15	1.90	-	5.05	-	0.91	0.91	4.14	3.15
Furniture and fixtures	3.43	0.28	-	3.71	-	0.99	0.99	2.72	3.43
Computers	0.31	0.31	-	0.62	-	0.24	0.24	0.38	0.31
Office equipment	0.68	0.20	-	0.88	-	0.41	0.41	0.47	0.68
Plant and machinery	16.58	0.33	-	16.91	-	2.66	2.66	14.25	16.58
Electrical equipment and installations	2.59	0.04	-	2.63	-	0.85	0.85	1.78	2.59
Motor cars and vehicles	1.02	-	0.05	0.97	-	0.30	0.30	0.67	1.02
Assets under lease									
- Office equipments	0.35	-	-	0.35	-	0.17	0.17	0.18	0.35
- Motor cars	0.54	-	-	0.54	-	0.40	0.40	0.14	0.54
	91.31	11.17	0.05	102.43	-	12.50	12.50	89.93	91.31

Notes:

1. The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1 April 2015 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2015 under the previous GAAP

Description	Freehold Land	Buildings	Leasehold Improvements	Research and development - equipments	Furniture and Fixtures	Computers	Office Equipment	Plant and machinery	Electrical equipment and installations	Motor cars and vehicles	Office equipments (Leased)	Motor cars under lease (Leased)	Total
Gross Block	6.61	88.74	2.22	11.43	8.95	1.57	2.25	58.88	6.55	2.49	0.69	1.67	192.05
Accumulated Depreciation	-	(34.56)	(0.35)	(8.28)	(5.52)	(1.26)	(1.57)	(42.30)	(3.96)	(1.47)	(0.34)	(1.13)	(100.74)
Net Block	6.61	54.18	1.87	3.15	3.43	0.31	0.68	16.58	2.59	1.02	0.35	0.54	91.31

2. The Company has acquired office equipments and motor cars under a number of finance lease agreements. The leased equipment secures related lease obligations (refer note 34).
3. With effect from 1 April 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 31 March 2017 is lower by 5.70 crores.
4. Plant & machinery has been pledged against the long term borrowings. Refer note 17(f) for details on charge created.
5. Nil amount of borrowing costs is capitalised during the current and comparative periods.

Notes to the standalone financial statements as at 31 March 2017

(Currency: Indian Rupees in crores)

5 Other intangible assets

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2016	Addition during the year	Deduction during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Computer software	3.60	2.47	-	6.07	0.90	1.21	2.11	3.96	2.70
Technical know-how	-	15.47	-	15.47	-	-	-	15.47	-
	3.60	17.94	-	21.54	0.90	1.21	2.11	19.43	2.70

Other intangible assets (previous year)

Block of asset	Gross Block				Accumulated Depreciation			Net Block	
	As at 1 April 2015	Addition during the year	Deduction during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	As at 31 March 2016	As at 31 March 2016	As at 1 April 2015
Computer Software	2.71	0.89	-	3.60	-	0.90	0.90	2.70	2.71
	2.71	0.89	-	3.60	-	0.90	0.90	2.70	2.71

Note:

1. The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1 April 2015 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2015 under the previous GAAP.

Particulars	Computer software
Gross Block	3.97
Less: Accumulated Depreciation	(1.26)
Net Block	2.71

Notes to the standalone financial statements as at 31 March 2017

6 Non-current investments

(Currency : Indian Rupees in crores)

	Number of shares / units			Amount		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Quoted equity shares at FVTPL						
Hico Products Ltd. (face value 10 per share)*	19,250	19,250	19,250	-	-	-
Unquoted equity shares at cost						
Investment in subsidiary companies						
Keva Fragrances Private Limited (formerly, K. V. Arochem Private Limited)(face value 100 per share) (refer note 50)	6,21,010	6,21,010	70,800	55.45	55.30	23.04
Keva Fragrances Private Limited (face value 100 per share) (refer note 50)	-	-	32,240	-	-	0.04
Keva Flavours Private Limited (face value 10 per share)	9,900	9,900	9,900	0.10	0.10	0.10
Keva UK Ltd. (face value Euro 1 per share)	8,33,500	8,33,500	8,33,500	61.61	61.61	61.61
Saiba Industries Private Limited (face value 1,000 per share)	2,198	2,198	2,198	12.42	12.42	12.42
Keva Fragrance Industries Pte Ltd., Singapore (face value Singapore Dollar 1 per share)	16,32,926	4,50,000	4,50,000	7.86	2.27	2.27
Rasiklal Hemani Agencies Pvt Ltd., (face value 100 per share)	25,000	-	-	33.17	-	-
				170.61	131.70	99.48
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				170.61	131.70	99.48
Aggregate amount of impairment in value of investments				-	-	-

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

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

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
To related parties						
Other receivables*	-	-	-	4.13	1.83	4.09
Interest accrued on loan to subsidiaries**	-	-	-	1.31	0.73	0.10
To other than related parties						
Term deposits with banks with maturity period more than 12 months (refer note 12)	-	0.03	0.03	-	-	-
Interest accrued on fixed deposits	-	-	-	-	0.02	0.18
	-	0.03	0.03	5.44	2.58	4.37

Notes to the standalone financial statements as at 31 March 2017

* Details of other receivables from companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Evolutis India Private Limited	0.14	0.14	0.14
Saiba Industries Private Limited	-	0.94	0.94
Keva Fragrances Private Limited (formerly K.V. Arochem Private Limited)	1.90	0.39	2.71
Keva Flavours Private Limited	1.45	0.12	0.19
PFW Aroma Ingredients B.V	0.64	0.24	0.11
Keva Chemicals Private Limited	*0.00	*0.00	-
	4.13	1.83	4.09

** 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

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Keva Fragrances Industries Pte. Limited	1.08	0.67	0.06
Evolutis India Private Limited	0.06	0.06	0.04
Saiba Industries Private Limited	0.17	-	-
	1.31	0.74	0.10

8 Other assets (*unsecured, considered good*)

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances	0.38	0.04	0.06	-	-	-
To other than related parties						
Advance to suppliers	-	-	-	1.37	0.62	0.24
Prepaid expenses	-	-	-	1.82	1.25	1.35
Balances with government authorities	0.52	0.45	-	2.22	3.37	4.18
VAT/Sales tax refund receivable	0.33	0.59	0.50	-	-	-
Share issue expenses	-	-	-	-	-	3.81
To related parties						
Advance to suppliers	-	-	-	4.09	2.62	1.45
	1.23	1.08	0.56	9.50	7.86	11.03

(Currency : Indian Rupees in crores)

Details of advance given to companies / bodies corporate which a director of the Company, is a director or Firm in which a director of the Company is a partner	31 March 2017	31 March 2016	1 April 2015
Keva Fragrances Private Limited (formerly, K.V. Arochem Private Limited)	1.91	2.62	1.45
Keva Flavours Private Limited	0.02	-	-
PFW Aroma Ingredients B.V.	2.16	-	-
	4.09	2.62	1.45

Notes to the standalone financial statements as at 31 March 2017

9 Inventories

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Raw materials (including raw material in transit amounting to 7.63 crores; 31 March 2016: 9.67 crores; 1 April 2015: 9.00 crores)	147.63	144.94	136.50
Packing materials	1.21	1.99	1.83
Work-in-process	33.26	45.66	48.28
Finished goods	8.41	10.39	6.43
	190.51	202.98	193.04

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 3.31 crores (31 March 2016: 0.08 crores; 1 April 2015: 0.11 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 statement of profit and loss.

10 Current investments

(Currency : Indian Rupees in crores)

	Number of units			Amount		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Unquoted mutual funds						
Mutual funds at FVTPL						
IDFC - Liquid Fund Growth Fund	-	18,731.62	-	-	3.45	-
IDFC - Liquid Ultra Short Fund Growth Fund	-	48,13,871.97	-	-	10.26	-
DWS Cash	-	50,31,573.12	-	-	10.27	-
Birla Sun Life Mutual Fund	-	48,801.21	-	-	1.18	-
Religare Invesco	-	58,746.74	-	-	10.26	-
UTI Money Mkt -Institutional Plan-Direct-Growth	1,31,905.88	-	-	24.07	-	-
SBI Magnum Insta Cash Fund	29,253.24	-	-	10.52	-	-
Kotak Floater Short Term-Direct-Growth	5,723.60	-	-	1.53	-	-
Invesco Mutual Fund	60,587.27	-	-	13.56	-	-
				49.68	35.42	-
Aggregate book value of unquoted investments				49.68	35.42	-
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 37.

11 Trade receivables (*unsecured*)

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Trade receivables			
Unsecured			
- Considered good*	140.28	116.98	76.26
- Considered doubtful	0.76	0.96	0.97
	141.04	117.94	77.23
Loss allowance**			
- Considered good	(2.15)	(2.15)	(0.98)
- Considered doubtful	(0.76)	(0.96)	(0.97)
	(2.91)	(3.11)	(1.95)
Net trade receivables	138.13	114.83	75.28

* Trade receivables (unsecured, considered good) as at 31 March 2017 include 23.83 crores (31 March 2016: 4.20 crores and 1 April 2015: 6.69 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.

Notes to the standalone financial statements as at 31 March 2017

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Keva Fragrances Private Limited (formerly, K.V. Arochem Private Limited)	17.18	3.56	3.27
Keva Flavours Private Limited	6.35	0.60	2.24
FW Aroma Ingredients B.V.	0.30	0.04	1.18
	23.83	4.20	6.69

** 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 37.

12 Cash and cash equivalents

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Balances with banks in:			
- current accounts	14.16	44.06	20.36
- exchange earners foreign currency account	2.83	0.84	-
- deposits accounts (with original maturity of 3 months or less)	-	0.01	33.39
Cash on hand	0.26	0.18	0.10
Cash and cash equivalents in the statement of cash flows	17.25	45.09	53.85

13 Other bank balances

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Bank deposits due to mature within 12 months of the reporting date	0.03	0.42	3.11
	0.03	0.42	3.11

14 Loans (*unsecured*)

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
To other than related parties			
Loans to employees	1.93	2.54	2.52
Other receivables	0.12	0.41	0.43
Security deposits			
- considered good	1.04	4.09	0.86
- considered doubtful	0.18	0.18	0.18
	1.22	4.27	1.04
Loss allowance	(0.18)	(0.18)	(0.18)
	1.04	4.09	0.86
To related parties			
Loans to subsidiaries*	38.20	5.74	4.14
	41.29	12.78	7.95
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	8.50	-	-
Keva Flavours Private Limited	29.70	-	-
Keva Fragrance Industries Pte Ltd.	-	5.74	4.14
	38.20	5.74	4.14

Notes to the standalone financial statements as at 31 March 2017

15 Share capital

(Currency : Indian Rupees in crores)

	Number of shares		Amount	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Authorised				
Equity shares of 10 each	**15,40,64,500**	15,40,64,500	**154.06**	154.06
Preference shares of 10 each	**1,19,35,500**	1,19,35,500	**11.94**	11.94
			166.00	166.00
Issued, subscribed and paid up				
Equity shares of 10 each, fully paid-up	**14,46,20,801**	14,46,20,801	**144.62**	144.62
			144.62	144.62

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

(Currency : Indian Rupees in crores)

