Keva

August 11, 2016

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 year 2015-16

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of S H Kelkar And Company Limited for the year 2015-16.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H KELKAR AND COMPANY LIMITED

Deepti Chandratre
Company Secretary & Compliance Officer

Encl: As above

Keva

Crafting sensorial delight

S H Kelkar and Company Limited | Annual Report, 2015-16

Disclaimer: In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral –that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

94

years of solidity
coupled with the
speed of a start-up

Billions have been invested in cutting-edge technologies.

Billions have been invested in advanced R&D.

Billions have been invested in modern-day packaging.

Billions have been invested in promotional campaigns.

The fight for supremacy has come down to a critical differentiator.

Sm

The last frontier.

Smell, Keva and you.

People think they buy products on the basis of logical thinking.

People think they buy products on the basis of an emotional connect.

People think they buy products on the basis of price.

People think they buy products based on the reputation of the manufacturer.

People think they buy products on the basis of where it is placed on the shelf.

People think they buy products on the basis of word-of-mouth.

All of these might as well be true. But the unspoken truth is that people fundamentally buy most products on the basis of how they smell and taste.

At Keva, this has been our conviction for more than 90 years. Helping customers grow brands from scratch into winners.

Can you imagine a world without fragrances or flavours?

Humans have **350** functional olfactory receptor genes.

A study indicates that **80% of the flavours we taste come from what we smell** (which is why foods can become flavourless when we have a blocked nose)

The taste buds on our tongues can identify only four tastes - sweet, sour, bitter and salt. The remaining 'tastes' are **distinguished by smell.**

We have about **four million** smell cells in our noses, divided into about **400** different types.

Each smell cell carries just **one type of receptor** or 'lock' on it - the smell floats through the air, fits into the 'lock' and activates the cell.

Smell accounts for **75-95%** of the impact of flavours. Without being able to smell the difference between onion and potato, it would be difficult to tell them apart.

Humans have **five to six million** odour-detecting cells.

75% emotions are triggered by smell linked to **pleasure, well-being, emotion and memory.**

People **smell with their brain,** not with their nose. The nose detects scent molecules; the brain identifies them.

Women have a stronger sense of smell than men; the female brain has up to 50% more olfactory sensors.

Fragrances, especially 'arousing' fragrances like peppermint, **increase alertness and performance.**

The fragrance and flavours industry growth is powered by emerging markets, especially Asia.

Keva is well positioned to benefit from the opportunities for growth from emerging markets; the Company is leveraging its rich learnings from India to extend into a number of Asian geographies with similar demographics, income patterns and aspirations. This bottom-up customer understanding is expected to translate into accelerated revenue growth across the foreseeable future.

Success in the fragrance and flavours sector is derived from a holistic 360-degree presence within the business, a competence that resides primarily with larger global players.

Keva is one of the select full-fledged global companies of its size possessing research-led capabilities in the manufacture of flavours, fragrances and aroma ingredients. This competitive advantage is expected to translate into rapid growth across the foreseeable future.

The largest global companies in the fragrances sector work with some of the largest downstream FMCG customers.

Embracing opportunities, however small, represents the DNA of Keva. Together with these customers, Keva has scripted several success stories. Going ahead, the Company intends to extend this commitment to larger global customers as well – an effective dual-approach strategy to emerge as one of the fastest growing global companies within its sector.

The ability to grow from national to international scale warrants a robust financial foundation.

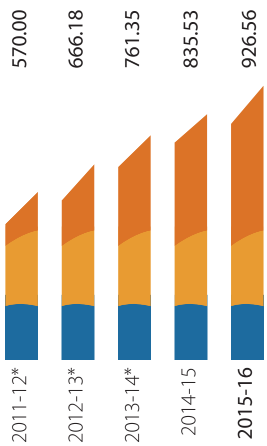
Keva possesses a robust Balance Sheet, characterised by market-outperforming growth. In addition Keva is debt-free. This serves as a robust foundation to make the Company's global ambition a successful reality.

At Keva, we are attractively placed to capitalise on the increasingly specialised role that various smells play in the marketing of everyday products.

This is what we achieved in 2015-16

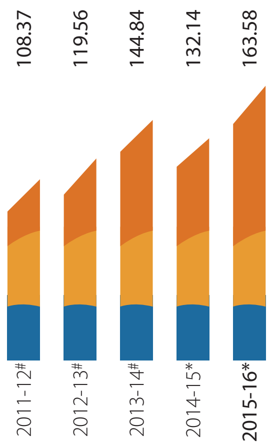
- Grew revenues by 11.87% in the fragrances segment and 3.26% in the flavours segment
- Mobilised ₹209.99 crore from the IPO (₹158 crore utilised to repay debt)
- Received the first-ever patent for a molecule listed in the US

Net revenue from operations (₹ crore)



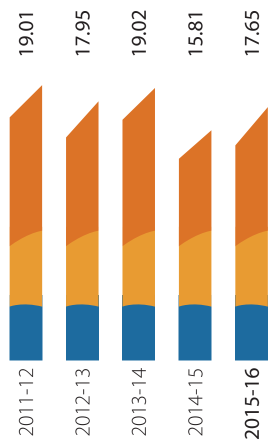
… Our stronger domestic offtake catalysed revenue accretion

EBITDA (₹ crore)



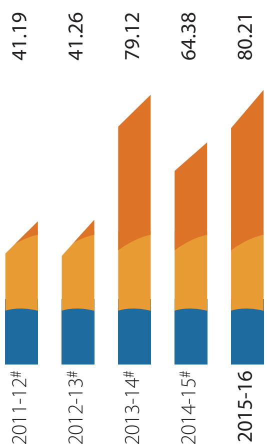
…which was derived from a growing customer base, larger share of the customer's wallet and cost management

EBITDA margin (%)



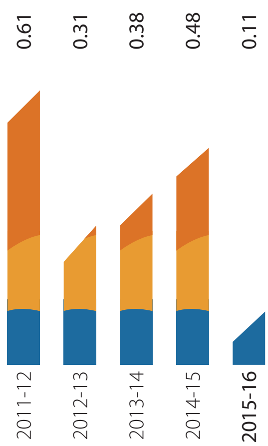
… this translated into higher margins – an index of the Company's competitiveness

Post-tax profit (₹ crore)



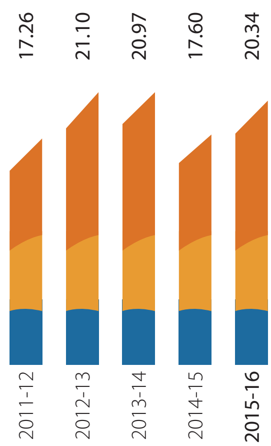
… the Company's bottomline strengthened following a decline in interest outgo

Debt-equity ratio (x)



… this was facilitated by debt repayment following the IPO

RoCE (%)



…which, among other things, strengthened the Company's overall viability

 # Source: Red Herring Prospectus of the Company

**EBITDA excludes sale of property of ₹0.85 crore (2015 - ₹10.18 crore)*

Founded in 1922, Keva is India's largest fragrance manufacturer and among the largest organised flavour manufacturers in the country.

Keva is engaged in developing, manufacturing and marketing over 9,700 products fragrance and flavour products and ingredients.

Keva's fragrance products and ingredients are used in a number of everyday consumer products. The Company's flavours are used in baked goods, dairy products, beverages and pharmaceutical products.

Capacity

Keva's aggregate fragrance manufacturing capacity stood at 18,655 tonnes a year; the aggregate flavours manufacturing capacity stood at 1,164 tonnes a year as of 31st March 2016.

Customers

Keva markets fragrances and flavours largely within India (domestic sales accounting for 63% of revenues). The Company generated 37% of revenues from exports in 2015-16.

Listing

The Company was listed in FY2015-16 on the Bombay and the National Stock Exchanges. As of 31st March 2016, Keva enjoyed a market capitalisation of ₹3,283.62 crore, with the promoters holding a 56.7% stake.

Locations

Vapi, Gujarat	Mumbai, Maharashtra	Raigad, Maharashtra	Barneveld, the Netherlands
Installed capacity: 2,064 tonnes per annum **Capacity utilisation:** 38% in FY16	**Installed capacity:** 4,599 tonnes per annum **Capacity utilisation:** 43% in FY16	**Fragrance unit** **Installed capacity:** 10,342 tonnes per annum **Installed capacity utilisation:** 48% in FY16 **Flavours unit** **Capacity:** 1,164 tonnes per annum **Capacity utilisation:** 30% in FY16	**Installed capacity:** 1,650 tonnes per annum **Capacity utilisation:** 85% in FY16

788	90	20.5	2	A+
Team size (As of 31st March 2016)	Members added during 2015-16	% market share in the fragrance segment*	% market share in the flavours segment*	Credit rating assigned by CRISIL

**(Source: Nielsen Market Study on Fragrances and Flavours dated March 22, 2015)*

Downstream presence

Fragrance

- Personal care
- Hair care
- Skin care and cosmetics
- Fabric care
- Household products
- Fine fragrances

Flavours

- Dairy products
- Beverages
- Confectionery
- Bakery products
- Pharmaceuticals

MILESTONES

1955
Establishment of the R&D centre at Mulund

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

2012
- Investment by Blackstone
- Acquisition of Saiba Industries Private Limited

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

1979
Establishment of manufacturing unit at Vapi

1984
Establishment of the EOU of Keva Fragrances Private Limited

1994
Expansion of fragrance manufacturing facility at Mulund EOU

2007
Establishment of manufacturing facility at Vashivali

2010
Acquisition and integration of PFW and its unit at the Netherlands

2014
Investment in Vapi plant to scale capacities

‘Large company’ body; ‘small company’ soul.

94 year-old giant in experience; nimble-footed start-up in mindset.

At Keva, it would be simplistic to see us as just a fragrance company. We are actually one of the most visible beneficiaries of a growing Indian economy.

Over the last number of decades, we fused experience with excellence. The time has come to combine excellence with enthusiasm to create one of the fastest-growing fragrances and flavours companies in the world.

As the economy grows, people consume more products. A number of these products are concentrated across half a dozen fastest-growing categories.

The pace of offtake in these categories is increasingly being influenced by an interesting parameter – smell.

The more pronounced the role of smell in these products, the more experiential their impact, the stronger their brands and the quicker their offtake.

By providing the largest quantum of fragrances in India, Keva has emerged as an indirect driver and faithful proxy of the Indian economy.

With one difference.

Keva does not grow at the pace of the Indian economy. It grows faster.

Besides, how Keva performed in FY2015-16 was largely the result of what it achieved in one country.

Going ahead, the bigger impact will be in replicating this Indian success in 10 or even 20 countries.

And that is what we really wish to communicate here.

We might have a 'large company' body but we possess a 'small company' soul.

Managing Director's overview

It took us nine decades to reach the ₹1,000 crore-revenue milestone. We expect to achieve more than six times this growth in a decade.

I am proud to present our first annual report as a publicly-listed organisation.

It would be a reasonable assumption that a number of our shareholders would want to know our vision, direction and destination.

The principal statement that I wish to make is that we expected to achieve our '1000/100' target (₹1,000 crore in turnover and ₹100 crore in profit after tax) at the earliest, in pursuit of our goal of $1 billion in revenues within a decade. In so doing, we expect to outperform the various markets of our presence and emerge as one of the ten largest fragrance companies in the world.

Our rich experience has translated into attractive results. Having spent nine decades in the industry, we account for the largest share of the fragrance segment and are in the process of emerging as the country's biggest fragrance organisation.

The challenges in extending from a domestic presence to a global one are considerable. Since each country has its distinctive olfactory preferences, there is a premium on the need to understand that market from the ground-level up. This requires patient planning, prudent capital allocation and the on-field deployment of professionals so that they can engage directly with clients instead of attempting to service them remotely.

Our rich experience has translated into attractive results. Having spent nine decades in the industry, we account for the largest share of the fragrance segment and are in the process of emerging as the country's biggest fragrance organisation.

We possess nine decades of distilled understanding of the diverse consumption preferences across India, the world's fastest growing economy.

Besides, with consumer preferences evolving in line with the localised dynamics of their respective geographies, it is imperative for us to be keenly aware of what is transpiring in each of these verticals from a grassroots perspective. We believe that this collaborative engagement – interacting regularly with our customers – is the only way to grow our international presence in a sustainable way.

My optimism stems from a number of realities.

One, our growth appetite.

I often describe our Company as a 94-year-old start-up. We possess an attractive combination of a nine-decade long presence along with a youthful management team. We expect that this should translate into at least another three decades of relentless progress.

Two, our knowledge bank.

We possess nine decades of distilled understanding of diverse consumption preferences across India, the world's fastest growing economy. We believe that by extending into countries that enjoy demographics similar to India, we would be extending our rich product learnings into these geographies – understanding customer needs and responding with unique and customised fragrance offerings. We believe that this vast body of knowledge cannot be replicated overnight by competitors, translating into a decisive competitive advantage.

Three, our inherent preparedness.

Ever since the 2010-11 fiscal, we have been continuously reinventing our personality – by revamping our recruitment and engagement policies, by bolstering our SAP backbone, by ensuring access to adequate capital and becoming a listed company. We believe that we have emerged as a more agile, globally-benchmarked organisation with a solid, scalable and sustainable foundation, which should translate into year-on-year growth.

Four, our engagement philosophy.

We embrace small companies as an opportunity. We don't just sell products; we engage in product co-creation. Our focus is not how much more we can sell but rather how we can empower our customers to carve out larger market shares. The result is that we do not position ourselves as just another vendor; we have been positioning ourselves as a partner indispensable to their success.

We could have selected to remain the big fish in a small pond, complacent with our market share and moderate year-on-year growth. By extending our time-tested approach to the international markets, we would be extending our rich customer understanding to those geographies for the first time and accelerating our revenue accretion.

Ramesh Vaze, *Managing Director*

The spirit of Keva

Stewardship | Partnership | Innovation | Responsibility | Integrity | Teamwork

Picture of a transforming Keva

At Keva, we are transforming faster than our sector with the objective to emerge larger, spread wider and become more competitive.

From being a domestic market leader to a global fragrance and flavours major

From addressing a sixth of the global market to addressing a third of the global market

From a focus on fragrances to a focus on fragrances as well as flavours

From a broad downstream fragrance priority to a focus on the six largest fragrance-consuming downstream segments

From organic growth to inorganic responsiveness (especially in the Indian flavours segment)

From an emphasis on small-ticket consumers in India to large MNC accounts

From an extensive pan-global presence to an intensive presence across nine countries with demographics similar to India

Our performance ambition

At Keva, our performance ambition is to emerge among the most respected global fragrance and flavour companies.

Overall goals

- Emerge among the ten largest global fragrance companies within this decade
- Account for a 1% global market share over the next four years and 2.5% of the global market share over the next decade
- Enhance our share of the Indian flavours market from 2% to 10% over the foreseeable future

Goal contributors

- Focus on our fragrance business strengths; enhance our customer diversity; raise the MNC share of our business; strengthen our market research cell; improve our key account management, productisation and branding skills
- Widen our 52-country global footprint; focus on nine countries in the ASEAN and MENA regions; pursue a patient incubation-led confidence-building approach
- Develop our Indian flavours business through organic and inorganic initiatives
- Grow faster through acquisitions; acquire companies with complementary strengths; fortify customer relationships; address a third of the global market

Performance measurement

Profitable growth

- **Total income from operations:** Grew by 10.90% during FY2015-16
- **EBITDA margin:** Grew by 184 bps to 17.65% during FY2015-16
- **Free cash:** Grew by 44% to ₹64 crore during FY2015-16

Consistent value creation

- Return on invested capital: Grew by 274 bps to 20.34% during FY2015-16
- **Market capitalisation:** Grew from ₹2,603.17 crore on the day of listing to ₹3,283.62 crore as on 31 March 2016

Business model

How we have selected to grow our business

The fragrances and flavours business is among the most challenging.

The sector is marked by a number of variables on one hand and an urgent need for sustained value addition on the other.

Diverse variables. Fluctuating raw material costs. Evolving consumer preferences. Changing costs of funds. Increasing research intensiveness. Growing service needs. Intensifying emphasis on partnership (as opposed to vendorship).

Keva has graduated to a business model that is likely to generate multi-year growth across industry cycles, relatively insulating the Company's financials from economic volatility.

Vision

At Keva, our vision is to emerge among the ten largest fragrance companies in the world within a decade. This enunciation marks a marked diversification from our erstwhile Indian positioning. We believe that this vision will drive our corporate decision-making – in terms of investments and acquisitions over the foreseeable future. We intend to focus on enhancing our presence in nine countries with similar demographics as India.

Approach

From a simplistic perspective, it would appear that our focus is to maximise sales; the reality is that we are principally focused on helping our customers grow. We develop fragrances that make it possible for them to establish a distinctive consumer recall. We have followed a partnership approach, which is reflected in our consistent marketing of unique fragrance concepts to our customers (no duplication or multiple sale of the same product to different buyers). This efficacious approach has translated into two things – the ability to attract even the smallest of consumers and the ability to grow hand-in-hand with them. In turn, this has generated a make-to-order over the conventional make-to-stock approach, moderating inventory.

Focus

Given our scale and cash availability, it would be reasonable to believe that we would extend backwards into the manufacture of products consumed within (we procure more than 1,200+ raw materials). We have consciously resisted this temptation due to the sheer variety of raw materials that we need in our business and the fact that this would distract us from our core competence. The only integration that we have attempted is the manufacture of ingredients for our fragrance business. Our Netherlands facility possessed this competence that has since been transferred to our Indian manufacturing operations, the benefit of which will be visible from 2016-17 onwards.

Scale

Over the decades, we have selected to invest in scale with the objective to provide customers with the confidence that we possess adequate capacity to service their growing needs. Besides, scale has helped us amortise fixed costs, enhancing our competitiveness. The result is that we are the largest fragrance company in India (aggregate capacity of 18,655 tonnes per annum).

Downstream focus

Traditionally, Keva has focused on six large downstream sectors, which are not only faithful proxies of the country's economic growth but also use large quantities of fragrances in their products. These comprise personal care, hair care, skin care and cosmetics, fabric care, household products and fine fragrances. Correspondingly, our flavours business focuses on the demand growth coming out of segments like dairy products, beverages, confectionery, bakery products and pharmaceuticals. We believe that the prospects of these downstream segments will keep growing in line with mankind's aspiration for superior lifestyles.

Customer focus

Keva has established a trusted reputation in addressing the needs of the smallest consumers across the country. This approach helped in the following ways: it insulated us from an overdependence on a handful of large clients; it helped us gain a keener insight into niche trends; it helped us become integral to our customers; it helped us reduce attrition, relatively moderating the impact on our financials. In 2015-16, MNC clients accounted for 1-2% of revenues. Looking ahead, we will work on winning more such accounts and accelerating our growth.

Acquisitions

At Keva, we believe that there are a number of drivers to accelerate acquisitions. There are a number of companies with rich intellectual capital but relatively weak balance sheets or managements keen on encashing and exiting the business. On the other hand, we perceive a growing opportunity in Asia, Africa and the Middle East on account of growing populations and aspirations. We believe that if we respond organically to these opportunities, we would be only seeding the market; however, if we acquire companies that possess complementary research, professionals, assets and customer relationships, growth would be quicker and value-accretive. Our timely acquisition in the Netherlands helped bolster our global fragrance business and our Indian flavours business (acquired two companies).

Balance Sheet

At Keva, we believe that it would be possible to respond to unforeseen growth opportunities faster and provide our customers with a superior price-value proposition if we possess a debt-free Balance Sheet. In view of this, we selected to liquidate ₹158 crore in debts by using the proceeds of our IPO. This made us a net zero-debt company with a net worth of ₹762.83 crore. This also provides us the opportunity to raise debt should we choose to do so.

Infrastructure

At Keva, we aspire to be an international company of Indian origin. We do not just market products in 52 countries but also have a manufacturing facility in the Netherlands. Besides, we have invested cutting-edge infrastructure (automated, cost-efficient and scalable) to address blending, quality control and microbiological issues across our facilities in India. Keva's fragrance manufacturing facilities comply with relevant global standards laid down by FSSC, FSSAI and other regulatory agencies. The Raigad flavouring manufacturing facility is USFDA-certified and the Vashivali plant ISO 9001:2008-certified.

Innovation

At Keva, we are a research-driven company. We have developed 12 molecules in the last four years. We are the only company of Indian origin to file patents in the field of fragrances and novel aromatic molecules. We have invested extensively in this area; our 80+ member research and development team (perfumers, flavourists, independent evaluators and application executives) is located across Mumbai, Bengaluru, the Netherlands and Indonesia. We invested ₹28.21 crore in research in FY2015-16. We enjoy the reputation of being a centre of excellence in our sector in India, making it possible to attract talented professionals.

Brand

In the last couple of years, we have transformed our brand and visual identity with the objective to enhance contemporariness. We believe that the increased use of the Keva brand name as well as more youthful colours will enhance our global appeal and acceptance. Our tagline of 'crafting sensorial delight' indicates that we do not just manufacture but customise; that we do not just serve as a manufacturer of downstream products but also deal in aesthetic aspects; that we do not just transact but delight.

The results of our business model

We are increasingly positioning ourselves as a global company.

788
Team size of employees, FY2015-16

37%
Proportion of revenue generated from exports, FY2015-16

We responded to evolving consumer needs through prudent investments.

79.57
Investments (₹ crore) in R&D in the last three years

167.18
Investments (₹ crore) in gross block addition in the last five years

We leveraged SAP to strengthen operating efficiency.

139
Inventory cycle (days of turnover equivalent), 2014-15

133
Inventory cycle (days of turnover equivalent), 2015-16

Management's operational review

"Our focus on servicing the growing needs of small customers generated profitable growth during a challenging 2015-16"

Q: Were you pleased with the Company's performance during 2015-16?

A: The Company performed creditably during a challenging year, which serves as an index of our growing business resilience. Over the last few years, we had consistently articulated that we were investing in plants, people and processes. All these efforts came to a head during the year under year review, resulting in profitable growth. Operating revenues increased by 10.90% while profit after tax strengthened by 24.60%. The 2014-15 profits included revenues from an one-time land sale of ₹10 crore with an insignificant corresponding recurrence in 2015-16 (₹0.85 crore), indicating that the quality of revenues was better during the year under review. Also, if you deduct this impact from the 2014-15 profits, then the increase in the Company's bottomline for 2015-16 was a handsome 43%.

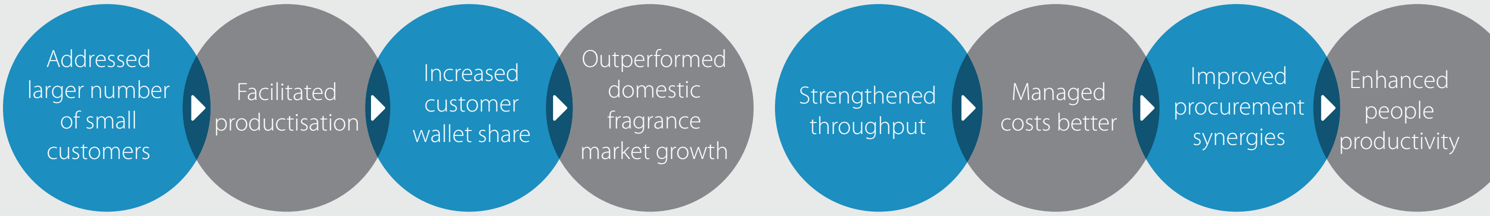
Q: What makes this performance creditable?

A: If this performance gives the reader the perspective that the year represented smooth sailing then this would not be true. The Company would have performed better but for a number of challenges that it encountered during the year under review.

One, we had earlier integrated backwards into the aroma ingredients business in the domestic space. This research-led aroma ingredients business did not perform as well as we had expected on account of technology transfer issues from PFW Aroma Ingredients BV, the Netherlands ('PFW Netherlands'), at the new Vapi plant. Since we could not generate adequate volumes, the margins stayed muted. The proposed partnerships with other downstream companies for products enjoying attractive demand could not consequently materialise. However, we were able to offset these losses at the Vapi plant during the year under review through various initiatives.

Two, PFW Netherlands encountered the twin issues of a weakening Euro and declining crude prices. This was mirrored in a decline in the price realisation of our products, which affected our profitability. Since most of our raw material contracts were long-term in nature, we were squeezed between high resource costs on the one hand and reduced selling prices on the other.

Three, the Company's export market encountered considerable weakness. In the Middle East, for instance, demand remained subdued



while currency devaluations in some of the Asian markets affected overall viability. Besides, a decline in oil prices moderated our realisations as well.

Q: What went right for the Company?

A: On an overall basis, the Company's fragrances business grew by 11.87%. The result was the Company's consolidated domestic business growth in percentage terms was high whereas profit increase was sharper.

What worked in our favour in the domestic market was that demand for our products remained robust while our costs declined, the cumulative effect of which translated into increased profits. One would be inclined to ask how this transpired in an economy marked by sluggish offtake. The answer lies in our proactive decision to spread sales across a larger number of customers, large and small, as opposed to what would have been a more convenient approach in working only with the large companies. Even as the economy continued to be sluggish, the Company acquired a larger number of customers and accounted for a larger wallet share. The result: MNC clients accounted for no more than 1% of our revenues. Besides, we strengthened our recall as a 'go-to company' through tactical marketing campaigns, which translated into superior numbers during the year under review.

As it turned out, most of our smaller customers were not as affected by the market sluggishness and actually increased their offtake. The Company reassessed every cost incurred during the year under review. It enriched procurement synergies, moderated people costs, pruned manufacturing expenses as a percentage of revenues and enhanced people productivity. The cumulative impact of this was visible in the Company's margins – EBIDTA margin strengthened from 15.81% to 17.65% in 2015-16.

Q: What were some of the other initiatives that strengthened the Company?

A: The Company mobilised ₹209.99 crore through its 2015 IPO utilising it to repay ₹158 crore of debt, saving an annualised ₹15 crore in interest costs. The Company is now net debt-free corresponding to a net worth of ₹762.83 crore, which represents an attractive operating leverage should it ever need to raise low-cost debt. Importantly, the Company concluded a long-term four-year wage agreement with the trade union at its largest plant (Vashivali), reinforcing business continuity.

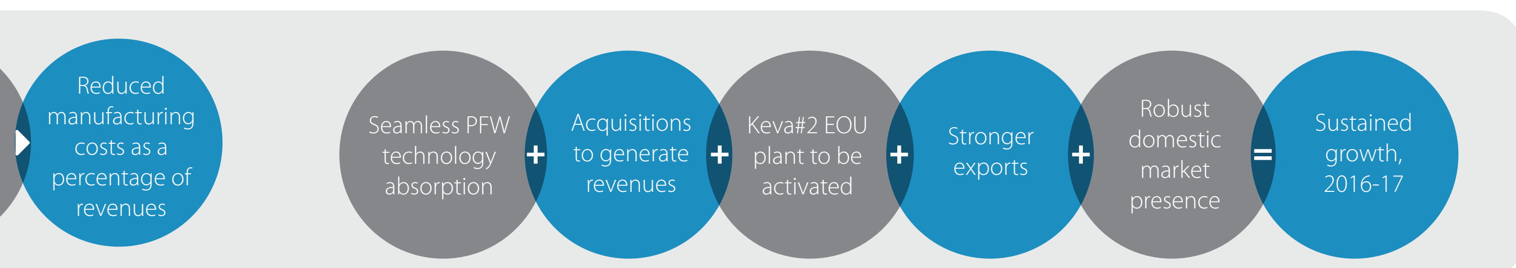
The Company also made two acquisitions. The first was a ₹25 crore-flavours company that will make it possible for us to grow the flavours business and achieve a critical mass of ₹100 crore, doubling the share of overall revenues to 10%. Following the tightening of FSSAI regulations, a number of flavours players are looking to exit the industry. This represents an attractive opportunity for the Company, as all it needs to do now is acquire businesses and scale them, growing quicker on the one hand and raising entry barriers for intending entrants on the other.

The second acquisition was a large sales agency company based out of North India, a market accounting for 30% of the fragrance business. The acquisition will serve multiple purposes: allow the Company to access customers directly, penetrate deeper into North India, save commissions that would have been needed to be paid and strengthen profitability. The Company believes that this represents a viable acquisition model and can be replicated across the country.

Q: From where does the Company's long-term optimism originate?

A: There are a few things that did not go right during 2015-16, which are expected to turn favourable during 2016-17. For one, better monsoons are expected to bolster rural demand. The stabilisation of the Indian rupee vis-à-vis the US dollar should help.

From a corporate perspective, seamless integration of technology and scale-up at KV Arochem Pvt. Ltd. will strengthen the aroma ingredients business. Besides, the acquisitions could start generating enhanced revenues and profits across the year. Moreover, the exports scenario could strengthen following enhanced productivity and the opening up of Iran following the lifting of the US sanctions. The cumulative result is that Keva is optimistic of generating ₹ 1,000 crore in revenues in 2016-17.



"With inflation subsiding, disposable incomes could rise. Keva looks set to capitalise on emerging opportunities."

A review by **Amit Dixit,** Executive Director, Blackstone India Private Equity

What was the reason of Blackstone's partial exit from Keva following the IPO?

Keva's initial public offering has strengthened its growth pace. Our partial exit will not affect the Company's momentum, validating our decision. We believed the Company possessed the credentials to outperform its market and retrospective growth average. So our partial divestment was made on account of a need to book profits, even as we continue to stay invested.

What do you admire about the Company?

There are a number of things that distinguish Keva.

One, its rich sectoral understanding on account of its nine decade-long industry presence.

Two, the Company's strategic direction. The Company's promoters have selected to focus on long-term aspects while delegating day-to-day operational responsibilities to professionals. Rather than micro-managing the business, the promoters have adopted a more strategic role, which is the hallmark of any forward-thinking enterprise.

Three, the Company's business model. Keva's deep geographic footprint, robust product portfolio and enduring customer relationships represent key tenets of the Company's business model – not too easy for new entrants to replicate, especially in a niche vertical.

Four, Keva's management expertise. Keva has at its helm a strong managerial team capable of managing a growing business of its size and scale.

What makes you optimistic of Keva's long-term prospects?

Prospects for this sector continue to remain bright owing to its linkage with the national FMCG sector. With inflation subsiding, disposable incomes could rise. Keva looks set to capitalise on emerging opportunities.

For Blackstone, the world's largest alternative assets manager, the December IPO marked its first stake liquidation in India through a public offering. Blackstone, which had invested 33.50% in the Company in 2012, sold almost 10% of its stake through this opportunity.

Management discussion and analysis

Global economic overview

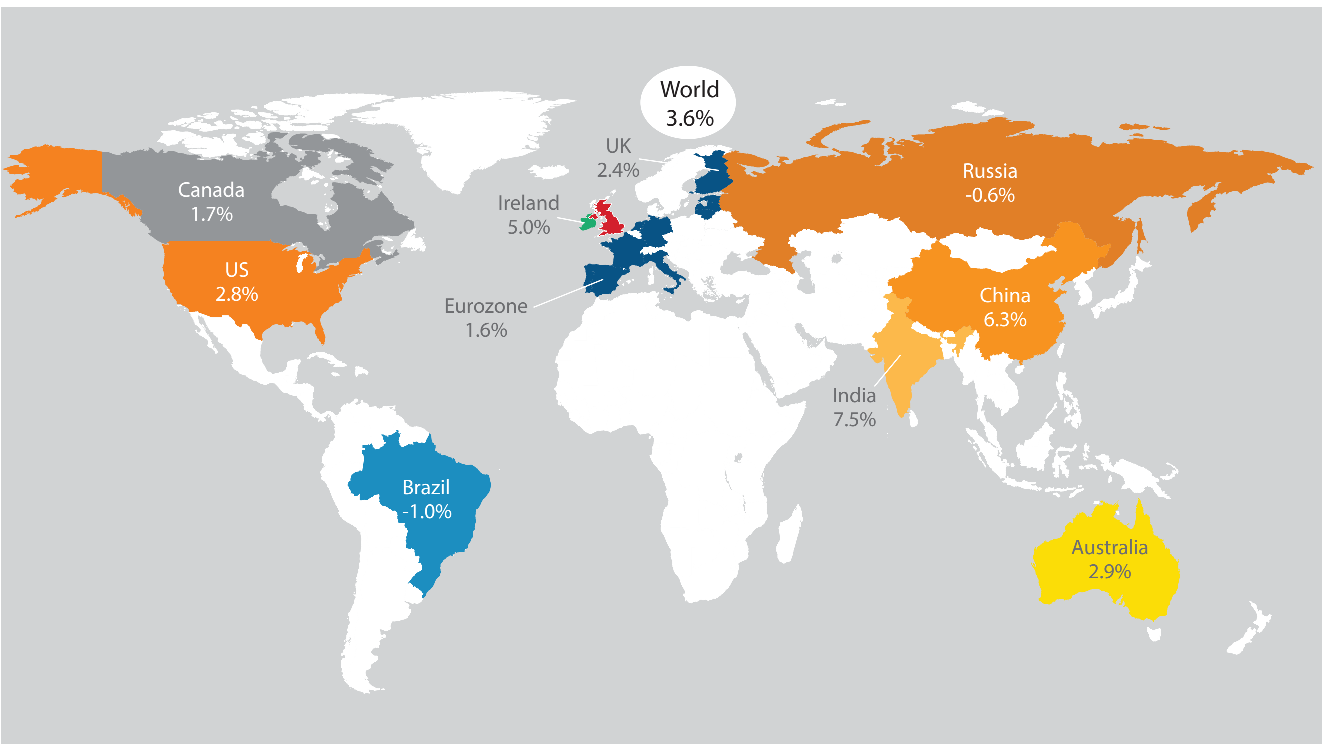
Global economy reported a growth of 3.1% in 2015, tumbling from 3.4% in 2014 as a result of a slowdown in the majority of the emerging economies (accounting for 70% of global growth), primarily China. The advanced economies fared considerably better and reported a growth of 1.9% in 2015 against 1.8% in 2014.

The gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, free-falling crude and commodity prices and a gradual tightening of the monetary policy in the United States will have a marked impact on the global economy.

Outlook

On the back of the marked slowdown in the Chinese economy, which grew at its weakest pace in a quarter of a century, global growth is forecasted to be on the weaker side. The global economic growth is projected at 3.4% in 2016 and 3.6% in 2017. *(Source: IMF)*

GDP growth forecasts for 2016 (in %)



Indian economic overview

Despite global headwinds and a truant monsoon, India registered robust growth of 7.6% in 2015-16 against 7.2% in 2014-15, becoming the fastest-growing major economy in the world. The agriculture sector remained subdued owing to a second successive year of below-par monsoons. Growth in the services sector dipped slightly and was offset by the accelerated growth in the manufacturing sector. Currently, the manufacturing sector in India accounts for ~15% of the country's GDP.