		Number of shares		Amount	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
i)	**Equity shares of Rs 10 (Previous year Rs 10) each fully paid-up**				
	Outstanding at the beginning of the year	**14,46,20,801**	13,10,43,900	**144.62**	131.04
	Conversion of CCPS on 5 October 2015	-	6,14,822	-	0.61
	Shares issued during the year	-	1,16,66,666	-	11.67
	Conversion of liability to equity on listing of equity shares	-	12,95,413	-	1.30
	Outstanding at the end of the year	**14,46,20,801**	14,46,20,801	**144.62**	144.62

b Terms / Rights attached to each classes of shares

1. **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:

(Currency : Indian Rupees in crores)

	31 March 2017		31 March 2016	
	Number of Shares	%	Number of Shares	%
Equity shares of Rs 10 (Previous year Rs 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	**2,53,53,704**	**17.53%**	3,11,00,677	21.50%
Ramesh V. Vaze	**2,59,65,600**	**17.95%**	1,73,91,000	12.03%
KNP Industries Pte. Ltd.	**1,71,24,000**	**11.84%**	1,71,24,000	11.84%
Kedar R.Vaze	***1,45,25,000**	***10.04%**	1,55,25,000	10.73%
Ramesh Vaze (as Karta of R V Vaze HUF)	-	**0.00%**	85,75,000	5.93%
Keva Constructions Private Limited	**89,63,757**	**6.20%**	76,15,000	5.27%

Notes to the standalone financial statements as at 31 March 2017

* 10,00,000 Equity Shares were acquired by Mr. Kedar R. Vaze thorugh block deal on 30 March 2017, however, the same were in the pool with clearing member as on 31 March 2017. Hence the same did not get reflected in the benpos dated 31 March 2017 under the promoters and promoter group category. The actual shareholding of Mr. Kedar R. Vaze as on 31 March 2017 after clearance by the clearing member is 1,55,25,000 equity shares.

d Shares issued for a consideration other than cash

(i) On 28 June 2012, the Company issued 13,955 equity shares of 1,000 each as Bonus shares to the existing equity shareholders of the Company in ratio of 7 bonus equity shares for every 26 equity shares held.

(ii) Pursuant to the Composite Scheme of Arrangement ("the Scheme") under section 391 to 394 read with Section 78 and Sections 100 to 103 of the Act filed with the Hon'ble High Court of Judicature at Bombay, Mumbai ("High Court") for the merger of two companies viz. Tridhaatu Estates Private Limited ("Tridhaatu") and Amerigo Holdings & Investment Private Limited ("Amerigo") with the Company and for financial restructuring within the Company in July, 2011, the Company has issued and allotted the following:

1) 15,500 fully paid-up Redeemable Preference Shares, carrying 8% coupon rate, of face value 10 each
2) 20,817 fully paid-up 0.1% Cumulative Compulsorily Convertible Preference Shares of Series C (CCPS – C) having face value of 1,000 each at a premium of 29,000 per CCPS - C.

The Scheme was approved by the High Court vide order passed on 21 October 2011.

(iii) On 18 September 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.

(iv) 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 alloted 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 12 February 2014.

(v) On 17 October 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 peference share held.

e Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

For 0.01% Cumulative Compulsorily Convertible Preference Shares of Series D (CCPS D):
The CCPS D are to be compulsorily converted into Equity shares, at the option of the shareholder, at any time prior to 8 August 2022 ('the Completion date'). Up to 4 October 2015, the conversion ratio was 1 equity share for 1 CCPS D. With effect from 5 October 2015, the conversion ratio stood changed to 1 equity share for 13.46 CCPS D, pursuant to the approval by the Board of Directors of the Company of the amendment to the Shareholder's Agreement dated 1 October 2015. Accordingly, 9,195,000 CCPS D shares of 10 each, have been converted to 683,135 equity shares of 10 each, on 5 October 2015.

f Initial Public Offering:

The Company had made an Initial public issue of 28,231,827 equity shares of face value 10 each fully paid up for cash at a price of 180 per equity share (including a share premium of 170 per equity share) aggregating 508.17 crore consisting of a fresh issue of 11,666,666 equity shares by the Company and an offer for sale of 13,141,000 equity shares, 86,575 equity shares and 3,337,586 equity shares by Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd., Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd. and Mrs. Prabha Vaze respectively aggregating 298.17 crore. Aforementioned 11,666,666 equity shares were allotted on 09 November 2015. The shares of the Company got listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 16 November 2015.

16 Other equity

(Currency : Indian Rupees in crores)

Other reserves	Note	31 March 2017	31 March 2016	1 April 2015
Capital redemption reserve	i.	***0.00**	*0.00	*0.00
Securities premium account	ii.	**194.14**	194.14	-
General reserve	iii.	**55.76**	55.76	55.76
Other reserves (refer note below)	iv.	**8.76**	8.76	(45.70)
		258.66	258.66	10.06

* Amount less than ₹ 0.01 crore

Notes to the standalone financial statements as at 31 March 2017

A. Notes:

(Currency : Indian Rupees in crores)

		31 March 2017	31 March 2016
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	-
	Issue of equity shares during the year	-	206.85
	Utilised towards share issue expenses	-	(18.20)
	Conversion of liability into equity (Refer note 53 (d))	-	5.49
	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.	Other reserves		
	Opening Balance	8.77	(45.70)
	Conversion of liability into equity (refer note 53(d))		54.47
	Closing Balance	8.77	8.77

*Amount less than ₹0.01 crores

B. Nature and purpose of reserves

i. Capital redemption reserve
Capital redemption reserve is created by transferring funds from free reserves in accordance with the provisions of the Companies Act, 2013 (the 'Act') and its utilisation is also governed by the Act.

ii. Securities premium 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.

iii. General reserve
General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes.

iv. 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: (Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Interim equity dividend paid for financial year 2015-16 at 1.50 per equity share	-	21.70
Final equity dividend of previous financial year 2014-2015 paid at 1.13 per equity share	-	14.95
Dividend distribution tax on the equity dividend paid above	-	4.42
	-	41.07

Notes to the standalone financial statements as at 31 March 2017

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 therenon have not been recognised as liabilities in the year to which they pertains to and has been recorded in the year in whcih they have been approved by the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid: (Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Dividend proposed to equity shareholders at 1.75 per equity share (31 March 2016: Nil per equity share)	25.31	-
Dividend distribution tax on the equity dividend proposed	4.30	-
	29.61	-

17 Borrowings (*Secured*)

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Term loan from bank in foreign currency (refer note 'a' & 'b')	-	-	-	-	-	18.19
Working capital loans (refer note 'c')	-	-	-	-	-	99.21
Buyer's credit from banks (refer note 'd')	-	-	-	-	-	5.74
Bills discounting (refer note 'e')	-	-	-	-	-	20.22
Finance lease obligations (refer note 'g')	0.40	0.04	0.35	0.16	0.29	0.35
	0.40	0.04	0.35	0.16	0.29	143.71
Less: Amount included under 'other financial liabilities' (refer note 22)	-	-	-	(0.16)	(0.29)	(18.54)
	0.40	0.04	0.35	-	-	125.17

Notes:

a) Term loan from bank represents term loan from Standard Chartered Bank ('SCB') in foreign currency 31 March 2017: NIL (31 March 2016: NIL; 1 April 2015 : USD 30,37,500 equivalent to 18.19 crores net of transaction costs) and is secured by a first mortgage on the Company's immovable properties both present and future ranking pari passu interse and a first charge by way of hypothecation of all the Company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable properties for securing the borrowings of working capital and by way of personal guarantees of Directors and their relatives.

b) The term loan in foreign currency from SCB was taken during the financial year 2010-2011 which carries interest at applicable LIBOR plus 250 basis points. It was repaid in quarterly instalments ranging from USD 0.03 to USD 0.10 commencing February 2011 upto November 2015.

c) Working capital loans from banks carry interest ranging between 10% -10.4% 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 and also secured by way of second charge on fixed assets and personal guarantees of Directors and their relatives. The loans have been repaid during the previous year.

d) Buyers credit from banks carry interest ranging between 0.70% - 1.20% p.a. (P.Y. 0.83% - 1.13% p.a.), and are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets and personal guarantees of Directors and their relatives. The loans have been repaid during the previous year.

e) Loans availed under bill discounting facility are secured against specific receivables, have a tenure of 30 to 90 days and carry interest ranging between 10.25% to 10.75%. The loans have been repaid during the previous year.

f) As at 31 March 2017 and 31 March 2016, the Company has an open WCDL facility with HDFC Bank, Citibank and Standard Chartered Bank, secured by way of book debts and floating charge and also secured by way of second charge on property, plant and equipment of the Company. However there are no borrowings.

Notes to the standalone financial statements as at 31 March 2017

g) 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 implicits 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: (Currency : Indian Rupees in crores)

Period	31 March 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

Period	31 March 2016		
	Future Minimum Lease Payments (MLP)	Interest Element of MLP	Present Value of Minimum Lease Payments
Payable within 1 year	0.31	0.01	0.29
Payable between 1-5 years	0.04	-	0.04
Payable later than 5 years	-	-	-
	0.35	0.01	0.34

Period	31 March 2015		
	Future Minimum Lease Payments (MLP)	Interest Element of MLP	Present Value of Minimum Lease Payments
Payable within 1 year	0.40	0.05	0.35
Payable between 1-5 years	0.37	0.02	0.35
Payable later than 5 years	-	-	-
	0.77	0.07	0.70

18 Deposits - non-current

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
From others	23.20	0.20	5.20
From customer	0.90	0.90	0.90
	24.10	1.10	6.10

19 Provisions

(Currency : Indian Rupees in crores)

	Non-current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits						
Gratuity (refer note 35)	-	-	-	0.46	-	0.04
Compensated absences (refer note 35)	3.88	3.26	2.83	3.57	3.00	2.47
	3.88	3.26	2.83	4.03	3.00	2.51

Notes to the standalone financial statements as at 31 March 2017

20 Trade payables

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Dues to micro and small enterprises (refer note 40)	1.96	3.87	0.23
Other trade payables	63.34	84.10	58.22
	65.30	87.97	58.45

The Company's exposure to currency and liquidity risk related to trade payables is disclosed in Note 37.