With the introduction of several nation-building initiatives this figure is expected to go up to 25% by 2025. The Union Budget 2016-17 announcements were in line with the Central Government's aim of fiscal consolidation path and a number of measures to lend a boost to the rural economy are in the pipeline. Strong private consumption should continue to fuel robust rates of growth going forward.

Outlook

Additional structural reforms to address legacy impediments to growth, including measures to reduce bureaucracy and speed-up infrastructural investments, could help sustain growth in the years to come. *(Sources: IBEF, IMF)*.

The global flavours and fragrances industry

The global flavours and fragrances industry is expected to grow by 4.5% to reach US$ 27 billion by 2016. The prospects of the flavours and fragrances market look bright with more opportunities mushrooming following a growing demand for dairy products, soap and detergents, fine fragrances, cosmetics and toiletries. Growing urbanisation and fattening wallets will ensure conspicuous demand for flavours and fragrances.

Aromatic chemicals and essential oils are the major raw materials used for making flavours and fragrances. The demand for fragrances is likely to experience the highest growth in 2016-17, supported by growing demand stemming from end-use industries. Case in point: in the flavours vertical, growth will be propelled by beverages while soap and detergents will do the same for fragrances.

North America is expected to remain the largest market due to a plethora of end-use applications. Asia Pacific and RoW markets are expected to witness significant growth on the back of increasing disposable incomes and changing lifestyle trends. Increased use of biotic ingredients and capacity expansion by major players in emerging markets will also have a direct impact on the dynamics of the industry. *(Source: Lucintel)*

The Indian flavours and fragrances industry

The fragrance vertical accounts for the majority share of the overall revenues generated by the domestic flavours and fragrances market; the previous fiscal was no exception. Although, the domestic market was dominated by organised players, the surfacing of global players into the market shook things up. The most visible impact of this in the realm of supply chain management. The links between the intermediaries – manufacturers, distributors and importers were fortified, shrinking the logistical curve.

The flavors market in India was segmented on the basis of end-use applications, including, beverages, confectionery, dairy, pharmaceuticals and tobacco products, among others. During the fiscal gone by, import demand continued to remain subdued while vanilla continued to be most demanded flavour in India. The market for fragrances is expected to grow at a CAGR of 7% to 8%.

Growth drivers

India's population: India's population of 1.3 billion is growing at a rate of 1.2% annually. It is a young country with almost 66% of the population below the age of 30. The consumption of goods will therefore be driven by younger and more affluent consumers. Additionally, India has a growing population of working women, which is expected to emerge as a large consumer of FMCG products.

Increasing literacy: India's literacy rate was 75% as of 2015-16, which will have an impact on consumer awareness. These consumers will demand value-for-money and drive the Indian fragrance and flavour industry towards more creative and innovative products.

Disposable incomes: Per capita income at current prices was ₹ 93,231 in FY16, up 7.3% from ₹ 86,879 during the year before. At this rate of acceleration, per-capita income is expected to exceed ₹1 lac in FY17, which will play a pivotal role in determining the growth of the Indian fragrance and flavours industry.

FMCG demand: Growth in the fragrance and flavour industry is directly correlated to growth in the FMCG sector. The market for fragrance is expected to grow at a CAGR of 14.2% to reach US$ 1.4 billion by FY2020. The principal products of the FMCG industry are household care, personal care, food and beverages and healthcare products, which all depend on the fragrance and flavour industry.

Changing lifestyles: Changing lifestyles is a major driver leading to greater demand for processed and packaged foods in India and consequently in the flavour industry. The Indian population is gradually progressing towards convenient food items that are easy to prepare and consume, such as ready to-eat food products, fortified juices and milk products in a variety of flavours.

Retail market: The retail market is expanding in India at a rapid pace. A large number of malls, shopping complexes and convenience stores have been built in several cities. Moreover, the mall culture is picking up in Tier-I and II cities across India, boosting the packaged FMCG market.

Growing urbanisation: Urbanisation is expected to become more widespread in India. In 2015-16, the proportion of urban population of India stood at 30% which is expected to grow to 50.3% by 2050. Together with an increase in disposable incomes, there will be a greater diversification of food consumption patterns across the Indian population. *(Source: UN)*

Online retail: As internet retailing in India is expected to register the strongest growth in terms of retail value sales, sales of beauty and personal care products via this channel will also increase. This will be driven primarily by mass brands, as consumers will not mind buying the same brands from an internet retailer at a discounted price rather than from a hypermarket or beauty specialist retailer.

Opportunities

- Increasing demand for packaged food items and premium wellness products among the youth will catalyse offtake.
- The Indian market leaders are expected to maintain a focus on upping their technological quotient to compete with international players.
- The increase in personal disposable income of consumers will keep raising the demand for flavours and fragrances in the country.
- Specialised R&D will provide companies the impetus to scale volumes and enter new segments to gain a first-mover's advantage.
- Growing popularity of fruit drinks, insta mixes, canned foods and flavoured items will propel growth in the years ahead.
- Increasing awareness among consumers regarding specific health and nutritional aspects bodes well for the segment.

Threats

- Unavailability of skilled personnel could adversely affect domestic flavour and fragrance manufacturers.
- Shifts in consumer spending and behaviours might outpace the ability of sectoral players to adapt.
- High energy expenditures and volatile commodity prices might make operations unviable from a cost perspective.

(Sources: IBEF, Businesswire)

The Indian FMCG sector

India's FMCG industry is estimated to grow at a rate of 12% in 2015-16 and is characterised by a strong MNC presence, a well-established distribution network, intense competition between the organised and unorganised segments and low operational costs. The rural FMCG market is anticipated to increase at a CAGR of 17.7% to reach the US$ 100 billion-mark by 2025. Food products are the leading segment, accounting for 43% of the overall market. Personal care (22%) and fabric care (12%) come next in terms of market share.

Penetration levels as well as per capita consumption rates for most product categories like jams, toothpastes, skin care products, hair washes, among others, in India are abysmally low, indicating a vast untapped market potential. A burgeoning Indian middle-class and rural population present an opportunity to convert consumers to branded products. Growth is also likely to come from consumer 'upgrading' in mature product categories. With 200 million people expected to shift to processed and packaged foods by 2020, India needs around US$ 28 billion of investment in the food processing industry.

Distribution growth, innovations around sachet offerings, employment growth and index of industrial production have been, and will continue to be, key influencers of FMCG sales in India. In terms of magnitude, India's FMCG industry is massive. In 2013, 8.4 million outlets served 1.26 billion people and accounted for US$ 37 billion in sales.

Growing awareness, easier access, changing lifestyles and governmental investments paving the way for private investments, could emerge as key growth drivers for the consumer market, going forward.

Outlook

The primary factors expected to drive a spurt in sales are stronger GDP growth and rise in employment. An increase in the rate of availability through distribution expansion is also expected to support sales growth. To top it all off, the Seventh Pay Commission has recommended an average 23.55% hike in salaries and pensions, which could see an additional US$ 15 billion in the hands of consumers, starting 2016. This could provide a fillip to consumer spending across sectors such as automobiles, consumer durables and non-durables.
(Sources: IBEF, The Economic Times)

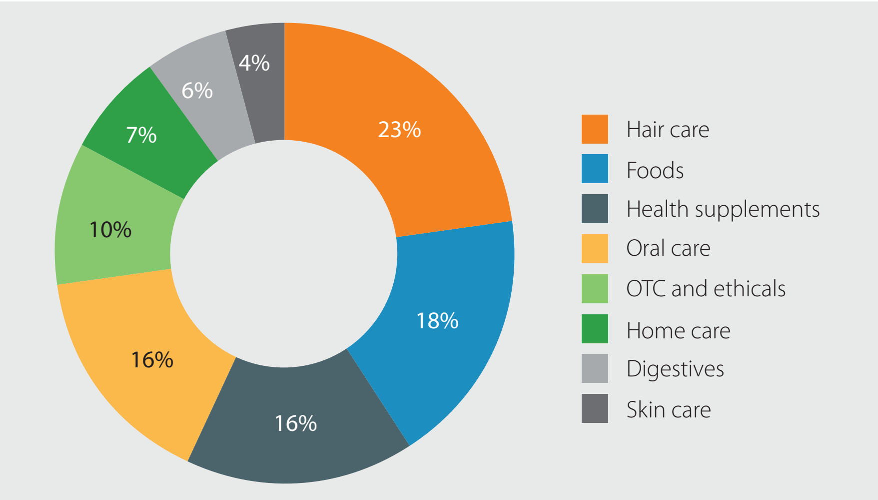
Indian personal care industry

The personal care industry accounts for 22% of the country's FMCG market. Growing awareness, easier access and changing lifestyles have been the key growth drivers for the sector. The use of beauty and personal products is no longer limited to urban India. Awareness of such products has strongly increased due to television commercials, celebrity endorsements, social media campaigns and print media. Global demand for personal care ingredients is projected to reach US$ 176 billion by 2020 at a CAGR of 5.4%. The growth of premium brands in India can be attributed to higher disposable incomes among urban consumers, which allowed them to spend their discretionary incomes on premium products.

As internet retailing in India is expected to register the strongest growth in terms of retail value sales, sales of beauty and personal care products via this channel will also increase. This will be driven primarily by mass brands, as consumers will not mind buying the same brands from an internet retailer at a discounted price rather than from a hypermarket or beauty specialist retailer.

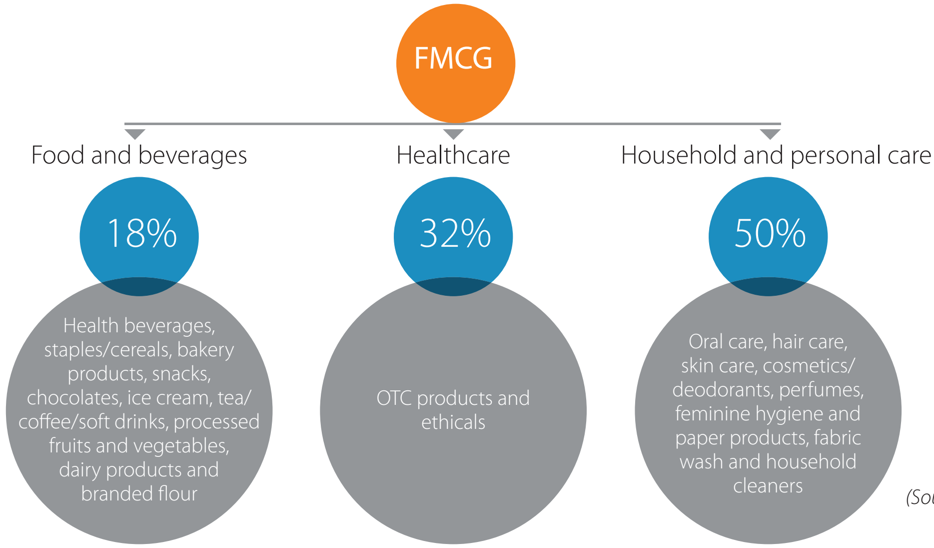
The Indian consumers are looking for newer shopping experiences and products. Consumer concentration has shifted from traditional offerings to new generational ones: demand for soap cakes to liquid soaps, shaving creams to foams and gels. Consumers are becoming more perceptive towards value addition, anticipating consumer needs and broadening the application base of surfactants which can expand the bandwidth for growth in the Indian market.

Market break-up by revenue (FY 16*)



Outlook

India has a large market for niche beauty products, with cosmetics companies exclusively marketing oil-free fairness face washes and creams. Surfactant-based face washes, hair creams and gels are increasingly replacing traditional products because of ease in using the product, its cleansing ability, and ease in customising the product. For example, shampoos and conditioners are now customised for various hair types. With FMCG companies riding these innovations to penetrate the potentially enormous personal care market in India with approximately 750 million and growing users, new avenues for the use of surfactants are expected to open. The average Indian consumer has a wider product and price bracket to choose from, which augurs well for the surfactants market for personal care.



(Sources: IBEF, Business Standard)

Indian food processing industry

The Indian food industry is poised for huge growth, increasing its contribution to world food trade. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.

Accounting for about 32% of the country's total food market, the food processing industry is one of the largest industries in India and ranked fifth in terms of production, consumption, export and expected growth. The total food production in India is likely to double in the next 10 years with the country's domestic food market estimated at US$ 258 billion in 2015.

The Indian food and grocery market is the world's sixth largest, with retail contributing 70% of sales. It is projected to grow at the rate of 104%, touching US$ 482 billion by 2020.

The Indian food processing industry accounts for 32% of the country's total food market, 14% of manufacturing GDP, 13% of India's exports and 6% of total industrial investment. Indian food service industry is expected to reach US$ 78 billion by 2018. The Indian gourmet food market is currently valued at US$ 1.3 billion and is growing at a CAGR of 2%.

The online food ordering business in India is in its nascent stage, but witnessing exponential growth. The organised food business in India is worth US$ 48 billion, of which food delivery is valued at US$ 15 billion. With online food delivery players like FoodPanda, Zomato and Swiggy building scale through partnerships, the organised food business has a huge potential and promising future.

Outlook

India's food processing sector is primarily dependent on agriculture but has distinct strengths. These have to do with natural resource endowments, human capital, changing demand patterns and a maturing regulation and industry. India remains massive in the raw material and unprocessed space with low value-addition. The Central Government is keen on building and bettering infrastructure within the sector for augmenting value-addition. *(Sources: IBEF, Make in India)*

Growth drivers

- Increasing discretionary spending among consumers could benefit FMCG manufacturers.
- Proximity payments using mobile phones could propel FMCG offtake.
- Innovations in formats of consumer healthcare products could gain traction.
- A number of steps taken by the Central Government, such as the Jan DhanYojana and the direct transfer of subsidies, are expected to start bearing fruit.
- The cumulative effect of lower oil and commodity prices are expected to contribute to significant structural changes in the economy.
- Rural India is estimated to account for more than 700 million consumers or 70% of the Indian population and 50% of the total FMCG market.
- As more households move into middle-class income brackets, aspirational consumers could switch purchases from basic food items to FMCG items.
- Consumers are increasingly becoming conscious about health and hygiene. There is also a willingness to move to evolved products and brands because of changing lifestyles, rising disposable incomes and so on.
- Proliferation of sachets (low volume packs), which have a low outlay and are easy on the wallet, could play a strong role in roping in new buyers.
- India continued to lead the Global Consumer Confidence Index in the third quarter of this financial year with 131 points, the same in the previous quarter. It was followed by the United States (119 points), the Philippines (117 points) and Indonesia (116 points).

Financial Performance, 2015-16

- **Total Income of the KEVA Group improved to ₹926.56 core, up 10.9%; growth on constant currency basis is 12%.**
- We Continue to witness healthy traction in domestic market compared to international markets. The year on year growth was 14% in domestic business and 5% in overseas markets.
- Domestic Fragrance grew at 14.8% while domestic Flavours recorded a growth of 8.7%. On a like for like basis the Domestic flavours business recorded a growth in excess of 20%.
- International fragrances grew at 6.3% while international flavors declined by 9.5%. This is mainly due to weakening of Euro and slower demand witnessed in the middle east during the year . The currency devaluation in South East Asian countries also affected demand for the products.
- We focused on value-added products and were also supported by better price realizations.
- **Operating EBITDA (without sale of property) increased to 23.8% to ₹163.58 crore**
- EBITDA margins expand by 184 bps to 17.65% due to better realizations witnessed in the domestic markets and better operating leverage. In addition, overall cost efficiencies also assisted in margin improvement.
- There was emphasis on upselling value-added products to customers to improve realizations.
- Overall increase in operating expenses was only 1.07% which also contributed to the improvement in EBITDA.
- **Interest savings of 22% to ₹14.38 crore**
- With the mobilization of the IPO funds in November 2015 the Company repaid its debts of ₹158 crore. This resulted in reduction of interest cost from ₹18.52 crore in FY 2015 to ₹14.38 crore in FY 16.
- **Profits before Tax (without sale of property) has improved by 42% to ₹119.79 crore**
- **Net Operating Profits after Tax (before prior period tax) higher by 24.6% to ₹80.21 crore**
- Cash Profits improved by 9.9% to ₹109.62 crore from ₹99.72 crore
- **Free cash flows increased by 44.1% to ₹64 crore in FY16 from ₹44.4 crore in FY15**
- Free cash flows as a percent of revenues has grown to 7% exhibiting efficiency in operating activities.

01 Business segment

Fragrances

Keva is among the largest fragrance producers in India, with a portfolio spanning multiple product categories

Highlights, 2015-16

Revenues grew by
11.87%
in 2015-16
to
₹864.16 crore

Operating profit grew by
43.49%
in 2015-16
to
₹119.40 crore

Products and applications

Keva's fragrance portfolio comprises a different mix of products (complex compounds and ingredients) created by experienced and specialised perfumers. Keva's product applications are used by FMCG companies in personal wash, fabric care, skin care and hair care products; our fragrance ingredients are used in the production of flavours and fragrances.

Personal hygiene: Keva provides not only assured quality but also specifics about how a particular fragrance will perform in a certain environment. It manufactures fragrances for hygiene products like soaps, shower gels and hand washes.

Fabric care: Keva's fragrances are designed to withstand the wash cycle and linger on the fabric, resulting in freshness. It uses a refined blend of ingredients in fragrance manufacture. Its fragrances are used in the manufacture of detergents and fabric softeners.

Skin and hair care: Keva's fragrances ensure that the product helps users commence their day on the right note. It manufactures fragrances for skin and hair care products like hair gels, shampoos and hair oils.

Fine fragrances: Fine fragrances that evoke emotions have long been an integral part of Keva's illustrious heritage. It manufactures fragrance compounds for deodorants and perfumes.

Home care products: Keva manufactures fragrances for home care products like room fresheners, floor cleaners and toilet cleaners.

Fragrance and flavour blends: Keva products are used as blends to manufacture other products (fragrances and flavours).

Branded small packs: More than 350 fragrance products manufactured are sold to more than 1,000 customers (traders, resellers as well as small and medium enterprises) engaged in the manufacture of soaps, detergents and other home care products across small towns and villages (25 to 500 gram SKUs).

Domestic sales

Highlights, 2015-16

The Company outlined a five-year strategy for taking its business ahead, re-structured its sales team around product categories to enhance business understanding, developed new products and added customers. The result: domestic sales grew twice as fast as the market, increasing Keva's market share.

Outlook

Keva shall focus on transforming customers into preferred partners, delivering value-added solutions based on consumer feedback. The Company aims at creating category specialists across all the segments of its presence.

Exports

Highlights, 2015-16

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 35% of the Company's international business, was affected by geopolitical tension. The abolishment of import duties in the Middle East for European players made continental players more 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 Eastern Asia. The Company addressed growing demand in Indonesia and Thailand through methodical recruitment and other initiatives.

Outlook

Keva intends to enhance exposure in Indonesia, Iran, Middle East, South Asia and Africa, strengthening profitability.

Keva intends to enhance exposure in Indonesia, Iran, Middle East, South Asia and Africa, strengthening profitability.

02 Business segment

Flavours

Keva focuses on creating specialised flavours, which delight the end-users and allows it to carve a distinctive niche in the marketplace.

Highlights, 2015-16

Operating profit grew by
13.81%
to
₹ 11.04 crore
in 2015-16

The Company focuses on manufacturing specialised flavours for diverse segment such as dairy products, beverages, confectioneries, bakery products and pharmaceuticals. The Company's in-depth knowledge of local palates, along with a thorough understanding of global trends, allows it to keep up with evolving client preferences.

Products and applications

Over the years, the Company developed a library of 680 flavours categorised under the natural, nature-identical or artificial heads and available in liquid, dry mix, emulsion and encapsulated forms. Keva's expertise in this area stems from a rich nine-decade experience that allows its customers to create a novel experience for end users.

Keva's flavours find takers in the following verticals:

Dairy products: Flavours like mango, vanilla and saffron, among others, for the downstream manufacture of dairy products like ice creams, milk shakes, smoothies, yoghurt and flavoured milk, among others. Keva's refined blend of flavours find ready acceptance among discerning clients.

Beverages: From the first cup of tea in the morning to the tangy, fizzy carbonated drinks during summer afternoons, Keva helps people stay active through the day. Keva's flavours such as ginger, rose, watermelon and mojito, among others, find extensive use in the downstream manufacture of beverages like tea, juices, powdered drinks and sodas, among others.

Confectionery: Trends from ancillary industries are increasingly spilling into the food industry, creating inspirations for new taste sensations in the confectionery industry. To meet this trend, Keva has leveraged its pervasive presence across the value chain to develop a range of flavours and ingredient systems for the confectionery industry.

Bakery products: The bakery products category is characterised by market innovation and fast-changing consumer demand. Manufacturers require solutions to produce delicious trend-leading products with consumer appeal. Flavours like cardamom, strawberry and chocolate, among others, for the downstream manufacture of biscuits, cookies, crackers and cakes, among others, have gained traction in recent years. With a state-of-the-art analytical lab, a pool of global flavour profiles and extensive in-house applications expertise, we remain in tune with diverse manufacturer needs.

Pharmaceuticals: Years of research and in-depth study allow us to provide clients with flavours that address the pharmaceutical industry, enhancing our international visibility. Flavours for pharmaceutical products are prepared using the latest technologies and quality materials. Flavours offered include cherry, grenadine and mint, among others.

The year, 2015-16

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

- The Company has laid emphasis on premiumisation of its products
- The Company appointed 12 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, the Company intends to grow its presence in South East Asia and Middle East (processed foods).

The India opportunity

- Abundant availability of raw materials.
- Vastly untapped market – only 2% of the global processed food segment is based out of India.
- Governmental emphasis on creating a technically-competent workforce in the food processing sector by stepping up intakes at institutes like CFTRI, NDRI and NIFTEM.
- Government initiatives such as 'Make in India' are set to enhance the ease of doing business in the country.

01 Business driver

Research and development

Overview

- The Company proactively strengthened its R&D expertise in the realms of molecular synthesis and development (improving products and processes).
- It invested in automated state-of-the-art facilities
- Its team of qualified scientists and perfumers developed new products in line with desired specifications and olfactory notes
- Its R&D team delivered environment-friendly processes through the prudent substitution of harmful substances
- It reinforced its reputation as one of India's flavours and fragrances segment capable of manufacturing basic molecules (new molecules that can be patented

The 2015-16 fiscal

- The Company's 80+ member R&D team synthesised 128 new molecules.
- It invested ₹28.21 crore in research and development
- It strengthened its new molecule pipeline while redeveloping existing products.
- It engaged in a technology transfer exercise from its Barneveld facility to India with the objective to reduce overheads

Outlook

The R&D team intends to accelerate product and process development (following technology transfer to moderate costs).

128

Number of new molecules synthesised in 2015-16

28

Quantum (₹ rore) invested in R&D, 2015-16

02 Business driver

Quality management

Overview

- The Company conforms to stringent global regulatory norms (FSSC, FSSAI, IRFA and ISO 9001:2008).
- Its products undergo three testing stages - gas chromatography, physical and olfactory testing (to test purity).
- An experienced olfactory panel conducts impartial and neutral evaluation.
- It invested in independent, fully-equipped QC and microbiology laboratories
- Its global customers conduct periodic quality audits of the manufacturing units
- The Company invested in state-of-the-art technologies to stay ahead of the industry curve.

The 2015-16 fiscal

- The Company extended from quality control to quality assurance; from people-dependence to systemic dependence
- It was certified with the ISO 9001:2008 accreditation for its Vashivali plant
- It strengthened formula management and deployed CUPID software for data regulation

Outlook

The Company is moving towards acquiring all relevant environmental, health and safety certifications. The Company would be retaining the sample smell to avoid ambiguity. The Company intends to commission a Safety Data Centre and employ cutting-edge software to match global infrastructure benchmarks.

03 Business driver

Knowledge capital

Overview

- The Company possesses the richest complement of competencies in India's flavours and fragrances business; it is also the largest national sectoral employer
- The Company is a selective employer of experienced professionals (fragrance, flavours and aroma ingredients)
- The Company has created a key behavioural competence framework to assess the capabilities of people to manage the business
- The Company's performance development system tracks performance and coaching needs
- The Company introduced e-learning modules to facilitate training

The 2015-16 fiscal

- The Company launched an online competence certification programme called 'Leveraging E-Learning for Accelerated Development', in tow with a global major to create the Keva Behavioral Competency Framework
- The Company started a training programme (Quality Circle) at the Vashivali plant to enhance productivity
- The Company utilised a performance potential matrix to measure employee performance and potential
- The Company improved its existing learning and development programme by introducing new parameters
- The Company negotiated a four-year agreement with the trade unions at its large plants
- The Company introduced Keva Star, a global employee recognition programme

Outlook

The Company intends to create a talent board to discuss, review and appraise promising talent leading to a high-performance culture.

788

Total employees at the end of FY2015-16

39

Average age of employees (in years)

Risk management

THE COMPANY FOLLOWS A STRUCTURED AND CONTINUOUS PROCESS WHILE IDENTIFYING, ASSESSING AND DECIDING ON RESPONSES TO MITIGATE KEY RISKS ACROSS LEVELS

Low export presence risk

THE COMPANY DERIVES ONLY 37.07 PERCENT OF ITS REVENUES FROM EXPORTS; THE DISPERSED 52-COUNTRY PRESENCE REPRESENTS A RISK IN TERMS OF THE DIVERSE VARIABLES NEEDING TO BE MANAGED.

The Company intends to focus on nine countries enjoying demographics similar to India (Africa and the ASEAN countries) based on its ability to comprehend ground realities in those geographies. The Company feels that the coming decade will be particularly significant for Asia, marked by consistent outperformance over other countries. These Asian nations are relatively under-consumed; the increase of disposable incomes in these countries will translate into enhanced product off-take, which represents an opportunity for the Company.

Product implementation risk

THE COMPANY MAY NOT BE ABLE TO COME UP WITH AN ADEQUATE DIVERSITY OF FLAVOURS TO GROW THE BUSINESS.

The Company feels that the quicker way of growing this business is through prudent and timely acquisitions (companies, including flavourists). The Company believes that it possesses an attractive brand and a centre-of-excellence positioning that should attract professionals.

Stretched management bandwidth risk

THE COMPANY MAY NOT BE ABLE TO ADDRESS THE DIVERSITY OF OPPORTUNITIES – ORGANIC, INORGANIC AND EXPORTS – ON ACCOUNT OF INADEQUATE MANAGEMENT BANDWIDTH.

The Company created a dedicated team to address strategic opportunities (like acquisitions) without looking into ongoing day-to-day opportunities.

Raw material risk

THE COMPANY WORKS WITH MORE THAN 1,200+ RAW MATERIALS, ANY SHORTAGE OF WHICH CAN AFFECT COMPETITIVENESS.

The Company will continue to seek research-led alternatives from within, with the objective to protect competitiveness without compromising quality.

Acquisition risk

THE COMPANY MAY ACQUIRE COMPANIES WHICH MAY NOT PROVE TO BE A STRATEGIC FIT.

The Company will continue to pursue complementary acquisitions, which brings distinctive value. The Company will acquire companies that are relatively small, mitigating the impact of negative fallout in the event of gains being delayed.

Regulatory risk

THE COMPANY MAY BE UNABLE TO ADDRESS VARIOUS COMPLIANCES IN THE INTERNATIONAL AND DOMESTIC MARKETS.

The Company created a statutory compliance management system, which represents a record of the deadlines and compliances that need to be reported to the Board. The Company has internal financial controls that are implemented by an internal auditor; this is validated by an external auditor and the finds are reported to the Board. The Company manages PFW through adequate delegation.

Currency risk

THE COMPANY MARKETS PRODUCTS TO CUSTOMERS IN 52 COUNTRIES; HENCE CROSS CURRENCY FLUCTUATIONS COULD IMPACT BUSINESS PROFITABILITY.

The Company is naturally hedged and takes an active role in managing the currency.

Receivables risk

THE COMPANY IS EXPOSED TO THE RISK OF LONGER EXPORT RECEIVABLES AS WELL AS BEING EXPOSED TO THE RISK OF BAD DEBTS WHEN WORKING WITH CUSTOMERS IN RELATIVELY UNTESTED MARKETS.

The Company has selected to take credit insurance, drawing on an extensive local knowledge regarding which companies to work with. Bad debts for exports accounted for less than 0.5% of revenues, validating the Company's attentiveness.

Wages risk

THE COMPANY HAS AROUND 300 SHOPFLOOR WORKERS. ANY LARGE AND UNFORESEEN WAGE INCREASE COULD AFFECT VIABILITY.

The Company signed a four-year wage agreement in its Vashivali plant during the year under review, providing a labour cost visibility.

Strategic clarity risk

THE COMPANY MAY SELECT TO UNSUCCESSFULLY INTEGRATE BACKWARDS OR FORWARDS.

The Company has selected to focus only on the research-led productisation of flavours and fragrances without extending into backward or forward linkages.

Competition risk

THE COMPANY IS EXPOSED TO INCREASING COMPETITION IN THE BUSINESS.

The Company has endured across nine decades through a prudent engagement as a trusted consultant engaged in the co-creation of products with customers, graduating what could have been just a transaction into an enduring relationship.

Client concentration risk

THE LOSS OF LARGE CUSTOMERS COULD AFFECT BUSINESS STABILITY.

The Company works with more than 4,000 customers, one of the largest among companies of equivalent size. Most of these customers are relatively small, minimising the risk arising out of client attrition. On the contrary, the Company's collaborative engagements have helped strengthen customer engagement. The Company has selected to work directly with customers (as opposed to working through commission agents), strengthening its engagement.

Succession risk

RISKS STEMMING FROM AN OVERT DEPENDENCE ON A FEW KEY PERSONNEL COULD AFFECT THE LONGEVITY OF THE BUSINESS.

Keva has developed an in-house process of 'Talent Management', based on a performance potential matrix. Key employees who can be critical for realising present and future organisational objectives are identified. The Company has also filled in some of its key positions with experienced members from the downstream industries, who not only bring an external perspective to the business but also drive the Company towards its goals.

Sectoral concentration risk

AN EXCESSIVE DEPENDENCE ON A KEY DOWNSTREAM SECTOR CAN LIMIT PROSPECTS.

The Company has its presence across six prominent downstream sectors – FMCG, personal care, hair care, beverages and fine fragrances. Within each sector, the Company has a number of customers, virtually eliminating attrition risks.

Statutory Section

Directors' Report

Dear Shareholders

Your Directors take pleasure in presenting their 60th 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 2016.

FINANCIAL HIGHLIGHTS & BUSINESS REVIEW

Financial Highlights:

(₹ in Cr)

Particulars	Standalone			Consolidated		
	2015-16	2014-15	Growth %	2015-16	2014-15	Growth %
Revenue from operations (Net)	**560.93**	474.07	18.32	**926.56**	835.53	10.89
EBITDA	**116.67**	97.07	20.19	**164.43**	142.32	15.54
Finance Costs	**8.45**	12.22	(30.85)	**14.38**	18.52	(22.35)
Depreciation	**13.40**	15.04	(10.90)	**29.41**	29.30	0.38
Profit before Tax (PBT)	**94.82**	69.81	35.83	**120.64**	94.50	27.66
Taxation	**24.01**	8.16	194.24	**40.43**	24.10	67.76
Profit after Tax (PAT)	**70.81**	61.65	14.86	**80.21**	70.42	13.90

Business Review

Fragrances have seamlessly transformed themselves into essential day-to-day products that form a significant part of personal grooming. Fragrances are today a vital and mainstream element of the cosmetics industry and have gained much attention from consumers across the globe. Although fragrances constitute a small component of the final FMCG product, they provide individuality to the product and is many a time the differentiator.

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.

Flavours add essence to life. They have always been significant in adding the extra zing and taste to what we essentially cook and eat. Flavours bring delight to our entire food experience, turning daily meals to treats.

Welcome to Keva! With a strong parentage and long standing presence of over 90 years in the Fragrance & Flavour Industry, Keva (Consolidated SHK) has a comprehensive product library of fragrances, ingredients flavours & formulation. Your Company is the largest domestic fragrance producer in India. Keva's fragrances have several application used as raw materials in the fabric care, skin and hair care, fine fragrance and household product verticals while Keva's flavouring products are used across diverse industries (bakery products, confectionaries, dairy products, beverages and pharmaceuticals).

The growth in the domestic revenues are largely accredited towards stronger offtake and cost effectiveness across all levels within the organization. Well dispersed customer base accounted for the growth with no customer accounting for more than 4% of business revenue. Your Company's performance is backed by a strong research team of scientists which has developed several molecules in the last 3 years.

Keva's ability to offer tailor-made products as opposed to readymade products has allowed it to garner consolidated revenues of 926.56 Crores during the year - up by 10.89% over the previous year 2014-15 while the consolidated net profits grew by 13.90%. Without prior period adjustments, profits grew by 25% over previous year. Fragrances constitute 94% of Keva's sales whereas Flavours account for 6%. The domestic international fragrances ratio stands at 65:35

as against 63:37 in financial year 2014-15. This is partly because of the predominant growth in the domestic fragrances and the slowing down of the growth in the export business partly due to weakening of the Euro and uncertain economic conditions in the Middle-East affecting demand. The net operating profit (excluding a one-off sale of asset and tax refund in financial year 2014-15), however, reflects a robust growth of 42%. This has mainly been achieved due to a revenue increase of approx. ₹90 Crores, improved product mix coupled with management costs which has grown by only 1%. We have also had interest saving of 22% (₹14.38 Crores in financial year 2015-16 versus ₹18.52 Crores in financial year 2014-15) due to repayment of working capital loans with the proceeds of the IPO received in November 2015. The operating cash flow of the Company also has shown a significant improvement of 40% from ₹61.71 Crores in financial year 2014-15 to 86.39 Crores on financial year 2015-16.

On standalone basis, your Company achieved a topline of ₹560.93 Crores in fiscal 2015-16 with a growth of 18.32%, primarily due to growth in domestic fragrance business despite a slow-down in the rural demand due to an uncertain rainfall situation. Profit after Tax for the current year is ₹70.81 Crores as against ₹61.65 Crores in the previous year representing a healthy growth of 14.86%. The operating cash flow of the Company has shown a significant improvement of 54.31% from ₹20.71 Crores in financial year 2014-15 to 45.33 Crores on financial year 2015-16.