21 Derivatives

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Foreign currency forward exchange contract liabilities	0.05	-	-
Interest rate and currency swap	-	-	0.13
	0.05	-	0.13

22 Other financial liabilities - current

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Current maturities of long-term borrowings	-	-	18.19
Current maturities of finance lease obligations	0.16	0.30	0.35
Interest accrued but not due on borrowings	-	-	0.87
Interest accrued under MSMED Act, 2006	0.23	0.10	0.75
Employee benefits payable	11.48	6.93	6.45
Amount due to investor (refer note 53 (d))	-	-	62.26
Deposit from customers	0.35	0.10	0.10
Other payables			
For capital goods	16.06	0.10	-
For expenses	5.04	3.38	2.47
	33.32	10.91	91.44

23 Other current liabilities

	31 March 2017	31 March 2016	1 April 2015
Advances received from customers	2.76	1.77	1.42
Statutory dues payable*			
Tax deducted at source	2.80	1.25	0.79
Service tax	0.04	0.19	0.25
Provident fund	0.61	0.08	0.01
ESIC	-	0.00	0.00
Profession tax	0.01	0.01	0.01
Works contract tax	0.01	0.00	0.00
VAT/CST tax	1.99	0.35	0.90
Unamortised guarantee commission	0.19	0.46	0.57
	8.41	4.11	3.95

* 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 31 March 2017

24 Revenue from operations

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)		
Gross sales	692.00	624.77
Less: Discounts	5.63	1.69
Net Sales	686.37	623.08
Other operating revenue		
Sale of scrap	0.89	0.96
Total revenue from operations	687.26	624.04

25 Other income

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest income under the effective interest method on:		
Deposits with banks	0.02	0.71
Interest received on income tax refund	1.37	-
Loans to subsidiary	3.02	0.59
Net gain on sale of property, plant and equipment	0.80	0.02
Financial assets measured at FVTPL-net change in fair value	0.25	1.01
Rental income from property subleases (refer note 34)	3.72	3.72
Dividend income from subsidiary and mutual funds	-	15.07
Guarantee commission income	0.43	0.38
Recovery of bad debts	-	0.18
Liabilities no longer required written back	-	1.82
Gain on sale of investment	1.39	0.41
Provision reversal on doubtful debts	0.20	-
Miscellaneous income	0.29	0.07
Total Other income	11.49	23.98

26 Cost of materials consumed

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Opening stock		
Raw materials	144.94	136.50
Packing materials	1.99	1.83
	146.93	138.33
Add: Purchases		
Raw materials	340.28	340.60
Packing materials	9.63	11.54
	349.91	352.14
Less: Closing Stock		
Raw materials	147.63	144.94
Packing materials	1.21	1.99
	148.84	146.94
Materials consumed		
Raw materials	337.59	332.15
Packing materials	10.41	11.38
Total cost of materials consumed	348.00	343.53

Notes to the standalone financial statements as at 31 March 2017

27 Changes in inventories of finished goods and work-in-progress

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Opening Stock :		
Finished goods	10.39	6.43
Work-in-progress	45.66	48.29
Closing Stock:		
Finished goods	8.41	10.39
Work-in-progress	33.26	45.66
Changes in inventories:		
Finished goods	1.98	(3.96)
Work-in-progress	12.40	2.62
Changes in inventories of finished goods and work in progress	14.38	(1.34)
Depreciation note as per illustrative		

28 Employee benefits expense

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	53.51	44.39
Contribution to provident and other funds	5.33	4.77
Compensated absences	1.50	1.15
Staff welfare expenses	3.51	2.68
	63.85	52.99
Less: Transferred to intangible assets under development (refer note 52)	(1.85)	-
	62.00	52.99

29 Finance costs - others

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Interest on term loans	-	0.35
Interest on working capital loans	-	6.93
Interest on buyers credit	-	0.01
Interest on dues to micro and small enterprises	0.13	0.19
Foreign exchange translation	-	0.72
Imputed Interest costs (refer note 53)	-	4.80
Other finance costs	2.27	1.08
	2.40	14.07

30 Depreciation and amortisation

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation of property, plant and equipment	5.60	12.50
Amortisation of intangible assets	1.21	0.90
	6.81	13.40

Notes to the standalone financial statements for the year ended 31 March 2017

31 Other expenses

(Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Cleaning and housekeeping expenses	2.06	1.50
Stores and spares consumed	0.76	1.23
Repairs and maintenance:		
- Buildings	1.22	0.79
- Plant and machinery	0.84	1.04
- Others	3.10	3.11
Rent (refer note 36)	6.97	6.42
Rates and taxes	1.87	0.53
Insurance	0.75	0.77
Power and fuel (net of reimbursements of 1.14 crores (previous year: 1.33 crores))	3.46	3.18
Selling and promotion expenses	1.75	1.83
Brokerage and commission	14.95	14.24
Freight, forwarding and delivery	3.46	3.13
Postage and telephone expenses	0.74	0.65
Travelling and conveyance	5.20	4.72
Security charges	1.83	1.63
Legal and professional charges	15.84	18.86
Pollution control expenses	0.24	0.04
Stationery and printing expenses	0.79	0.72
Payment to auditors (refer details below)	0.65	0.47
Training expenses	0.89	0.41
Bank charges	0.18	0.42
Corporate social responsibility expense	1.01	0.79
Provision for doubtful debts	-	1.16
Bad debts written off	0.17	0.06
Directors sitting fees	0.58	0.54
Exchange rate difference on translation (net)	0.54	0.00
Miscellaneous expenses	4.92	2.99
	74.77	71.24
Less: Transferred to intangible assets under development (refer note 52)	(2.72)	-
	72.05	71.24
Payment to auditors (excluding service tax)		
Statutory audit	0.23	0.17
Tax audit	0.03	0.03
Other matters	0.39	0.27
	0.65	0.47
Other services (in connection with filing of Draft Red Herring Prospectus and Red Herring Prospectus with SEBI (refer note 43))	-	0.57
	0.65	1.04

Notes to the standalone financial statements as at 31 March 2017

32 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

(Currency : Indian Rupees in crores)

		31 March 2017	31 March 2016
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	74.31	65.66
Weighted average number of equity shares for basic earnings per share			
Number of equity shares at beginning of the year		14,46,20,801	13,10,43,900
Conversion of CCPS on 5 October 2015		-	6,14,822
Equity shares issued during the year		-	1,16,66,666
Conversion of liability to equity on listing of equity shares		-	12,95,413
Number of equity shares outstanding at the end of the year		14,46,20,801	14,46,20,801
Weighted average number of equity shares for the year	(B)	14,46,20,801	13,64,19,650
Basic earnings per share of face value of 10 each	(A) / (B)	5.14	4.81
Weighted average number of equity shares for diluted earnings per share			
Weighted average number of equity shares for the year		14,46,20,801	13,64,19,650
Effect of dilutive potential equity/ preference shares			
Number of preference shares outstanding at the beginning of the year		-	91,95,000
Conversion of preference shares into equity shares		-	(91,95,000)
Number of preference shares outstanding at the end of the year		-	-
Weighted average number of equity shares used to compute diluted earnings per share	(C)	14,46,20,801	13,64,19,650
Diluted earnings per share of face value of Rs 10 each	(A) / (C)	5.14	4.81

33 Tax expense

(a) **Amounts recognised in balance sheet**

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Current tax assets (net of provision 81.39 crores (31 March 2016 : 56.13 crores and 31 March 2015 : 56.97 crores))	16.76	10.22	9.38
Current tax liabilities (net of advance tax 0.88 crores (31 March 2016 : 22.83 crores and 31 March 2015 : 0.10 crores))	0.90	3.94	1.00
Provision for fringe benefits tax (net of advance tax of 0.68 crores (31 March 2016 and 2015 0.68 crores))	*0.00	*0.00	*0.00

* Amount less than ₹ 0.01 crore

Note: The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the standalone financial statements for the year ended 31 March 2017

(b) Amounts recognised in profit and loss (Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Current income tax		
Current year	29.46	23.99
Earlier years	(2.77)	(0.08)
	26.69	23.91
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	2.18	(0.26)
Deferred tax expense	2.18	(0.26)
Tax expense for the year	28.87	23.65

(c) Amounts recognised in other comprehensive income (Currency : Indian Rupees in crores)

	For the Year ended 31 March 2017			For the Year ended 31 March 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(1.35)	0.47	(0.88)	(0.08)	0.03	(0.05)

(d) Reconciliation of effective tax rate (Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Profit before tax	103.18	89.31
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	35.71	30.91
Tax effect of:		
Non-deductible tax expenses	0.26	1.75
Tax-exempt income	-	(5.21)
Incremental deduction allowed for research and development costs	(4.02)	(3.68)
Tax pertaining to prior years	(2.77)	(0.08)
Others	(0.31)	(0.03)
	28.87	23.65

The Company's standalone weighted average tax rates for the year ended 31 March 2017 and 2016 were 27.98% and 26.53% respectively.

Notes to the standalone financial statements for the year ended 31 March 2017

34 Deferred Tax

(a) Recognised deferred tax assets and liabilities (Currency : Indian Rupees in crores)

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax assets (liabilities)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Property, plant and equipment	-	-	(3.67)	(1.09)	(3.67)	(1.09)
Intangible assets	-	-	-	(0.07)	-	(0.07)
Loans and advances	-	0.06	-	-	-	0.06
Trade receivables	1.06	1.08	-	-	1.06	1.08
Current investments	-	-	-	(0.31)	-	(0.31)
Provisions	2.97	2.40	-	-	2.97	2.40
Net Deferred tax (asset) liabilities	4.03	3.54	(3.67)	(1.47)	0.36	2.08

(b) Movement in deferred tax balances (Currency : Indian Rupees in crores)

	31 March 2017					
	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset		Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(1.09)	(2.58)	-	(3.67)	-	(3.67)
Intangible assets	(0.07)	0.07	-	-	-	-
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 tax assets (liabilities)	2.08	(2.18)	0.47	0.36	4.03	(3.67)

(c) Movement in deferred tax balances (Previous year) (Currency : Indian Rupees in crores)

	31 March 2016					
	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	Net Deferred tax asset		Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(1.14)	0.04	-	(1.09)	-	(1.09)
Long term borrowings	-	(0.07)	-	(0.07)	-	(0.07)
Loans and advances	0.06	-	-	0.06	0.06	-
Trade receivables	0.68	0.40	-	1.08	1.08	-
Loans and borrowings	(0.40)	0.40	-	-	-	-
Current investments	-	(0.31)	-	(0.31)	-	(0.31)
MAT credit entitlement	0.75	(0.75)	-	-	-	-
Provisions	1.84	0.54	0.03	2.40	2.40	-
Net tax assets (liabilities)	1.79	0.26	0.03	2.08	3.54	(1.47)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the standalone financial statements for the year ended 31 March 2017

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.

35 Employee benefits

(i) Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans, recognised are charged off for the year as under :

(Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
Employer's contribution to Superannuation Fund	1.14	1.13	1.69
Employer's Contribution to ESIC*	0.00	0.00	0.00
Employer's Contribution to Maharashtra Labour Welfare Fund *	0.00	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 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.

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

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
Reconciliation of present value of defined benefit obligation			
Balance at the beginning of the year	6.74	5.70	4.48
Current service cost	1.13	0.68	0.48
Interest cost (income)	0.56	0.46	0.42
Benefits paid	(0.44)	(0.21)	(0.53)
Actuarial losses/ (gains) recognised in other comprehensive income			
- financial assumptions	0.77	(0.16)	-
- experience adjustments	0.49	0.27	0.85
Balance at the end of the year	9.24	6.74	5.70
Reconciliation of present value of plan assets			
Balance at the beginning of the year	6.74	5.66	4.93
Interest income	0.57	0.45	0.45
Remeasurements :			
Return on plan assets, excluding amount included in interest (expense)/income	(0.09)	0.03	(0.05)
Employer contributions	2.02	0.80	0.86
Benefits paid	(0.44)	(0.21)	(0.53)
Balance at the end of the year	8.79	6.74	5.66
Net defined benefit (asset)/ liability	0.46	-	0.04

Notes to the standalone financial statements for the year ended 31 March 2017

B. Plan assets

Plan assets comprise the following

	31 March 2017	31 March 2016	1 April 2015
Investment			
Investment in Government Securities	8%	12%	13%
Bank Special Deposit	3%	4%	4%
Investment in other securities	57%	36%	31%
Corporate Bonds	2%	21%	23%
State Government Bonds	30%	27%	29%
	100%	100%	100%

C. The components of defined benefit plan expense are as follows:

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Recognised in income statement		
Current service cost	1.13	0.68
Interest cost	0.56	0.46
Expected return on plan assets	(0.57)	(0.45)
Total	1.12	0.68
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	1.26	0.11
Return on Plan Assets, Excluding Interest Income	0.09	(0.03)
Total	1.35	0.08

D. Defined benefit obligations

i. Actuarial assumptions

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

	31 March 2017	31 March 2016	1 April 2015
Expected Return on Plan Assets	7.32%	8.27%	8.02%
Discount rate	7.32%	8.27%	8.02%
Salary escalation rate	6.00%	6.00%	6.00%
Attrition rate	2.00%	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	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.

(Currency : Indian Rupees in crores)

	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(0.80)	0.94	(0.60)	0.68
Rate of Salary Increase (1% movement)	0.94	(0.82)	0.69	(0.62)
Rate of Employee Turnover (1% movement)	0.08	(0.10)	0.11	(0.15)

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 31 March 2017

Maturity profile of the defined benefit obligation (Currency : Indian Rupees in crores)

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	6 to 10 years	Over 10 years	Total
31 March 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
31 March 2016						
Defined benefit obligations (Gratuity)	0.65	0.28	1.24	2.55	2.01	6.74
Total	0.65	0.28	1.24	2.55	2.01	6.74

Provident fund (Managed by the Trust set up by the Company)

The Company has contributed 3.41 crores (2015-16: 2.91 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 return 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 detail of fund and plan assets position are given below: (Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
Plan assets at the period end, at fair value	41.65	34.38	28.56
Present value of benefit obligation at period end	40.02	32.83	27.02
Asset recognized in balance sheet	Nil	Nil	Nil

The plan assets have been primarily invested in government and debt securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach (Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
Discount rate (%)	7.32%	8.27%	8.02%
Guaranteed Interest Rate (%)	8.65%	8.80%	8.75%
Expected average remaining working lives of employees (Years)	16	16	17

Other long term employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of 1.50 crores (previous year 1.15 crores) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

Long-term incentive plan:

The obligation for long-term incentive plan is recognised arithmatically as percentage of fixed salary, based on certain vesting conditions. An amount of 1.10 Crores (previous year Nil) 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.

36 Operating leases

Leases as lessee

The Company has taken factory and office premises under cancellable and non-cancellable operating lease arrangements. The agreement for noncancellable 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 . 5.03 crores (previous year 5.01 crores) for non-cancellable lease and . 1.94 crores (previous year . 1.41 crores) for cancellable leases.

The Company has sublet office premises under operating lease. The sublease expires in March 2018. Sublease income of 3.72 crores per annum are expected to be received during the tenure.

Notes to the standalone financial statements as at 31 March 2017

i Future minimum lease payments

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

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016
Payable within one year	5.03	5.03
Payable between one year and five years	3.80	8.86
Payable after more than five years	-	0.00
	8.83	13.89

ii Amount recognised in profit or loss (Currency : Indian Rupees in crores)

	Year ended 31 March 2017	Year ended 31 March 2016
Lease expense - minimum lease payments	6.97	6.42
Sub-lease income	3.72	3.72

37 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.

(Currency : Indian Rupees in crores)

31 March 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	17.25	17.25	-	-	-	-
Current investments	49.68	-	49.68	-	49.68	-	49.68
Other bank balances	-	0.03	0.03	-	-	-	-
Loans - current	-	41.29	41.29	-	-	-	-
Trade receivables	-	138.13	138.13	-	-	-	-
Other financial assets - current	-	5.44	5.44	-	-	-	
	49.68	202.14	251.82	-	49.68	-	49.68
Financial liabilities							
Finance lease obligations	-	0.56	0.56	-	0.56	-	0.56
Deposits from customers	-	24.10	24.10	-	-	-	-
Trade payables	-	65.30	65.30	-	-	-	-
Derivatives	-	0.05	0.05	-	0.05	-	0.05
Other financial liabilities - current	-	33.16	33.16	-	-	-	-
	-	123.17	123.17	-	0.61	-	0.61

Notes to the standalone financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

31 March 2016	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	45.09	45.09	-	-	-	-
Current investments	35.42	-	35.42	-	35.42	-	35.42
Other bank balances	-	0.42	0.42	-	-	-	-
Loans - current	-	12.78	12.78	-	-	-	-
Trade receivables	-	114.83	114.83	-	-	-	-
Bank deposits	-	0.03	0.03	-	-	-	-
Other financial assets - current	-	2.58	2.58	-	-	-	
	35.42	175.73	211.15	-	35.42	-	35.42
Financial liabilities							
Finance lease obligations	-	0.34	0.34	-	0.34	-	0.34
Trade payables	-	87.97	87.97	-	-	-	-
Deposits from customers	-	1.10	1.10	-	-	-	-
Other financial liabilities - current	-	10.61	10.61	-	-	-	-
	-	100.02	100.02	-	0.34	-	0.34

1 April 2015	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	53.85	53.85	-	-	-	-
Loans - current	-	7.95	7.95	-	-	-	-
Trade receivables	-	75.28	75.28	-	-	-	-
Bank deposits	-	3.14	3.14	-	-	-	-
Other financial assets - current	-	4.37	4.37	-	-	-	-
Other financial assets - non-current	-	-	-	-	-	-	-
	-	144.59	144.59	-	-	-	-
Financial liabilities							
Finance lease obligations	-	0.70	0.70	-	0.70	-	0.70
Term loans from bank	-	19.06	19.06	-	19.06	-	19.06
Working capital loans	-	99.21	99.21	-	-	-	-
Buyer's credit from banks	-	5.74	5.74	-	-	-	-
Bill discounting	-	20.22	20.22	-	-	-	-
Trade payables	-	58.45	58.45	-	-	-	-
Deposits from customers	-	6.10	6.10	-	-	-	-
Other financial liabilities - current	-	72.03	72.03	-	-	-	-
Derivatives	0.13	-	0.13	-	0.13	-	0.13
	0.13	281.51	281.64	-	19.89	-	19.89

Notes to the standalone financial statements for the year ended 31 March 2017

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 Group 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 investments in debt securities.

Notes to the standalone financial statements for the year ended 31 March 2017

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.

At 31 March 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

(Currency : Indian Rupees in crores)

	Carrying amount	
	31 March 2017	31 March 2016
India	135.41	110.70
Other regions	2.72	4.13
	138.13	114.83

As at 31 March 2017, the Company's most significant customer accounted for ₹26.86 crores (31 March 2016: ₹22.45 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.

(Currency : Indian Rupees in crores)

	31 March 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

(Currency : Indian Rupees in crores)

	31 March 2016		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	4.20	0.00%	-
Neither past due nor impaired	82.33	0.37%	0.30
Past due not impaired			
Past due 0-180 days	28.95	4.12%	1.19
Past due 181-360 days	1.11	30.39%	0.34
Past due 361-540 days	0.18	64.03%	0.11
Past due 541-730 days	0.61	99.85%	0.61
More than 730 days	0.56	100.00%	0.56
	117.94		3.11

Notes to the standalone financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

	01 April 2015		
	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Neither past due nor impaired (Group companies)	6.69	0.00%	-
Neither past due nor impaired	55.58	0.41%	0.23
Past due not impaired			
Past due 0-180 days	12.59	2.44%	0.31
Past due 181-360 days	1.43	44.04%	0.63
Past due 361-540 days	0.42	68.86%	0.29
Past due 541-730 days	0.21	96.16%	0.20
More than 730 days	0.29	100.00%	0.29
	77.22		1.95

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

(Currency : Indian Rupees in crores)

	Amount
Balance as at 1 April 2015	1.95
Impairment loss recognised	1.16
Balance as at 31 March 2016	3.11
Impairment loss recognised	(0.20)
Balance as at 31 March 2017	2.91

Cash and cash equivalents

The Company held cash and cash equivalents of ₹17.25 crores at 31 March 2017 (31 March 2016: ₹45.09 crores, 01 April 2015: ₹53.85 crores). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

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.

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.

Notes to the standalone financial statements for the year ended 31 March 2017

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.

(Currency : Indian Rupees in crores)

31 March 2017	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Finance lease obligation	0.56	0.67	0.21	0.46	-
Deposits	24.10	24.10	-	-	24.10
Other financial liabilities - current	33.16	33.16	33.16	-	-
Trade payables	65.30	65.30	65.30	-	-
Derivative financial liabilities					
Forward exchange contract liabilities	0.05	0.05	0.05	-	-
	123.17	123.28	98.72	0.46	24.10

(Currency : Indian Rupees in crores)

31 March 2016	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Finance lease obligation	0.34	0.35	0.31	0.04	-
Deposits	1.10	1.10	-	-	1.10
Other financial liabilities - current	10.61	10.61	10.61	-	-
Trade payables	87.97	87.97	87.97	-	-
	100.02	100.03	98.89	0.04	1.10

(Currency : Indian Rupees in crores)

01 April 2016	Contractual cash flows				
	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Long term borrowings	0.70	0.77	0.40	0.37	-
Finance lease obligation	19.06	19.06	19.06	-	-
Deposits	6.10	6.10	-	5.00	1.10
Short term borrowings	125.17	125.17	125.17	-	-
Interest on short term borrowings	-	0.87	0.87	-	-
Other financial liabilities - current	72.03	72.03	72.03	-	-
Trade payables	58.45	58.45	58.45	-	-
Derivative financial liabilities					
Interest rate swap					
- Outflow	0.13	0.44	0.44	-	-
- Inflow	-	(0.31)	(0.31)	-	-
	281.64	282.59	276.12	5.37	1.10

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.

Notes to the standalone financial statements for the year ended 31 March 2017

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.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 Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk.

Company do not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015 are as below:

(Currency : Indian Rupees in crores)

	31 March 2017 USD	31 March 2017 EUR	31 March 2017 SGD	31 March 2017 CHF	31 March 2017 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

(Currency : Indian Rupees in crores)

	31 March 2016 USD	31 March 2016 EUR	31 March 2016 SGD	31 March 2016 CHF	31 March 2016 Others*
Financial assets	8.46	0.17	2.22	-	-
Financial liabilities	11.71	4.70	-	0.14	-
Net Exposure	(3.24)	(4.52)	2.22	(0.14)	-

(Currency : Indian Rupees in crores)

	1 April 2015 USD	1 April 2015 EUR	1 April 2015 SGD	1 April 2015 CHF	1 April 2015 Others*
Financial assets	4.83	1.00	1.87	-	-
Financial liabilities	35.98	3.44	-	0.25	-
Net Exposure	(31.14)	(2.43)	1.87	(0.25)	-

#Amount less than ₹ 0.01 crores.
*Others include THB, AED, HKD and LKR.

a. The forward contracts booked also includes the future purchase transaction exposure.

b. Hedged foreign currency exposure

	31 March 2017	
	Foreign currency	Indian rupees (in crores)
Foreign exchange forward contracts (To hedge trade payables)	USD 750,000	4.95

No foreign exchange forward contracts booked in previous years.

Notes to the standalone financial statements for the year ended 31 March 2017

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros and Singapore dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Currency : Indian Rupees in crores)

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 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)

Effect in INR	Profit or loss	
	Strengthening	Weakening
31 March 2016		
USD (3% movement)	0.10	(0.10)
EUR (3% movement)	0.14	(0.14)
SGD (3% movement)	(0.07)	0.07
	0.17	(0.17)

v. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

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.