Keva has recently expanded its operations by setting up a new unit in the existing facility in Mulund, Mumbai. This unit is specially designed for fine fragrances and flavours possessing fully automated infrastructure. This will help Keva cater to the fast growing, high margin fine fragrance business.

Keva has complied with the requirement of IFRA and ISO 9001:2008. Flavour manufacturing facility of the Company's subsidiary Keva Flavours Pvt. Ltd. is FSSAI certified and also registered with the US FDA. Your Company has created a new brand identity of "KEVA" which has been launched during the year.

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

Your Company continues to benchmark itself with the best-of the-breed practices as far as corporate governance standards are concerned and is committed to transparency in all its dealings and places high emphasis on business ethics. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 form part of this Annual Report.

DIVIDEND

Given the financial performance for financial year 2015-16, on 10 March 2016, your Directors had declared an interim dividend of ₹1.50 per equity share on 14,46,20,801 fully paid-up equity shares of face value of ₹10/- each for the financial year 2015-16. The dividend was paid to members whose names were furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners on 18 March 2016.

The Board recommends that the said interim dividend be declared as final dividend for the financial year 2015-16 subject to approval of the shareholders at the ensuing Annual General Meeting.

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company.

SUBSIDIARIES

As on 31 March 2016, the Company had subsidiaries in India, United Kingdom, Netherlands, Singapore and Indonesia as mentioned hereunder:

- Keva Fragrances Pvt. Ltd.
- Keva Flavours Pvt. Ltd.
- K.V. Arochem Pvt. Ltd.
- Saiba Industries 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. The financials of foreign subsidiaries have been adjusted to align with group accounting policies.

Financial and operational performance of the subsidiaries is given hereunder:

Keva Fragrances Private Limited

Keva Fragrances Private Limited is involved in the business of manufacture and exports of fragrances and flavours. The company registered a marginal increase of 6.15% in revenue (₹175.83 Crores in financial year 2015-16 as against ₹165.64 Crores in financial year 2014-15 and 2.14% in profit after tax (₹31.01 Crores in financial year 2015-16 as against ₹30.36 Crores in financial year 2014-15). This is attributed to slow-down of the international business during the financial year 2015-16 primarily due to uncertain economic and political conditions in the Middle East.

Keva Flavours Private Limited

It has been said that taste is "King" when introducing new food products to consumers and hence, flavour usage plays a pivotal function in packaged food applications in all geographic regions. Keva Flavours Private Limited develops flavours that underpin food and beverage brands in India. Though the Company has been in the business for several decades, its focus is on constantly reinventing itself. The result is your Company's ability to consistently create flavours that give brands as edge of novelty, all manufactured at your Company's state-of-the-art FSSC 22000:2011 certified plant. During the year under review, the company recorded revenue of ₹28.01 Crores from operations – up by 8.23% over last year's sales of 25.88 Crores and profit after tax of ₹2.46 Crores as against ₹1.73 Crores during previous year representing a growth of 42.20%. With acquisition of Flavours Division of High-Tech Technologies (refer acquisition section), the Company is all set to reflect significant growth in the coming financial year.

K.V. Arochem Private Limited

K.V. Arochem Private Limited is involved in the manufacture and sale of aroma ingredients which are used to impart fragrance to various end-use products. During the financial year 2015-16, the company recorded total revenue of ₹87.04 Crores as against ₹55.88 Crores representing a growth of 55.76%. The Company incurred loss of ₹2.07 Crores as against ₹5.00 Crores previous year. This is mainly due to accelerated depreciation of ₹6.23 Crores on our new investment, however, the loss has been significantly reduced by 58.60% as compared to previous year. The operating cash flow of the Company is positive at ₹3.38 Crores. In the medium term, the company is confident of mitigating its losses and becoming profitable due to the Company's ability to manufacture and sell value added aroma ingredients coming out from its state of the art manufacturing facilities.

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 ₹4.06 Crores in the financial year 2015-16 as against ₹3.40 Crores in financial year 2014-15 and profit after tax of ₹0.76 Crores in the financial year 2015-16 as against ₹0.90 Crores in financial year 2014-15.

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 a revenue of ₹177.52 Crores as against ₹206.28 Crores during the previous year and loss of ₹2.24 Crores as against net profit of ₹0.55 Crores during the previous year. The revenue declined compared to the previous financial year primarily due to weakening of the Euro which affected both sales and costs. Majority of the revenues of the Company are recorded in Euros whereas a large portion of the raw materials is purchased in USD. The management is in the process of carrying out a comprehensive review of its existing contractual obligations and future business potential.

Keva UK Limited

Keva UK Limited is authorised by its constitutional documents to manage the investment of our Company in PFW Aroma Ingredients B.V. The company did not carry any business during the year. During the year under review, the company registered an operating revenue of ₹1.10 Crores as against 1.06 Crores during the previous year and profit after tax of ₹0.71 Crores as against ₹0.34 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 turnover of ₹3.01 Crores and a loss of ₹0.46 Crores as against ₹0.61 Crores during the previous year.

PT SHKKeva Indonesia

PT SHKKeva Indonesia is involved in the business of trading and distribution of perfumery compounds. During the year under review, the company registered an operating revenue of ₹6.24 Crores as against ₹2.28 Crores during the previous year and loss of ₹4.51 Crores as against ₹3.51 Crores during the previous year. The Company intends to expand its presence in Indonesia due to immense potential of the market.

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 2016 amounted to ₹0.15 Lacs as against ₹0.22 Lacs during the previous year.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company for the financial year 2015-16, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and as prescribed by Securities Exchange Board of India (SEBI) under (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '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. On 02 April 2016, your Company has acquired Rasiklal Hemani Agencies Pvt. Ltd. (RHAPL). RHAPL are the indenting agents in Northern region for Company's fragrances for 50 years and generate and collect revenues over ₹125 Cr p.a from North India region (FY'15 ₹105 Cr). 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 shall enable the Company to expand the marketing and field activities in Northern region by directly reaching the customers through RHAPL's infrastructure.

Keva further ventured into inorganic growth by taking up an acquisition in the flavours business too which helped it get new technologies and newer customer base. Your Company has acquired, through Keva Flavours Pvt. Ltd. (subsidiary), the Business Undertaking of Hi-Tech Technologies comprising of Flavours Division on 02 April 2016. The acquisition shall enable expanding our presence in the Flavours business.

MERGER

During the year under review, the Board of Directors of your Company considered and approved the proposal of merger of Keva Fragrances Private Limited with K V Arochem Private Limited, both of which are fellow wholly-owned subsidiaries of the Company. The merger is in line with the disclosure made in the Prospectus dated 02 November 2015.

The merger would 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. Both subsidiaries filed Company Summons for Direction under Sections 391 to 394 of the Companies Act, 1956 in the High Court of Hon'ble Judicature of Bombay, Mumbai on 10 February 2016 and Petition on 25 April 2016.

The merger being between fellow subsidiaries, the same would not result in any change in the shareholding pattern of the Company.

SHARE CAPITAL

Public Issue

Your Company had come up with an Initial public issue of 28,231,827 equity shares of face value ₹10 each for cash at a price of ₹180 per equity share (including a share premium of ₹170 per equity share) aggregating ₹5,081.73 million 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. The shares of your Company got listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 16 November 2015.

Conversion of CCPS D

The Company had received a consideration of ₹227,576,250 from Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd., Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd. towards allotment of 9,195 Compulsorily Convertible Preference Shares of Series D ("CCPS D") of face value of ₹1,000 on 16 April 2013. These were subdivided into 919,500 CCPS D of face value of ₹10 each on 17 October 2014. On the same date, 8,275,500 CCPS D were allotted as a bonus issue. On 05 October 2015, 9,195,000 CCPS D of ₹10 each were converted to 683,135 Equity Shares, resulting in an aggregate conversion price of ₹333.13 per Equity Share.

General

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 Act, 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. Ramesh Vaze was re-appointed as the Managing Director by the shareholders in the annual general meeting held on 22 September 2015 for a period of five years with effect from 01 September 2015. Mr. Kedar Vaze was re-appointed as the Whole-time Director & Group CEO by the shareholders in the annual general meeting held on 22 September 2015 for a period of five years with effect from 01 September 2015.

Mr. Amit Dalmia, 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 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, 8 (eight) Board Meetings were convened and held on 17.04.2015, 19.06.2015, 19.08.2015, 05.10.2015 (2 meetings), 21.12.2015, 09.02.2016 and 29.03.2016. 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 Chairman & 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 their duties. Two such meetings were held during the year on 19 August 2015 and 29 March 2016.

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

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder, the Nomination and Remuneration Committee has formulated a process for evaluation of Board/ Directors/Committees of the Board. Accordingly, the performance of the Board/Director(s)/Committees for the financial year 2015-16 has been evaluated.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, processes followed at the meeting, Board`s focus, Board's strategy and risk management etc. Similarly, for evaluation of Individual Director's performance, the questionnaire covers 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.

The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, 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 over the evaluation process.

NOMINATION AND REMUNERATION POLICY

The Company considers human resources as its invaluable assets. The Nomination and Remuneration policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management and other employees has been approved by the Board of Directors of your Company, based on the recommendations of the Nomination and Remuneration Committee, in terms of the provisions of the Companies Act, 2013 in order to pay equitable remuneration to the Directors, KMPs, Senior Management Personnel and employees of the Company (including its subsidiaries) and to harmonise the aspirations of human resources consistent with the goals of the Company.

The Key Objectives of the Policy are:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board
- 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 KMP, 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
- Recommends to the Board, sitting fees/commission to the Non-Executive Directors

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel in the Company as per Section 2(51) and 203 of the Companies Act, 2013 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 & Manager - 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 were operating effectively; and

f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system were 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 Act and that they are not disqualified for appointment.

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

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 2015-16. The Secretarial Audit Report for the financial year ended 31 March 2016 is annexed herewith as Annexure C to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL CONTROL SYSTEMS

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that inter alia provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/ errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information. The internal control systems are commensurate with its size, requirements and the nature of operations. Pursuant to the changes in the Companies Act 2013 and Companies (Accounts) Rules 2014, a controls assurance program covering Internal Financial Controls (IFC) has also been implemented during the year and would continue as an enhancement to the existing internal control systems.

Your Company's robust Internal Audit processes provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements. These systems are designed keeping in view the nature of activities carried out at each location and various business operations.

Haribhakti & Co. LLP had been appointed as Internal Auditors of your Company for the Financial Year 2015-16 in terms of Section 138 of the Companies Act, 2013. 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 for review. The Audit Committee reviews the comprehensiveness and effectiveness of the report and provides valuable suggestions and major observations from time to time.

RISK MANAGEMENT

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

The Board of Directors of your Company has formulated and approved a Risk Management Policy for good corporate governance in terms of the requirement of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. Accordingly, the Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

The risks that my affect us include but are not limited to:

- increasing costs of raw material, transport and storage; supplier and distributor relationships and retention of distribution channels
- inflationary pressures and other factors affecting demand of our products
- economic conditions
- competitive market conditions
- attrition of key staff
- seasonal fluctuations
- exchange rate fluctuation
- political risks associated with unrest and instability in countries where we have presence or operation.
- compliance and regulatory pressures including changes to tax laws and environmental laws

VIGIL MECHANISM

Your Company is committed to highest standards of ethical, moral and legal business conduct. The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to provide appropriate avenues to the employees of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

The Company conducts workshops from time to time to encourage employees to raise any of their concerns by way of whistle blowing.

The Whistle Blower Policy may be accessed on the website of the Company at www.keva.co.in.

The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. During the year under review no protected disclosure from any Whistle Blower was received by the designated officer under the Vigil Mechanism.

GOING CONCERN STATUS

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

DISCLOSURE ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a policy on Prevention of Sexual Harassment at Workplace. The Policy is gender neutral. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Company has also set up an Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment at workplace. There was no case of sexual harassment reported during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's overarching aspiration to create significant and sustainable societal value, inspired by a vision to sub-serve a larger national purpose and abide by the strong value of trusteeship, is manifest in its Corporate Social Responsibility (CSR) initiatives that embrace the disadvantaged sections of society, especially in rural India. Towards this end, the 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 identified following focus areas of engagement which are as under:

- **Environment:** Environmental sustainability, ecological balance, conservation of energy
- **Education & Employability:** Girl 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
- **Rural Development:** To uplift the masses by working towards health, wellbeing and education in and around our manufacturing plants; Community Development projects to create livelihood, better environment and infrastructure facilities; To partner 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 Act. During the year, the Company has spent ₹0.79 Crore on CSR activities.

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

CONSERVATION OF ENERGY

Your Company has always considered energy and natural resource conservation as a focus area. Though the Company's operations involve low energy consumption, the Company has always been conscious of the need for conservation of energy and has been sensitive in making progress towards this end. The Company advocates energy efficiency in the course of production, and thereby reduces its carbon footprint. Energy efficiency improvement initiatives have been implemented across all the Plants and offices by undertaking various energy and resource conservation projects for sustainable development. The manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption.

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

- Installation of Energy Efficient LED lights in place of conventional lights which led to cost saving of ₹2.80 lacs.
- Close monitoring of lighting system by providing dedicated team to avoid unwanted lighting power.
- Upgradation of drum and can heating system to Energy efficient layout and Insulation to FO tank which led to cost saving of ₹1.65 lacs.
- Installation of Solar Panels at Mulund Unit
- Installation of DMF i.e. Dual Media pressure sand with activated carbon Filter at Mulund Unit to re-use the treated water from DMF for gardening purpose.
- Implemented tertiary treatment system for Effluent treatment plant to reduce COD load in discharge at Vashivali and Mulund Units of the Group
- Incorporation of Variable Frequency Drives at Vapi Unit of the Group wherever feasible.
- The cooling tower for Multi-Purpose Plant at Vapi was installed at the terrace of the four storied building to make use of the

gravitational force for circulation of water which reduced power consumption.

During the current year, the Company plans to install sliding vane vacuum pumps in place of steam ejectors as a measure towards energy conservation. The capital expenditure on energy conservation during the year under review was nil.

To make available the resources for future generation is the ultimate responsibility of today's generation. Hence, your Company continues to lay emphasis on conservation of energy, power and other energy resources. The Company is confident that such measures for conservation of energy will ultimately reduce the cost of production by reducing maintenance cost and efficient use of resources.

ENVIRONMENT, HEALTH AND SAFETY

An essential part of being a responsible company and employer is the health and safety of our employees and the protection of the environment in which we operate. Your Company's approach is to institutionalise safety as a value-led concept with focus on inculcating a sense of ownership at all levels and driving behavioural change leading to the creation of a safety culture. Systemic and structured efforts continue to be made towards natural resource conservation by continuously improving resource-use efficiencies and enhancing the positive environmental footprint.

Your Company has addressed the critical area of climate change mitigation through through continuous improvement in energy efficiency, enhancing the renewable energy portfolio, integrating green attributes into the built environment, better efficiency in material utilisation, maximising water use efficiencies and rain water harvesting, maximising reuse and recycling of waste and increasing use of post-consumer waste as raw material.

TECHNOLOGY ABSORPTION

In today's world, perpetually evolving technologies and increasing competition define the global market space. Constant innovation is the backbone of the work culture of your Company. In order to maintain its position of leadership, the Company has continuously and successfully developed innovative methods for absorbing, adapting and effectively deploying new technologies. Driving and sustaining this is critical to business in order to find new areas of growth and to ensure maximum customer satisfaction.

Your Company's R&D function continues 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. Your Company has built up state-of-the-art R & D centres equipped with the infrastructure required for research and new product development and have qualified staff working continuously for betterment of product and services. Our R&D team continuously does market research as well as customer survey to understand the needs and requirements of the consumers. Expenditure on R & D during the year under review was ₹10.63 Crores on standalone basis and ₹28.21 Crores on consolidated basis. Quality control for raw materials as well as our facilities is another aspect of utmost importance to the Company.

Core research areas will enable your Company to innovate ahead of the market and competition, renovate the products for superior value and sensorial delight, cost reduction while delivering the same experience for profitable growth, and above all build a very strong pipeline of innovation and superior products. The Company's R&D initiatives are reflected in its unique formulations and varied product offerings all the while keeping an eye on providing affordable products to the customers.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the financial year 2015-16 is ₹15.61 Crores as against ₹8.57 Crores in financial year 2014-15. The Foreign Exchange outgo in terms of actual outflows during the financial year 2015-16 is ₹194.89 Crores as against ₹175.82 Crores in financial year 2014-15.

HUMAN RESOURCES

At Keva, key element of its vision is to offer best place to work for people who share our passion. Our people are one of our unique strengths and each one of our employees is instrumental to your Company's success. During the year under review, your Company has strengthened its last year's HR focus to drive transformation through growth and high performance culture. Your Company has continuously strengthened its talent pool through influx of high calibre professionals, externally and internally to ready the organization for future strategy and building capability.

The Company is continuously focused on building high performance culture, which has a direct linkage with business. With performance comes a culture of recognition, which in a long way motivates and inspires people to achieve extra ordinary results. KEVA STAR – our Global Employee Recognition Program aims to appreciate stellar and power packed performance backed by a positive approach, right behaviour and demonstrated efforts towards 'Walking the Extra Mile' and 'Going Above and Beyond'.

Keva offer's self - paced learning and development opportunities and promises to "sharpen the saw" for our people by providing world class learning solution 'LEAD', our e-learning initiative. Piloting with Mastering Competencies Certification Program, Premier, online competency certification program allows each individual from the management cadre to learn and master the 'Keva Behavioural Competency Framework' thereby deeply embedding winning actions and behaviours.

Human Resource is now digital with HR automation, transitioning from paper-based HR processes to a streamlined, cloud based online system. Your Company embarking upon a transformational journey has implemented Success Factors, which is a single window HR platform. We continuously reinforce quality performance and excellence at corporate and manufacturing plants. Our quality initiatives like Quality Circles have resulted in enhancing and strengthening productivity and performance.

All the above initiatives have enabled your Company to be ranked 39th Dream Company to Work for at the World HRD Congress at Mumbai in February 2016.

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

Industrial Relations at all the units remained cordial. This has helped to build a healthy relationship and resolve issues through mutual dialogue. A couple of major achievements in this area were the successful conclusion of a long term wage settlement between the Company and trade union at Vashivali Plant that took effect retrospectively from 01 January 2015 and will be in force till 31 December 2018 and conclusion of a long term wage settlement between K. V. Arochem Pvt. Ltd., subsidiary of the Company and trade union at Vapi Plant that took effect retrospectively from 01 July 2014 and will be in force till 30 June 2017. The settlements are expected to contribute towards enhancing productivity at the plants to adapt to a richer work culture. The Board acknowledges the contribution of the workers and the employees towards meeting the objectives of the Company.

INFORMATION TECHNOLOGY

The Company, supported by a robust backbone of modern IT infrastructure, has been able to achieve a strong year on-year performance. The deployment of our ERP system based on SAP was fully completed in financial year 2014-15. SAP system has allowed your Company to standardize a lot of business processes across the group and allow faster and more accurate group reporting.

CUPID is a homegrown ERP application for a Customer Project Integrated Development Process that 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. At present, CUPID is used for fragrances business and has been quite successful since launch. We are planning to extend it to the Flavours business soon.

While SAP and CUPID together generate a lot of transactional data, the real power of data lies in its interpretation - Ability to analyse business data and get an overview at the click of a button; Ability to compare business results vs. set targets; Ability to setup KPIs and monitor performances of key aspects of business. All this has been made possible with Qlikview. Qlikview extracts data from SAP / CUPID and from other data sources and provides an online overview of the health of business.

With all our operations supported globally through SAP, we now have a major asset to enable significant further improvements and efficiencies. These systems herald a new phase of continuous improvement and allow us to gather, analyse and leverage business data in ways never before possible. It will contribute to our ambition in IT to be innovative, deliver solutions to the business in agile ways and offer the right service at the right cost.

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

Your Company has been honoured with several prestigious awards and accolades which has strengthened its capability and governance. Here is a quick glimpse of some of them:

1. Best in Culture Transformation – adjudged Finalist by People Matters at Bangalore, India, 2015. The L&D Leadership League recognizes the best of the best practices in the learning function. The category Culture Transformation recognized the outstanding Culture Transformation practice of Keva - business, people and culture.
2. 39th Rank - Dream Companies To Work For by World HRD Congress at Mumbai, India, 2016. The World HRD Congress recognizes corporate and individuals for their contribution in employee engagement, strategic HR management, talent management, recruiting and staffing. We were adjudged 39th ranked out of top 50 select organizations amongst over 400 participating organizations.
3. ISO 9001: 2008 standard recertified - Our sustained, QMS (Quality Management System) implementation has been validated at Vashivali plant, Raigad, Maharashtra, India in August 2015.
4. FSSC 22000: 2012 Certification- Our robust Food Safety Management System in place in our subsidiary Keva Flavours Pvt. Ltd. that meets the requirements of our customers and consumers has been certified at Vashivali plant, Raigad, Maharashtra, India in October 2015. Food Safety System Certification provides a framework for effectively managing organization's food safety responsibilities. FSSC 22000 is fully recognized by the Global Food Safety Initiative (GFSI) and is based on existing ISO Standards.
5. URSA (Understanding Responsible Sourcing Audit) certified – Our Vashivali Plant, Raigad, Maharashtra, India in December 2015 has been certified for URSA. This is an audit protocol which enables independent assessment of our performance and compliance against all applicable laws and regulations and the additional requirements of Unilever's Responsible Sourcing Policy (RSP).

ACKNOWLEDGEMENTS

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

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

	Ramesh Vaze	Kedar Vaze
Mumbai	*Managing Director*	*Director & Chief Executive Officer*
27 May 2016	DIN: 00509751	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 Cr)

Sr. No.	1	2	3	4	5	6	7	8	9
Name of the subsidiary	Keva Fragrances Private Limited	Keva Flavours Private Limited	K . V. Arochem Private Limited	Saiba Industries 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	31.03.2016	31.03.2016	31.03.2016	31.03.2016	31.03.2016	31.03.2016	31.03.2016	31.03.2016	31.03.2016
Currency					GBP	SGD	Euro	USD	
Exchange rate (year ended)					95.09	49.08	75.10	66.33	
Exchange rate (Average Rate)	-	-	-	-	98.76	47.19	72.31	65.46	-
Share Capital	0.32	0.1	1.22	0.22	7.21	2.12	0.12	1.82	0.03
Reserves & Surplus	160.86	17.64	47.51	6.78	20.85	(0.56)	52.45	(8.11)	(0.04)
Total assets	225.72	23.79	119.60	9.81	28.13	10.25	138.41	10.88	0.01
Total Liabilities	64.54	6.05	70.87	2.81	0.07	8.70	85.85	17.17	0.01
Investment	10.79	-	-	-	26.43	1.88	-	-	-
Turnover	175.83	28.01	87.04	4.06	1.10	3.01	177.52	6.24	-
Profit / (loss) before taxation	47.98	3.67	(2.77)	1.13	0.71	(0.46)	(2.24)	(5.95)	0.01
Provision for taxation	16.97	1.21	(0.70)	0.38	-	-	-	(1.44)	-
Profit / (loss) after taxation	31.01	2.46	(2.07)	0.76	0.71	(0.46)	(2.24)	(4.51)	0.01
% of shareholding*	100	100	100	100	100	100	100	99.75	100

 # Adjusted to align with group accounting policies

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

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
27 May 2016

Annexure B

FORM AOC -2

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

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

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

Details of contracts or arrangements or transactions at Arm's length basis: (₹ in Cr)

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
Sale of goods:				
K.V. Arochem Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	15.02
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	14.53
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	3.28
Purandar Fine Chemicals Private Limited	Common Directors	ongoing	As per Transfer Pricing Guidelines	0.05
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.04
Purchase of goods:				
K.V.Arochem Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	22.18
Keva Fragrances Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	12.43
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.93
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.69
Purchase of Fixed Assets				
K.V.Arochem Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.12
Keva Flavours Pvt Ltd	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.03
Recharge cost paid				
PFW Aroma Ingredients B.V	Subsidiary	ongoing	As per Transfer Pricing Guidelines	12.40
Jobwork Charges paid				
K.V.Arochem Private Limited	Subsidiary	ongoing	As per Transfer Pricing Guidelines	0.27

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
27 May 2016

Annexure C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

[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,
The Members,
S H Kelkar and Company Limited
Devkaran Mansion 36,
Mangaldas Road, Mumbai- 400002

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officer, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2016, 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 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

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

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(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 as 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) Listing Agreement entered with National Stock Exchange of India Limited and BSE Limited for the period from 01 April

2015 to 30 November 2015 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 01 December 2015 to 31 March 2016.

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

As represented by the Company, there is / are no Sector specific laws applicable to the Company.

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 at the Board.

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 there were following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. which are: -

1. The Company has altered its Memorandum of Association by altering the object clause, which was approved by the Members in the Extra Ordinary General Meeting, held on 17 April 2015.
2. The Company has altered its Articles of Association, which was approved by the Members in the Extra- Ordinary General Meeting held on 05 October 2015.
3. The Company had listed its shares both on BSE Limited and National Stock Exchange of India Limited on 16 November 2015 by raising fund through Initial Public Offer of 14,46,20,801 equity shares of ₹10 each fully paid up at an issue price of ₹180/- per share.
4. The Company had proposed and approved, 100% acquisition of Rasiklal Hemani Agencies Private Limited in its Board Meeting held on 29 March 2016 as on 31 March 2016.

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

Anshul Kumar Jain
Partner
FCS No. : 5547
CP No. : 13181

Mumbai
27 May 2016

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

Annexure A to the Secretarial Audit Report

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

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

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

Anshul Kumar Jain
Partner
FCS No. : 5547
CP No. : 13181

Mumbai
27 May 2016

Annexure D

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16

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 2016 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:

   ₹38.37 Cr

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

   ₹0.77 Cr

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: ₹0.79 Cr

b) Amount unspent, if any: Not Applicable

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	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Upgrade educational infrastructure at Dr. Parnerkar Maharaj Vidyalaya & Junior College	Promoting education with an aim to provide improved and advanced education system	Vashivali, Post Patalganga, Taluka - Khalapur, Distt – Raigad	0.07	0.06	0.06	Amount spent: Direct by the company
2	Livelihood enhancement projects in the form of basic and specialized Computer Training to physically challenged youth of NASEOH	Education by empowering people through employability programs to support future livelihood	Mumbai (Maharashtra)	0.14	0.12	0.12	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)	0.03	0.02	0.02	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 Distt. Maharashtra	2.00	0.10	0.10	Amount spent through implementing agency

(₹ 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	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
5	Provide basic education facility through Balwadi's (pre-school) run at 6 centres & Guardianship of 15 students	Promoting Education of girl child and empower them	Karjat and Murbad District, Raigad, Mumbai Maharashtra	0.07	0.06	0.06	Amount spent through implementing agency
6	Promote education by upgrading Gandhi Films Exhibition Centre for educating people on National Patriotism	Promoting Education by upgrading educational infrastructure	Mumbai (Maharashtra)	0.05	0.03	0.03	Amount spent through implementing agency
7	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	Kaire, Talavali, Vadgaon Phata and Borivali village in Raigad district Maharashtra	0.14	0.15	0.15	Amount spent: Direct by the company
8	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.	0.25	0.25	0.25	Amount spent through implementing agency
	TOTAL			2.75	0.79	0.79	

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

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 2015-16. The overall CSR Expenditure is ₹80.02 (in Lacs) during the financial year 2015-16. 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 a on going basis. The Company has actively taken steps in this direction and is committed to actively engage with the partners/NGOs to execute the said projects and programs and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:**
   Not Applicable
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company:**
   The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

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

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

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Mumbai
27 May 2016

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	1:42
		b)	Mr. Kedar Vaze – Wholetime Director & Group CEO	1:26
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	5.85%
		b)	Mr. Kedar Vaze – Wholetime Director & Group Chief Executive Officer	4.68%
		c)	Mr. Tapas Majumdar – Executive Vice President & Group Chief Financial Officer	5.85%
		d)	Ms. Deepti Chandratre – Company Secretary	11.5%
iii)	The percentage increase in the median remuneration of employees in the financial year.	4.36%		
iv)	The number of permanent employees on the rolls of the company.	497 (Standalone basis) 788 (Group basis)		
v)	The explanation on the relationship between average increase in remuneration and company performance.	The average increase in remuneration was 8.52%. 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 2015-16 as compared to 2014-15	18.32%
		b)	% Increase in EBIDTA in 2015-16 as compared to 2014-15	20.19%
		c)	% Increase in PAT in 2015-16 as compared to 2014-15	14.84%
		For comparison purpose the percentage increase in remuneration of KMP is given in Sr. No. ii) above.		

<table>
<tr><th>Sr. No.</th><th colspan="5">Particulars</th></tr>
<tr><td rowspan="4">vii)</td><td rowspan="4">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.</td><th>Particulars</th><th>As on 31.03.2015</th><th>As on 31.03.2016</th><th>Increase/ (Decrease) %</th></tr>
<tr><td>Market Capitalization (₹ in Cr)</td><td>2,603.17*</td><td>3,283.62</td><td>26.14</td></tr>
<tr><td>Price Earning Ratio</td><td>38.63</td><td>44.00</td><td>12.20</td></tr>
<tr><td colspan="4">Closing share price as on 31 March 2016 on NSE and BSE was ₹227.05 and ₹226.50. The Company's offer price during its public issue in FY 2015-16 was ₹180/-. The % increase in the stock price is 26.14% (NSE) and 25.83% (BSE).
*This is as on date of listing i.e. 16.11.2015</td></tr>
<tr><td>viii)</td><td>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.</td><td colspan="4">The average % increase in remuneration of employees has been 6% while for workers it is about 8%.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.</td></tr>
<tr><td>ix)</td><td>The key parameters for any variable component of remuneration availed by the Directors.</td><td colspan="4">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.</td></tr>
<tr><td>x)</td><td>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.</td><td colspan="4">Not applicable</td></tr>
<tr><td>xi)</td><td colspan="5">It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.</td></tr>
</table>

Annexure F

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31 March 2016

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

I. REGISTRATION & OTHER DETAILS:

i)	CIN	L74999MH1955PLC009593
ii)	Registration Date	01.07.1955
iii)	Name of the Company	S H Kelkar and Company Ltd
iv)	Category/Sub-category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office & contact details	Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002 Tel: +91 22 2164 9163 Fax: +91 22 2208 1204
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Link Intime India Pvt Ltd C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400078 Tel: +91 22 6171 5400 Fax: +91 22 2596 0329

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 2015-16.