(Currency : Indian Rupees in crores)

	Nominal amount		
	31 March 2017	31 March 2016	1 April 2015
Fixed-rate instruments			
Financial assets	40.58	6.92	40.92
Financial liabilities	(24.42)	(1.40)	(188.14)
	16.16	5.52	(147.22)
Effect of interest rate swaps	-	-	(18.19)
	16.16	5.52	(165.41)
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	-	-	(18.19)
	-	-	(18.19)
Effect of interest rate swaps	-	-	18.19
	-	-	-

Notes to the standalone financial statements as at 31 March 2017

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.

38 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 safequard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2017, the Company has only one class of equity shares and nil debt (except finacne 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.

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
A. Contingent liabilities			
Non-current borrowings	0.40	0.04	0.35
Current borrowings	-	-	125.17
Current maturity of long term debt	-	-	18.19
Gross debt	0.40	0.04	143.71
Less - Cash and cash equivalents	17.25	45.09	53.85
Less - Other bank deposits	0.03	0.42	3.11
Less - Current investments	49.68	35.42	-
Adjusted net debt	(66.56)	(80.89)	86.75
Total equity	618.80	545.37	261.96
Adjusted net debt to equity ratio	(0.11)	(0.15)	0.33

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

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
A. Contingent liabilities			
a. Direct and Indirect taxes			
Income Taxes	3.22	3.41	3.89
Excise Duty	10.98	0.5	0.54
Service Taxes	-	8.42	0.48
b. Corporate Guarantee			
Corporate guarantees given for loans taken by subsidiary companies	57.70	93.81	72.66

Notes to the standalone financial statements as at 31 March 2017

c. Pending litigation

1. The Company executed a conveyance deed dated 26 April 2007 for a consideration of INR 4.30 crores for purchase of land and building in village Wanwate from Gorakhnath Electricals Private Limited ("GEPL"). The Company received a show cause notice dated 16 July 2008 from the Bombay High Court ("High Court") for contempt of a court order. On appearance before the High Court, the Company was informed that the property was under litigation as a part of a scheme of compromise and arrangement sanctioned by the High Court under Sections 391 and 394 of the Companies Act, 1956 between Europlast India Private Limited (previous owners of the property) ("EIPL") and its unsecured creditors. The Company contended that these facts were not evident from the due diligence carried out prior to the purchase of the property. The High Court, vide order dated 07 January 2010 ("Order"), directed EIPL and GEPL to deposit INR 4.30 crores with the High Court, which was intended for payment to the Company. The High Court also directed that if the amount was not deposited by EIPL and GEPL, the property be auctioned off and the Company be paid from the proceeds of the auction. EIPL and GEPL failed to deposit the amount and consequently, the property came under the jurisdiction of the Commissioner of the High Court for auction. Subsequently, EIPL and an unsecured creditor filed an appeal dated 21 June 2010 against the Order before the Division Bench of the High Court. The Company filed its cross-objections before the High Court praying for protection as a bona fide purchaser of the property. While the order of the Division Bench of the High Court was pending, M/s Ashoka Buildcon, one of the major unsecured creditors, vide an assignment deed, assigned the arbitral award dated 30 November 2011 in favour of Keva Constructions Private Limited ("KCPL"). Thereafter, KCPL filed an application before the High Court seeking to be named one of the parties in the proceedings. The High Court, vide its order dated 28 August 2015, directed the Company to deposit a sum of INR 1.27 crores (inclusive of interest) and INR 5.97 Crores (inclusive of interest) in full and final settlement of the claims of KCPL and the creditors and stated that upon making such a deposit, the Order shall be set aside and the Company's title to property, sold under the deed of conveyance dated 26 April 2007, would stand confirmed as valid, binding and subsisting and that the Company would stand fully discharged of all its obligations. In terms of the said order, the Company deposited a sum of INR 7.24 crores (INR 1.27 crores towards the claims of Keva Constructions Private Limited and INR 5.97 crores towards the claims of the creditors under the scheme sanctioned by the High Court) with the Prothonotary and Senior Master of the High Court on 21 September 2015. The matter was placed for compliance before the High Court on 01 October 2015 wherein the High Court noted that the order dated 28 August 2015 stands complied with. The matter was accordingly disposed of on 05 October 2015.

2. 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.

(Currency : Indian Rupees in crores)

	31 March 2017	31 March 2016	1 April 2015
B. Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances, tangible assets	1.45	1.40	0.34

Notes to the standalone financial statements for the year ended 31 March 2017

40 Dues to micro and small suppliers

(Currency : Indian Rupees in crores)

Particulars	31 March 2017	31 March 2016	1 April 2015
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year			
- Principal	1.96	3.87	0.23
- Interest on the above	0.23	0.10	-
2. The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-	-
3. The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	47.65	27.71	19.12
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	0.23	0.10	0.46
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	0.23	0.10	0.75

41 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 30 March 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 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 8 November 2016.

Details of specified bank notes held and transacted during the period from 08 November 2016 to 30 December 2016 are as follows:

		SBNs (₹)	Other denomination notes (₹)	Total (₹)
	Closing cash in hand as on 08 November 2016	28,04,500	13,68,910	41,73,410
(+)	Permitted receipts	-	22,72,454	22,72,454
(-)	Permitted payments	51,000	5,34,833	5,85,833
(-)	Amount deposited in Banks	27,53,500	13,73,306	41,26,806
	Closing cash in hand as on 30 December 2016	-	17,33,225	17,33,225

42 Segment reporting

A. Basis for segmentation

The Company is operating in the manufacture of fragrances. The Company has only one reportable business segment which is manufacture of fragrances.

B. Geographical information

As the Company mainly caters to the needs of domestic market and the total export turnover is not significant 2.68% (previous year 1.79%), separate geographical segment information has not been given in the standalone financial statements.

C. Information about major customers

None of the customers as on 31 March 2017 and 31 March 2016 constituted 10% or more of the total revenue of S H Kelkar and Company Limited.

D. Related party disclosures

The note provides the information about the Group's structure including the details of the subsidiaries and the holding company.

Notes to the standalone financial statements for the year ended 31 March 2017

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		
			Name of the related party 31 March 2017	Relationship 31 March 2016	Country of incorporation 1 April 2015
Keva Flavours Private Limited	Subsidiary	India	100%	100%	100%
Keva Fragrances Private Limited (formerly, K. V. Arochem Private Limited) (refer note 50)	Subsidiary	India	100%	100%	100%
Keva Fragrances Private Limited (ceased to exist on 01 May 2015) (refer note 50)	Subsidiary	India	-	-	100%
Keva UK Limited	Subsidiary	United Kingdom	100%	100%	100%
Saiba Industries Private Limited	Subsidiary	India	100%	100%	100%
Keva Fragrance Industries Pte.Ltd.	Subsidiary	Singapore	100%	100%	100%
Rasiklal Hemani Agencies Private Limited	Subsidiary	India	100%	-	-
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	Step down subsidiary	Netherlands	100%	100%	100%
PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)	Step down subsidiary	Indonesia	100%	100%	100%
Keva Chemicals Private Limited (Subsidiary of Keva Fragrances Private Limited)	Step down subsidiary	India	100%	100%	100%

Other related parties

Relationship		Name of the related party
a)	Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.
		Blackstone Family Investment Partnership (Singapore) VI -ESC FDI Two Pte. Ltd.
b)	Key Management Personnel (KMP)	Ramesh V. Vaze, Managing Director
		Kedar R. Vaze, Director & Chief Executive Officer
		Tapas Majumdar, Chief financial officer
		Deepti Chandratre, Company Secretary
c)	Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	4R Healthcare (partnership firm)
		ASN Investment Advisors Private Limited
		Evolutis India Private Limited
		Keva Aromatics Private Limited
		Keva Constructions Private Limited
		Keva Industries Private Limited
		Keva Properties Private Limited
		Keva Biotech Private Limited
		KNP Industries Pte. Limited
		Purandar Fine Chemicals Private Limited
		Ramesh Vaze HUF (upto 31 March 2016)
		SKK Industries Private Limited
		Vinayak Ganesh Vaze Charities
d)	Relatives of Key Management	Sumedha Karmarkar
		Nandan K Vaze
		Parth K Vaze
		Anagha Nene
e)	Non-executive directors	Nitin Potdar
		Dalip Sehgal
		Alpana Parida
		Jairaj Purandare
		Sangeeta Singh
		Prabha R. Vaze

ii) Details of transactions with related parties

(Currency : Indian Rupees in crores)

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2017	Year ended 31 March 2016	31 March 2017	31 March 2016	1 April 2015
Sale of goods					
Keva Fragrances Private Limited	**24.26**	29.55	**17.18**	3.56	3.27
Keva Flavours Private Limited	**7.93**	3.28	**6.35**	0.60	2.24
PFW Aroma Ingredients	**0.29**	0.04	**0.30**	0.04	1.18
Purandar Fine Chemicals Private Limited	***0.00**	0.05	-	-	-
Purchase of goods					
Keva Fragrances Private Limited	**30.73**	34.61	**3.86**	-	0.07
Keva Flavours Private Limited	**0.15**	0.93	-	0.66	*0.00
PFW Aroma Ingredients B.V.	-	-	-	-	0.83
Purandar Fine Chemicals Private Limited	**0.96**	0.69	-	-	-
Commission expense					
Rasiklal Hemani Agencies Private Limited	**7.21**	-			
Rent income					
Keva Fragrances Private Limited	**3.42**	3.42			
Keva Flavours Private Limited	**0.30**	0.30			
Interest income					

Notes to the standalone financial statements for the year ended 31 March 2017

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2017	Year ended 31 March 2016	31 March 2017	31 March 2016	1 April 2015
Keva Fragrance Industries Pte Ltd	0.45	0.59			
Evolutis India Private Limited	-	0.02			
Keva Flavours Private Limited	2.04	-			
Saiba Industries Private Limited	0.47	-			
Interest expense					
Rasiklal Hemani Agencies Private Limited	2.19	-			
Commission on guarantee given					
PFW Aroma Ingredients B.V.	0.09	0.04			
Other services reimbursement received (netted off against respective expenses)					
Keva Fragrances Private Limited	1.17	1.45			
Keva Flavours Private Limited	0.14	0.13			
Recharge cost paid					
PFW Aroma Ingredients B.V.	8.05	12.40			
Rent Paid					
Keva Constructions Private Limited	5.00	5.00			
Saiba Industries Private Limited	0.40	-			
Job Work Charges paid					
Keva Fragrances Private Limited	0.69	0.27			
Royalty expense					
Keva Fragrances Private Limited	17.00	-			
Reimbursement (for expenses incurred by related parties on behalf of company)					
PFW Aroma Ingredients B.V.	-	0.93			
Reimbursement (for expenses incurred by company on behalf of related party)					
Keva Constructions Private Limited	0.11	0.09			
Keva Fragrances Private Limited	0.16	0.11			
Keva Flavours Private Limited	0.09	0.01			
PFW Aroma Ingredients B.V	0.32	0.09			
Saiba Industries Private Limited	*0.00	-			
Fixed assets purchased					
Keva Fragrance Private Limited	*0.00	0.12			

Notes to the standalone financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2017	Year ended 31 March 2016	31 March 2017	31 March 2016	1 April 2015
Keva Flavours Private Limited	-	0.03			
PFW Aroma Ingredients B.V.	15.02	-			
Deposits received					
Rasiklal Hemani Agencies Private Limited	23.00	-	23.00	-	-
Loan given					
Keva Fragrance Industries Pte Ltd	-	1.28	-	5.74	4.14
Saiba Industries Private Limited	8.80	-	8.50	-	-
Keva Flavours Private Limited	43.75	-	29.70	-	-
Investment made					
Keva Fragrance Industries Pte Ltd	5.59	-			
Keva Fragrance Private Limited	-	32.00			
Rasiklal Hemani Agencies Private Limited	32.00	-			
Sitting fees to non-executive directors	0.57	0.54			
Key managerial personnel					
Remuneration	5.30	4.15			
Post-employement benefits	0.46	0.42			
Dividend paid during the year					
Ramesh V.Vaze	-	4.57			
Kedar R.Vaze	-	4.08			
Prabha R. Vaze	-	1.70			
Sumedha Karmarkar	-	*0.00			
Parth K. Vaze	-	0.35			
Nandan K. Vaze	-	0.35			
Ramesh Vaze HUF	-	2.26			
Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte Ltd	-	0.06			
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	-	9.59			
KNP Industries Pte Ltd	-	4.50			
Vinayak Ganesh Vaze Charities	-	0.53			
SKK Industries Private Limited	-	0.40			
ASN Investment Advisors Private Limited	-	0.40			
Keva Constructions Private Limited	-	2.00			

Notes to the standalone financial statements for the year ended 31 March 2017

(Currency : Indian Rupees in crores)

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2017	Year ended 31 March 2016	31 March 2017	31 March 2016	1 April 2015
Dividend received					
Keva Fragrances Private Limited	-	15.00			
Guarantee given					
Keva Fragrance Private Limited	-	20.25			
PFW Aroma Ingredients B.V.	27.70	-			
Other current financial assets					
Keva Fragrance Private Limited	-	-	1.90	0.39	2.71
Keva Flavours Private Limited	-	-	1.45	0.12	0.19
PFW Aroma Ingredients B.V.	-	-	0.64	0.24	0.11
Saiba industries Private Limited	-	-	0.17	0.94	0.94
Evolutis India Private Limited	-	-	0.20	0.20	0.18
Keva Frangrance Industries Pte. Ltd	-	-	1.08	0.67	0.06
Keva Chemicals Private Limited	-	-	*0.00	*0.00	-
Other current financial liabilities					
Keva Flavours Private Limited	-	-	-	*0.00	-
PFW Aroma Ingredients B.V.	-	-	14.89	0.16	-
Keva Fragrances Private Limited	-	-	16.22	-	-
Saiba Industries Private Limited	-	-	0.23	-	-
Rasiklal Hemani Agencies Private Limited	-	-	10.25	-	-
Advances for supplies and services					
Keva Fragrances Private Limited	-	-	-	2.62	1.45
PFW Aroma Ingredients B.V.	-	-	4.03	-	-
Keva Flavours Private Limited	-	-	0.06	-	-
Corporate guarantees					
Keva Fragrances Private Limited	-	-	30.00	84.80	64.55
PFW Aroma Ingredients B.V.	-	-	27.70	9.01	8.10

* 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.

44 Share issue expenses

During the year ended 31 March 2016, the Company has completed the initial public offer (IPO), pursuant to which 28,231,827 equity shares of 10 each were allotted, at an issue price of 180, consisting of fresh issue of 11,666,666 equity shares and an offer for sale of 16,565,161 equity shares by selling shareholders.

The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID SHK and BSE Limited (BSE) via ID 539450 on 16 November 2015.

Notes to the standalone financial statements for the year ended 31 March 2017

The gross proceeds from the IPO aggregated to to 209.99 crores and the corresponding issue related expenses (inclusive of service tax) stood at ₹18.20 crores.

Details of utilization of the net IPO proceeds are as follows: (Currency : Indian Rupees in crores)

Particulars	Object of the issue as per the prospectus	Utilisation upto		Unutilized amount as at	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
Repayment/pre-payment in full or in part of certain loans availed	126.00	126.00	126.00	-	-
Investment in Keva Fragrances Private Limited, formerly K.V. Arochem Pvt. Ltd. (KFG) for repayment/pre-payment in full or in part of certain loans availed by KFG	32.00	32.00	32.00	-	-
General Corporate purposes	33.79	33.79	-	-	33.79
	191.79	191.79	158.00	-	33.79

The unutilised amounts of the issue as at 31 March 2016 has been temporarily deployed in money market mutual funds.

The Company has incurred 33.97 crores (inclusive of Service Tax) of IPO expenses of the above IPO expenses, certain expenses (such as legal counsel cost, payment to auditors', listing fees and stamp duty expenses) aggregating to 7.09 crores are directly attributable to the Company and have been adjusted towards the securities premium account. The remaining IPO expenses aggregating to 26.89 crores, have been allocated between the Company . 11.11 crores and selling shareholders 15.78 crores in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the selling shareholders. The amount of 11.11 crores allocated to the Company has also been adjusted towards the securities premium account.

The gross share issues expenses include a sum of 0.57 crores paid to the statutory auditors, which is included in the amount adjusted towards the securities premium account.

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 31 March 2016. Management continues to believe that its international transactions post March 2016 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.

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 Act. The utilisation is done by way of direct contribution towards various activities.
Gross amount required to be spent by the Company during the year: 1.20 crores (previous year: 0.77 crores)
The areas of CSR activities and contributions made thereto are as follows:

(Currency : Indian Rupees in crores)

Amount spent during the year on:	31 March 2017	31 March 2016
Contribution to Clean Ganga Fund	0.29	0.25
Promotion of education	0.55	0.39
Development of infrastructure in rural area	0.15	0.15
Total	0.99	0.79

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

Notes to the standalone financial statements for the year ended 31 March 2017

47 Expenses incurred on research and development during the year:

A unit of the Company has been recognized by DSIR as in-house Research and Development unit. The Company claims 200% exemption under Sec 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

(Currency : Indian Rupees in crores)

Amount in respect to	31 March 2017	31 March 2016
Capital expenditure	0.37	1.90
Revenue expenditure	10.50	8.73
	10.87	10.63

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

Movement of loans during the financial years ended 31 March 2017 is given below: (Currency : Indian Rupees in crores)

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 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:

(Currency : Indian Rupees in crores)

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: (Currency : Indian Rupees in crores)

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 Fragrances 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 Pte. Ltd. (Nominal value ₹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 31 March 2017

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 27 March 2017. As per the agreement, the Company has accrued for a royalty charge of 18.02 crores for the financial year 2016-17.

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 22 September 2015 and filed with Registrar of Companies on 15 November 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 1 May 2015 (the Appointed Date). The difference if any between the consoderation and the amount of share capital of the acquired entity is transferred to Goodwill. The name of K. V. Arochem Private Limited stood changed to 'Keva Fragrances Private Limited' with effect from 14 December 2016.

51 Disclosure as per Regulation 53 (F) of SEBI (Listing Obligation and Disclosure Requirements) Regulations

(Currency : Indian Rupees in crores)

Name of party	Relationship	Amount outstanding as at 31 March 2017	Amount outstanding as at 31 March 2016	Maximum balance outstanding during the year 31 March 2017	Maximum balance outstanding during the year 31 March 2016
Keva Fragrance Industries Pte. Ltd.	Wholly Owned Subsidiary Company	-	5.74	5.59	5.74
Saiba Industries Private Limited	Wholly Owned Subsidiary Company	8.50	-	8.80	-
Keva Flavours Private Limited	Wholly Owned Subsidiary Company	29.70	-	29.20	-

52 With effect from 1 April 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 31 March 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 31 March 2017 would have been lower by 2.97 crores respectively.

53 Explanation of transition to Ind AS

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 3 have been applied in preparing the standalone financial statements for the year ended 31 March 2017, the comparative information presented in these standalone financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in standalone financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

Notes to the standalone financial statements for the year ended 31 March 2017

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

2. Investment in subsidiaries:

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition in its standalone financial statements.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Fair valuation of financial guarantee contracts.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Notes to the standalone financial statements as at 31 March 2017

Reconciliation of equity

	Note	As at 31 March 2016		
		Amount as per Previous GAAP*	Adjustment on transition to Ind AS	Amounts as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		89.93	-	89.93
Other intangible assets		2.70	-	2.70
Financial assets		-		-
Investments	c	131.47	0.23	131.70
Others		0.03	-	0.03
Deferred tax assets (net)	g	1.64	0.44	2.08
Current tax assets (net)		10.22	-	10.22
Other non-current assets		1.08	-	1.08
Total non-current assets		237.07	0.67	237.74
Current Assets				
Inventories		202.98	-	202.98
Financial assets		-		-
Investments	e	34.54	0.88	35.42
Trade receivables	b	116.98	(2.15)	114.83
Cash and cash equivalents		45.09	-	45.09
Other bank balances		0.42	-	0.42
Loans		12.78	-	12.78
Others		2.58	-	2.58
Other current assets		7.86	-	7.86
Total current assets		423.23	(1.27)	421.96
TOTAL ASSETS		660.30	(0.60)	659.70
EQUITY AND LIABILITIES				
Equity				
Equity share capital		144.62	-	144.62
Other equity				
Retained earnings		151.91	(9.82)	142.09
Other reserves	d	249.90	8.76	258.66
Total equity		546.43	(1.06)	545.37
Non-current liabilities				
Financial liabilities				
Borrowings		0.04	-	0.04
Deposits		1.10	-	1.10
Provisions		3.26	-	3.26
Total non-current liabilities		4.40	-	4.40
Current liabilities				
Financial liabilities				
Trade payables		87.97	-	87.97
Other financial liabilities		10.91	-	10.91
Other current liabilities	c	3.65	0.46	4.11
Provisions		3.00	-	3.00
Current tax liabilities (net)		3.94	-	3.94
Total current liabilities		109.47	0.46	109.93
Total liabilities		113.87	0.46	114.33
TOTAL EQUITY AND LIABILITIES		660.30	(0.60)	659.70

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the standalone financial statements as at 31 March 2017

Reconciliation of total comprehensive income

(Currency : Indian Rupees in crores)

	Note	Year ended 31 March 2016		
		Amount as per Previous GAAP*	Adjustment on transition to Ind AS	Amounts as per Ind AS
Revenue				
Revenue from operations	h & i	560.93	63.11	624.04
Other income	c & e	22.76	1.22	23.98
Total income		583.69	64.33	648.02
Expenses				
Cost of materials consumed		343.53	-	343.53
Changes in inventories of finished goods and work-in-progress		(1.34)	-	(1.34)
Employee benefits expenses	j	53.07	(0.08)	52.99
Finance costs	d	8.45	5.63	14.07
Depreciation and amortisation expenses		13.40	-	13.40
Excise duty	h		-	64.80
Other expenses	b & i	71.76	(0.52)	71.24
Total expenses		488.87	69.83	558.69
Profit before tax		94.82	(5.50)	89.31
Tax expense:		-		-
Current tax				
for current year		23.99	-	23.99
for earlier years		(0.08)	-	(0.08)
Deferred tax	g	0.12	(0.39)	(0.26)
Profit for the year		70.78	(5.11)	65.68
Other comprehensive income				
Remeasurements of defined benefit liability	j	-	(0.08)	(0.08)
Income tax related to items that will not be reclassified to profit or loss	g	-	0.03	0.03
		-	(0.05)	(0.05)
Total comprehensive income for the year		70.78	(5.16)	65.63

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the reconciliations

a **Upfront fees on borrowings:**

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

b **Trade receivables:**

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

c **Guarantee commission:**

Under Indian GAAP, the Company issued financial guarantees in respect of loans taken by its Indian subsidiaries without charging any fee or commission. Under Ind AS, Financial guarantees given or issued on behalf of group companies without charging any fee is recognised at a value which represents a fee which would have been charged by a bank for issuing a similar guarantee to the subsidiary.

d **Equity to liability:**

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 and an imputed interest cost on the same was recognised in the consolidated statement of profit or loss. On completion of the initial public offering ('IPO') on 16 November 2015, 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). Following table summarises the movement:.