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	U24244MH1980PTC023362	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	K V Arochem Private Limited Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U24110MH1978PTC020545	Subsidiary	100%	2(87)
5	Keva Chemicals Private Limited Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002	U24100MH2007PTC169546	Subsidiary	100%	2(87)

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Sections
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	99.75%	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 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	52493000	3045000	55538000	41.99	52200464	-	52200464	36.09	(5.90)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	3045000	7615000	10660000	8.06	10660000	-	10660000	7.37	(0.69)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	2030000	2030000	1.53	2030000	-	2030000	1.40	(0.13)
Sub-total (A) (1)	55538000	12690000	68228000	51.58	64890464	-	64890464	44.86	(6.72)
(2) Foreign									
a) NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other -Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	0	17124000	17124000	12.95	17124000	-	17124000	11.84	(1.11)
d) Bank / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**0**	**17124000**	**17124000**	**12.95**	**17124000**	**-**	**17124000**	**11.84**	**(1.11)**
Total shareholding of Promoter (A)= (A)(1) + (A)(2)	**55538000**	**18393000**	**85352000**	**64.53**	**82014464**	**-**	**82014464**	**56.70**	**(7.83)**

B. Public Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1. Institutions									
a) Mutual Funds	-	-	-	-	3562743	-	3562743	2.46	2.46
b) Banks / FI	-	-	-	-	18968	-	18968	0.01	0.01
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Cap Funds	-	-	-	-	-	-	-	-	-
f) Insurance Cos	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investor	-	-	-	-	20260531	-	20260531	14.00	14.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	23842242	-	23842242	16.49	16.49
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	400000	1400000	1800000	1.36	2538989	-	2538989	1.76	0.40
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹2 lakh	-	-	-	-	2324786	-	2324786	1.61	1.61
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	1269000	-	1269000	0.96	2172475	-	2172475	1.50	0.54
c) Others	39465000	4385000	43850000	33.15	31727845	-	31727845	21.94	(11.21)
Sub-total (B)(2)	41134000	5785000	46919000	35.47	38764095	-	38764095	26.81	(8.66)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	41134000	5785000	46919000	35.47	62606337	-	62606337	43.30	7.83
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	96672000	114178000	132271000	100	144620801	-	144620801	100	-

B) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% 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	13.15	-	17391000	12.03	-	4.33
2	Prabha Vaze	8352000	6.31	-	5014414	3.47	-	0.51
3	Kedar Vaze	15525000	11.74	-	15525000	10.74	-	1.78

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% 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	
4	Parth Vaze	1325000	1.00	-	1325000	0.92	-	0.00
5	Nandan Vaze	1325000	1.00	-	1325000	0.92	-	0.00
6	Nihar Nene	1522500	1.15	-	1522500	1.05	-	1.15
7	Neha Karmarkar	761250	0.57	-	761250	0.53	-	0.57
8	Sumedha Karmarkar	-	-	-	50	0.00	-	0.00
9	Nishant Karmarkar	761250	0.57	-	761250	0.53	-	0.57
10	Ramesh Vaze HUF	8575000	6.48	-	8575000	5.93	-	0.68
11	Vinayak Ganesh Vaze Charities	2030000	1.53	-	2030000	1.40	-	0.00
12	Keva Constructions Pvt Ltd	7615000	5.76	-	7615000	5.27	-	5.06
13	ASN Investment Advisors Pvt Ltd	1522500	1.15	-	1522500	1.05	-	1.15
14	SKK Industries Pvt Ltd	1522500	1.15	-	1522500	1.05	-	1.15
15	KNP Industries Pte. Ltd.	17124000	12.95	-	17124000	11.84	-	(1.51)

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	01.04.2015	Opening balance	17391000	13.15	17391000	13.15
		-	Purchase/Sale/Transfer	-	-	17391000	13.15
		31.03.2016	Closing balance	17391000	12.03	17391000	*12.03
2	Kedar Vaze	01.04.2015	Opening balance	15525000	11.74	15525000	11.74
		-	Purchase/Sale/Transfer	-	-	15525000	11.74
		31.03.2016	Closing balance	15525000	10.74	15525000	*10.74
3	Prabha Vaze	01.04.2015	Opening balance	8352000	6.31	8352000	6.31
		09.11.2015	Sale#	(3337586)	(2.84)	5014414	3.47
		31.03.2016	Closing balance	5014414	3.47	5014414	*3.47
4	Parth Vaze	01.04.2015	Opening balance	1325000	1.00	1325000	1.00
		-	Purchase/Sale/Transfer	-	-	1325000	1.00
		31.03.2016	Closing balance	1325000	0.92	1325000	*0.92
5	Nandan Vaze	01.04.2015	Opening balance	1325000	1.00	1325000	1.00
		-	Purchase/Sale/Transfer	-	-	1325000	1.00
		31.03.2016	Closing balance	1325000	0.92	1325000	*0.92
6	Nihar Nene	01.04.2015	Opening balance	1522500	1.15	1522500	1.15
		-	Purchase/Sale/Transfer	-	-	1522500	1.15
		31.03.2016	Closing balance	1522500	1.05	1522500	*1.05
7	Neha Karmarkar	01.04.2015	Opening balance	761250	0.58	761250	0.58
		-	Purchase/Sale/Transfer	-	-	761250	0.58
		31.03.2016	Closing balance	761250	0.53	761250	*0.53
8	Sumedha Karmarkar	01.04.2015	Opening balance	-	-	-	-
		01.12.2015	Purchase	50	0.00	50	0.00
		31.03.2016	Closing balance	50	0.00	50	0.00

Sr No.	Name of shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
9	Nishant Karmarkar	01.04.2015	Opening balance	761250	0.58	761250	0.58
		-	Purchase/Sale/Transfer	-	-	761250	0.58
		31.03.2016	Closing balance	761250	0.53	761250	*0.53
10	Ramesh Vaze- HUF	01.04.2015	Opening balance	8575000	6.48	8575000	6.48
		-	Purchase/Sale/Transfer	-	-	8575000	6.48
		31.03.2016	Closing balance	8575000	5.93	8575000	*5.93
11	Vinayak Ganesh Vaze Charities	01.04.2015	Opening balance	2030000	1.53	2030000	1.53
		-	Purchase/Sale/Transfer	-	-	2030000	1.53
		31.03.2016	Closing balance	2030000	1.40	2030000	*1.40
12	Keva Constructions Pvt Ltd	01.04.2015	Opening balance	7615000	5.76	7615000	5.76
		-	Purchase/Sale/Transfer	-	-	7615000	5.76
		31.03.2016	Closing balance	7615000	5.27	7615000	*5.27
13	ASN Investment Advisors Pvt Ltd	01.04.2015	Opening balance	1522500	1.15	1522500	1.15
		-	Purchase/Sale/Transfer	-	-	1522500	1.15
		31.03.2016	Closing balance	1522500	1.05	1522500	*1.05
14	SKK Industries Pvt Ltd	01.04.2015	Opening balance	1522500	1.15	1522500	1.15
		-	Purchase/Sale/Transfer	-	-	1522500	1.15
		31.03.2016	Closing balance	1522500	1.05	1522500	*1.05
15	KNP Industries Pte Ltd	01.04.2015	Opening balance	17124000	12.95	17124000	12.95
		-	Purchase/Sale/Transfer	-	-	17124000	12.95
		31.03.2016	Closing balance	17124000	11.84	17124000	*11.84

Notes:

1. **% holding has changed on account of primary issue of 11,666,666 equity shares under IPO.*
2. *#These equity shares were offered for sale under IPO.*

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.	01.04.2015	Opening balance	43563000	32.93	43563000	32.93
		09.11.2015	Sale#	(12462323)	(11.42)	5014414	3.47
		31.03.2016	Closing balance	31100677	21.51	31100677	*21.51
2	T. Rowe Price International Discovery Fund	01.04.2015	Opening balance	-	-	-	-
		09.11.2015	Allotment in IPO	1826601	1.26	1826601	1.26
		18.11.2015	Purchase	1719880	1.19	3546481	2.45
		26.02.2016	Purchase	182393	0.13	3728874	2.58
		31.03.2016	Closing balance	3728874	2.58	3728874	2.58
3	Mondrian Emerging Markets Small Cap Equity Fund, L.P.	01.04.2015	Opening balance	-	-	-	-
		09.11.2015	Allotment in IPO	124411	0.09	124411	0.09
		18.11.2015	Purchase	1125559	0.77	1249970	0.86

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
		27.11.2015	Purchase	500432	0.35	1750402	1.21
		04.12.2015	Purchase	252791	0.18	2003193	1.39
		11.12.2015	Purchase	366129	0.25	2369332	1.64
		19.02.2016	Purchase	20027	0.01	2389359	1.65
		31.03.2016	**Closing balance**	**2389359**	**1.65**	**2389359**	**1.65**
4	Smallcap World Fund, Inc	**01.04.2015**	**Opening balance**	-	-	-	-
		09.11.2015	Allotment in IPO	46243	0.30	46243	0.30
		27.11.2015	Purchase	1874640	1.03	1920883	1.33
		31.03.2016	**Closing balance**	**1920883**	**1.33**	**1920883**	**1.33**
5	Motilal Oswal Most Focused Midcap 30 Fund	**01.04.2015**	**Opening balance**	-	-	-	-
		09.11.2015	Allotment in IPO	748906	0.52	748906	0.52
		18.11.2015	Purchase	800000	0.55	1548906	1.07
		27.11.2015	Purchase	124939	0.08	1673845	1.15
		04.12.2015	Purchase	25676	0.03	1699521	1.18
		11.12.2015	Purchase	158731	0.11	1858252	1.29
		25.12.2015	Purchase	87615	0.06	1945867	1.35
		31.12.2015	Purchase	15896	0.01	1961763	1.36
		08.01.2016	Purchase	62708	0.04	2024471	1.40
		15.01.2016	Sale	(162949)	(0.11)	1861522	1.29
		22.01.2016	Purchase	15058	0.01	1876580	1.30
		29.01.2016	Sale	(68044)	(0.05)	1808536	1.25
		05.02.2016	Sale	(6098)	(0.01)	1802438	1.24
		19.02.2016	Purchase	5528	0.01	1807966	1.25
		26.02.2016	Purchase	34315	0.02	1842281	1.27
		04.03.2016	Purchase	24020	0.02	1866301	1.29
		18.03.2016	Sale	(83537)	(0.06)	1782764	1.23
		25.03.2016	Sale	(70686)	(0.05)	1712078	1.18
		31.03.2016	Purchase	8759	0.01	1720837	1.19
		31.03.2016	**Closing balance**	**1720837**	**1.19**	**1720837**	**1.19**
6	Aditi Vaze	**01.04.2015**	**Opening balance**	**1269000**	**0.96**	**1269000**	**0.96**
		-	Purchase/Sale/Transfer	-	-	1269000	0.96
		31.03.2016	Closing balance	1269000	0.88	1269000	*0.88
7	Ontario Pension Board - Mondrian Investment Partners Limited	01.04.2015	Opening balance	-	-	-	-
		09.11.2015	Allotment in IPO	59873	0.41	59873	0.41
		18.11.2015	Purchase	541676	0.01	601549	0.42
		27.11.2015	Purchase	232949	0.16	834498	0.58
		04.12.2015	Purchase	124123	0.08	958621	0.66
		11.12.2015	Purchase	145249	0.10	1103870	0.76
		18.12.2015	Purchase	1	-	1103871	0.76
		31.03.2016	**Closing balance**	**1103871**	**0.76**	**1103871**	**0.76**

Sr No.	Name of Shareholder	Date	Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No of shares	% of total shares of the company	No of shares	% of total shares of the company
8	Wasatch Emerging Markets Small Cap Fund	**01.04.2015**	**Opening balance**	-	-	-	-
		11.12.2015	Purchase	16345	0.01	16345	0.01
		08.01.2016	Purchase	62259	0.04	78604	0.05
		15.01.2016	Purchase	231297	0.16	309901	0.21
		22.01.2016	Purchase	40418	0.03	350319	0.24
		29.01.2016	Purchase	144872	0.10	495191	0.34
		05.02.2016	Purchase	25462	0.02	520653	0.36
		12.02.2016	Purchase	120000	0.08	640653	0.44
		19.02.2016	Purchase	72663	0.04	713316	0.49
		26.02.2016	Purchase	75549	0.06	788865	0.55
		04.03.2016	Purchase	239288	0.16	1028153	0.71
		18.03.2016	Sale	(44575)	(0.02)	983578	0.68
		31.03.2016	**Closing balance**	**983578**	**0.68**	**983578**	**0.68**
9	California Public Employees' Retirement System, Managed By Wasatch Advisors, Inc.	**01.04.2015**	**Opening balance**	-	-	-	-
		18.12.2015	Purchase	317791	0.22	317791	0.22
		25.12.2015	Purchase	210686	0.15	528477	0.37
		31.12.2015	Purchase	48900	0.03	577377	0.40
		01.01.2016	Purchase	129908	0.09	707285	0.49
		08.01.2016	Purchase	91754	0.06	799039	0.55
		15.01.2016	Purchase	43847	0.03	842886	0.58
		22.01.2016	Purchase	30096	0.02	872982	0.60
		29.01.2016	Purchase	40754	0.03	913736	0.63
		05.02.2016	Purchase	20840	0.01	934576	0.64
		12.02.2016	Purchase	2160	0.01	936736	0.65
		31.03.2016	**Closing balance**	**936736**	**0.65**	**936736**	**0.65**
10	Stichting Pensioenfonds Metaal En Techniek -Re Neuberger Berman	**01.04.2015**	**Opening balance**	-	-	-	-
		18.11.2015	Purchase	382000	0.26	382000	0.26
		27.11.2015	Purchase	233700	0.17	615700	0.43
		04.12.2015	Purchase	88030	0.06	703730	0.49
		11.12.2015	Purchase	58370	0.04	762100	0.53
		31.03.2016	**Closing balance**	**762100**	**0.53**	**762100**	**0.53**

Notes:

1. **% holding has changed on account of primary issue of 11,666,666 equity shares under IPO.*
2. *#These equity shares were offered for sale under IPO.*

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	01.04.2015	Opening balance	17391000	13.15	17391000	13.15
		-	Purchase/Sale/Transfer	-	-		
		31.03.2016	Closing balance	17391000	12.03	17391000	*12.03
2	Kedar Vaze	01.04.2015	Opening balance	15525000	11.74	15525000	11.74
		-	Purchase/Sale/Transfer	-	-		
		31.03.2016	Closing balance	15525000	10.74	15525000	*10.74
3	Prabha Vaze	01.04.2015	Opening balance	8352000	6.31	8352000	6.31
		09.11.2015	Sale#	(3337586)	(2.84)	5014414	3.47
		31.03.2016	Closing balance	5014414	3.47	5014414	*3.47
4	Tapas Majumdar	01.04.2015	Opening balance	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2016	Closing balance	-	-	-	-
5	Deepti Chandratre	01.04.2015	Opening balance	-	-	-	-
		-	Purchase/Sale/Transfer	-	-	-	-
		31.03.2016	Closing balance	-	-	-	-

2. *% holding has changed on account of primary issue of 11,666,666 equity shares under IPO.
3. #These equity shares were offered for sale under IPO.

V. INDEBTEDNESS:-

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

(₹ in Cr)

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	123.96	-	6.10	130.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.87	-	-	0.87
Total (i+ii+iii)	**124.83**	**-**	**6.10**	**130.93**
Change in Indebtedness during the financial year				
* Addition	636.35	-	0.01	636.36
* Reduction	(761.21)	-	(5.00)	(766.21)
Exchange Difference	0.03	-	-	0.03
Net Change	**(124.83)**	**-**	**(4.99)**	**(129.82)**
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	1.11	1.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**-**	**1.11**	**1.11**

*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 Cr)

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	2.11	1.32	3.43
	(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)	2.11	1.32	3.43
	Ceiling as per Companies Act, 2013	9.73		

B. Remuneration to other directors

(₹ in Cr)

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	0.12	0.14	0.13	0.11	0.12	0.62
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	0.12	0.14	0.13	0.11	0.12	0.62
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)	0.12	0.14	0.13	0.11	0.12	0.62
	Ceiling as per Companies Act, 2013	0.97 (exclusive of sitting fees)					

C. Remuneration to Key Managerial personnel other than MD/Manager/WTD

(₹ in Cr)

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	1.32	0.87	0.15	2.34
	(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	**1.32**	**0.91**	**0.15**	**2.38**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

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

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Mumbai
27 May 2016

Report on
Corporate Governance

COMPANY'S PHILOSOPHY

Our philosophy of Corporate Governance is founded on the pillars of fairness, accountability, disclosures and transparency. These pillars have been strongly cemented which is reflected in your Company's business practices and work culture. The sound governance processes and systems guide the Company on its journey towards continued success. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholders and societal expectations.

Your Company's Governance processes and practices, ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation.

Your Company is committed to sound principles of Corporate Governance with respect to all of its procedures, policies and practices. The governance processes and systems are periodically reviewed to ensure highest ethical and responsible standards being practised by your Company. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way the business is done.

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 one half of the total strength of the Board. All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations") and Section 149 of the Companies Act, 2013 ("the Act").

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

The 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 2016 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	5	-	-
Mrs. Prabha Vaze	00509817	Non-Executive/Promoter	Yes	4	-	-
Mr. Kedar Vaze	00511325	Whole-time Director & CEO/ Promoter	No	5	-	1
Mr. Amit Dixit	01798942	Non-Executive/Non-Independent	No	6	-	1
Mr. Amit Dalmia	05313886	Non-Executive/Non-Independent	Yes	-	-	-
Mr. Nitin Potdar	00452644	Non-Executive/Independent	Yes	2	-	1
Mr. Dalip Sehgal	00217255	Non-Executive/Independent	Yes	4	-	2
Mrs. Alpana Parida	06796621	Non-Executive/Independent	Yes	2	-	3
Mr. Jairaj Purandare	00159886	Non-Executive/Independent	Yes	2	1	-
Mrs. Sangeeta Singh	06920906	Non-Executive/Independent	Yes	4	-	3

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

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

Limit on the number of Directorships/Committee Memberships

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

Number of Board Meetings

During the year under review, 8 (eight) Board Meetings were held on 17.04.2015, 19.06.2015, 19.08.2015, 05.10.2015 (2 meetings), 21.12.2015, 09.02.2016 and 29.03.2016. 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	8	8
Mrs. Prabha Vaze	8	5
Mr. Kedar Vaze	8	8
Mr. Amit Dixit	8	6
Mr. Amit Dalmia	8	8
Mr. Nitin Potdar	8	5
Mr. Dalip Sehgal	8	7
Mrs. Alpana Parida	8	7
Mr. Jairaj Purandare	8	7
Mrs. Sangeeta Singh	8	8

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

Two meetings of Independent Directors were convened on 19 August 2015 and 29 March 2016, to review the performance of the Non-Independent Directors including the Chairman and performance of the Board as a whole. The Non-Independent Directors did not take part in the meeting.

Board Effectiveness Evaluation

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

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

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

The Directors expressed their satisfaction with the evaluation process.

Familiarisation Programme

The Company conducts familiarization programme for the Independent Directors to provide them an opportunity to familiarize themselves 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 Listing Regulations is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board meets atleast once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of your Company.

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

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

CEO/CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board upon inter alia, the accuracy of the financial statements and adequacy of internal controls for the financial reporting, in accordance with Regulation 17(8) of the Listing Regulations, pertaining to CEO and CFO certification for the Financial Year ended 31 March 2016.

Code of Conduct

Commitment to ethical professional conduct is a must for every employee, including Board members and Senior Management Personnel of your Company. Accordingly, 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 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 determines 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 any kind of remuneration including sitting fees.

Details of remuneration paid to Directors for the Financial Year 2015-16 along with their respective Shareholding in the Company are as under:

(₹ in Cr)

Name of Director	Salary & Perquisites	Contribution to Funds	Performance Linked Variable Incentive	Sitting Fees*	Total	Number of Equity Shares held as on 31 March 2016
Mr. Ramesh Vaze	1.76	0.20	0.15	-	2.11	1,73,91,000
Mrs. Prabha Vaze	-	-	-	-	-	50,14,414
Mr. Kedar Vaze	1.10	0.13	0.09	-	1.32	1,55,25,000
Mr. Amit Dixit	-	-	-	-	-	-
Mr. Amit Dalmia	-	-	-	-	-	-
Mr. Nitin Potdar	-	-	-	0.12	0.12	-
Mr. Dalip Sehgal	-	-	-	0.14	0.14	-
Mrs. Alpana Parida	-	-	-	0.11	0.11	-
Mr. Jairaj Purandare	-	-	-	0.13	0.13	-
Mrs. Sangeeta Singh	-	-	-	0.12	0.12	-

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

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 2015-16, the Company did not advance any loan to any of its Directors.

The Company's Board presently consists of two Executive Directors viz. Mr. Ramesh Vaze, Managing Director and Mr. Kedar Vaze - Whole-time Director & Group CEO. The NRC comprising of Non-Executive Directors recommends to the Board the remuneration payable to the Executive Directors within the overall limits approved by the members of the Company.

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

COMMITTEES OF THE BOARD

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

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

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

AUDIT COMMITTEE

Constitution

The Audit Committee was constituted by the Board of Directors at its meeting held on 24 June 2014. The Committee was last re-constituted by the Board of Directors on 12 March 2015.

As on 31 March 2016, 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
- 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 6 (six) times during the year on 19.06.2015, 11.08.2015, 19.08.2015, 09.12.2015, 09.02.2016 and 29.03.2016. The gap between two Meetings did not exceed 120 days. The attendance at the Meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mr. Jairaj Purandare	6	6
Mr. Dalip Sehgal	6	6
Mr. Nitin Potdar	6	5
Mr. Kedar Vaze	6	6
Mr. Amit Dalmia	6	5

The chairman of the Committee was present at the last Annual General Meeting of the company held on 22 September 2015.

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 on 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;

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; and

23) To secure attendance of outsiders with relevant expertise, if it considers necessary.

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 2016, 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 4 (four) times during the year on 19.06.2015, 19.08.2015, 27.10.2015 and 29.03.2016. The attendance at the Meetings was as under:

Committee Members	Number of Meetings held	Number of Meetings attended
Mrs. Sangeeta Singh	4	4
Mrs. Alpana Parida	4	3
Mr. Amit Dalmia	4	4

The Chairperson of the Committee was present at the last Annual General Meeting of the Company held on 22 September 2015.

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 of 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 2016, 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 19.06.2015 and 09.02.2016. The attendance at the Meetings was as under:

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

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 2016, 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 & Manager – 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 once during the year on 09 February 2016 and was attended by all the Committee Members.

Summary of complaints during 2015-16

As per the certificate issued by the Registrar & Transfer Agent, 115 complaints were received from shareholders/investors during the financial year ended 31 March 2016.

Particulars	Opening Balance	Received	Resolved	Closing Balance
SEBI/NSE/BSE	0	21	21	0
Letters	0	94	94	0
Total	**0**	**115**	**115**	**0**

All complaints were resolved to the satisfaction of the shareholders and no complaints remained unattended / pending as on 31 March 2016.

DISCLOSURES

General Body Meetings

Annual General Meetings

Year	Venue	Date	Time	Special Resolutions passed
2012-13	S H Kelkar And Company Limited (formerly known as S H Kelkar And Company Private Limited), Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080	25 September 2013	10.30 am	-
2013-14	S H Kelkar And Company Limited (formerly known as S H Kelkar And Company Private 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 (formerly known as S H Kelkar And Company Private Limited), Lal Bahadur Shastri Marg, Mulund (West), Mumbai – 400 080	22 September 2015	10.00 am	Appointment of Mr. Ramesh Vaze as Managing Director

No resolution was passed through postal ballot during the financial year 2015-16. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require 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 – 09 August 2016 at 3.30 p.m.

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

Record Date: 18 March 2016

Date of Dividend Payment: 23 March 2016

Financial Year: 01 April to 31 March

Financial Reporting for:

Quarter ending 30 June 2016:
Second week of August, 2016

Half-year ending 30 September 2016:
Second week of November, 2016

Quarter ending 31 December 2016:
Second week of February, 2016

Year ending 31 March 2017:
End May, 2017

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 The 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.

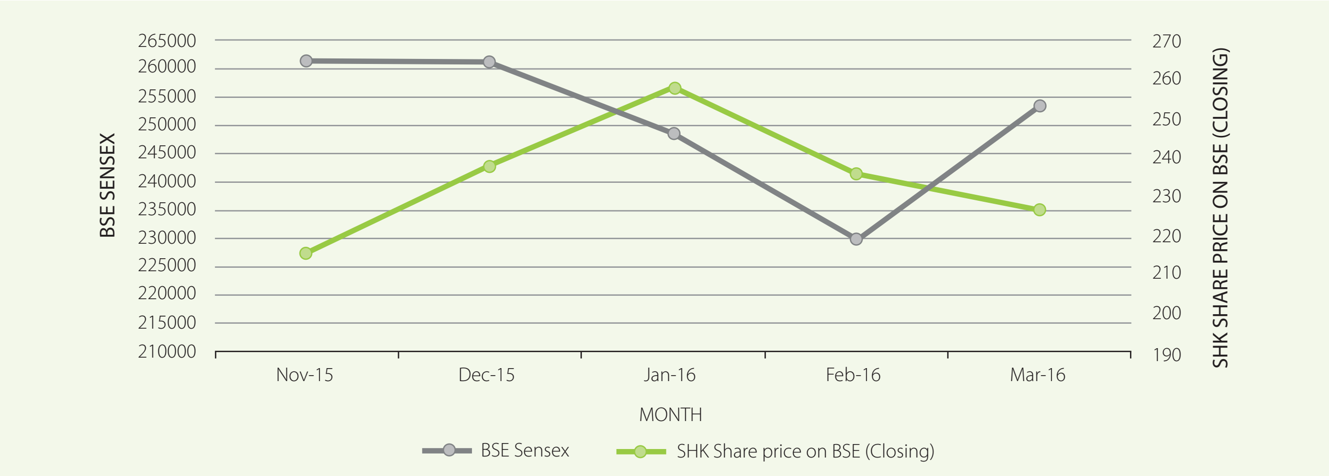
Stock Price Data

(in ₹)

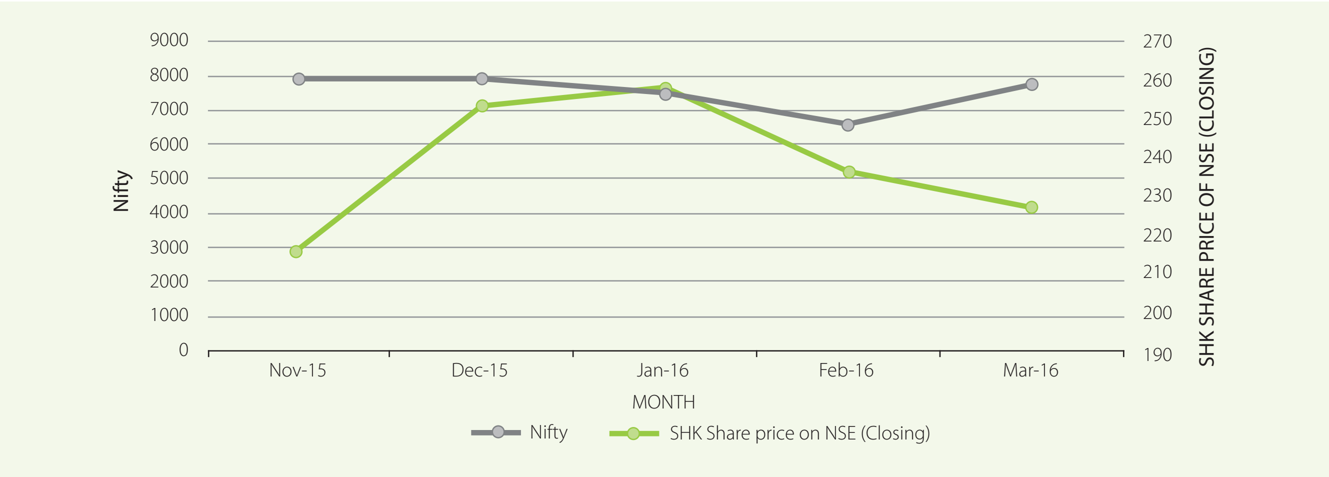
Month	BSE			BSE (Sensex) (Monthly Closing)	NSE			NSE (Nifty) (Monthly Closing)
	High	Low	Close		High	Low	Close	
November 2015	228.50	199.60	215.30	26145.67	228.40	200.00	215.80	7935.25
December 2015	248.00	209.90	237.80	26117.54	259.90	208.00	253.40	7946.35
January 2016	276.00	228.30	257.80	24870.69	275.80	231.50	258.20	7536.55
February 2016	266.00	205.10	235.60	23002.00	266.00	205.00	236.40	6587.05
March 2016	255.70	224.80	226.50	25341.86	258.20	224.20	227.30	7738.40

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 2016. The market lot of the Share of your Company is one Share, as the trading in the Equity Share of your Company is permitted only in dematerialised form. Non-Promoters' holding is around 43.29% and the stock is liquid.

Distribution of Shareholding as on 31 March 2016

Category of Shares	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
1 - 500	20,644	96.81	17,16,650	1.19
501 - 1000	302	1.42	2,39,743	0.17
1001 - 2000	131	0.61	1,99,678	0.14
2001 - 3000	58	0.27	1,50,894	0.10
3001 - 4000	24	0.11	84,505	0.06
4001 - 5000	24	0.11	1,12,172	0.08
5001 - 10000	31	0.15	2,24,289	0.15
10001 and above	110	0.52	14,18,92,870	98.11
Total	**21,324**	**100.00**	**14,46,20,801**	**100.00**

Shareholding Pattern as on 31 March 2016

Category of Shareholder	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Promoter & Promoter Group	15	0.07	82014464	56.71
Public	21309	99.93	62606337	43.29
Total	**21324**	**100.00**	**144620801**	**100.00**

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

The company has no outstanding GDRs/ADRs/Warrants/Convertible instruments as on 31 March 2016.

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Link Intime India Private Limited
Address: C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhadup (West), Mumbai - 400078
Tel. No.: +91 22 2594 6970
Fax No.: +91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in

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

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

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

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

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

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

Other Disclosures

A. Policy for determining 'material' subsidiaries

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.keva.co.in/policies. In the Financial Year 2015-16, the Company has 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 periodically bring to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

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

The Company has formulated a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions in line with the requirements of Section 177 (4) (iv) and 188 of the Act read with Rules framed thereunder and the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: https://www.keva.co.in/policies.

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

During the Financial Year 2015-16, 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**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. Workshops are conducted at various units from time to time to encourage the employees to raise any of their concerns by way of whistle blowing. 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 on accrual basis of accounting in accordance with Indian GAAP, provisions of the Companies Act, 2013 (the Act) and comply in material aspects with the accounting standards, notified under section 133 of the Act read with the Companies(Accounting Standard) Rules, 2006.

H. **Compliance with Mandatory Requirements**

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

I. **Compliance with Non-mandatory Requirements**

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

- There is no audit qualification in the company's financial statements for the year ended 31 March 2016. 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 Obligations and Disclosure Requirements) Regulations, 2015.**

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 Obligations and Disclosure Requirements) Regulations, 2015.

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 Oblogations and Disclosure) Requirements Regulations, 2015.

Annexure to Report on Corporate Goverance

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 2016.

27 May 2016	**Ramesh Vaze**
Mumbai	*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 2016 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, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

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

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

Yours faithfully,

Mumbai	**Tapas Majumdar**	**Kedar Vaze**
27 May 2016	*EVP & Group CFO*	*Director & Chief Executive Officer*

Certificate of 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

We have examined the compliance of conditions of Corporate Governance by S H Kelkar and Company Limited ("the Company") for the year ended on 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 16 November 2015 to 30 November 2015 and as per 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') for the period 1 December 2015 to 31 March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. 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.

In our opinion, and to the best of our information and according to the 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.

We certify that the company has complied with the conditions of Corporate Governance as specified in clause 49 of the Listing Agreement or regulations 17 to 27, clauses (b) to (i) of sub-regulations (2) of regulation 46 and paragraphs C,D and E of Schedule V of the Listing Regulations, as applicable.

We further 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

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
27 May 2016

Independent Auditor's Report

To the Members of

S H Kelkar and Company Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated 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 Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21 - Consolidated Financial Statements). 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matters

We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of ₹ 355.73 crores as at 31 March 2016, total revenues of ₹ 242.32 crores and net cash outflows amounting to ₹ 41.01 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 reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1. As required by sub-section (3) of Section 143 of the Act, we report, to the extent applicable, that:

   (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India, are disqualified as on 31 March 2016 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 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 financial statements – Refer Note 34 to the consolidated financial statements;

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

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

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
27 May 2016

Annexure A to the Independent Auditors' Report – 31 March 2016

(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 2016, 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 2016, 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 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
27 May 2016

Consolidated Balance Sheet as at 31 March 2016

(Currency : Indian Rupees in crores)

	Notes	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	4	144.62	141.47
Reserves and surplus	5	618.21	368.24
		762.83	509.71
Minority interest		–	–
Non-current liabilities			
Long-term borrowings	6	29.62	39.06
Deferred tax liabilities (net)	7	4.90	4.55
Other long-term liabilities	8	1.10	6.10
Long-term provisions	9	4.61	4.41
		40.23	54.12
Current liabilities			
Short-term borrowings	10	43.56	174.54
Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	11	3.87	0.97
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	11	124.79	95.24
Other current liabilities	12	71.71	79.74
Short-term provisions	13	16.29	29.58
		260.22	380.07
		1,063.28	943.90
ASSETS			
Non-current assets			
Fixed assets	14		
- Tangible assets		183.57	189.93
- Intangible assets		5.30	6.18
- Capital work-in-progress		18.12	10.48
		206.99	206.59
Goodwill on consolidation		79.25	77.58
Non-current investments	15	* 0.00	* 0.00
Deferred tax assets (net)	16	14.02	9.55
Long-term loans and advances	17	46.26	33.59
Other non-current assets	18	1.17	1.10
		347.69	328.41
Current assets			
Current investments	19	34.53	–
Inventories	20	336.93	317.53
Trade receivables	21	233.93	194.50
Cash and bank balances	22	82.23	75.91
Short-term loans and advances	23	27.23	23.31
Other current assets	24	0.74	4.24
		715.59	615.49
		1,063.28	943.90
Significant accounting policies	3		
The notes referred to above 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

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

Aniruddha Godbole
Partner
Membership No:105149

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

Mumbai
27 May 2016

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

(Currency : Indian Rupees in crores)

	Notes	31 March 2016	31 March 2015
INCOME			
Revenue from operations	25		
Sale of products (gross)		999.29	884.37
Less: excise duty		76.45	51.25
Sale of products (net)		922.84	833.12
Other operating income		3.72	2.41
Net revenue from operations		926.56	835.53
Other income	26	9.56	24.55
Total revenue (I)		936.12	860.08
EXPENDITURE:			
Cost of materials consumed	27	517.75	452.77
Purchase of stock-in-trade		1.79	7.65
Changes in inventory of finished goods, work-in-progress and stock-in-trade	28	(8.33)	(0.39)
Employee benefits expense	29	112.01	112.22
Other expenses	32	148.47	145.51
Total expenditure (II)		771.69	717.76
Earning before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)		164.43	142.32
Depreciation and amortisation	31	29.41	29.30
Finance cost	30	14.38	18.52
Consolidated profit before tax		120.64	94.50
Tax Expenses			
- Income taxes			
for current year		44.32	33.32
Prior years' tax adjustments		0.58	(4.00)
MAT credit entitlement		–	(0.75)
- Deferred tax (credit)			
for current year		(3.83)	(2.29)
for earlier years		(0.64)	(2.18)
Consolidated profit for the year before minority interest		80.21	70.40
Add : Loss attributable to Minority interest			-
Consolidated profit for the year		80.21	70.42
Earnings per equity share of ₹ 10 each, fully paid-up	36		
Basic earnings per share (₹)		5.85	5.32
Diluted earnings per share (₹)		5.85	5.30
Significant accounting policies	3		
The notes referred to above 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

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

Aniruddha Godbole
Partner
Membership No:105149

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

Mumbai
27 May 2016

Consolidated Cash flow statement for the year ended 31 March 2016

(Currency : Indian Rupees in crores)

		31 March 2016	31 March 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated Profit before tax		120.64	94.50
Adjustments for :			
Depreciation/amortisation		29.41	29.30
Unrealised (gain)/ loss on foreign exchange (net)		0.69	(3.69)
Interest income		(1.36)	(1.04)
(Profit) on sale of investment		(0.41)	(0.03)
(Profit) on sale of fixed assets (net)		(0.85)	(10.18)
Interest expense		14.38	18.52
Provision for doubtful debts (net)		2.99	0.91
Bad debts written off		0.16	0.53
Provision for dimunition in value of investments written back		-	(0.06)
Provision / liability no longer required written back		(1.98)	(0.96)
Reversal of provision for mark-to-market loss		(0.45)	(0.10)
Dividend income on Mutual Fund Investments		(0.07)	–
Consolidated operating profit before working capital changes		163.15	127.70
(Increase) in trade and other receivables		(41.17)	(15.56)
(Increase) / Decrease in advances		(17.25)	0.11
(Increase) in inventories		(19.40)	(38.75)
(Increase) in other current assets		(0.02)	(0.67)
Increase in trade and other payables		39.60	15.88
Increase in provision		0.87	1.49
Consolidated cash generated from operations		125.78	90.20
Direct taxes paid (net)		(40.66)	(28.40)
Effect of exchange differences on translation of subsidiaries		1.27	(0.06)
Net consolidated cash flows generated from operating activities	(A)	86.39	61.74
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (net of capital advance and capital work-in-progress)		(25.76)	(32.06)
Proceeds on sale of fixed assets		1.93	10.21
Proceeds from disposal of investments		0.41	0.28
Increase/ (decrease) in non-current deposits with bank*		(20.16)	3.20
Dividend income on Mutual Fund Investments		0.07	–
Interest received		1.02	1.02
Net consolidated cash flows (used in) investing activities	(B)	(42.49)	(17.35)

Consolidated Cash flow statement for the year ended 31 March 2016

(Currency : Indian Rupees in crores)

		31 March 2016	31 March 2015
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Equity Shares		209.98	-
Repayment of term loans		(27.40)	(25.18)
Repayment of working capital loans		(130.98)	59.68
Share issue expenses		(14.39)	(3.81)
(Repayment) of finance lease obligations		(0.55)	(2.31)
Dividend paid		(44.11)	(17.55)
Interest paid		(16.15)	(18.32)
Net consolidated cash flows (used in) financing activities	(C)	(23.60)	(7.49)
Net increase in consolidated cash and cash equivalents	(A+B+C)	20.30	36.90
Effect of exchange rate changes on cash and cash equivalents		0.42	0.57
		20.72	37.47
Cash and cash equivalents (Refer note 22)		72.37	34.90
Current investments (refer note 19)		-	-
Total cash and cash equivalents as at beginning of the year		72.37	34.90
Cash and cash equivalents (Refer note 22)		58.56	72.37
Current investments (refer note 19)		34.53	-
Total cash and cash equivalents as at end of the year		93.09	72.37

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Notes:		
1. **Opening consolidated cash and cash equivalents**		
Cash on hand	0.19	0.23
Balances with Banks:		
- Current accounts	35.45	22.25
- Export earnings foreign currency account	3.34	12.42
- In Deposits with original maturity less than 3 months	33.39	-
	72.37	34.90
2. **Closing consolidated cash and cash equivalents**		
Cash on hand	0.31	0.19
Balances with Banks:		
- Current accounts	48.44	35.45
- Export earnings foreign currency account	9.80	3.34
- In Deposits with original maturity less than 3 months	0.01	33.39
Current investments	34.53	-
	93.09	72.37

3. * on account of increase in fixed deposit of a subsidiary, which is made out of IPO proceeds (Refer note 46).
4. The Consolidated Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash flow statement issued by the Companies (Accounting Standards) Rules, 2006, which continue to apply under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

The notes referred to above 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
Membership No:105149

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

Mumbai
27 May 2016

Notes to the consolidated financial statements for the year ended 31 March 2016

(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'). The Company along with its subsidiaries is referred to as 'the Group'. The Group is focused on its core business of fragrances, flavours and aroma ingredients. The Company changed its name to S H Kelkar and Company Limited effective from 5 March 2015.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to S H Kelkar and Company Limited (the 'Company') and all of its subsidiary companies and companies controlled, that is, companies over which the Company exercises control and the associate (herein after collectively referred to as the 'Group'). The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and resultant unrealized profits or losses in accordance with the Accounting Standard – 21 "Consolidated Financial Statements".

b) In translating the financial statements of a non-integral operation for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral operation are translated at the closing exchange rate; income and expense items of the non-integral operation are translated using the average exchange rates prevailing during the reporting period. All resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.

c) On the disposal/closure of a non-integral operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or expense in the same period in which gain/loss on disposal of the operation is recognised.

d) Investments in subsidiaries are eliminated and differences between the costs of investment over the net assets on the date of the investment in subsidiaries are recognised as goodwill or capital reserve, as the case may be.

e) Minority interest's share of net profit of aconsolidated subsidiaries for the period is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the equity shareholders of the Company. Losses attributable to the minority in excess of the minority's share of changes in equity are debited to the consolidated statement of profit and loss of the Group.

f) Minority's share of the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet as a separate item from liabilities and the shareholder's equity.

g) Goodwill on consolidation represents the excess of purchase consideration over the net book value of assets acquired of the subsidiaries as on the date of investment. Goodwill on consolidation is not amortised but is tested for impairment on each balance sheet date and impairment losses are recognised, where applicable.

h) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

i) The financial statements of the entities used for the purpose of consolidation are drawn upto the same reporting date as that of the parent company, i.e. 31 March 2016.

j) Investments other than in subsidiaries, associates and joint ventures are accounted as per the Accounting Standard 13 – "Accounting for Investments".