Notes to the standalone financial statements as at 31 March 2017

(Currency : Indian Rupees in crores)

A. On classification of equity to liability impact on:	**31 March 2015**
Equity share capital (12,271,000 shares at face value of Rs 10 each)	1.23
Preference share capital (9,195,000 shares at face value of Rs 10 each)	0.92
Other reserves	45.70
Securities premium	5.49
Imputed interest cost liability on the above (till date of conversion)	18.69
Adjusted towards dividend paid to the investor	(9.77)
Net amount due to investor	**62.26**
B. Derecognition of liability to equity (on completion of IPO) impact on:	**31 March 2016**
Equity share capital	(1.46)
Preference share capital (converted into equity shares)	-
Other reserves (includes gain on extinguishment)	(54.47)
Securities premium (includes premium on equity shares)	(6.34)
Adjusted towards amount due to investor	62.26
Net balance	0.00

e **Investment in mutual funds:**

Under Indian GAAP, the Company accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to be measured at fair value at the end of each reporting period and resulting fair value changes are to be recognised in statement of profit or loss.

f **Proposed dividend:**

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend has been derecognised against retained earnings.

g **Deferred tax assets (net):**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

h **Excise duty on sales:**

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense.

i **Sales discounts:**

Under previous GAAP, sales and volume discounts were recognised as an expense. Under Ind AS, sales and volume discounts is presented under revenue from sale of goods.

j **Actuarial gain and loss:**

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

Notes to the standalone financial statements as at 31 March 2017

Reconciliation of statement of cash flows:

There are no material adjustments to the statement of cash flows as reported under the previous GAAP.

Reconciliation of equity (Currency : Indian Rupees in crores)

	Note Ref	As at date of transition 01 April 2015		
		Amount as per Previous GAAP*	Adjustment on transition to Ind AS	Amounts as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		91.31	-	91.31
Other intangible assets		2.71	-	2.71
Financial assets		-	-	-
Investments		99.48	-	99.48
Others		0.03	-	0.03
Deferred tax assets (net)	f	1.74	0.05	1.79
Current tax assets (net)		9.38	-	9.38
Other non-current assets		0.56	-	0.56
Total non-current assets		205.21	0.05	205.26
Current assets				
Inventories		193.04	-	193.04
Financial assets		-		
Investments		-	-	-
Trade receivables	b	76.26	(0.98)	75.28
Cash and cash equivalents		53.85	-	53.85
Other bank balances		3.11	-	3.11
Loans		7.95	-	7.95
Others		4.37	-	4.37
Other current assets		11.03	-	11.03
Total current assets		349.61	(0.98)	348.63
TOTAL ASSETS		554.82	(0.93)	553.89
EQUITY AND LIABILITIES				
Equity				
Equity share capital	d	141.47	(2.15)	139.32
Other equity				
Retained earnings		108.05	4.53	112.58
Other reserves	d	61.25	(51.19)	10.06
Total equity		310.77	(48.81)	261.96
Non-current liabilities				
Financial liabilities				
Borrowings		0.35	-	0.35
Deposits		6.10	-	6.10
Provisions		2.83	-	2.83
Total non-current liabilities		9.28	-	9.28
Current liabilities				
Financial liabilities				
Borrowings		125.17	-	125.17
Trade payables		58.45	-	58.45
Derivatives		0.13	-	0.13
Other financial liabilities	d	29.18	62.26	91.44
Other current liabilities	c	3.38	0.57	3.95
Provisions	e	17.46	(14.95)	2.51
Current tax liabilities (net)		1.00	-	1.00
Total current liabilities		234.77	47.88	282.65
Total liabilities		244.05	47.88	291.93
TOTAL EQUITY AND LIABILITIES		554.82	(0.93)	553.89

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the standalone financial statements as at 31 March 2017

Notes to the reconciliation:

a Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

b Trade receivables:

Under Indian GAAP, the company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

c Guarantee commission:

Under Indian GAAP, the company issued financial guarantees in respect of loans taken by its Indian subsidiaries without charging any fee or commission. Under Ind AS, Financial guarantees given or issued on behalf of group companies without charging any fee is recognised at a value which represents a fee which would have been charged by a bank for issuing a similar guarantee to the subsidiary.

d Equity to liability

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 and an imputed interest cost on the same was recognised in the consolidated statement of profit or loss. On completion of the initial public offering ('IPO') on 16 November 2015, 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). Following table summarises the movement: (Currency : Indian Rupees in crores)

A. On classification of equity to liability impact on:	31 March 2015
Equity share capital (12,271,000 shares at face value of Rs 10 each)	1.23
Preference share capital (9,195,000 shares at face value of Rs 10 each)	0.92
Other reserves	45.70
Securities premium	5.49
Imputed interest cost liability on the above (till date of conversion)	13.89
Adjusted towards dividend paid to the investor	(4.97)
Net amount due to investor	62.26
B. Derecognition of liability to equity (on completion of IPO) impact on:	31 March 2016
Equity share capital	(1.46)
Preference share capital (converted into equity shares)	-
Other reserves (includes gain on extinguishment)	(54.46)
Securities premium (includes premium on equity shares)	(6.34)
Adjusted towards amount due to investor	62.26
Net balance	0.00

e Proposed dividend:

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability of recorded for this dividend has been derecognised against retained earnings.

f Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

Notes to the standalone financial statements as at 31 March 2017

Reconciliation of net worth as at 1 April 2015 (Currency : Indian Rupees in crores)

Particulars	Note	1 April 2015	31 March 2016
Net worth under IGAAP		309.94	546.43
Summary of Ind AS adjustments			
Adjustment of upfront loan processing fees adjusted in the amount of borrowings with retrospective effect	1	0.83	-
Additional provision created based on expected credit model under Ind AS 109	2	(0.98)	(2.15)
Guarantee commission recognised on the corporate guarantees given by company on behalf of subsidiaries	3	(0.57)	(0.23)
Investment by PE Investor converted to Liability	4	(53.34)	-
Gain on conversion of liability to equity		-	8.76
Charge of imputed interest cost on the retained earnings		(8.92)	(13.72)
MTM gain/(loss) on financial instruments	5	-	0.88
Reversal of proposed dividend	6	14.95	4.96
Deferred tax on Ind AS adjustments	7	0.05	0.44
Total Ind AS adjustments		(47.98)	(1.06)
Net worth under Ind AS		261.96	545.37

Reconciliation of Comprehensive income for the year ended on 31 March 2016 (Currency : Indian Rupees in crores)

Particulars	Footnote ref.	As on 31 March 2016
Comprehensive income under IGAAP		70.81
Summary of Ind AS adjustments		
Amortisation of upfront fees on borrowings	1	(0.83)
Debtors provisioning based on expected loss model	2	(1.17)
Guarantee commission on corporate guarantees given to subsidiaries	3	0.34
Imputed Interest cost on committed returns to the investor shareholder	4	(4.80)
MTM gain/(loss) on financial instruments	5	0.88
Deferred tax on Ind AS adjustments	7	0.40
Actuarial gain (loss) on defined benefit plan reclassified to OCI, net of tax	8	0.05
Total Ind AS adjustments		(5.13)
Comprehensive income under Ind AS		65.68

Notes to the reconciliation:

1 Upfront Fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

2 Trade receivables:

Under Indian GAAP, the company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

3 Guarantee Commission:

Under Indian GAAP, the company issued financial guarantees in respect of loans taken by its Indian subsidiaries without charging any fee or commission. Under Ind AS, Financial guarantees given or issued on behalf of group companies without charging any fee is recognised at a value which represents a fee which would have been charged by a bank for issuing a similar guarantee to the subsidiary.

Notes to the standalone financial statements as at 31 March 2017

4 Equity to liability: (Currency : Indian Rupees in crores)

A. On classification of equity to liability impact on:	31 March 2015
Equity share capital (12,271,000 shares at face value of Rs 10 each)	**1.23**
Preference share capital (9,195,000 shares at face value of Rs 10 each)	0.92
Other reserves	45.70
Securities premium	5.49
Imputed interest cost liability on the above (till date of conversion)	18.69
Adjusted towards dividend paid to the investor	(9.97)
Net amount due to investor	**62.26**
B. Derecognition of liability to equity (on completion of IPO) impact on:	**31 March 2016**
Equity share capital	(1.46)
Preference share capital (converted into equity shares)	-
Other reserves (includes gain on extinguishment)	(54.47)
Securities premium (includes premium on equity shares)	(6.34)
Adjusted towards amount due to investor	62.26
Net balance	**0.00**

5 Investment in Mutual Funds:

Under Indian GAAP, the company accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting period and resulting fair value changes are to recognised in statement of profit or loss.

6 Proposed dividend:

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability of recorded for this dividend has been derecognised against retained earnings.

7 Deferred tax assets (net) :

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

8 Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

The above changes decreased (increased) the deferred tax asset / (liability) as follows:

(Currency : Indian Rupees in crores)

Particulars	Note	31 March 2016	01 April 2015
Upfront Fees on Borrowings		0.00	(0.29)
Trade Receivables		0.75	0.34
Trade Receivables		(0.31)	0.00
		0.44	0.05

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
12 May 2017

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Notes

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 61st Annual General Meeting of the Members of S H KELKAR AND COMPANY LIMITED (the "Company") will be held on 10 August 2017 at Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai - 400080 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Standalone and Consolidated Financial Statements of the Company for the year ended 31 March 2017 alongwith the Report of Board of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31 March 2017.
3. To appoint a Director in place of Mr. Amit Dixit (DIN: 01798942), a non-executive/non-independent Director, who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify appointment of B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 62nd Annual General Meeting of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to provision of section Sections 139-142 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of B S R & Co. LLP, Chartered Accountants (Registration No. 101248W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, be and is hereby ratified by the Members on such remuneration as may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee.

   RESOLVED FURTHER THAT any one of the Directors of the Company be and is hereby authorised to do all 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: 14 July 2017
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400002
e-mail: investors@keva.co.in

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING 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 Annual General Meeting (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.

2. Corporate members intending to send their authorised representatives to attend the meeting 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 meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 04 August 2017 to Thursday, 10 August 2017 (both days inclusive) for annual closing and determining the entitlement of the members to the dividend for the financial year ended 31 March 2017.

   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 Thursday, 10 August 2017 to those members whose names appear on the Register of Members as on Thursday, 03 August 2017. 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, 03 August 2017 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.

4. In terms of the provisions of the Companies Act, 2013 and rules made thereunder and Articles of Association of the Company, Mr. Amit Dixit retires by rotation and being eligible, offers himself for re-appointment. A brief resume of Mr. Amit Dixit along with nature of his expertise is given herewith and forms part of the notice convening the AGM.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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 Depositary Participants.

10. 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.

11. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has placed on its website www.keva.co.in, the information on dividends which remain with the Company unclaimed as on 09 August 2017 i.e. the date of the last AGM. Members who have not encashed their dividend warrants pertaining to earlier declared dividends are requested to lodge their claims 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.

12. Members holding shares in dematerialised form may please note that, while opening a depository account with Depositary 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.

13. 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.

14. Investors may address their queries/communications to investors@keva.co.in and/or rnt.helpdesk@linkintime.co.in

15. 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 at www.keva.co.in.

16. 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.

17. A roadmap showing directions to reach the venue of the AGM is given at the end of this Notice.

18. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 03 August 2017. The e-voting period commences on Monday, 07 August 2017 (9.00 a.m.) and ends on Wednesday, 09 August 2017 (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. S. Anantha Rama Subramanian (Membership No. 4443/ CP. No. 1925), Proprietor, M/s. S. Anantha & Co, Company Secretaries, Mumbai as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

The instructions for shareholders voting electronically are as under:

i) Log on to the e-voting website: www.evotingindia.com.

ii) Click on "Shareholders" tab.

iii) Enter your User ID

   a) For CDSL: 16 digits beneficiary ID
   b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID
   c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

iv) Enter the Image Verification as displayed and Click on Login.

v) 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.

vi) 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.

vii) After entering these details appropriately, click on "SUBMIT" tab.

viii) 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.

ix) Click on Electronic Voting Sequence Number (EVSN) – 170707008 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: 14 July 2017
Regd. Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400002
e-mail: investors@keva.co.in

ANNEXURE TO ITEM NO. 3 OF THE NOTICE

Information on Director seeking Re-Appointment

(Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Brief Resume of Mr. Amit Dixit:

Mr. Amit Dixit, aged 42 years, holds a degree of Master of Business Administration from Harvard University (Harvard Business School), Master of Science from the Leland Stanford Junior University (Stanford University) and Bachelor of Technology from the Indian Institute of Technology, Mumbai (IIT). He was awarded the 'Director's Silver Medal' for graduating at the top of his program at IIT in the year 1995. He has total experience of 15 years. He does not hold any shares in the Company and is not related to any other Director of the Company.

He is a Director on the Board of Jagran Prakashan Ltd., Mphasis Ltd., NCC Ltd, Midday Infomedia Ltd, Hindustan Powerprojects Pvt Ltd, Jagran Media Network Investment Pvt Ltd, Blackstone Advisors India Pvt Ltd, Intelnet Global Services Pvt Ltd , IBS Software Pte Ltd, Salt Bidco, Hummingbird Island Airlines Ltd, Seaplane Holding Cayman Ltd, Salt Topco, Maldivian Air Taxi Pvt Ltd, Trans Maldivian Airways Pvt Ltd and holds position of Member of Committees of the Board of Jagran Prakashan Ltd (Audit Committee), Hindustan Powerprojects Pvt Ltd (Audit Committee), Blackstone Advisors India Pvt Ltd (CSR Committee), NCC Ltd. (Audit Committee and Nomination and Remuneration Committee), Intelnet Global Services Pvt Ltd (Audit Committee, CSR Committee and Remuneration Committee) and Mphasis Ltd. (Audit Committee, CSR Committee and Nomination and Remuneration Committee).

S H KELKAR AND COMPANY LIMITED
Registered Office: Devkaran Mansion, 36, Mangaldas Road,Mumbai - 400002
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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.

I hereby record my presence at the **61st ANNUAL GENERAL MEETING** of the Company held on Thursday, 10 August 2017 at 03.30 p.m. at Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai - 400 080.

_____ _____ _____
Member's Folio /DP ID*-Client ID No.* Member's/Proxy's name in Block Letters Member's/Proxy's Signature

NOTE: Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

* Applicable for members holding shares in electronic form.

Particulars for voting through Electronic means

EVSN (Remote e-Voting Sequence Number)	User ID	Password / Pin

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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Website: www.keva.co.in; Email Id: investors@keva.co.in

FORM NO. MGT-11

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 Share(s) 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 61st ANNUAL GENERAL MEETING ("AGM") of the Company, to be held on Thursday 10 August, 2017 at 03.30 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 61st AGM	For	Against
1.	Consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31 March 2017		
2.	Declaration of Dividend on the Equity Shares of the Company		
3.	Appointment of Mr. Amit Dixit (DIN:01798942) as a non-executive/non-independent Director, liable to retire by rotation.		
4.	Ratification of appointment of M/s. B S R & Co. LLP, Chartered Accountants (Registration No.101248W/W-100022), Chartered Accountants, as the Statutory Auditors of the Company and fix their remuneration.		

Signed this _____ day of _____, 2017.

Signature of Share holder:

_____

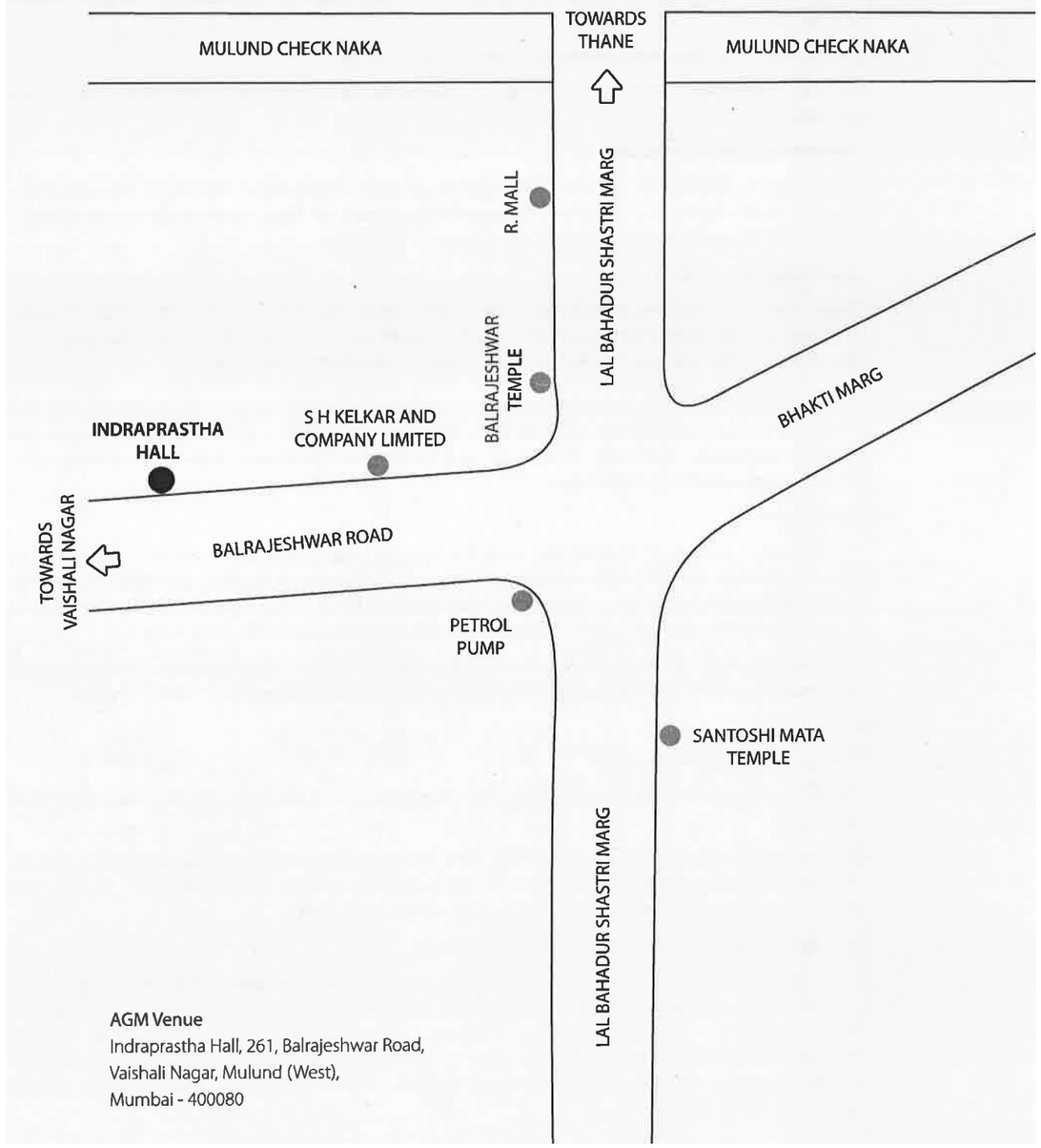
Signature of Proxy holder(s):

_____

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 meeting.

ROUTE MAP TO THE AGM VENUE



Notes

Corporate Information

Board of Directors

Mr. Ramesh Vaze
Managing Director

Mr. Kedar Vaze
Whole-Time Director & CEO

Mrs. Prabha Vaze
Non-Executive Director

Mr. Amit Dixit
Non-Executive Director

Mr. Amit Dalmia
Non-Executive Director

Mr. Nitin Potdar
Independent Director

Mr. Dalip Sehgal
Independent Director

Mrs. Alpana Parida
Independent Director

Mr. Jairaj Purandare
Independent Director

Mrs. Sangeeta Singh
Independent Director

Chief Financial Officer

Mr. Tapas Majumdar

Company Secretary & Compliance Officer

Mrs. Deepti Chandratre

Audit Committee

Mr. Jairaj Purandare (C)
Mr. Dalip Sehgal
Mr. Nitin Potdar
Mr. Kedar Vaze
Mr. Amit Dalmia
Mrs. Sangeeta Singh

Nomination and Remuneration Committee

Mrs. Sangeeta Singh (C)

Mrs. Alpana Parida

Mr. Amit Dalmia

Corporate Social Responsibility Committee

Mr. Ramesh Vaze (C)

Mrs. Prabha Vaze

Mr. Nitin Potdar

Stakeholders' Relationship Committee

Mr. Nitin Potdar (C)

Mr. Dalip Sehgal

Mrs. Alpana Parida

Mr. Amit Dalmia

[(C) – Chairperson]

Auditors

B S R & Co. LLP
Chartered Accountants

Subsidiaries

Domestic
Keva Fragrances Pvt. Ltd.
Keva Flavours Pvt. Ltd.
Saiba Industries Pvt. Ltd.
Keva Chemicals Pvt. Ltd.
Rasiklal Hemani Agencies Pvt. Ltd.

Overseas
Keva UK Ltd.
(United Kingdom)

Keva Fragrance Industries Pte. Ltd.
(Singapore)

PFW Aroma Ingredients B.V.
(Netherlands)

PT SHKKEVA Indonesia
(Indonesia)

Registered Office

Devkaran Mansion,
36, Mangaldas Road,
Mumbai – 400002

Corporate Office

S H Kelkar and Company Limited
LBS Marg, Mulund (West),
Mumbai – 400080

Website

www.keva.co.in

A TRISYS PRODUCT
info@trisyscom.com

The banyan tree is more than a tree.

It stands for knowledge, values, traditions and steadfastness.

At Keva, we share a number of attributes with the banyan tree.

We bring to our business the rich tradition of Indian values, grounded humility, the desire to expand and the potential of generating a number of banyan trees from within.

Many in one. One in many.

That's our story.

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