Notes to the consolidated financial statements for the year ended 31 March 2016

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

No.	Name	Relationship	Country	% Holding 31 March 2016	% Holding 31 March 2015
1	Keva Fragrances Private Limited	Subsidiary	India	100%	100%
2	Keva Flavours Private Limited	Subsidiary	India	100%	100%
3	K.V.Arochem Private Limited	Subsidiary	India	100%	100%
4	Keva UK Limited	Subsidiary	United Kingdom	100%	100%
5	PFW Aroma Ingredients B.V. (subsidiary of Keva UK Limited)	Subsidiary	Netherlands	100%	100%
6	Saiba Industries Private Limited	Subsidiary	India	100%	100%
7	Keva Fragrance Industries Pte Ltd., Singapore	Subsidiary	Singapore	100%	100%
8	Keva Chemicals Private Limited (Subsidiary of K.V. Arochem Private Limited)	Subsidiary	India	100%	100%
9	PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte Ltd., Singapore)	Subsidiary	Indonesia	99.75%	99%

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting polices set out below have been applied consistently to the periods presented in these consolidated financial statements.

3.1 Basis of preparation of the consolidated financial statements

The accompanying consolidated financial statements have been prepared in compliance with the requirements under Section 133 of the Companies Act, 2013 (to the extent notified) ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. The financials have been presented in crores of Rupees.

3.2 Measurement of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortisation expense, finance costs and tax expense.

3.3 Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

3.4 Current / non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is expected to be realised within 12 months after the reporting date; or

d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Notes to the consolidated financial statements for the year ended 31 March 2016

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the Group's normal operating cycle;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. 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.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

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 Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3.5 Fixed assets, depreciation and amortisation

Tangible assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. The cost includes purchase price (excluding refundable taxes, wherever such taxes are taken credit of) and other attributable expenses related to the acquisition and installation of the asset.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Advance paid for acquisition of fixed assets, are disclosed under long-term loans and advances.

Depreciation and amortisation

Change in accounting estimate

Depreciation is provided using the Written Down Value Method as per the useful life 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.

Depreciation and amortisation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Pursuant to the Act being effective from 1 April 2014, the Group had revised the depreciation rates on fixed assets, except as mentioned above, as per the useful life specified in Part 'C' of Schedule II of the Act. Consequently, depreciation charge for the year ended 31 March 2015 was higher by ₹ 4.99 Crore due to change in the estimated useful life of certain assets. Further, an amount of ₹ 2.03 Crore had been adjusted against the opening balance of Retained Earnings and a corresponding deferred tax adjustment of ₹ 0.15 Crores on the same as on 1 April 2014, in respect of the residual value of assets wherein the remaining useful life has become 'nil'. Depreciation on additions/ deletions is calculated on a pro-rata basis from the date of addition and deletion.

Leasehold Improvements are amortised over the primary period of lease.

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.

Assets costing individually ₹ 5,000 or less have been depreciated fully in the year of purchase.

Notes to the consolidated financial statements for the year ended 31 March 2016

Intangible assets

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Acquired intangible assets includes computer software. The same are amortised over their estimated useful life of five years.

3.6 Impairment of assets

In accordance with AS 28 on 'Impairment of assets', the Group assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds it recoverable amount. Impairment loss is recognised in the Consolidated Statement of profit and loss or against revaluation surplus, where applicable. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

3.7 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.8 Investments

Long-term investments are stated at cost, less any other than, temporary diminution in value. Current investments are carried at lower of cost and market/ fair value determined on an individual investment basis. Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off. Any gain or loss on disposal of an investment is recognised in Consolidated Statement of Profit and Loss.

3.9 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.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, first in first out cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

3.10 Revenue recognition

Revenue from sale of goods is recognised when the risk and reward of the ownership of the goods are passed on to the customers. The amount recognised as sale is exclusive of Sales tax/ VAT, Octroi, freight and insurance, trade and quantity discounts.

Revenues from property sub-let under an operating lease is recognised over the tenure of the lease agreement on a straight line basis, except where there is uncertainty of ultimate collection.

Interest income is recognised on time proportion basis.

Dividend income is recognised when the right to receive payment is established.

Notes to the consolidated financial statements for the year ended 31 March 2016

3.11 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.

3.12 Leases

Lease payments under an operating lease are recognised in the statement of profit and loss on a straight line basis over the lease term.

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.13 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the consolidated statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognized in the consolidated statement of profit and loss.

The Group also uses forward contracts to hedge its foreign currency risk exposure relating to firm commitments and highly probable transactions. In accordance with the relevant announcement of the Institute of Chartered Accountants of India, the Group provides for losses in respect of such outstanding derivative contracts at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contracts are aggregated category-wise, to determine the net gain/loss.

3.14 Employee benefits

a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the year.

b) Post employment benefits:

Defined contribution plans

The Company's contribution paid/payable to the provident 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. 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 also makes specified monthly contribution towards employee provident fund in India. The Group's such contribution is recognised as expenses in the Consolidated Statement of Profit and Loss during the year.Group's contributions to Employee State Insurance and Labour Welfare Fund are recognized in the Consolidated Statement of Profit and Loss on an accrual basis.

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Consolidated Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

The Group's contribution towards defined contribution benefit plans is accrued in compliance with the domestic laws of the country in which the consolidated foreign entities operate.

Notes to the consolidated financial statements for the year ended 31 March 2016

Defined benefit plans

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at each balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the consolidated statement of profit and loss. The Group presents the above liabilities as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary.

c) Other long-term employment benefits:

The Group's net obligation in respect of long-term employment benefits, other than gratuity, 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 and is discounted to its present value and the fair value of any related assets is deducted. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under long term employment benefits, are based on the market yields on Government securities as at the balance sheet date.

In respect of certain overseas subsidiaries, the liability for compensated absences has been determined based on the arithmetic calculation.

3.15 Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credits and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is virtually/reasonably (as the case may be) certain to be realised.

3.16 Provisions and contingent liabilities

The Group recognises a provision when there is a present obligation as a result of past (or obligating) event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

Provision reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

3.17 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 anti-dilutive.

Notes to the consolidated financial statements for the year ended 31 March 2016

4. SHARE CAPITAL

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Authorised		
154,064,500 (previous year : 154,064,500) equity shares of ₹ 10 each	154.06	154.06
11,935,500 (previous year : 11,935,500) preference shares of ₹ 10 each	11.94	11.94
	166.00	166.00

(i) On 22 August 2014, the Company reclassified its Authorised Share Capital to ₹ 131.40 crores divided into 1,294,645 Equity Shares of ₹ 1,000 each, 19,200 Preference Shares of ₹ 1,000 each and 15,500 Preference Shares of ₹ 10 each.

(ii) On 22 August 2014, the Company increased its authorised Share Capital from ₹ 131.40 crores to ₹ 136.00 crores divided into 1,340,645 Equity Shares of ₹ 1,000 each, 19,200 Preference Shares of ₹ 1,000 each and 15,500 Preference Shares of ₹ 10 each.

(iii) On 18 September 2014, the Company subdivided its 1,340,645 Equity Shares of ₹ 1,000 each into 134,064,500 Equity shares of ₹ 10 each.

(iv) On 18 September 2014, the Company increased its authorised share capital of preference shares by 100,000 shares.

(v) On 17 October 2014, the Company subdivided its 119,200 Preference Shares of ₹ 1,000 each into 11,920,000 Preference Shares of ₹ 10 each.

(vi) On 19 February 2015, the Company has increased its authorised Share Capital from ₹ 146 crore to ₹ 166 crore divided into 154,064,500 Equity Shares of ₹ 10 each and re-classified its total preference shares to 11,935,500 Preference Shares of ₹ 10 each.

	31 March 2016	31 March 2015
Issued, subscribed and paid-up		
144,620,801 (previous year : 132,271,000) equity shares of ₹ 10 each, fully paid-up	144.62	132.27
Nil (previous year : 9,195,000) 0.01% Cumulative Compulsorily Convertible Preference Series 'D' shares of ₹ 10 each, fully paid-up	–	9.20
	144.62	141.47

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

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
i) Equity shares of ` 10 (Previous year ` 10) each fully paid-up				
Number of shares at the beginning of the year	132,271,000	132.27	132,271	13.23
Add: Additional shares issued on sub-division of Equity shares on 18 September 2014	–	–	13,094,829	–
Add: Bonus shares allotted on 18 September 2014	–	–	119,043,900	119.04
Add: Conversion of CCPS D on 5 October2015	683,135	0.68	–	–
Add: Shares issued during the year	11,666,666	11.67	–	–
Number of shares at the end of the year	144,620,801	144.62	132,271,000	132.27
ii) 0.01% Cumulative Compulsorily Convertible Preference Series 'D' shares of ` 10 (Previous year ` 10) each, fully paid-up				
Number of shares at the beginning of the year	9,195,000	9.20	9,195	0.92
Add: Additional shares issued on sub-division of Preference Shares on 17 October 2014	–	–	910,305	–
Add: Bonus Shares allotted on 17 October 2014	–	–	8,275,500	8.28
Less :Conversion of CCPS D on 5 October2015	(9,195,000)	(9.20)	–	–
Number of shares at the end of the year	–	–	9,195,000	9.20
iii) 0.10% Redeemable Preference Shares of ` 10 each, fully paid-up				
Number of shares at the beginning of the year	–	–	100	–
Add: Shares issued in 28 March 2014	–	–	–	–
Less: Redeemed at par on 25 August 2014	–	–	(100)	–
Number of shares at the end of the year	–	–	–	–

b. Rights, preferences and restrictions attached to equity shares/ preference shares

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.

Notes to the consolidated financial statements for the year ended 31 March 2016

4. SHARE CAPITAL *(contd...)*

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, remianing after distribution of all preferential amounts in proportion to the number of equity shares held.

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

1. Rank senior to all equity shares of the Company.
2. The holder of the CCPS D shall have the same rights as the rights of a Equity share holder, including in respect to dividend, such that all the CCPS D are entitled to such voting (on a fully diluted basis) and all other rights as available to holders of the relevant percentage of the shares of the Company.
3. Up to 4 October 2015, the conversion ratio was 1 equity share for 1 CCPS D and the Conversion could happen on a date on or before 8 August 2022. On 5 October 2015, the conversion ratio was changed to 1 equity share for 13.46 CCPS D, pursuant to the approval by the Board of Directors of the Company and the amendment to the Shareholder's Agreement dated 1 October 2015. Accordingly, 9,195,000 preference shares of ₹10 each have been converted to 683,135 equity shares of ₹10 each, on 5 October 2015.
4. CCPS D were entitled to dividend at the rate of 0.01% per annum. However, Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd. and Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd., holders of CCPD D, have waived their right to dividend at the rate of 0.01% p.a. on the CCPS D from 1 April 2015 till 4 October 2015 vide dividend waiver letters dated 5 October 2015 which were taken on record by the Board of Directors of the Company at its meeting held on 5 October 2015.
5. The holders of CCPS D are entitled for issue of additional shares in case any share split, issue of bonus Shares, Share dividends and consolidation of Shares to permit them to maintain their shareholding in the fully diluted share capital of the Company as on the date immediately prior to the Share split, issue of bonus Shares, Share dividends or consolidation of Shares.

0.10% Redeemable Preference Shares (RPS)

Pursuant to the scheme of the Amalgamation and 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 10 December 2013 issued by the Hon'ble High court of Judicature of Bombay, the Company has issued and allotted 100 fully paid up 0.10% Redeemable 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 i.e. 12 February 2014.

1. Shall rank senior to all Equity Shares of the Company.
2. The coupon rate (i.e. the rate of dividend) is 0.10%.
3. RPS shall be redeemed at any time before the expiry of 12 months from the date of allotment, either fully or in such tranches, at the discretion of the Board.
4. Shall be redeemed at par.
5. Do not carry any voting rights except in case of any resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act.
6. Preference shares will carry preferential cumulative right of dividend, at coupon rate, when declared.
7. The dividend will be calculated on pro rata basis i.e. from the date of allotment of such preference shares.

The RPS were redeemed at par on 25 August 2014.

c) **Particulars of shareholders holding more than 5% shares of a class of shares**

	31 March 2016		31 March 2015	
	Number of Shares	%	Number of Shares	%
i) Equity shares of ₹10 (Previous year ₹10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	31,100,677	21.50%	43,563,000	32.93%
Ramesh V. Vaze	17,391,000	12.03%	17,391,000	13.15%
KNP Industries Pte. Ltd.	17,124,000	11.84%	17,124,000	12.95%
Kedar R.Vaze	15,525,000	10.73%	15,525,000	11.74%
Ramesh Vaze (as Karta of R V Vaze HUF)	8,575,000	5.93%	8,575,000	6.48%
Prabha R. Vaze	–	–	8,352,000	6.31%
Keva Constructions Private Limited	7,615,000	5.27%	7,615,000	5.76%
iii) 0.01% Cumulative Compulsorily Convertible Preference Series 'D' Shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte Ltd	–	–	9,135,000	99.35%

Notes to the consolidated financial statements for the year ended 31 March 2016

4. SHARE CAPITAL *(contd...)*

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 10 December 2013 issued by the Hon'ble High court of Judicature of Bombay, the Company has issued and alloted 100 fully paid up 0.10% 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 i.e. 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 stands 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 Shareholders' 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) Intial Pulic Offering:

The Company had made an Initial public issue of 28,231,827 equity shares of face value ₹10 each for cash at a price of ₹ 180 per equity share (including a share premium of ₹ 170 per equity share) aggregating ₹ 508.17 crores 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. Aforementioned 11,666,666 equity shares were allotted on 09 November 2015 and the equity shares of the Company got listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 16 November 2015.

Notes to the consolidated financial statements for the year ended 31 March 2016

5. RESERVES AND SURPLUS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Capital reserve		
Opening Balance	17.07	–
Add: Impact of consolidation adjustments for previous years (Refer note 45)	–	17.07
Closing Balance	17.07	17.07
Capital redemption reserve		
Opening Balance	* 0.00	–
Add: Transfer from surplus in the consolidated statement of profit and loss	–	* 0.00
Closing Balance	* 0.00	* 0.00
Securities premium		
Opening Balance	25.12	152.86
Add: Premium on issued equity shares	206.84	–
Less: Utilised towards share issue expenses	(18.20)	–
Less: Utilised towards issue of bonus shares	–	(127.32)
Less: Impact of consolidation adjustments for previous years (Refer note 45)	–	(0.42)
Closing Balance	213.76	25.12
General reserve		
Opening balance	111.16	139.70
Less: Impact of consolidation adjustments for previous years (Refer note 45)	–	(37.45)
Add: Transfer from Surplus in the consolidated statement of profit and Loss	–	8.91
Closing Balance	111.16	111.16
Foreign currency translation reserve		
Opening Balance	16.64	22.45
Add: Change during the year	7.22	(15.23)
Less: Impact of consolidation adjustments for previous years (Refer note 45)	–	9.41
Closing balance	23.86	16.64
Surplus in the statement of profit and loss		
Opening Balance	198.25	141.64
Add: Net consolidated profit for the year	80.21	70.42
Less: Transfer to general reserve	–	(8.91)
Less: Transfer to capital redemption reserve	–	(0.00)
Add: Impact of consolidation adjustments for previous years (Refer note 45)	–	14.98
Less: Impact of depreciation persuant to adoption of useful lives as per Schedule II of the Companies Act, 2013 (Refer note 3.5)	–	(2.03)
Deferred tax impact on the above (Refer note 3.5)	–	0.15
Less: Proposed dividend on equity shares	–	(14.95)
Less: Interim Dividend declared and paid	(21.69)	–
Less: Dividend Distribution tax(on equity dividend)	(4.42)	(3.05)
Less: Proposed dividend on preference shares	–	(0.00)
Less: Tax on proposed preference dividend	–	(0.00)
Closing balance	252.36	198.25
	618.21	368.24

* Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements for the year ended 31 March 2016

6. LONG-TERM BORROWINGS *(secured)*

(Currency : Indian Rupees in crores)

	Non-current		Current**	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Term loans (refer note 'a', 'b' 'c' and 'd' below)				
From banks - in foreign currency	**26.21**	35.09	**11.38**	28.13
Finance lease obligation (refer note 'e' below)	**3.41**	3.97	**0.93**	0.92
	29.62	39.06	**12.31**	29.06

** Amount included under the head "other current liabilites" (Refer Note 12)

Terms of repayment and security

a) Loan from banks represented term loan from Standard Chartered Bank ('SCB') in foreign currency, USD - NIL equivalent to ₹ NIL (2015: USD 30,37,500/- crores equivalent to ₹ 19.01 crores) and was secured by a first mortgage on the Company's immovable properties both present and future ranking paripassu 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.

c) Loan from banks taken by a subsidiary company include term loan from ABN Amro Bank in foreign currency EURO 12,50,850 cores 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 EURO 3,500,000.(ii) Plegde on debtors, inventories and equipment.

d) Loan from banks taken by a subsidiary company include term loan from Commonwealth Bank of Australia in foreign currency USD 4,350,000 crores equivalent to ₹ 28.19 crores (2015- ₹34.42 crores). The loan carries interest rate @ 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 Limited., holding company and fellow indian subsidiaries. The Loan is repayable by 15 April 2018 in 8 installments starting from 15 October 2014.

The said subsidiary company has 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.

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:

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
a) Total future minimum lease payment	**3.80**	4.52	**1.14**	1.17
b) Future interest included in (a) above	**0.40**	0.55	**0.21**	0.25
c) Present Value of future minimum lease payments (a)-(b)	**3.41**	3.97	**0.93**	0.92

The rate of interest implicit in the above is 5.18%- 8.33% (Previous year 5.20% - 10.15%)

The maturity profile of finance lease obligation is as follows:

Period	Minimum lease payments		Present Value	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Payable within 1 year	**1.34**	1.17	**0.93**	0.92
Payable between 1-5 years	**3.58**	4.24	**3.40**	3.70
Payable later than 5 years	**0.02**	0.27	**0.02**	0.27

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

Notes to the consolidated financial statements for the year ended 31 March 2016

7. DEFERRED TAX LIABILITIES (NET)

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Components of deferred tax liabilities (net) for and certain subsidiaries are as follows:		
a) Deferred tax liabilities		
Excess of depreciation/ amortisation on fixed assets under income-Tax law over depreciation/ amortisation provided in accounts	**4.92**	4.55
	4.92	4.55
b) Deferred tax assets		
Provision for doubtful loans and advances	**0.02**	–
Employee benefit provisions	***0.00**	*0.00
	0.02	*0.00
Net deferred tax liabilities	**4.90**	4.55

* Amount less than ₹ 0.01 crore

8. OTHER LONG-TERM LIABILITIES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Deposit from others	**0.20**	5.20
Deposit from customers	**0.90**	0.90
	1.10	6.10

8. LONG-TERM PROVISIONS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Provision for employee benefits		
- gratuity (refer note 38)	**0.38**	0.71
- compensated absences	**4.23**	3.70
	4.61	4.41

9. SHORT-TERM BORROWINGS *(secured)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Loans repayable on demand:		
- Working capital loans (refer note 'a', 'b', 'c' &'d')	**40.24**	138.87
- Pre-shipment loans (refer note 'e')	**3.32**	9.70
- Buyers credit from banks (refer note 'f')	**–**	5.75
Bill discounting (refer note 'g')	**–**	20.22
	43.56	174.54

a) Working capital loans and bank overdraft from banks of ₹ Nil (previous year: ₹ 99.21 crores) carry interest ranging between 10% - 10.4% p.a. (previous year: 10% - 10.4% p.a.), computed on a monthly basis on the actual amount utilised, and are repayable on deman. Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debt 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 EUR 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% 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 crores (2015: 11.31) 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.

Notes to the consolidated financial statements for the year ended 31 March 2016

9. SHORT-TERM BORROWINGS *(secured) (contd...)*

e) Pre-shipment loans by a subsidiary from bank carry interest at 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.

f) Buyers credit from banks carry interest ranging between 0.83% - 1.13% p.a. (Previous year 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) 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.

11. TRADE PAYABLES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
- Dues to Micro and Small Enterprises	3.87	0.97
- Due to others	124.79	95.24
	128.66	**96.21**

12. OTHER CURRENT LIABILITIES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Current maturities of long term debts *	11.38	28.13
Current maturities of finance lease obligations*	0.93	0.92
Interest accrued and due	0.10	0.93
Interest accrued but not due	0.22	1.16
Advances received from customers	4.34	5.56
Payable to employees	10.05	10.31
Deposit from customers	0.10	0.10
Other payables		
- For capital goods	0.53	1.51
- For expenses	37.98	25.96
- For statutory dues #	6.08	5.06
Advance billing	–	0.10
	71.71	**79.74**

* Represents current maturities of long term debt/ finance lease obligations - Refer Note 6 for repayment and security details.

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.

13. SHORT-TERM PROVISIONS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Provision for employee benefits		
-gratuity (refer note 38)	0.11	0.21
-compensated absences	4.61	3.85
Provision for income tax (net of advance tax of ₹ 44.94 crores (previous year : ₹ 14.96 crores)	11.57	7.07
Provision for fringe benefit tax (net of advance tax of ₹ 0.68 crores (previous year : ₹ 0.68 crores)	* 0.00	* 0.00
Provision for loss on mark to market of derivative contract (refer note 35)	–	0.45
Provision for dividend on equity shares	–	14.95
Tax on proposed equity dividend	–	3.05
Proposed dividend on preference shares	–	*0.00
Tax on proposed preference dividend	–	*0.00
	16.29	**29.58**

* Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements for the year ended 31 March 2016

14. FIXED ASSETS

(Currency : Indian Rupees in crores)

Block of asset	Gross block					Accumulated depreciation and amortisation					Net block	
	As at 1 April 2015	Additions during the year	Deductions/ adjustments during the year	Translation difference	As at 31 March 2016	As at 1 April 2015	Addition during the year (Refer note b)	Deductions during the year	Translation difference	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible												
Land	8.83	7.31	0.01	0.24	16.36	–	–	–	–	–	16.36	8.83
Leasehold land	0.12	*0.00	–	–	0.12	0.04	*0.00	–	–	0.04	0.08	0.08
Lease hold building improvement	3.60	0.78	0.88	0.04	3.53	0.64	0.55	0.13	0.01	1.07	2.47	2.96
Buildings	107.80	0.02	0.32	1.11	108.62	41.14	6.27	0.16	0.66	47.91	60.71	66.66
Research and development equipments	11.43	0.31	–	–	11.74	8.28	0.91	–	*0.00	9.19	2.55	3.15
Factory building and sheds	23.15	–	–	* (0.00)	23.15	5.03	1.68	–	*(0.00)	6.71	16.44	18.12
Office equipment	3.22	0.34	–	0.07	3.63	2.33	0.53	–	0.06	2.91	0.72	0.89
Furniture and fixtures	19.71	0.28	* (0.00)	0.86	20.84	14.99	1.47	–	0.62	17.08	3.76	4.72
Electrical fittings	9.63	0.04	–	*0.00	9.67	5.31	1.25	–	* (0.00)	6.56	3.11	4.32
Agricultural implements	0.04	–	–	–	0.04	0.04	*0.00	–	–	0.04	*0.00	*0.00
Plant and machinery	247.47	7.73	0.56	14.35	268.99	169.64	13.59	0.44	10.82	193.62	75.37	77.83
Motor cars and vehicles	3.10	*0.00	0.27	0.04	2.88	2.01	0.34	0.22	0.04	2.17	0.71	1.09
Motor cars under lease	1.67	–	–	–	1.67	1.13	0.40	–	(0.00)	1.53	0.14	0.54
Office equipments - finance lease	0.69	–	–	–	0.69	0.35	0.17	–	*0.00	0.52	0.17	0.34
Computer and printers	8.14	0.84	–	0.70	9.68	7.74	0.30	–	0.67	8.71	0.97	0.40
Total (A)	**448.60**	**17.65**	**2.04**	**17.41**	**481.61**	**258.67**	**27.46**	**0.95**	**12.89**	**298.06**	**183.57**	**189.93**
Intangible												
Computer software	8.68	0.90	–	0.24	9.82	2.50	1.95	–	0.07	4.52	5.30	6.18
Total (B)	**8.68**	**0.90**	**–**	**0.24**	**9.82**	**2.50**	**1.95**	**–**	**0.07**	**4.52**	**5.30**	**6.18**
Capital work in progress (C)	–	–	–	–	–	–	–	–	–	–	18.12	10.48
Grand total (A+B+C)	**457.27**	**18.55**	**2.04**	**17.65**	**491.43**	**261.17**	**29.41**	**0.95**	**12.95**	**302.58**	**206.99**	**206.59**

Notes:

(a) Borrowing cost of ₹ Nil (Previous year - ₹1.39 Crs) have been included in addition to capital work in progress.

(b) Plant and machinery includes assets on lease of ₹ 5.62 Crs (Previous year: ₹ 5.08 Crores).

* Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements for the year ended 31 March 2016

14. FIXED ASSETS (PREVIOUS YEAR)

(Currency : Indian Rupees in crores)

Block of asset	Gross block					Accumulated depreciation and amortisation					Net block	
	As at 1 April 2014	Additions during the year	Deductions/ adjustments during the year	Translation difference	As at 31 March 2015	As at 1 April 2014	Addition during the year	Deductions during the year	Translation difference	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible												
Land	9.31	–	*0.00	(0.48)	8.83	–	–	–	–	–	8.83	9.31
Leasehold land	0.11	–	–	0.01	0.12	0.04	* 0.00	–	–	0.04	0.08	0.06
Lease hold building improvement	0.92	2.66	–	0.02	3.60	0.22	0.42	–	*0.00	0.64	2.96	0.70
Buildings	109.94	0.06	–	(2.20)	107.80	35.39	6.93	–	(1.18)	41.14	66.66	74.55
Research and development equipments	11.10	0.33	–	–	11.43	7.10	1.18	–	*(0.00)	8.28	3.15	4.00
Factory building and sheds	6.59	16.56	–	*(0.00)	23.15	3.89	1.15	–	*0.00	5.03	18.12	2.70
Office equipment	2.49	0.85	–	(0.12)	3.22	1.53	0.91	–	(0.11)	2.33	0.89	0.96
Furniture and fixtures	19.70	1.73	0.02	(1.70)	19.71	13.85	2.66	–	(1.52)	14.99	4.72	5.85
Electrical fittings	7.31	2.32	–	–	9.63	3.93	1.38	–	–	5.31	4.32	3.38
Agricultural implements	0.04	*0.00	–	–	0.04	0.04	–	*0.00	–	0.04	*0.00	*0.00
Plant and machinery	236.05	38.59	0.05	(27.13)	247.47	177.15	13.10	0.03	(20.58)	169.64	77.83	58.90
Motor cars and vehicles	3.24	–	0.05	(0.09)	3.10	1.60	0.54	0.05	(0.08)	2.01	1.09	1.64
Motor cars under lease	1.67	–	–	–	1.67	0.86	0.27	–	–	1.13	0.54	0.81
Office equipments - finance lease	0.69	–	–	–	0.69	0.17	0.17	–	–	0.35	0.34	0.51
Computer and printers	9.20	0.29	–	(1.35)	8.14	8.20	0.84	–	(1.30)	7.74	0.40	1.00
Total (A)	**418.36**	**63.39**	**0.12**	**(33.03)**	**448.60**	**253.97**	**29.55**	**0.08**	**(24.77)**	**258.67**	**189.93**	**164.38**
Intangible										–		
Computer software	4.96	4.05		(0.32)	8.69	0.78	1.79	–	(0.07)	2.51	6.18	4.18
Total (B)	**4.96**	**4.05**	**–**	**(0.32)**	**8.69**	**0.78**	**1.79**	**–**	**(0.07)**	**2.51**	**6.18**	**4.18**
Capital work in progress (C)											10.48	50.26
Grand total (A+B+C)	**423.32**	**67.44**	**0.12**	**(33.35)**	**457.29**	**254.75**	**31.34**	**0.08**	**(24.84)**	**261.18**	**206.59**	**218.82**

Notes:

1) Borrowing cost of ₹ 1.39 Crores (previous year ₹ 1.36 Crores) have been included in addition to capital work in progress.

2) Depreciation for the year includes an amount of ₹ 2.03 Crores, pertaining to depreciation on assets with nil useful life calculation as per Schedule II of the Companies Act, 2013 has been adjusted against opening balance in Surplus in Profit and Loss.

3) Plant and machinery includes assets on lease of ₹ 5.08 Crores (Previous year ₹ Nil)

4) Pursuant to the Act being effective from 01 April 2014, the Company has raised the depreciation rates on fixed assets as per the useful life specied in Part 'C' of Schedule II of the Act. Consequently, depreciation charged for the year ended 31 March 2015 is higher by ₹ 4.99 Crores due to change in estimated useful life of certain assets.

* Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements for the year ended 31 March 2016

15. NON-CURRENT INVESTMENTS

(Currency : Indian Rupees in crores)

	No. of shares / units		Amount	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Investment in Equity Shares of Indian Companies				
Non trade (quoted, fully paid-up equity shares)				
Hico Products Ltd. (face value ₹ 10 per share) (market value ₹ Nil per share)	19,250	19,250	0.07	0.07
Less:- provision for diminution in the value of investments			0.07	0.07
			–	–
Trade (quoted, fully paid-up equity shares)				
Reliance Industries Limited (Face Value ₹ 10 per share)	16	16	* 0.00	*0.00
			*0.00	*0.00
Total	–	–	*0.00	* 0.00

* Amount less than ₹ 0.01 crore

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

	31 March 2016	31 March 2015
Quoted non-current investments		
Aggregate book value	*0.00	*0.00
Aggregate market value	*0.00	*0.00

* Amount less than ₹ 0.01 crore

16. DEFERRED TAX ASSETS (NET)

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Components of deferred tax assets (net) for the company and certain subsidiaries are as follows: (refer note 49)		
a) Deferred tax assets		
Timing differences on account of:		
Excess of depreciation/ amortisation on fixed assets under income-Tax law over depreciation/ amortisation provided in accounts	0.09	0.07
Expenditure covered by Section 43B and 40A(7) of the Income Tax Act, 1961	2.40	1.84
Provision for doubtful trade receivables	3.03	2.24
Provision for doubtful loans and advances	0.06	0.06
Business loss	5.90	4.16
Unabsorbed depreciation	5.19	5.08
Volantary Retirement Scheme disallowance	0.14	0.30
Provision for employee benefits	0.78	0.70
Others	0.06	0.05
	17.65	14.49
b) Deferred tax liabilities		
Timing differences on account of:		
Excess of depreciation/ amortisation on fixed assets under income-Tax law over depreciation/ amortisation provided in accounts	3.56	4.19
Unrealised foreign exchange gain under section 43A of the Income Tax Act, 1961	–	0.75
Excess of allowance for lease rentals under income-tax law over depreciation and interest charged on the leased assets in accounts	0.07	*0.00
	3.63	4.94
Deferred tax assets (net)	14.02	9.55

* Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements for the year ended 31 March 2016

17. LONG-TERM LOANS AND ADVANCES *(Unsecured, considered good)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
To parties other than related parties		
Capital advances	0.09	1.00
Security deposits	1.67	1.63
Prepaid expenses	0.68	0.66
Loans to employees	–	*0.00
VAT/Sales tax refund receivable	10.42	8.52
MAT Credit	0.28	0.44
Advance income tax and fringe benefits tax	15.44	14.28
Balance with statutory authorities	17.68	7.06
	46.26	33.59

* Amount less than ₹ 0.01 crore

18. OTHER NON-CURRENT ASSETS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Term deposits with banks with maturity period more than 12 months	1.12	1.09
Interest accrued and due on fixed deposits	0.05	0.01
	1.17	1.10

19. CURRENT INVESTMENTS

(carried at a lower of cost and unquoted / fair value)

(Currency : Indian Rupees in crores)

(Investment in mutual funds)	No. of Shares/Unit		Amount	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
IDFC - Liquid Fund growth fund	18,732	–	3.37	–
IDFC - Liquid ultra short Fund growth fund	4,813,872	–	10.00	–
DWS Cash	5,031,573	–	10.00	–
Birla Sun Life Mutual Fund	48,801	–	1.16	–
Religare Inesco	58,747	–	10.00	–
			34.53	–

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

	31 March 2016	31 March 2015
Aggregate book value of unquoted current investments	34.53	–

20 INVENTORIES *(valued at lower of cost and net realisable value)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Raw materials (includes goods in transit ₹ 14.04 Crores (previous year ₹ 14.75 Crores))	207.99	198.02
Packing materials	4.45	3.43
Work-in-progress	71.67	69.44
Finished goods	45.84	41.21
Stores and spares	0.47	0.39
Stock-in-trade (includes goods in transit ₹ 1.40 Crores (previous year ₹ 0.52 Crores))	6.51	5.04
	336.93	317.53

Notes to the consolidated financial statements for the year ended 31 March 2016

21. TRADE RECEIVABLES *(unsecured)*

(Currency : Indian Rupees in crores)

		31 March 2016	31 March 2015
Receivables outstanding for a period exceeding six months from the date they become due for payment			
- Considered good		12.46	9.64
- Considered doubtful		9.57	6.50
		22.03	16.13
Less : Provision for doubtful debts		(9.57)	(6.50)
	(A)	12.46	9.64
Other Debts			
- Considered good		221.47	184.86
- Considered doubtful		–	–
	(B)	221.47	184.86
	Total (A+B)	233.93	194.50

22. CASH AND BANK BALANCES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash on hand	0.31	0.19
Balances with Banks:		
- Export earnings foreign currency account	9.80	3.34
- Current accounts	48.44	35.45
- In Deposits with original maturity less than 3 months	0.01	33.39
Other bank balances		
Bank deposits due to mature within 12 months of the reporting date	23.67	3.54
	82.23	75.91
Details of bank balances/deposits		
Bank balances available on demand/ deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	0.01	33.39
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	23.67	3.54
Bank deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets' (Refer note 18)	1.12	1.09
	24.80	38.02

23. SHORT-TERM LOANS AND ADVANCES *(Unsecured)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
To parties other than related parties		
Security Deposits		
- Considered good	4.26	0.87
- Considered doubtful	0.18	0.18
Less: Provision for doubtful deposits	(0.18)	(0.18)
	4.26	0.87
Other loans and advances		
Advance to suppliers	2.54	1.25
MAT Credit	–	0.75
Prepaid expenses	3.06	2.31
Loans and advances to employees	2.73	2.87
Other receivables	0.78	1.11
Balances with government authorities	12.30	13.63
VAT/Sales tax refund receivable	1.56	0.52
	22.97	22.44
	27.23	23.31

Notes to the consolidated financial statements for the year ended 31 March 2016

24. OTHER CURRENT ASSETS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
To parties other than related parties		
Interest accrued but not due on fixed deposits	0.54	0.25
Share issue expenses	–	3.81
To related parties		
Other receivables*	0.20	0.18
	0.74	4.24
*Details of receivables includes interest accrued from Company/ firm 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	0.20	0.18

25. REVENUE FROM OPERATIONS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Sale of products		
Domestic sales of finished goods	629.47	511.53
Less: excise duty	76.45	51.25
	553.02	460.28
Export sales of finished goods	335.84	358.06
Domestic sales of traded goods	27.74	12.50
Export sales of traded goods	6.24	2.28
Other operating income		
Sale of scrap	1.43	2.33
Export Incentive	2.29	0.08
	926.56	835.53

26. OTHER INCOME

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015	
Interest			
On deposits	1.33		0.70
On others	0.03		0.34
Profit on fixed assets sold (Net) (refer note 43)	0.85	53.49	
Less: Expenditure incurred on sale of asset	–	(43.31)	10.18
Profit on investment sold (Net)	0.41		0.03
Exchange gain (Net)	3.08		10.71
Provision for diminution in value of investment written back	–		0.06
Reversal of provision for mark-to-market loss (refer note 35)	0.45		0.10
Sales tax refund received	–		0.52
Liabilities no longer required written back	1.14		0.75
Miscellaneous income	1.36		0.95
Excess interest provision written back	0.84		0.21
Dividend income on Mutual Fund Investment	0.07		–
	9.56		24.55

Notes to the consolidated financial statements for the year ended 31 March 2016

27. COST OF MATERIALS CONSUMED

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Raw materials consumed (including packing materials):		
Opening stock		
- Raw materials	198.02	160.68
- Packing materials	3.43	2.41
	201.45	163.09
Add: Purchases		
- Raw materials	509.30	471.91
- Packing materials	19.44	19.22
	528.74	491.13
Less: closing stock		
- Raw materials	207.99	198.02
- Packing materials	4.45	3.43
	212.44	201.45
Materials consumed		
- Raw materials	499.33	434.57
- Packing materials	18.42	18.20
	517.75	452.77

28. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS (AND STOCK IN TRADE)

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Closing stock		
-Finished goods	45.84	41.21
-Work in progress	71.67	69.44
-Stock-in-trade	6.51	5.04
	124.02	115.69
Opening stock		
-Finished goods	41.21	58.21
-Work in progress	69.44	53.88
-Stock-in-trade	5.04	3.21
	115.69	115.30
(Increase) / decrease in inventories	(8.33)	(0.39)

29. EMPLOYEE BENEFITS EXPENSE

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Salaries, wages and bonus	93.68	89.77
Contribution to Provident and other funds	13.30	14.93
Compensated absences (refer note 39)	1.55	3.22
Staff welfare expenses	3.48	4.30
	112.01	112.22

30. FINANCE COSTS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Interest Expenses		
On term loans	2.79	2.95
On working capital loans	7.94	9.77
On buyers credit	0.01	0.27
On dues to Micro and Small Enterprises	0.29	0.73
Realised loss on derivative instrument	–	0.47
Other interest cost	0.88	0.79
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	2.47	3.54
	14.38	18.52

31. DEPRECIATION AND AMORTISATION

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Depreciation of tangible fixed assets	27.46	27.51
Amortisation of intangible fixed assets	1.95	1.79
	29.41	29.30

Notes to the consolidated financial statements for the year ended 31 March 2016

32. OTHER EXPENSES

(Currency : Indian Rupees in crores)

	31 March 2016		31 March 2015	
Brokerage and commission		22.49		24.17
Power and fuel		20.15		21.06
Selling and distribution		4.65		4.15
Freight, forwarding and delivery		9.77		6.38
Legal and professional charges		12.91		16.88
Travelling and conveyance		9.77		9.74
Repairs:				
- buildings		1.44		2.68
- machinery		5.14		0.90
- others		3.89		9.94
Security charges		3.17		3.00
Rent (gross) (refer note 41)	17.53		12.39	
Less: capitalised during the year	1.70	15.83	0.85	11.54
Rates and taxes		1.52		2.43
Discount and deductions		2.02		1.27
Bank charges		1.35		0.94
Insurance		2.23		2.82
Printing and stationery		2.95		4.41
Training expenses		0.88		0.70
Pollution control expenses		2.92		1.88
Consumption of stores and spare parts		3.85		4.19
Corporate Social Responsibility Expense (refer note 48)		1.51		1.47
Provision for doubtful debts (net)		2.99		0.91
Bad debts written off		0.16		0.53
Payment to auditors (refer details below)		0.89		0.86
Telephone and other communication expenses		1.80		1.65
Directors sitting fees		0.60		0.44
Contract labour charges		3.74		2.92
Miscellaneous expenses		9.85		7.64
		148.47		145.51
Payment to auditors (excluding service tax)				
-Statutory audit fees		0.47		0.60
-Tax audit fees		0.04		0.04
-Other matters		0.38		0.22
		0.89		0.86
Other services (in connection with filing of Draft Red Herring Prospectus and Red Herring Prospectus with SEBI (refer note 46))		0.57		0.24
		1.46		1.10

33. CAPITAL COMMITMENTS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.41	4.35

Notes to the consolidated financial statements for the year ended 31 March 2016

34. CONTINGENT LIABILITIES

a) Direct and Indirect Taxes

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Bank Guarantee for octroi	**0.08**	0.08
Litigations under dispute and pending at various forums with respect to :		
--- Income Tax	**3.41**	4.71
--- Sales Tax	**0.79**	0.72
--- Excise Duty	**0.61**	20.24
--- Service Tax	**8.42**	0.48
--- Others	**0.12**	–

b) 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 our 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 KCPL 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 Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Group's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Group's results of operations or financial condition.

35. DERIVATIVES:

The Group has entered into an interest rate and currency swap. Pursuant to the repayment of term loan, the interest swap expired on 03 November 2015. Accordingly, in the current year, the Company has credited to the Statement of profit and loss a sum of ₹ 0.45 crores (previous year ₹ 0.10 crores) representing the reversal of mark to market losses charged to the Statement of profit and loss in the previous years.

Notes to the consolidated financial statements for the year ended 31 March 2016

36. EARNINGS PER SHARE

(Currency : Indian Rupees in crores)

Particulars		31 March 2016	31 March 2015
Basic earnings per share			
Consolidated Profit after tax	(A)	80.21	70.42
Less: Preference dividend and tax thereon		*0.00	*0.00
		80.21	70.42
Profit attributable to equity shareholders	(B)	80.21	70.42
Number of equity shares outstanding at the beginning of the year		**132,271,000**	132,271
Sub-division of Equity shares**		–	13,094,829
Bonus shares issued during the year***		–	119,043,900
Equity shares issued during the year		**11,666,666**	–
Number of CCPS shares converted into equity shares******		**683,135**	–
Number of equity shares outstanding at the end of the year		**144,620,801**	132,271,000
Weighted average number of equity shares outstanding during the year (based on date of issue of shares)	(C)	**137,195,265**	132,271,000
Basic earnings per share of face value of ₹ 10 each	(B) / (C)	**5.85**	5.32
Adjusted earnings per share			
Diluted earnings per share			
Weighted average number of equity shares outstanding during the year		**137,195,265**	132,271,000
Effect of dilutive Potential equity/ preference shares			
Number of preference shares outstanding at the beginning of the year		**9,195,000**	9,195
Sub-division of preference shares****		–	910,305
Bonus preference shares issued during the year*****		–	8,275,500
Conversion of Preference Shares into equity shares		**(9,195,000)**	–
Number of Preference shares outstanding at the end of the year		–	9,195,000
Corresponding dilutive potential equity shares at conversion ratio determined on 5 October 2015******		**683,135**	683,135
Total number of equity shares used to compute diluted earnings per share	(D)	**137,195,265**	132,954,135
Weighted average number of equity shares used to compute diluted earnings per share (based on date of issue of shares)	(D)	**137,195,265**	141,466,000
Diluted earnings per share of face value of ₹ 10 each	(A) / (D)	**5.85**	5.30

The disclosure of Earnings per share (in compliance with AS-20) for the current and previous year has been arrived at after giving effect to the below stated amendment to the Shareholders Agreement in respect of the conversion ratio of preference shares and the subsequent conversion:

* Amount less than ₹ 0.01 crores

** The shares of the Company stand subdivided from 132,271 Equity shares of ₹ 1,000 each to 13,227,100 Equity Shares of ₹ 10 each on 18 September 2014.

*** 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.

**** On 17 October 2014, the Company's Preference Shares stand sub-divided from 9,195 Preference Shares of ₹ 1,000 each into 919,500 Preference Shares of ₹ 10 each.

***** 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 preference share held.

****** On 5 October 2015, pursuant to the approval by the Board of Directors of the Company and the amendment to the Shareholders Agreement dated 1 October 2015, the conversion ratio for 0.01% Cumulative Compulsorily Convertible Preference Shares of Series D ("CCPS D") stands changed from 1 equity share for 1 CCPS D share to 1 equity share for 13.46 CCPS D. Accordingly, 9,195,000 CCPS D of ₹10 each, have been converted to 683,135 equity shares of ₹ 10 each, on 5 October 2015.

Notes to the consolidated financial statements for the year ended 31 March 2016

36. EARNINGS PER SHARE *(contd...)*

CCPS D were entitled to dividend at the rate of 0.01% per annum. However, Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd. and Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd., holders of CCPD D, had waived their right to dividend at the rate of 0.01% p.a. on the CCPS D from 1 April 2015 till 4 October 2015 vide dividend waiver letters dated 5 October 2015 which were taken on record by the Board of Directors of the Company at its meeting held on 5 October 2015.

The Earnings per share (in compliance with AS-20) for the current year and previous year has been arrived at after giving effect to the above mentioned sub-division and issue of bonus equity and preference shares.

37. RELATED PARTY DISCLOSURES

(I) 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
	Khyati Constructions Private Limited
	Purandar Fine Chemicals Private Limited
	Keva Properties Private Limited
	4R Healthcare (partnership firm)
	KK Industries (partnership firm) (upto 31 December 2015)
	Ramesh Vaze HUF
	Ramesh Vaze Family Trust (upto 04 April 2015)
	Prabha Vaze Family Trust (upto 12 March 2015)
	Vinayak Ganesh Vaze Charities
C) Key Management Personnel (KMP) *Executive Directors*	Ramesh V. Vaze, Managing Director
	Kedar R. Vaze, Director & Chief Executive Officer (from 11 October 2014)
	Prabha R. Vaze, Director (upto 11 March 2015)
D) Relatives of Key Management Personnel	Aditi K.Vaze (upto 14 January 2015)
	Anagha Nene
	Parth K Vaze
	Nandan K Vaze
	S. K. Karmarkar

Notes to the consolidated financial statements for the year ended 31 March 2016

37. RELATED PARTY DISCLOSURES *(contd...)*

(2) Details of transactions with related parties:

(Currency : Indian Rupees in crores)

Particulars	Name of the party	31 March 2016	31 March 2015
Remuneration	Ramesh V Vaze	2.11	2.03
	Prabha R Vaze	–	0.17
	Kedar R Vaze	1.32	1.28
	Aditi K Vaze	–	0.13
	Anagha Nene	–	0.06
Purchase of goods	Purander Fine Chemicals Private Limited	0.69	1.15
	Keva Aromatics Private Limited	–	0.91
Sale of goods	Purander Fine Chemicals Private Limited	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	1.97
	Kedar R.Vaze	4.08	1.76
	Prabha R. Vaze	1.70	0.95
	Keva Constructions Private Limited	–	0.86
	Aditi K. Vaze	–	0.14
	Parth K. Vaze	0.35	0.15
	Nandan K. Vaze	0.35	0.15
	Ramesh Vaze Family Trust	–	0.35
	Prabha Vaze Family Trust	–	0.35
	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	9.59	4.94
	KNP Industries Pte Ltd	4.50	1.94
	Vinayak Ganesh Vaze Charities	0.53	0.23
	Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte Ltd	0.06	–
	SKK Industries Private Limited	0.40	–
	ASN Investment Advisors Private Limited	0.40	–
	Ramesh vaze HUF	2.26	0.97
	Sumedha Karmarkar	*0.00	–
Interest Income	Evolutis India Private Limited	0.02	–
Fixed Assets Sold	Keva Properties Private Limited	–	53.49
Outstanding balances			
Other current assets	Evolutis India Private Limited	0.20	0.18
Trade Payables	Keva Aromatics Private Limited	0.49	0.48

The Executive directors of the Company have furnished personal guarantees for all the secured borrowings of the Group.

* Amount less than ₹ 0.01 crore

Notes to the consolidated financial statements for the year ended 31 March 2016

38. EMPLOYEE BENEFITS

Disclosures pursuant to Accounting Standard 15 "Employee Benefits" :

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised are charged off for the year as under :

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Group's contribution to Provident Fund/social security	3.60	3.32
Group's contribution towards foreign defined contribution plan in accordance with local laws	6.91	7.93
Group's contribution to Superannuation Fund	1.19	1.85
Group's Contribution to ESIC	0.03	0.02
Group's Contribution to Maharashtra Labour Welfare Fund	*0.00	*0.00

* Amount less than ₹ 0.01 crore

Defined Benefit Plan

The employees gratuity fund scheme for the Company is managed by "S.H.Kelkar & Co. Ltd. Employee's Gratuity Fund". The contribution to the fund is made based on the actuarial valuation using the "Projected Unit Credit" Method.

The employees gratuity fund scheme for other Indian subsidiaries is managed by "LIC ".

The obligation for leave encashment is recognised in the same manner as gratuity.

a. Change in defined benefit obligations

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Projected benefit obligation at the beginning of the year	7.34	6.15
Current service cost	0.85	0.63
Interest cost	0.59	0.56
Actuarial (gain)/loss on obligations	0.21	1.02
Benefit paid	(0.52)	(1.02)
Defined benefit obligation at the end of the year	8.47	7.34

b. Change in fair value of plan assets

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Fair value of plan assets at the beginning of the year	6.49	5.68
Expected return on Plan Assets	0.52	0.50
Employer contribution	1.53	1.37
Benefit paid	(0.52)	(1.02)
Actuarial gain/(loss) on plan assets	0.04	(0.05)
Fair value of plan assets at year-end	8.05	6.49
Actual return on plan assets	0.02	0.09

c. Amounts to be recognized in the Consolidated Balance sheet

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Present value of obligation	8.47	7.34
Fair value of plan assets	(8.05)	(6.49)
Liability recognized in the consolidated balance sheet (net of prepayments)	0.42	0.85

Notes to the consolidated financial statements for the year ended 31 March 2016

38. EMPLOYEE BENEFITS *(contd...)*

Defined Benefit Plan *(contd...)*

d. Expenses recognised during the year

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Current service cost	0.85	0.63
Interest cost	0.59	0.56
Expected returns on plan assets	(0.52)	(0.50)
Actuarial gain /(loss)	0.17	1.06
Expense Recognised in the Consolidated Statement of profit and loss	1.10	1.75

e. Actuarial gains/ losses

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Actuarial gain/ (loss) on obligation	0.52	1.02
Actuarial gain/ (loss) on plan assets	0.04	0.05
Actuarial (loss) recognized	0.56	1.06

f. Category of assets

Particulars	31 March 2016)	31 March 2015
Government of India Assets	12%	13%
Corporate Bonds	21%	23%
Special Deposit Scheme	4%	4%
State Government Bonds	27%	29%
Others	36%	31%
Total Investments	100%	100%

g. Assumptions used in the accounting for defined benefit plans

Particulars	31 March 2016	31 March 2015
Discount Rate	8% to 9.31%	8% to 9.31%
Rate of Return on Plan Assets	8% to 9.31%	8% to 9.31%
Salary Escalation Rate	6%	6%

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.

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 ₹1.55 crores (previous year: ₹ 3.22 crores) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Consolidated Statement of Profit and loss.

Notes to the consolidated financial statements for the year ended 31 March 2016

39. SEGMENT REPORTING

During the year ended 31 March 2015, the Group has reassessed the basis of identification of primary business segments, for the purpose of disclosure of segment information as per the requirement of Accounting Standard (AS) 17 – 'Segment Reporting', to bring it in line with the internal business reporting systems of the Group, and to align it with the risk and returns based on the nature of products as well as international reporting practices. As a result, the Group has identified its primary business segments to be – Fragrances and Flavours.

The Group has identified two reporting segments viz. Fragrances and Flavours as primary segment.

- Fragrances

segment manufactures/ trade in Fragrances and aroma ingredients for Fragrances

- Flavours

segment manufactures/ trade in Flavours

The segments have been identified and reported taking into account the nature of products, the differing risks and returns and the internal business reporting systems, in terms to the information required by the Accounting Standard 17 ('AS 17') on 'Segment Reporting'.

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group with following additional policies for segment reporting:

a. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b. Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

(Currency : Indian Rupees in crores)

	Fragrances 31 March 2016	Flavours 31 March 2016	Total 31 March 2016
Revenue			
Total sales	973.30	65.13	1038.43
Inter-segment sales	(109.14)	(6.45)	(115.59)
Other operating income	3.30	0.42	3.72
Total Revenue	867.46	59.10	926.56
Segment results			
Operating profit	119.40	11.04	130.44
Unallocable income (net of expense)			
Other income			4.58
Unallocable expenses			
- Finance cost			(14.38)
- Taxation			(40.43)
Consolidated Profit after tax before minority interest			80.21
Minority Interest			–
Consolidated profit for the year			80.21
Other information			
Segment assets	884.30	44.61	928.91
Unallocated corporate assets			134.37
Total assets			1063.28
Segment liabilities	185.08	13.07	198.15
Unallocated corporate liabilities			102.30
Total liabilities			300.45
Capital expenditure during the year	22.15	4.04	26.19
Depreciation (charged to consolidated statement of profit and loss)	28.54	0.87	29.41

Notes to the consolidated financial statements for the year ended 31 March 2016

39. SEGMENT REPORTING *(contd...)*

(Currency : Indian Rupees in crores)

	Fragrances 31 March 2015	Flavours 31 March 2015	Total 31 March 2015
Revenue			
Total sales	871.70	66.07	937.77
Inter-segment sales	(99.24)	(5.41)	(104.65)
Other operating income	2.37	0.04	2.41
Total Revenue	774.83	60.70	835.53
Segment results			
Operating profit	83.21	9.70	92.91
Unallocable income (net of expense)			
Other income			20.11
Unallocable expenses			
- Finance cost			(18.52)
- Taxation			(24.10)
Consolidated Profit after tax before minority interest			70.40
Minority Interest			0.02
Profit after tax after minority interest			70.42
Other information			
Segment assets	791.06	41.56	832.62
Unallocated corporate assets			111.28
Total assets			943.90
Segment liabilities	150.04	9.35	159.39
Unallocated corporate liabilities			274.80
Total liabilities			434.19
Capital expenditure during the year	26.12	1.53	27.65
Depreciation (charged to consolidated statement of profit and loss)	28.33	0.97	29.30
Depreciation (adjusted to reserves)	2.03	–	2.03

A. Secondary Geographical Segment

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.

	Year	Domestic	Overseas	Total
Total Revenue	**2016**	**580.76**	**342.08**	**922.84**
Carrying amount of segment assets	**2016**	**612.70**	**316.21**	**928.91**
Additions to fixed assets and intangible assets	**2016**	**13.78**	**12.41**	**26.19**
Total Revenue	2015	472.77	360.35	833.12
Carrying amount of segment assets	2015	535.94	296.68	832.62
Additions to fixed assets and intangible assets	2015	10.93	16.72	27.65

Notes to the consolidated financial statements for the year ended 31 March 2016

40. FOREIGN CURRENCY EXPOSURE

A. Hedged:

Forward exchange contract: The Group uses forward exchange contract to hedge its exposure to movements in foreign currency rates.

(Currency : Indian Rupees in crores)

Particulars	31 March 2016		31 March 2015	
	Foreign Currency	INR	Foreign Currency	INR
Foreign exchange contracts (To hedge trade receivables, capital goods and buyer's credit)	**USD 5,750,000**	**39.42**	USD 12,100,000	79.17

B. Unhedged

Particulars		31 March 2016		31 March 2015	
		Foreign Currency	INR	Foreign Currency	INR
Receivables	USD	**7,366,696**	**48.87**	3,330,729	20.85
	EURO	-	–	184,505	1.25
	JPY	-	–	–	–
Payables	USD	**4,429,102**	**29.38**	3,064,264	19.18
	EURO	**654,095**	**4.91**	1,868,253	12.61
	CHF	**115,602**	**0.79**	58,688	0.38
	GBP	**16,235**	**0.15**	12,568	0.12
	THB	**30,014**	**0.01**	-	-
Advance to Creditors	USD	**13,497**	**0.09**	3,734	0.02
	EURO	-	–	-	–
	CHF	-	–	-	–
Bank Balances	USD	**651,716**	**4.32**	792,382	4.96
	EURO	-	–	94,469	0.64
Borrowings	USD	**4,777,597**	**31.69**	10,119,207	63.34
Buyers Credit Loan	USD	–	–	797,000	4.99
	EURO	–	–	112,000	0.76
Advances to Employee	EURO	**5,396**	**0.04**	–	–
	USD	2,500	**0.02**	–	–
	SGD	30	***0.00**	–	–
	THB	**151**	***0.00**	–	–

* Amount less than ₹ 0.01 crore

41. OPERATING LEASE

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.

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Lease payments recognised in the Statement of Profit and Loss for non-cancellable operating lease	**8.42**	5.85
Lease payments recognised in the Statement of Profit and Loss for cancellable operating lease	**8.95**	6.54
Total Amount	**17.53**	12.39
Future minimum lease payments in respect of non-cancellable leases		
- Amount due within one year from the balance sheet date	**8.46**	8.40
- Amount due in the period between one year and five years	**19.12**	22.30

Notes to the consolidated financial statements for the year ended 31 March 2016

42. 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 2015. Management continues to believe that its international transactions post March 2015 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.

43. SALE OF FIXED ASSETS

During the year ended 31 March 2015, the Company had sold a plot of land situated at Mulund, Maharashtra for a consideration of ₹ 53.49 Crores to Keva Properties Private Limited. The said land was encroached upon by slum dwellers. As a condition precedent to agreement to sale, the Company needs to rehabilate tenants (slum dwellers) under the Slum Rehabilitation Authority ('SRA') Scheme and remove the encroachment. The Company had entered into a sub-contract arrangement with Sandhu Homes LLP for a consideration of ₹ 43.31 Crores for rehabilitation of tenants (slum dwellers) under the Slum Rehabilitation Authority ('SRA') Scheme.

44. ADDITIONAL INFORMATION TO BE GIVEN AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY

As at 31 March 2016 (Currency : Indian Rupees in crores)

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
1	2	3	4	5
Parent				
S H Kelkar and Company Limited	71.63%	546.43	88.28%	70.81
Subsidiaries				
Indian				
Keva Fragrances Private Limited	21.13%	161.18	38.66%	31.01
Keva Flavours Private Limited	2.32%	17.72	3.07%	2.46
K.V.Arochem Private Limited	6.39%	48.73	(2.58)%	(2.07)
Saiba Industries Private Limited	0.92%	7.00	0.95%	0.76
Keva Chemicals Private Limited (Subsidiary of K. V. Arochem Private Limited)	–	(0.01)	–	–
Foreign				
Keva UK Limited	3.68%	28.06	(0.89)%	0.71
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	6.89%	52.56	(2.79)%	(2.24)
Keva Fragrance Industries Pte Ltd	0.20%	1.56	(0.57)%	(0.46)
PT SHKKeva Indonesia (Subsidiary of 'Keva Fragrance Industries Pte Ltd., Singapore)	(0.82)%	(6.29)	(5.62)%	(4.51)
Total Eliminations	**(12.33)%**	**(94.13)**	**(20.27)%**	**(16.26)**
Minority interest in all subsidiaries				
PT SHKKeva Indonesia (Subsidiary of 'Keva Fragrance Industries Pte Ltd., Singapore)	–	–	–	–
Total	100%	762.83	100%	80.21

Notes to the consolidated financial statements for the year ended 31 March 2016

44. ADDITIONAL INFORMATION TO BE GIVEN AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013, OF ENTERPRISES CONSOLIDATED AS SUBSIDIARY *(contd...)*

As at 31 March 2015 (Currency : Indian Rupees in crores)

Name of the Entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
1	2	3	4	5
Parent				
S H Kelkar and Company Limited	60.81%	309.94	87.57%	61.67
Subsidiaries				
Indian				
Keva Fragrances Private Limited	25.54%	130.17	43.11%	30.36
Keva Flavours Private Limited	3.00%	15.28	2.46%	1.73
K.V.Arochem Private Limited	3.69%	18.82	7.09%	(4.99)
Saiba Industries Private Limited	1.23%	6.25	1.28%	0.90
Keva Chemicals Private Limited (Subsidiary of K. V. Arochem Private Limited)	(0.00)%	(0.01)	(0.00)%	(0.0)
Foreign				
Keva UK Limited	5.24%	26.70	0.48%	0.34
PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)	9.67%	49.31	0.51%	0.36
Keva Fragrance Industries Pte Ltd	0.39%	2.01	(0.87)%	(0.61)
PT SHKKeva Indonesia (Subsidiary of 'Keva Fragrance Industries Pte Ltd., Singapore)	(0.35)%	(1.77)	(4.98)%	(3.51)
Total Eliminations	**(9.22)%**	**(47.00)**	**(22.51)%**	**(15.85)**
Minority interest in all subsidiaries				
PT SHKKeva Indonesia (Subsidiary of 'Keva Fragrance Industries Pte Ltd., Singapore)	0.00%	-	0.03%	0.02
Total	100%	509.70	100%	70.42

45. PRIOR-PERIOD ADJUSTMENTS

The consolidated financial statements for the years ended 31 March 2012, 31 March 2011 and 31 March 2010 were prepared for the first time for the purpose of the inclusion of the Restated Consolidated Summary Financial Information in the Draft Red Herring Prospectus.

Pursuant to the preparation of the consolidated financial statements for the years ended 31 March 2012, 31 March 2011 and 31 March 2010, certain material consolidation adjustments pertaining to the aforementioned respective previous years were identified, which has not been considered in the consolidated financial statements of the Group for the years ended 31 March 2014 and 31 March 2013, and consequently have been given impact to in the year ended 31 March 2015, which are set out below:

i. during the year ended 31 March 2013, cross holding impact on acquisition of a subsidiary during the year ended 31 March 2011 and stake dilution in a subsidiary during the year ended 31 March 2012 were not accounted for. Accordingly, for the year ended 31 March 2013, General reserve was overstated by ₹ 37.23 Crores, Capital reserve was understated by ₹ 15.53 Crores, Surplus in the statement of profit and loss was understated by ₹ 22.04 Crores and Securities premium was overstated by ₹ 0.34 Crores. These adjustments have been reflected in the year ended 31 March 2015.

ii. during the year ended 31 March 2013, consolidation adjustment on acquisition of subsidiaries in the year ended 31 March 2011 was incorrectly accounted. Accordingly, for the year ended 31 March 2013 Surplus in the statement of profit and loss was overstated by ₹ 8.23 Crores, Foreign

Notes to the consolidated financial statements for the year ended 31 March 2016

45. PRIOR-PERIOD ADJUSTMENTS *(contd...)*

currency translation reserves was understated by ₹12.18 Crores, General reserves was overstated by ₹ 0.91 Crores and Capital reserve was understated by ₹1.55 Crores and goodwill on consolidation was understated by ₹ 4.59 Crores. These adjustments have been reflected in the year ended 31 March 2015.

iii. during the year ended 31 March 2013, certain inter-company elimination adjustments for the years ended 31 March 2011 and 31 March 2012 were not recorded. Accordingly, for the year ended 31 March 2013, Foreign currency translation reserves was overstated by ₹ 3.04 Crores, Surplus in statement of profit and loss was understated by ₹ 3.07 Crores, Securities premium overstated by ₹ 0.08 Crores and General reserve was understated by ₹ 0.70 Crores and other assets was overstated by ₹ 0.65 Crores. These adjustments have been reflected in the year ended 31 March 2015.

iv. during the year ended 31 March 2013, certain subsidiaries profit were incorrectly considered in the consolidation of financial statements . Accordingly, for the year ended 31 March 2013, the consolidated profit and balance in Surplus in statement of profit and loss was overstated by ₹ 0.82 Crores. These adjustments have been reflected in year ended 31 March 2015.

46. 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 proceeds from IPO amounts to ₹ 209.99 crores (including issue related expenses inclusive of service tax ₹ 18.20 crores)

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

Particulars	Object of the issue as per the prospectus	Utilization 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	–
Investment in K.V.Arochem Private Limited for repayment/pre-payment in full or in part of certain loans availed by KVA	32.00	32.00	–
General Corporate purposes	33.79	–	33.79
Total	**191.79**	**158.00**	**33.79**

The unutilised amounts of the issue as at 31 March 2016 have been temporarily deployed in money market mutual fund. Funds infused by the Holding Company in K. V. Arochem Private Limited out of IPO proceeds but not yet utilised for loan repayment, amounting to ₹ 22.00 Crore, is maintained as Fixed deposit with a Bank. The same will be utilised for the loan payment as and when instalments for the said loan are due.

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.

Notes to the consolidated financial statements for the year ended 31 March 2016

47. EXPENSES INCURRED ON RESEARCH AND DEVELOPMENT DURING THE YEAR:

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

	31 March 2016	31 March 2015
Amount in respect to		
Capital expenditure	1.90	0.33
Revenue expenditure	26.31	26.02
	28.21	26.35

48. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Act, a CSR committee has been formed by the Group. 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.

The Company alongwith its subsidiaries incorporated in India, were required to contribute ₹1.51 crores (previous year: ₹1.47 crores).

The areas of CSR activities and contributions made thereto are as follows:

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Amount spent during the year on ;		
Contribution to Clean Ganga Fund	0.62	0.88
Promotion of education	0.65	0.59
Others	0.09	–
Development of Infrastructure in rural area	0.15	–
Total	1.51	1.47

The Group does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

49. The net deferred tax assets of ₹14.02 crores (P.Y. 9 55 crores) recognised by the Group as at 31 March 2016 includes deferred tax assets in respect of unabsorbed depreciation and carry forward business losses aggregating to ₹9.63 crores (P.Y. 9.24 crores) recognized by one subsidiary. anagement of the subsidiary, in view of the merger of the said subsidiary with another fellow subsidiary (refer note50), believes that virtual certainty exists in respect of the subsidiary company's ability to generate future taxable income to offset the unabsorbed depreciation and carry forward losses.

50. The Board of Directors of the Company, in a meeting held on 29 January 2016, accorded its consent to the merger of Keva Fragrances Private Limited (a wholly owned subsidiary of the holding company) with its fellow subsidiary K V Arochem Private Limited under the scheme of amalgamation. K V Arochem Private Limited has filed an application for merger on 10 February 2016, followed by a petition dated 25 April, 2016 with the Hon'ble High Court of Judicature at Bombay. Pending approval of the said scheme by the High Court, effect of amalgamation has not been given in the respective financial statements of Keva Fragrances Private Limited and K V Arochem Private Limited and consequently in the consolidated financial statements of the Company.

51. On 02 April, 2016, the Company has acquired 100% share capital of Rasiklal Hemani Agencies Private Limited. On 02 April, 2016, the Company has also acquired, through Keva Flavours Private Limited (subsidiary), the Business Undertaking of High-Tech Technologies comprising of Flavours Division.

52. On 10 March 2016, the Board of Directors had declared an interim dividend of ₹ 1.50 per equity share on 14,46,20,801 fully paid-up equity shares of face value of ₹10 each for the financial year 2015-16. The dividend was paid on 23 March 2016 to shareholders holding shares as on Record Date i.e. 18 March 2016.

Notes to the consolidated financial statements for the year ended 31 March 2016

53. COMPARATIVE INFORMATION

Previous year's figures have been regrouped/reclassed wherever necessary, to confirm current period's classification, details of which are as follows:

Particulars	Note number	Amount as per previous year financials	Adjustments	Revised amount for previous year
Trade Payable	11	101.65	(5.44)	96.21
Other current liabilities	12	73.79	5.95	79.74
Long term loans and advances	17	33.08	0.51	33.59
Total Revenue	25,26	861.65	(1.57)	860.08
Cost of material Consumed	27	458.38	(5.61)	452.77
Employee Benefit Expenses	29	115.96	(3.74)	112.22
Other Expenses	32	137.65	(7.86)	145.51
Finance cost	30	18.60	(0.08)	18.52

54. OTHER INFORMATION

Information with regard to other matters specified in Schedule III to the Act, is either nil or not applicable to the Company for the year.

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
Membership No:105149

Ramesh Vaze
Managing Director
DIN: 00509751

Kedar Vaze
Director & Chief Executive Officer
DIN: 00511325

Mumbai
27 May 2016

Tapas Majumdar
Chief Financial Officer
ICAI Membership No: 51470

Deepti Chandratre
Company Secretary
Membership No: A20759

Independent Auditor's Report

To the Members of

S H Kelkar and Company Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of S H Kelkar and Company Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows 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) 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 balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on

31 March 2016, 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 financial statements – Refer Note 30 to the standalone financial statements;

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

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

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

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai
27 May 2016

Annexure A to the Independent Auditors' Report – 31 March 2016

With reference to Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March, 2016, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified 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, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. 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 one body corporate 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 companies, 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 a body corporate 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 a body corporate 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 a body corporate 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 given to a body corporate, a guarantee given to companies and a body corporate and investments made by the Company. The Company has not 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, 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 and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of Income tax and Service tax have generally been regularly deposited with the appropriate authorities, though there have been slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Service tax, Sales tax, Value added tax, Professional tax, Duty of customs, Duty of excise, Cess and other material statutory dues were in arrears as at 31 March 2016 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 dues of Income-tax, Service tax and Duty of excise as listed in Appendix 1 have not been deposited as on 31 March 2016 by the Company on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company does not have any loans or borrowings from government or dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company has raised money by way of initial public offer during the year. Out of the total money raised aggregating ₹ 191.79 crores, ₹ 158 crores have been utilised till 31 March 2016 (also refer note no. 45 to the financial statements) and ₹ Nil has been utilized subsequent to 31 March 2016. Pending utilisation of the funds raised through Initial Public Offer, the unutilised funds aggregating to ₹ 33.79 were temporarily used for the purpose other than for which they were raised. In our opinion and according to the information and explanations given to us, the Company did not raise 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. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations 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
27 May 2016

Appendix 1 as referred to in paragraph (vii)(b) of the Annexure A to the Independent Auditors' Report

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	0.70	0.70	2008-09	Income-tax Appellate Tribunal
Income tax Act, 1961	Income-tax	0.52	0.52	2010-11	The Commissioner of Income-tax (appeals)
Central Excise Act, 1944	Excise duty	0.02	0.00*	1999-2010	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	0.32	0.20	2008-09	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	0.11	0.07	2011-12	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	0.04	0.04	2004-06	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Service tax	0.04	0.04	2008-09	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Service tax	6.75	6.75	2011-12	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Service tax	0.04	0.04	2011-12	The Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Service tax	0.39	0.39	2012-13	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Service tax	0.96	0.96	2011-12	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Service tax	0.15	0.15	2011-12	The Commissioner of Central Excise (appeals)
Central Excise Act, 1944	Service tax	0.09	0.09	2011-12	The Commissioner of Central Excise (appeals)

*Amount less than ₹0.01 crore

Annexure B to the Independent Auditors' Report – 31 March 2016

(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 2016 in conjunction with our audit of the standalone 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 2016, 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
27 May 2016

Balance Sheet as at 31 March 2016

(Currency : Indian Rupees in crores)

	Notes	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	144.62	141.47
Reserves and surplus	4	401.81	168.47
		546.43	309.94
Non-current liabilities			
Long-term borrowings	5	0.04	0.35
Other long-term liabilities	6	1.10	6.10
Long-term provisions	7	3.26	2.84
		4.40	9.29
Current liabilities			
Short-term borrowings	8	–	125.17
Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	9	3.87	0.23
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	9	73.35	50.97
Other current liabilities	10	25.29	40.63
Short-term provisions	11	6.94	18.60
		109.45	235.60
		660.28	554.83
ASSETS			
Non-current assets			
Fixed assets	12		
- Tangible assets		89.93	91.31
- Intangible assets		2.70	2.71
- Capital work-in-progress		–	–
		92.63	94.02
Deferred tax assets (net)	13	1.63	0.98
Non-current investments	14	131.49	99.48
Long-term loans and advances	15	11.30	9.95
Other non-current assets	16	0.03	0.03
		237.08	204.46
Current assets			
Current investments	17	34.53	–
Inventories	18	202.98	193.04
Trade receivables	19	116.98	76.26
Cash and bank balances	20	45.51	56.96
Short-term loans and advances	15	20.62	15.93
Other current assets	21	2.58	8.18
		423.20	350.37
		660.28	554.83
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements.	3-52		

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
Membership No:105149

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

Mumbai
27 May 2016

Statement of Profit and Loss for the year ended 31 March 2016

(Currency : Indian Rupees in crores)

	Notes	31 March 2016	31 March 2015
INCOME			
Revenue from operations			
Sale of products (gross)	22	624.77	525.65
Less: excise duty		64.80	52.48
Sale of products (net)		559.97	473.17
Other operating income		0.96	0.90
		560.93	474.07
Other income	23	22.76	31.58
Total revenue (I)		583.69	505.65
EXPENDITURE			
Cost of materials consumed	24	343.53	292.54
Changes in inventory of finished goods and work-in-progress	25	(1.34)	(3.77)
Employee benefits expense	26	53.07	47.91
Other expenses	27	71.76	71.90
Total expenditure (II)		467.02	408.58
Earning before interest, tax, depreciation and amortisation (EBIDTA) (I)-(II)		116.67	97.07
Depreciation and amortisation	12	13.40	15.04
Finance costs	28	8.45	12.22
Profit before tax		94.82	69.81
Tax expenses			
- Income taxes			
for current year		24.74	14.75
for prior year (write back)		(0.08)	(4.00)
for MAT credit Entitlement		–	(0.75)
- Deferred tax (credit)			
for current year		(0.65)	0.34
for earlier years		-	(2.19)
Profit for the year		70.81	61.65
Earnings per equity share (Nominal value of ₹ 10 each, fully paid-up)			
Basic earnings per share (₹)	37	5.16	4.66
Diluted earnings per share (₹)	37	5.16	4.64
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements.	3-52		

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
Membership No:105149

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

Mumbai
27 May 2016

Cash flow statement for the year ended 31 March 2016

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	94.82	69.82
Adjustments for :		
Depreciation and amortisation	13.40	15.04
(Profit) on sale of fixed assets	(0.02)	(10.17)
Reversal of provision for mark-to-market loss	(0.13)	(0.43)
Profit on sale of investment in Mutual Funds	(0.41)	(0.03)
Unrealised exchange fluctuation loss (net)	(0.74)	(0.33)
Dividend income	(15.00)	(15.00)
Dividend income on Mutual Fund Investment	(0.07)	–
Rent income	(3.72)	(3.70)
Interest income on fixed deposits	(0.71)	(0.69)
Interest income on loan given to subsidiary	(0.59)	(0.06)
Commission on SBLC to subsidiary	(0.04)	(0.04)
Provision for doubtful debts / bad debts	–	0.53
Miscellaneous income	–	(0.33)
Provision for dimunition in value of investments written back	–	(0.06)
Excess interest provision written back	(0.84)	(0.21)
Liabilities no longer required written back	(1.11)	(0.34)
Interest expense and other finance costs	8.45	12.29
Operating cash flow before working capital changes	93.42	66.29
Changes in working capital		
(Increase) in inventories	(9.94)	(26.92)
(Increase)/ decrease in trade receivables	(40.55)	5.71
(Increase) in loans and advances and other current assets	(2.43)	(4.10)
Increase /(decrease) in trade payables, other current liabilities and provisions	28.46	(7.66)
Net change in working capital	(24.46)	(32.97)
Cash flows generated from operating activities	68.96	33.32
Direct taxes paid	(23.63)	(12.61)
Net cash flows generated from operating activities (A)	45.33	20.71
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net of capital work in progress, capital creditors and capital advance)	(11.94)	(5.54)
Investment in equity shares of subsidiary	(32.01)	(1.71)
Loan given to subsidiary	(1.60)	–
Proceeds from sale of fixed assets (net of related expenditure)	0.07	10.21
Proceeds from sale of investments	0.41	0.28
Rent income	3.72	3.70
(Increase) / decrease in non-current deposits with bank	2.69	3.15
Dividend received	15.00	15.00
Interest received	0.87	0.69
Dividend income on Mutual Fund Investment	0.07	–
Net cash flows (used in)/ from investing activities (B)	(22.72)	25.78

Cash flow statement for the year ended 31 March 2016 (Contd...)

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital by way of IPO	209.99	
Share issue expenses	(14.39)	–
Repayment of borrowings (net)	(16.52)	(20.53)
Principal payments under finance leases	(0.37)	(0.44)
(Decrease) / Increase in working capital loans, net	(125.17)	48.17
Dividend paid, including tax thereon	(41.06)	(15.00)
Finance costs paid	(9.32)	(12.00)
Net cash flows from financing activities (C)	3.16	0.20
Net increase in cash and cash equivalents (A + B + C)	25.77	46.69
Cash and cash equivalents (Refer note 20)	53.85	7.16
Current investment (refer note 17)	–	–
Total cash and cash equivalents as at beginning of the year	53.85	7.16
Cash and cash equivalents (Refer note 20)	45.09	53.85
Current investments (refer note 17)	34.53	–
Total cash and cash equivalents as at end of the year	79.62	53.85

(Currency : Indian Rupees in lacs)

	31 March 2016	31 March 2015
Notes:		
1. Cash and cash equivalents		
Cash on hand	0.18	0.10
Balance with banks		
- in current accounts	44.06	20.36
- in EEFC account	0.84	–
- Deposit with bank (with original maturity of 3 months or less)	0.01	33.39
	45.09	53.85
2. Current investments		
In Liquid mutual fund - Unquoted	34.53	–

3. The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash flow statement issued by the Companies (Accounting Standards) Rules, 2006, which continue to apply under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

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
Membership No:105149

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

Mumbai
27 May 2016

Notes to the financial statements for the year ended 31 March 2016 (Currency : Indian Rupees in crores)

1. COMPANY OVERVIEW

S H Kelkar and Company Limited ('SHK' or 'the Company') was incorporated under the provisions of the Companies Act, 1913. The Company is engaged in the manufacture, supply and exports of fragrances and aroma ingredients.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these standalone financial statements.

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared, in compliance with the requirements under Section 133 of the Companies Act, 2013 (to the extent notified) ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. The financial statements have been presented in crores of Rupees.

2.2 Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

2.3 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, income, expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

2.4 Current / non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is expected to be realised within 12 months after the reporting date; or
d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.
e. Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is due to be settled within 12 months after the reporting date; or
d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. 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.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

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.

Notes to the financial statements for the year ended 31 March 2016

2.5 Fixed assets, depreciation and amortisation

Tangible assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. The cost includes purchase price (excluding refundable taxes, wherever such taxes are taken credit of) and other attributable expenses related to the acquisition and installation of the asset.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in-progress. Advance paid for acquisition of fixed assets, are disclosed under long-term loans and advances.

Depreciation and amortisation

Change in accounting estimate

Depreciation is provided using the Written Down Value Method as per the useful life prescribed under Schedule II of the Act.

Pursuant to the Act being effective from 1 April 2014, the Company had revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. Consequently, depreciation charge for the year ended 31 March 2015 was higher by ₹ 2.07 crores due to change in the estimated useful life of certain assets. Further, an amount of ₹ 0.27 crores had been adjusted against the opening balance of Retained Earnings and a corresponding deferred tax adjustment of ₹ 0.09 crores on the same as on 1 April 2014, in respect of the residual value of assets wherein the remaining useful life has become 'nil'.

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.

Intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Acquired intangible assets includes computer software. The same are amortised over their estimated useful life of five years.

2.6 Impairment of assets

In accordance with AS 28 on 'Impairment of assets' as prescribed in the Companies (Accounting Standards) Rules, 2006, the Company assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds it recoverable amount. Impairment loss is recognised in the Statement of profit and loss or against revaluation surplus, where applicable. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.

2.7 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.8 Investments

Long-term investments are stated at cost, less any other than, temporary diminution in value. Current investments are carried at lower of cost and market/ fair value determined on an individual investment basis. Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off. Any gain or loss on disposal of an investment is recognised in Statement of profit and loss.

Notes to the financial statements for the year ended 31 March 2016

2.9 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.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, first in first out cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal 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.

2.10 Revenue recognition

Revenue from sale of goods is recognized when the risk and reward of the ownership of the goods are passed on to the customers. The amount recognised as sale is exclusive of Sales tax/ VAT, Octroi, freight and insurance, trade and quantity discounts.

Interest income is recognised on time proportion basis.

Dividend income is recognised when the right to receive payment is established.

2.11 Leases

Lease payments under an operating lease are recognised in the statement of profit and loss on a straight line basis over the lease term.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.12 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognized in the statement of profit and loss.

Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all outstanding derivative contracts at the year-end and the resulting mark-to-market losses, if any, are recognised in the statement of profit and loss.

2.13 Employee benefits

a) *Short term employee benefits:*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the year.

b) *Post employment benefits:*

Defined contribution plans

The Company's contribution paid/payable to the provident 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. 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 Company. The Company makes specified monthly contributions towards employee provident fund.

Company's contributions to Employee State Insurance and Labour Welfare Fund are recognised in the Statement of profit and loss on an accrual basis.

Notes to the financial statements for the year ended 31 March 2016

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.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. 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.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at each balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the statement of profit and loss. The Company presents the above liabilities as current and non-current in the balance sheet as per actuarial valuations and certificate issued by the independent actuary.

c) Other long-term employment benefits:

The Company's net obligation in respect of long-term employment benefits, other than gratuity, 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 and is discounted to its present value and the fair value of any related assets is deducted. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under long term employment benefits, are based on the market yields on Government securities as at the balance sheet date.

2.14 Taxation

Income tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credits and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is virtually/reasonably (as the case may be) certain to be realised.

2.15 Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of past (or obligating) event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

Provision reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

2.16 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 anti-dilutive.

Notes to the financial statements as at 31 March 2016

3. SHARE CAPITAL

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Authorised		
154,064,500 (previous year : 154,064,500) equity shares of ₹ 10 each	154.06	154.06
11,935,500 (previous year : 11,935,500) preference shares of ₹ 10 each	11.94	11.94
	166.00	166.00

(i) On 22 August 2014, the Company reclassified its Authorised Share Capital to ₹ 131.40 crores divided into 1,294,645 Equity Shares of ₹ 1,000 each, 19,200 Preference Shares of ₹ 1,000 each and 15,500 Preference Shares of ₹ 10 each.

(ii) On 22 August 2014, the Company increased its authorised Share Capital from ₹ 131.40 crores to ₹ 136.00 crores divided into 1,340,645 Equity Shares of ₹ 1,000 each, 19,200 Preference Shares of ₹ 1,000 each and 15,500 Preference Shares of ₹ 10 each.

(iii) On 18 September 2014, the Company subdivided its 1,340,645 Equity Shares of ₹ 1,000 each into 134,064,500 Equity shares of ₹ 10 each.

(iv) On 18 September 2014, the Company increased its authorised share capital of preference shares by 100,000 shares.

(v) On 17 October 2014, the Company subdivided its 119,200 Preference Shares of ₹ 1,000 each into 11,920,000 Preference Shares of ₹ 10 each.

(vi) On 19 February 2015, the Company has increased its authorised Share Capital from ₹ 146 crore to ₹ 166 crore divided into 154,064,500 Equity Shares of ₹ 10 each and re-classified its total preference shares to 11,935,500 Preference Shares of ₹ 10 each.

	31 March 2016	31 March 2015
Issued, subscribed and paid-up		
144,620,801 (previous year : 132,271,000) Equity shares of ₹ 10 each, fully paid-up	144.62	132.27
Nil (previous year : 9,195,000) 0.01% Cumulative Compulsorily Convertible Preference Series 'D' shares of ₹ 10 each, fully paid-up	–	9.20
	144.62	141.47

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

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
i) Equity shares of ₹10 (Previous year ₹10) each fully paid-up				
Number of shares at the beginning of the year	132,271,000	132.27	132,271	13.23
Add: Additional shares issued on sub-division of Equity shares on 18 September 2014(Refer note b)	–	–	13,094,829	–
Add: Bonus shares allotted on 18 September 2014	–	–	119,043,900	119.04
Add: Conversion of CCPS on 5 October2015	683,135	0.68	–	–
Add: Shares issued during the year	11,666,666	11.67	–	–
Number of shares at the end of the year	144,620,801	144.62	132,271,000	132.27
ii) 0.01% Cumulative Compulsorily Convertible Preference Series 'D' shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Number of shares at the beginning of the year	9,195,000	9.20	9,195	0.92
Add: Additional shares issued on sub-division of Preference Shares on 17 October 2014	–	–	910,305	–
Add: Bonus Shares allotted on 17 October 2014	–	–	8,275,500	8.28
Less :Conversion of CCPS on 5 October2015	(9,195,000)	(9.20)	–	–
Number of shares at the end of the year	–	–	9,195,000	9.20
iii) 0.10% Redeemable Preference shares of ₹ 10 each, fully paid-up				
Number of shares at the beginning of the year	–	–	100	–
Add : Shares issued on 28 March 2014	–	–	–	–
Less: Redeemed at par on 25 August 2014	–	–	(100)	–
Number of shares at the end of the year	–	–	–	–

Notes to the financial statements as at 31 March 2016

3. SHARE CAPITAL *(contd...)*

b. Rights, preferences and restrictions attached to equity shares/ preference shares

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.

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

1. Rank senior to all equity shares of the Company.
2. Shall be entitled to dividend at rate of 0.01% per annum.
3. The holder of the CCPS D shall have the same rights as the rights of a Equity share holder, including in respect to dividend, such that all the CCPS D are entitled to such voting (on a fully diluted basis) and all other rights as available to holders of the relevant percentage of the shares of the Company.
4. The holders of CCPS D are entitled for issue of additional shares in case any share split, issue of bonus Shares, Share dividends and consolidation of Shares to permit them to maintain their shareholding in the fully diluted share capital of the Company as on the date immediately prior to the Share split, issue of bonus Shares, Share dividends or consolidation of Shares.
5. Up to 4 October 2015, the conversion ratio was 1 equity share for 1 CCPS D and the conversion could happen on a date on or before 8 August 2022. On 5 October 2015, the conversion ratio was changed to 1 equity share for 13.46 CCPS D shares, pursuant to the approval by the Board of Directors of the Company and the amendment to the Shareholder's Agreement dated 1 October 2015. Accordingly, 9,195,000 CCPS D of ₹ 10 each have been converted to 683,135 equity shares of ₹ 10 each.
6. CCPS D shall be entitled to dividend at the rate of 0.01% per annum. However, Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd. and Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd., holders of CCPS D, have waived their right to dividend at the rate of 0.01% p.a. on the CCPS D from 1 April 2015 till 4 October 2015 vide dividend waiver letters dated 5 October 2015 which were taken on record by the Board of Directors of the Company at its meeting held on 5 October 2015.

0.10% Redeemable Preference Shares (RPS)

Pursuant to the scheme of the Amalgamation and 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 10 December 2013 issued by the Hon'ble High court of judicature of Bombay, the Company 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.

1. Shall rank senior to all Equity Shares of the Company.
2. The coupon rate (i.e. the rate of dividend) is 0.10%.
3. RPS shall be redeemed at any time before the expiry of 12 months from the date of allotment , either fully or in such tranches, at the discretion of the Board.
4. Shall be redeemed at par.
5. Do not carry any voting rights except in case of any resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act.
6. Preference shares will carry preferential cumulative right of dividend, at coupon rate, when declared.
7. The dividend will be calculated on pro rata basis i.e. from the date of allotment of such preference shares.

The RPS were redeemed at par on 25 August 2014.

Notes to the financial statements as at 31 March 2016

3. SHARE CAPITAL *(contd...)*

c) Particulars of shareholders holding more than 5% shares of a class of shares

	31 March 2016		31 March 2015	
	Number of Shares	%	Number of Shares	%
i) Equity shares of ₹10 (Previous year ₹10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	**31,100,677**	**21.50%**	43,563,000	32.93%
Ramesh V. Vaze	**17,391,000**	**12.03%**	17,391,000	13.15%
KNP Industries Pte. Ltd.	**17,124,000**	**11.84%**	17,124,000	12.95%
Kedar R.Vaze	**15,525,000**	**10.73%**	15,525,000	11.74%
Ramesh Vaze (as Karta of R V Vaze HUF)	**8,575,000**	**5.93%**	8,575,000	6.48%
Prabha R. Vaze	-	-	8,352,000	6.31%
Keva Constructions Private Limited	**7,615,000**	**5.27%**	7,615,000	5.76%
iii) 0.01% Cumulative Compulsorily Convertible Preference Series 'D' Shares of ₹ 10 (Previous year ₹ 10) each, fully paid-up				
Blackstone Capital Partners (Singapore) VI FDI Two Pte Ltd	-	-	9,135,000	99.35%

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 stands 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) Intial Pulic 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.

Notes to the financial statements as at 31 March 2016

4. RESERVES AND SURPLUS

(Currency : Indian Rupees in crores)

	31 March 2016		31 March 2015	
Capital redemption reserve				
Opening balance	*0.00		–	
- Addition during the period	–		*0.00	
Closing balance		*0.00		*0.00
Securities premium account				
Opening balance	5.49		132.81	
Add: On issue of equity shares during the year	206.84		–	
Less: Utilised towards issue of bonus shares	–		(127.32)	
Less: Utilised towards share issue expenses (refer note 45)	(18.20)		–	
Closing balance		194.13		5.49
General reserve:				
Opening balance	55.76		49.89	
Add: Transferred from statement of profit and loss	–		5.87	
Closing balance		55.76		55.76
Surplus in the statement of profit and loss				
Balance as per last financial statements	107.22		66.55	
Profit after tax for the year	70.81		61.67	
Less : Impact of depreciation pursuant to adoption of useful lives as per Schedule II of the Companies Act, 2013	–		(0.27)	
Add : Deferred tax impact on the above	–		0.09	
Less : Appropriations				
Proposed dividend on equity shares	–		(14.95)	
Proposed dividend on CCPS D	–		–	
Tax on proposed preference dividend**	–		*(0.00)	
Interim dividend declared and paid	(21.69)		–	
Dividend distribution tax (on equity dividend)	(4.42)		–	
Transfer to Capital redemption reserve	–		*(0.00)	
Transfer to general reserve	–		(5.87)	
		151.92		107.22
		401.81		168.47

* Amount less than ₹ 0.01 crore

** The shares shall be entitled to dividend at the rate of 0.01% p.a. However, Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd. and Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd., holders of CCPS D, have waived their right to dividend at the rate of 0.01% p.a. on the CCPS D from 1 April 2015 till 4 October 2015 vide dividend waiver letters dated 5 October 2015 which were taken on record by the Board of Directors of the Company at its meeting held on 5 October 2015. Further, the outstanding 9,195,000 preference shares of ₹ 10 each have been converted to 683,135 equity shares of ₹ 10 each, on 5 October 2015.

Notes to the financial statements as at 31 March 2016

5. LONG-TERM BORROWINGS *(secured)*

(Currency : Indian Rupees in crores)

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Term loans				
From banks - in foreign currency (USD) (refer note 'a' and 'b' below)	-	-	-	19.01
Finance lease obligations (refer note 'c' below)	**0.04**	0.35	**0.29**	0.35
	0.04	0.35	**0.29**	19.36
Amount included under the head "other current liabilites" (Refer Note 10)	-	-	**(0.29)**	(19.36)
	0.04	0.35	-	-

Notes:

a) Loan from banks represent term loan from Standard Chartered Bank ('SCB') in foreign currency ₹ Nil (previous year : USD 30,37,500 equivalent to ₹ 19.01 crores) 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 repayable in quarterly instalments ranging from USD 0.03 to USD 0.10 commencing February 2011 upto November 2015.

c) 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 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:

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
a) Total future minimum lease payment	**0.04**	0.37	**0.31**	0.40
b) Future interest included in (a) above	–	0.02	**0.02**	0.05
c) Present Value of future minimum lease payments (a)-(b)	**0.04**	0.35	**0.29**	0.35

The rate of interest implicits in the above ranges between 7.77%- 10.15%

The maturity profile of finance lease obligation is as follows:

Period	Minimum lease payments		Present Value	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Payable within 1 year	**0.31**	0.40	**0.29**	0.35
Payable between 1-5 years	**0.04**	0.37	**0.04**	0.35
Payable later than 5 years	–	–	–	–

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

Notes to the financial statements as at 31 March 2016

6. OTHER LONG-TERM LIABILITIES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Deposit from others	**0.20**	5.20
Deposit from customer	**0.90**	0.90
	1.10	6.10

7. LONG-TERM PROVISIONS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Provision for employee benefits		
- compensated absences	**3.26**	2.84
	3.26	2.84

8. SHORT-TERM BORROWINGS *(secured)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Loans repayable on demand		
- Working capital loans (refer note a)	–	99.21
- Buyer's credit from banks (refer note b)	–	5.74
Bill discounting (refer note c)	–	20.22
	–	125.17

Notes:

a) Working capital loans and bank overdraft 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 lons have been repaid during the year.

b) 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 lons have been repaid during the year.

c) 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%. The lons have been repaid during the year.

9. TRADE PAYABLES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
- Dues to Micro and Small Enterprises (refer note 43)	**3.87**	0.23
- Due to others	**73.35**	50.97
	77.22	51.20

Notes to the financial statements as at 31 March 2016

10. OTHER CURRENT LIABILITIES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Current maturities of long term borrowings (Refer Note 5 for terms of repayment and security)	–	19.01
Current maturities of finance lease obligation (Refer Note 5 for terms of repayment and security)	**0.29**	0.35
Interest accrued and due (refer note 43)	**0.10**	0.75
Interest accrued but not due	–	0.87
Advances received from customers	**1.77**	1.42
Deposit from customers	**0.10**	0.10
Payable to employees	**6.93**	6.45
Other payables		
- For capital goods	**0.10**	–
- For expenses	**14.12**	9.72
- For statutory dues		
-Tax deducted at source	**1.25**	0.79
-Service tax	**0.19**	0.25
-Provident fund	**0.08**	0.01
-ESIC	***0.00**	*0.00
-Profession tax	**0.01**	0.01
-Works contract tax	***0.00**	*0.00
-VAT/CST tax	**0.35**	0.90
	25.29	40.63

* Amount less than ₹ 0.01 crore

11. SHORT-TERM PROVISIONS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Provision for employee benefits		
- compensated absences	**3.00**	2.47
- gratuity (refer note 39)	–	0.04
Provision for income tax (net of advance tax of ₹ 22.83 Crores (Previous year: ₹ 0.10 crores))	**3.94**	1.00
Provision for fringe benefits tax (net of advance tax of ₹ 0.68 Crores (Previous year: ₹0.68 crores))	***0.00**	*0.00
Provision for mark to market loss on derivative contract (refer note 41)	–	0.14
Proposed dividend on equity shares	–	14.95
Proposed dividend on preference shares	–	*0.00
Tax on proposed preference dividend	–	*0.00
	6.94	18.60

* Amount less than ₹ 0.01 crore

Notes to the financial statements as at 31 March 2016

12. FIXED ASSETS

(Currency : Indian Rupees in crores)

Block of asset	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible assets										
Land (Refer note 30 (c))	6.61	7.31	–	13.92	–	–	–	–	13.92	6.61
Buildings	88.74	0.02	–	88.76	34.56	5.12	–	39.68	49.08	54.18
Leasehold improvements	2.22	0.78	–	3.00	0.35	0.45	–	0.80	2.20	1.87
Research and development - equipments	11.43	1.90	–	13.33	8.28	0.91	–	9.19	4.14	3.16
Computers	1.57	0.31	–	1.88	1.26	0.24	–	1.50	0.38	0.32
Office equipments	2.25	0.20	–	2.45	1.57	0.41	–	1.98	0.47	0.67
Plant and machinery	58.88	0.33	–	59.21	42.30	2.66	–	44.96	14.25	16.58
Electrical equipment and installations	6.55	0.04	–	6.59	3.96	0.85	–	4.81	1.78	2.59
Motor cars and vehicles	2.49	–	0.27	2.22	1.47	0.30	0.22	1.55	0.67	1.02
Motor cars under lease	1.67	–	–	1.67	1.13	0.40	–	1.53	0.14	0.55
Furnitures and fixtures	8.95	0.28	–	9.23	5.52	0.99	–	6.51	2.72	3.42
Office equipments - finance lease	0.69	–	–	0.69	0.34	0.17	–	0.51	0.18	0.34
Total	**192.05**	**11.17**	**0.27**	**202.95**	**100.74**	**12.50**	**0.22**	**113.02**	**89.93**	**91.31**
Intangible assets										
Software	3.97	0.89	–	4.86	1.26	0.90	–	2.16	2.70	2.71
	3.97	**0.89**	**–**	**4.86**	**1.26**	**0.90**	**–**	**2.16**	**2.70**	**2.71**
Grand total	**196.02**	**12.06**	**0.27**	**207.81**	**102.00**	**13.40**	**0.22**	**115.18**	**92.63**	**94.02**

12. FIXED ASSETS (PREVIOUS YEAR)

(Currency : Indian Rupees in crores)

Block of asset	Gross block				Accumulated depreciation and amortisation					Net block	
	As at 1 April 2014	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2015	As at 1 April 2014	Charge for the year (refer note 1)	Deductions during the year	As at 31 March 2015	Transferred to Retained Earning	As at 31 March 2015	As at 31 March 2014
Tangible assets											
Land (Refer note 30 (c))	6.61	–	–	6.61	–	–	–	–	–	6.61	6.61
Buildings	88.71	0.03	–	88.74	28.92	5.64	–	34.56	–	54.18	59.79
Leasehold improvements	0.76	1.46		2.22	0.15	0.20	–	0.35	–	1.87	0.61
Research and development - equipments	11.10	0.33	–	11.43	7.10	1.18	–	8.28	–	3.15	4.00
Computers	1.29	0.28	–	1.57	0.66	0.57	–	1.23	0.03	0.31	0.63
Office equipments	1.57	0.68	–	2.25	0.77	0.56	–	1.33	0.24	0.68	0.80
Plant and machinery	58.14	0.79	0.05	58.88	39.27	3.06	0.03	42.30	–	16.58	18.87
Electrical equipment and installations	5.85	0.70	–	6.55	2.85	1.11	–	3.96	–	2.59	3.00
Motor cars and vehicles	2.54	–	0.05	2.49	1.04	0.48	0.05	1.47	–	1.02	1.50
Motor cars under lease	1.67	–	–	1.67	0.86	0.27	–	1.13	–	0.54	0.81
Furnitures and fixtures	7.94	1.03	0.02	8.95	4.40	1.12	–	5.52	–	3.43	3.54
Office equipments - finance lease	0.69	–	–	0.69	0.17	0.17	–	0.34	–	0.35	0.52
Total	**186.87**	**5.30**	**0.12**	**192.05**	**86.19**	**14.36**	**0.08**	**100.47**	**0.27**	**91.31**	**100.68**
Intangible assets											
Software	3.79	0.18	–	3.97	0.58	0.68	–	1.26	–	2.71	3.21
	3.79	**0.18**	**–**	**3.97**	**0.58**	**0.68**	**–**	**1.26**	**–**	**2.71**	**3.21**
Grand total	**190.66**	**5.48**	**0.12**	**196.02**	**86.77**	**15.04**	**0.08**	**101.73**	**0.27**	**94.02**	**103.89**

Note 1: Depreciation for the year includes an amount of ₹ 0.27 crores pertaining to depreciation on assets with nil useful life, as at 1 April 2014, calculated as per Schedule II of the Companies Act, 2013 has been adjusted against the opening General Reserves as of that date.

Note 2: Pursuant to the Act being effective from 1 April 2014, the Company has revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act. Consequently, depreciation charge for the year ended 31 March 2015 is higher by ₹ 2.07 crores due to change in the estimated useful life of certain assets.

Notes to the financial statements for the year ended 31 March 2016

13. DEFERRED TAX ASSETS (NET)

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
a) **Deferred tax liabilities**		
Arising on account of timing differences in:		
Excess of depreciation/ amortisation on fixed assets under income-Tax law over depreciation/ amortisation provided in accounts	**1.09**	1.14
Excess of allowance for lease rentals under income-tax law over depreciation and interest charged on the leased assets in accounts	**0.07**	*0.00
Foreign exchange gain under section 43A of the Income Tax Act, 1961	**–**	0.12
	1.16	1.26
b) **Deferred tax assets**		
Arising on account of timing differences in:		
Expenditure covered by Section 43B and 40A(7) of the Income Tax Act, 1961	**2.40**	1.84
Provision for doubtful trade receivables	**0.33**	0.34
Provision for doubtful loans and advances	**0.06**	0.06
	2.79	2.24
Net deferred tax assets	**1.63**	0.98

* Amount less than ₹ 0.01 crore

14. NON-CURRENT INVESTMENTS

(Currency : Indian Rupees in crores)

	No. of shares / units		Amount	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Non trade (quoted, fully paid-up equity shares)				
Hico Products Ltd. (face value ₹ 10 per share) (market value ₹ Nil per share)	**19,250**	19,250	**0.07**	0.07
Less:- provision for diminution in the value of investments			**0.07**	0.07
			–	–
Non trade (unquoted, fully paid-up equity shares)				
Investment in subsidiary companies				
K.V.Arochem Private Limited (face value ₹ 100 per share)	**122,222**	70,800	**55.05**	23.04
Keva Fragrances Private Limited (face value ₹ 100 per share)	**32,240**	32,240	**0.04**	0.04
Keva Flavours Private Limited (face value ₹ 100 per share)	**9,900**	9,900	**0.10**	0.10
Keva UK Ltd., UK (face value Euro 1 per share)	**833,500**	833,500	**61.61**	61.61
Saiba Industries Private Limited (face value ₹ 1,000 per share)	**2,198**	2,198	**12.42**	12.42
Keva Fragrance Industries Pte Ltd., Singapore (face value Singapore Dollar 1 per share)	**450,000**	450,000	**2.27**	2.27
			131.49	99.48

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

	31 March 2016	31 March 2015
Quoted non-current investments		
Aggregate book value	**–**	–
Aggregate market value	**–**	–
Aggregate book value of unquoted non-current investments	**131.49**	99.48

Notes to the financial statements for the year ended 31 March 2016

15. LOANS AND ADVANCES *(unsecured)*

(Currency : Indian Rupees in crores)

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
To parties other than related parties				
Capital advances	0.04	0.06	–	–
Deposits				
- Considered good	-	-	4.09	0.86
- Considered doubtful	-	-	0.18	0.18
Less: Provision for doubtful deposits	–	–	(0.18)	(0.18)
	0.04	0.06	4.09	0.86
Other loans and advances				
Loans to employees	–	–	2.54	2.53
Advance tax and tax deducted at source (net of provision of ₹ 56.13 crores (previous year : ₹ 56.97 crores)	10.22	9.38	–	–
MAT credit entitlement	–	–	–	0.75
Prepaid expenses	–	–	1.23	1.35
Balance with government authorities	0.45	–	3.36	4.18
VAT/Sales tax refund receivable	0.59	0.51	–	–
Other receivables	–	–	0.42	0.43
Advance to suppliers	–	–	0.62	0.24
	11.26	9.89	8.17	9.48
To related parties				
Advance to suppliers*	–	–	2.62	1.45
Loan to Subsidiary**	–	–	5.74	4.14
	–	–	8.36	5.59
	11.30	9.95	20.62	15.93

	31 March 2016	31 March 2015
*Details of advances 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.		
K.V. Arochem Private Limited	2.62	1.45
**Details of Loans given to companies/ body corporates in which a director of the Company is a director or firms in which a director of company is a partner.		
Keva Fragrance Industries Pte Ltd.	5.74	4.14

16. OTHER NON-CURRENT ASSETS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Other bank balances		
Term deposits with banks with maturity period more than 12 months (refer note 20)	0.03	0.03
	0.03	0.03

Notes to the financial statements for the year ended 31 March 2016

17. CURRENT INVESTMENTS *(Carried at lower of cost and net realisable value)*

(Currency : Indian Rupees in crores)

	No. of shares / units		Amount	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
In Liquid mutual fund - Unquoted				
IDFC - Liquid Fund growth fund	18,731.62	–	3.37	–
IDFC - Liquid ultra short Fund growth fund	4,813,871.97	–	10.00	–
DWS Cash	5,031,573.12	–	10.00	–
Birla Sun Life Mutual Fund	48,801.21	–	1.16	–
Religare Inesco	58,746.74	–	10.00	–
			34.53	–

The aggregate book value of unquoted current investments are as follows:

	31 March 2016	31 March 2015
Aggregate book value of unquoted current investments	35.53	–

18 INVENTORIES *(valued at lower of cost and net realisable value)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Raw materials (includes goods in transit ₹ 9.67 crores (Previous year ₹ 9.00 crores))	144.94	136.50
Packing materials	1.99	1.83
Finished goods	10.39	6.43
Work-in-progress	45.66	48.28
	202.98	193.04

19. TRADE RECEIVABLES *(unsecured)*

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Receivables outstanding for a period exceeding six months from the date they become due for payment		
- Considered good	0.24	2.35
- Considered doubtful	0.96	0.97
Less : Provision for doubtful debts	0.96	0.97
Total (A)	0.24	2.35
Other receivables*		
- Considered good	116.74	73.91
Total (B)	116.74	73.91
Total (A+B)	116.98	76.26
*Other receivables (unsecured, considered good) include ₹ 4.20 crores (Previous year ₹ 6.69 crores) due from firms, body corporates or private companies in which a director is a partner or a director or member.		
K.V. Arochem Private Limited	3.46	2.42
Keva Fragrances Private Limited	0.10	0.85
Keva Flavours Private Limited	0.60	2.24
PFW Aroma Ingredients B.V	0.04	1.18
	4.20	6.69

Notes to the financial statements for the year ended 31 March 2016

20. CASH AND BANK BALANCES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
a) Cash and cash equivalents		
Cash on hand	0.18	0.10
Balances with banks in:		
- Exchange earners foreign currency accounts	0.84	–
- Current accounts	44.06	20.36
- Deposit accounts (with original maturity of 3 months or less)	0.01	33.39
b) Other bank balances		
Bank deposits due to mature within 12 months of the reporting date *	0.42	3.11
	45.51	56.96
Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	0.01	33.39
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	0.42	3.11
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer Note 16)	0.03	0.03
	0.46	36.53

21. OTHER CURRENT ASSETS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
To parties other than related parties		
Interest accrued on fixed deposits	0.02	0.18
Share issue expenses (refer note 45)	–	3.81
To related parties*		
Other receivables	1.83	4.09
Interest accrued on loan to subsidiary	0.73	0.10
	2.58	8.18
*Details of 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
Saiba industries Private Limited	0.94	0.94
K.V.Arochem Private Limited	0.03	1.06
Keva Fragrances Private Limited	0.36	1.65
Keva Flavours Private Limited	0.12	0.19
PFW Aroma Ingredients B.V	0.24	0.11
	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.		
Keva Fragrance Industries Pte. Ltd.	0.67	0.06
Evolutis India Private Limited	0.06	0.04
	0.73	0.10

Notes to the financial statements for the year ended 31 March 2016

22. REVENUE FROM OPERATIONS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Sale of products		
Domestic sale of goods	609.79	517.18
Less: excise duty	64.80	52.48
	544.99	464.70
Export sales of goods	14.98	8.47
Other operating income		
Sale of scrap	0.96	0.90
	560.93	474.07

23. OTHER INCOME

(Currency : Indian Rupees in crores)

	31 March 2016		31 March 2015	
Interest income on fixed deposits		0.71		0.55
Interest received on income tax refund		–		0.14
Interest income on loan given to subsidiary		0.59		0.06
Dividend income from subsidiary		15.00		15.00
Dividend income on Mutual Fund Investment		0.07		–
Rent income (refer note 44)		3.72		3.70
Commission income		0.04		0.04
Miscellaneous income		0.07		0.33
Profit on sale of current investments		0.41		0.03
Excess interest provision written back		0.84		0.21
Liabilities no longer required written Back		0.98		0.34
Sales tax refund		–		0.52
Reversal of provision for mark-to-market loss (refer note 41)		0.13		0.43
Profit on sale of asset (refer note 46)	0.07		53.49	
Less : Expenditure incurred on sale of asset	(0.05)	0.02	(43.31)	10.17
Recovery of bad debts		0.18		–
Provision for diminution in value of investment written back		–		0.06
		22.76		31.58

Notes to the financial statements for the year ended 31 March 2016

24. COST OF MATERIALS CONSUMED

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Opening stock		
- Raw materials	136.50	113.44
- Packing materials	1.83	1.75
	138.33	115.19
Add: purchases		
- Raw materials	340.59	305.41
- Packing materials	11.54	10.27
	352.13	315.68
Less: closing stock		
- Raw materials	144.94	136.50
- Packing materials	1.99	1.83
	146.93	138.33
Materials consumed		
- Raw materials	332.15	282.35
- Packing materials	11.38	10.19
Raw and packing materials consumed	343.53	292.54

25. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Closing stock		
-Finished goods	10.39	6.43
-Work in progress	45.66	48.28
	56.05	54.71
Opening stock		
-Finished goods	6.43	9.06
-Work in progress	48.28	41.88
	54.71	50.94
	(1.34)	(3.77)

26. EMPLOYEE BENEFITS EXPENSE

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Salaries, wages and bonus	44.40	38.18
Compensated absences (refer note 39)	1.15	1.90
Contribution to provident and other funds	4.84	5.61
Staff welfare expenses	2.68	2.22
	53.07	47.91

Notes to the financial statements for the year ended 31 March 2016

27. OTHER EXPENSES

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Brokerage and commission	**14.24**	11.96
Power, fuel and water (net of reimbursements of ₹ 1.58 crores (previous year : ₹ 1.54 crores)	**3.18**	3.56
Selling and distribution	**1.83**	2.05
Freight, forwarding and delivery	**3.13**	2.52
Professional fees	**18.86**	19.67
Conveyance and travelling	**4.72**	4.60
Repairs and maintenance		
- building	**0.79**	1.14
- machinery	**1.04**	0.63
- others	**3.11**	3.31
Security expenses	**1.63**	1.59
Rent (refer note 44)	**6.42**	6.28
Rates and taxes	**0.53**	1.54
Discount and deductions	**1.69**	2.78
Bank charges	**0.42**	0.42
Insurance	**0.77**	1.00
Postage, telephone and telegram	**0.64**	0.60
Printing and stationery	**0.72**	0.81
Training expenses	**0.41**	0.23
Pollution control expenses	**0.04**	0.02
Consumable stores and spares	**1.23**	1.16
Corporate social responsibility expenses (refer note 47)	**0.79**	0.89
Provision for doubtful debts	**–**	0.53
Bad debts written off	**0.06**	–
Payment to auditors (refer details below)	**0.47**	0.32
Foreign exchange fluctuation loss (net)	**0.01**	0.03
Cleaning and housekeeping expenses	**1.50**	1.16
Director sitting fees	**0.54**	0.14
Miscellaneous expenses	**2.99**	2.96
	71.76	71.90
Payment to auditors (excluding service tax)		
Statutory audit	**0.17**	0.14
Tax audit	**0.03**	0.03
Other services	**0.27**	0.15
	0.47	0.32
Other services (in connection with filing of Draft Red Herring Prospectus and Red Herring Prospectus with SEBI (refer note 45))	**0.57**	0.24
	1.04	0.56

28. FINANCE COSTS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Interest on term loans	**0.35**	0.95
Interest on working capital loans	**6.93**	8.58
Interest on buyers credit	**0.01**	0.27
Interest on dues to Micro and Small Enterprises	**0.19**	0.46
Other finance costs	**0.25**	0.01
Realised loss on derivative instrument	**–**	0.47
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	**0.72**	1.48
	8.45	12.22

Notes to the financial statements for the year ended 31 March 2016

29. CAPITAL COMMITMENTS

(Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1.40	0.34

30. CONTINGENT LIABILITIES

a) Direct and Indirect taxes

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Income Taxes	3.41	3.89
Excise Duty	0.50	0.54
Service Taxes	8.42	0.48

b) Corporate guarantee

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Corporate guarantees given for Loans taken by Subsidiary Companies	93.81	72.66

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.

Notes to the financial statements for the year ended 31 March 2016

31.

a) Consumption of raw materials

(Currency : Indian Rupees in crores)

Raw materials	31 March 2016	31 March 2015
Aroma Ingredients	209.64	184.58
Fragrance	122.51	97.77
	332.15	282.35

b) Imported and indigenous raw materials consumed

(Currency : Indian Rupees in crores)

Raw materials	31 March 2016		31 March 2015	
	Amount	Percentage	Amount	Percentage
Indigenous	193.53	58%	140.27	49%
Imported	138.62	42%	142.09	51%
	332.15	100%	282.35	100%

32. INFORMATION REGARDING OPENING AND CLOSING STOCK, PRODUCTION AND SALES IN RESPECT OF EACH CLASS OF GOODS PRODUCED:

1. Finished goods

(Currency : Indian Rupees in crores)

	Opening Inventory		Sales Value		Closing Inventory	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Fragrance	5.86	9.06	518.74	439.24	9.60	5.86
Aroma Ingredients	0.57	-	41.23	33.93	0.79	0.57
Total	6.43	9.06	559.97	473.17	10.39	6.43

2. Work-in-progress

(Currency : Indian Rupees in crores)

	Opening Inventory		Closing Inventory	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Fragrance	43.96	41.88	40.97	43.96
Aroma Ingredients	4.32	-	4.69	4.32
Total	48.28	41.88	45.66	48.28

33. VALUE OF IMPORTS ON C.I.F. BASIS

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Raw materials	164.95	154.20
Packing materials	–	0.18
Capital goods	1.59	0.23
Consumables	0.01	–

34. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Conveyance and travelling	0.15	0.23
Membership subscription	0.37	0.05
Legal and professional fees	13.51	13.79
Conference and meetings	0.04	0.05
Sales promotion	0.03	0.02
Bank charges	0.05	0.12
Others	0.04	0.04

Notes to the financial statements for the year ended 31 March 2016

35. DIVIDEND REMITTANCES IN FOREIGN CURRENCY

a. Equity Dividend

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Final dividend 31 March 2015		
Year to which the dividend relates	2014-15	2013-14
Amount remitted during the year	6.89	6.91
Number of non-resident shareholders	3	3
Number of shares on which dividend was due	60,974,000	60,974,000
Interim dividend 31 March 2016		
Year to which the dividend relates	2015-16	–
Amount remitted during the year	7.26	–
Number of non-resident shareholders	3	–
Number of shares on which dividend was due	48,429,560	–

b. Preference Dividend

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Year to which the dividend relates	2014-15	2013-14
Amount remitted during the year	*0.00	*0.00
Number of non-resident shareholders	2	2
Number of shares on which dividend was due	9,195,000	9,195,000

* Amount less than ₹ 0.01 crores

36. EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Export of goods on FOB basis	14.98	8.47
Interest on loan to subsidiary	0.59	0.06
Commission on SBLC	0.04	0.04

37. EARNINGS PER SHARE

(Currency : Indian Rupees in crores)

Particulars		31 March 2016	31 March 2015
Basic earnings per share			
Profit after tax	(A)	70.81	61.65
Less: Preference dividend and tax thereon		–	*0.00
Profit attributable to equity shareholders	(B)	70.81	61.65
Number of equity shares outstanding at the beginning of the year		132,271,000	132,271
Sub-division of Equity shares**		–	13,094,829
Bonus shares issued during the year***		–	119,043,900
Equity shares issued during the year		11,666,666	–
Number of CCPS shares converted into equity shares******		683,135	–
Number of equity shares outstanding at the end of the year		144,620,801	132,271,000
Weighted average number of equity shares outstanding during the year		137,195,265	132,271,000
(based on date of issue of shares)	(C)		
Basic earnings per share of face value of ₹ 10 each	(B) / (C)	5.16	4.66
Adjusted earnings per share			
Diluted earnings per share			
Weighted average number of equity shares outstanding during the year		137,195,265	132,271,000
Effect of dilutive Potential equity/ preference shares			
Number of preference shares outstanding at the beginning of the year		9,195,000	9,195
Sub-division of preference shares****		–	910,305
Bonus preference shares issued during the year*****		–	8,275,500
Conversion of Preference Shares into equity shares		(9,195,000)	–
Number of Preference shares outstanding at the end of the year		–	9,195,000
Corresponding dilutive potential equity shares at conversion ratio determined on 5 October 2015******		683815	683815
Total number of equity shares used to compute diluted earnings per share	(D)	137,195,265	141,466,000
Total number of preference shares used to compute diluted earnings per share	(C)	137,195,265	132,954,135
Diluted earnings per share of face value of ₹ 10 each	(A) / (D)	5.16	4.36

Notes to the financial statements for the year ended 31 March 2016

The disclosure of Earnings per share (in compliance with AS-20) for the current and previous year has been arrived at after giving effect to the below stated amendment to the Shareholders' Agreement in respect of the conversion ratio of preference shares and the subsequent conversion:

* Amount less than ₹ 0.01 crores

** The shares of the Company stand subdivided from 132,271 Equity shares of ₹ 1,000 each to 13,227,100 Equity Shares of ₹ 10 each on 18 September 2014.

*** 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.

**** On 17 October 2014, the Company's Preference Shares stand sub-divided from 9,195 Preference Shares of ₹ 1,000 each into 919,500 Preference Shares of ₹ 10 each.

***** 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 preference share held.

****** On 5 October 2015, pursuant to the approval by the Board of Directors of the Company and the amendment to the Shareholders' Agreement dated 1 October 2015, the conversion ratio for 0.01% Cumulative Compulsorily Convertible Preference Shares of Series D ("CCPS D") stands changed from 1 equity share for 1 CCPS D share to 1 equity share for 13.46 CCPS D. Accordingly, 9,195,000 CCPS D of ₹10 each, have been converted to 683,135 equity shares of ₹ 10 each, on 5 October 2015.

CCPS D were entitled to dividend at the rate of 0.01% per annum. However, Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd. and Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte. Ltd., holders of CCPD D, had waived their right to dividend at the rate of 0.01% p.a. on the CCPS D from 1 April 2015 till 4 October 2015 vide dividend waiver letters dated 5 October 2015 which were taken on record by the Board of Directors of the Company at its meeting held on 5 October 2015.

The Earnings per share (in compliance with AS-20) for the current year and previous year has been arrived at after giving effect to the above mentioned sub-division and issue of bonus equity and preference shares.

38. RELATED PARTY DISCLOSURES

(I) List of related parties

a) Subsidiaries	• K.V. Arochem Private Limited
	• Keva Flavours Private Limited
	• Keva Fragrances Private Limited
	• Keva UK Limited
	• Saiba Industries Private Limited
	• Keva Fragrance Industries Pte.Ltd.
b) Step down Subsidiaries	• PFW Aroma Ingredients B.V. (Subsidiary of Keva UK Limited)
	• PT SHK Keva Indonesia (Subsidiary of Keva Fragrance Industries Pte.Ltd., Singapore)
	• Keva Chemicals Private Limited (Subsidiary of K.V. Arochem Private Limited)
c) 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.
d) Key Management Personnel (KMP)	• Ramesh V. Vaze, Managing Director
Executive Directors	• Kedar R. Vaze, Director & Chief Executive Officer (from 11 October 2014)
e) 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
	• Khyati Consutructions Private Limited
	• KK Industries (partnership firm) (upto 31 December 2015)
	• Keva Biotech Private Limited
	• KNP Industries Pte. Limited
	• Prabha Vaze Family Trust (upto 12 March 2015)
	• Purandar Fine Chemicals Private Limited
	• Ramesh Vaze Family Trust (upto 04 April 2015)
	• Ramesh Vaze HUF
	• SKK Industries Private Limited
	• Vinayak Ganesh Vaze Charities (formerly V G Vaze Charity Trust)

Notes to the financial statements for the year ended 31 March 2016

38. RELATED PARTY DISCLOSURES *(contd...)*

(I) List of related parties

f) Relatives of Key Management Personnel	• Anagha Nene
	• Sumedha Karmarkar
	• Prabha R Vaze
	• Nandan K Vaze
	• Parth K Vaze
	• Aditi K Vaze (upto 14 January 2015)

(II) Details of transactions with related parties:

(Currency : Indian Rupees in crores)

Particulars	Name of the party	31 March 2016	31 March 2015
Transactions during the year :			
Sale of goods	K.V.Arochem Private Limited	**15.02**	2.03
	Keva Fragrances Private Limited	**14.53**	24.35
	Keva Flavours Private Limited	**3.28**	5.92
	PFW Aroma Ingredients B.V.	**0.04**	1.25
	Purandar Fine Chemicals Private Limited	**0.05**	–
Purchase of goods	K.V.Arochem Private Limited	**22.18**	18.64
	Keva Fragrances Private Limited	**12.43**	0.15
	Keva Flavours Private Limited	**0.93**	0.58
	PFW Aroma Ingredients B.V.	**–**	0.07
	Purandar Fine Chemicals Private Limited	**0.69**	1.15
Rent income	Keva Fragrances Private Limited	**3.42**	3.42
	Keva Flavours Private Limited	**0.30**	0.28
Interest income	Keva Fragrance Industries Pte Ltd	**0.59**	0.06
	Evolutis India Private Limited	**0.02**	–
Commission on guarantee given	PFW Aroma Ingredients B.V.	**0.04**	0.04
Other services reimbursement received	Keva Fragrances Private Limited	**1.45**	1.43
(netted off against respective expenses)	Keva Flavours Private Limited	**0.13**	0.12
Consultation expense cross charge	PFW Aroma Ingredients B.V	**–**	0.08
Recharge cost paid	PFW Aroma Ingredients B.V	**12.40**	12.36
Rent paid	Keva Constructions Private Limited	**5.00**	5.00
Job Work Charges paid	K.V.Arochem Private Limited	**0.27**	–
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 parties)	Keva Constructions Private Limited	**0.09**	–
	K.V.Arochem Private Limited	**0.03**	0.48
	Keva Fragrances Private Limited	**0.08**	0.58
	Keva Flavours Private Limited	**0.01**	0.07
	PFW Aroma Ingredients B.V	**0.09**	0.60
	Saiba industries Private Limited	***0.00**	*0.00
Fixed assets purchased	K.V Arochem Private Limited	**0.12**	–
	Keva Flavours Private Limited	**0.03**	–
Fixed assets sold	Saiba Industries Private Limited	**–**	*0.00
	Keva Properties Private Limited	**–**	53.49
Loan given	Keva Fragrance Industries Pte Ltd.	**1.28**	4.14
Investment made	Keva Fragrance Industries Pte Ltd	**–**	1.71
	K.V Arochem Private Limited	**32.00**	–
Key managerial personnel remuneration	Ramesh V. Vaze	**2.11**	2.03
	Kedar R. Vaze	**1.32**	1.28
Dividend paid during the year	Ramesh V.Vaze	**4.57**	1.97
	Kedar R.Vaze	**4.08**	1.76
	Prabha R. Vaze	**1.70**	0.95
	Sumedha Karmarkar	***0.00**	–
	Aditi K. Vaze (related upto 14 January 2015)	**–**	0.14

Notes to the financial statements for the year ended 31 March 2016

38. RELATED PARTY DISCLOSURES *(contd...)*

(II) Details of transactions with related parties:

(Currency : Indian Rupees in crores)

Particulars	Name of the party	31 March 2016	31 March 2015
Transactions during the year :			
Dividend paid during the year *(contd.)*	Parth K. Vaze	**0.35**	0.15
	Nandan K. Vaze	**0.35**	0.15
	Ramesh Vaze Family Trust	–	0.35
	Prabha Vaze Family Trust	–	0.35
	Ramesh Vaze HUF	**2.26**	0.97
	Blackstone Family Investment Partnership (Singapore) VI-ESC FDI Two Pte Ltd	**0.06**	–
	Blackstone Capital Partners (Singapore) VI FDI Two Pte. Ltd.	**9.59**	4.94
	KNP Industries Pte Ltd	**4.50**	1.94
	Vinayak Ganesh Vaze Charities	**0.53**	0.23
	SKK Industries Private Limited	**0.40**	–
	ASN Investment Advisors Private Limited	**0.40**	–
	Keva Constructions Private Limited	**2.00**	–
Dividend received	Keva Fragrances Private Limited	**15.00**	15.00
Redemption of 0.10% Redeemable Preference shares	Ramesh V Vaze	–	0.00*
	Kedar R Vaze	–	0.00*
	Prabha R. Vaze	–	0.00*
	Ramesh Vaze HUF	–	0.00*
Guarantee Given	K.V.Arochem Private Limited	**20.25**	–
Outstanding Balance			
Trade receivable	K.V.Arochem Private Limited	**3.46**	2.42
	Keva Fragrances Private Limited	**0.10**	0.85
	Keva Flavours Private Limited	**0.60**	2.24
	PFW Aroma Ingredients B.V	**0.04**	1.18
Other current assets	K.V.Arochem Private Limited	**0.03**	1.06
	Keva Fragrance Private Limited	**0.36**	1.65
	Keva Flavours Private Limited	**0.12**	0.19
	PFW Aroma Ingredients B.V	**0.24**	0.11
	Saiba industries Private Limited	**0.94**	0.94
	Evolutis India Private Limited	**0.20**	0.18
	Keva Frangrance Industries Pte. Ltd	**0.67**	0.06
Trade payable	Keva Flavours Private Limited	**0.66**	*0.00
	Keva Fragrances Private Limited	–	0.07
	PFW Aroma Ingredients B.V	–	0.83
Other payables	Keva Flavours Private Limited	***0.00**	–
	PFW Aroma Ingredients B.V	**0.16**	–
Advances for supplies	Keva Fragrances Private Limited	***0.00**	–
	K.V.Arochem Private Limited	**2.62**	1.45
Loan given	Keva Frangrance Industries Pte. Ltd	**5.74**	4.14
Corporate guarantees	Keva Fragrances Private Limited	**12.00**	12.00
	K.V.Arochem Private Limited	**72.80**	52.55
	PFW Aroma Ingredients B.V	**9.01**	8.10

The Executive directors of the Company have furnished personal guarantees for all the secured borrowings of the Company.

* Amount less than ₹ 0.01 crore

Notes to the financial statements for the year ended 31 March 2016

39. EMPLOYEE BENEFITS

Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised are charged off for the year as under :

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Employer's contribution to Provident Fund	**2.92**	2.59
Employer's contribution to Superannuation Fund	**1.13**	1.69
Employer's contribution to Employee State Insurance Corporation	***0.00**	*0.00
Employer's contribution to Maharashtra Labour Welfare Fund	***0.00**	*0.00

Note: The Company has formed its own trust for managing provident fund and superannuation fund of its employees as per the permission granted by the respective authority.

* Amount less than ₹ 0.01 crores

Defined Benefit Plan

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. The obligation for leave encashment is recognised in the same manner as gratuity.

a. Change in defined benefit obligations

(Currency : Indian Rupees in crores)

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Projected benefit obligation at the beginning of the year	**5.70**	4.48
Current service cost	**0.68**	0.48
Interest cost	**0.46**	0.42
Actuarial (gain)/loss on obligations	**0.11**	0.85
Benefit paid	**(0.21)**	(0.53)
Defined benefit obligation at the end of the year	**6.74**	5.70

b. Change in fair value of plan assets

(Currency : Indian Rupees in crores)

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Fair value of plan assets at the beginning of the year	**5.66**	4.93
Expected return on Plan Assets	**0.45**	0.45
Employer contribution	**0.80**	0.86
Benefit paid	**(0.21)**	(0.53)
Actuarial gain/(loss) on plan assets	**0.03**	(0.05)
Fair value of plan assets at year-end	**6.74**	5.66

c. Amounts to be recognized in the Balance sheet

(Currency : Indian Rupees in crores)

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Present value of obligation	**6.74**	5.70
Fair value of plan assets	**(6.74)**	(5.66)
Liability recognized in the balance sheet	**–**	0.04

Notes to the financial statements for the year ended 31 March 2016

39. EMPLOYEE BENEFITS *(contd...)*

Defined Benefit Plan *(contd...)*

d. Expenses recognised during the year

(Currency : Indian Rupees in crores)

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Current service cost	**0.68**	0.48
Interest cost	**0.46**	0.42
Expected returns on plan assets	**(0.45)**	(0.45)
Actuarial gain /(loss)	**0.08**	0.90
Expense recognised in the Statement of profit and loss	**0.76**	1.35

e. Actuarial gains/ losses

(Currency : Indian Rupees in crores)

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Actuarial gain/ (loss) on obligation	**0.11**	0.85
Actuarial gain/ (loss) on plan assets	**(0.03)**	0.06
Actuarial (loss) recognized	**0.08**	0.91

f. Category of assets

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Government of India Assets	**12%**	13%
Corporate Bonds	**21%**	23%
Special Deposit Scheme	**4%**	4%
State Government Bonds	**27%**	29%
Others	**36%**	31%
Total Investments	**100%**	100%

g. Assumptions used in the accounting for defined benefit plans

Particulars	31 March 2016 Gratuity (Funded)	31 March 2015 Gratuity (Funded)
Discount Rate	**8.27%**	8.02%
Rate of Return on Plan Assets	**8.27%**	8.00%
Salary Escalation Rate	**6.00%**	6.00%

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by the actuary.

h. Experience adjustment

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015	31 March 2014
Present value of the defined benefit obligation	**6.74**	5.70	4.48
Fair value of the plan assets	**6.74**	5.70	4.93
Surplus/(deficit) in the plan	**–**	–	0.45
Experience adjustment gains/(losses) on plan assets	**0.03**	(0.01)	–
Experience adjustment gains/(losses) on plan liability	**(0.27)**	(0.17)	–

Experience adjustment for the earlier two financial years are not available with the management and hence not been disclosed above.

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.

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.

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 ₹ 1.15 crores (previous year ₹ 1.90 crores) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the period.

Notes to the financial statements for the year ended 31 March 2016

40. SEGMENT REPORTING

(a) Primary Business Segment

The Company is operating in the manufacture of fragrances. The Company has only one reportable business segment which is manufacture of fragrances.

(b) Secondary Geographical Segment

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 financial statements.

Hence, the financial statements are reflective of the information required by Accounting Standard 17 as prescribed in Companies (Accounting Standards) Rules, 2006.

41. FOREIGN CURRENCY EXPOSURE / DERIVATIVES

Particulars of unhedged foreign currency exposures

(Currency : Indian Rupees in crores)

Particulars		31 March 2016		31 March 2015	
		Foreign Currency	Amount (₹)	Foreign Currency	Amount (₹)
Trade receivables	USD	5,16,107	3.42	4,00,283.18	2.51
	EUR	5,464	0.04	1,42,764.12	0.96
Trade payable	USD	17,64,308	11.70	19,13,090,.57	11.97
	EUR	6,03,679	4.53	3,97,804.06	2.96
	CHF	20,093	0.14	19,268.57	0.25
Bank balance (EEFC)	USD	1,26,900	0.84	-	-
Other receivables	EUR	12,016	0.09	6,000.00	0.04
	SGD	54,367	0.27	10,246.57	0.05
	USD	60,515	0.40	1,561.10	0.01
Other payable	EUR	21,525	0.16	-	-
Loan to subsidiary	SGD	4,00,000	1.96	4,00,000.00	1.82
	USD	5,70,000	3.78	3,70,000.00	2.32
Advances to vendors	USD	13,497	0.09	-	-
Advance to employee for expenses	USD	2,500	0.02	-	-
	EUR	5,369	0.04	-	-
	SGD	31	*0.00	-	-
	AED	810	*0.00	-	-
	THB	151	*0.00	-	-
Payable to employee for expenses	USD	675	*0.00	-	-
	EUR	18	*0.00	-	-
Borrowings:					
Term loans- from banks	USD	-	-	30,37,500.00	19,01,19,555
Short-term borrowings – Buyer's credit	USD	-	-	7,97,158.88	4,98,94,812
	EUR	-	-	1,11,500.00	75,27,409.60

Derivatives:

The Company has entered into an interest rate and currency swap. Pursuant to the repayment of term loan, the interest swap expired on 3 November 2015. Accordingly, in the current period the Company has credited to the Statement of profit and loss a sum of ₹ 0.13 crores (previous year ₹ 0.43 crores) representing the reversal of mark to market losses charged to the Statement of profit and loss in the previous years.

* Amount less than ₹ 0.01 crore

42. 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 2015. Management continues to believe that its international transactions post March 2015 and the specified domestic transactions covered by the new regulations are at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision of taxation.

Notes to the financial statements for the year ended 31 March 2016

43. DUES TO MICRO AND SMALL SUPPLIERS

(Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	**3.87**	0.23
- Interest on the above	**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	**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	**0.10**	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	**0.10**	0.75

* During the year Company has reversed the Interest aggregating to ₹ 0.84 crores (refer note 23) based on waiver letters from Micro, Small and Medium Enterprises.

44. OPERATING LEASE

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 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 ₹ 5.01 crores (previous year ₹ 5.00 crores) for non-cancellable lease and ₹ 1.41 crores (previous year ₹ 1.28 crores) for cancellable leases.

The additional details for non-cancellable leases are below: (Currency : Indian Rupees in crores)

Particulars	31 March 2016	31 March 2015
Future minimum lease payments in respect of non-cancellable leases		
- Amount due within one year from the balance sheet date	**5.03**	5.00
- Amount due in the period between one year and five years	**8.86**	13.75

As lessor

The Company has sub-let offices premises under operating lease. Lease income recognised in the Statement of profit and loss for the period in respect to sub-let property is ₹ 3.72 Crores (previous year 3.70 crores)

45. 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 ₹ 209.99 crores and the corresponding issue related expenses (inclusive of service tax) stood ₹ 18.20 crores

Details of utilization of Net proceeds are as follows: (Currency : Indian Rupees in crores)

Particulars	Object of the issue as per the prospectus	Utilization 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	–
Investment in K.V.Arochem Private Limited for repayment/pre-payment in full or in part of certain loans availed by KVA	32.00	32.00	–
General Corporate purposes	33.79	–	33.79
Total	**191.79**	**158.00**	**33.79**

Notes to the financial statements for the year ended 31 March 2016

45. SHARE ISSUE EXPENSES (Contd...)

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, 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. 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.

46. SALE OF FIXED ASSETS

During the year ended 31 March 2015, the Company had sold a plot of land situated at Mulund, Maharashtra for a consideration of ₹ 53.49 crores to Keva Properties Private Limited. The said land was encroached upon by slum dwellers. As a condition precedent to agreement to sale, the Company needs to rehabilitate tenants (slum dwellers) under the Slum Rehabilitation Authority ('SRA') Scheme and remove the encroachment. The Company had entered into a sub-contract arrangement with Sandhu Homes LLP for a consideration of ₹ 43.31 crores for rehabilitation of tenants (slum dwellers) under the Slum Rehabilitation Authority ('SRA') Scheme.

47. 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: ₹ 0.77 crores (Previous year ₹ 0.86 crores)

The areas of CSR activities and contributions made thereto are as follows: (Currency : Indian Rupees in crores)

	31 March 2016	31 March 2015
Amount spent during the year on ;		
Contribution to Clean Ganga Fund	0.25	0.43
Promotion of education	0.39	0.46
Development of infrastructure in rural area	0.15	–
Total	0.79	0.89

The Company does not carry any provisions for corporate social responsibility expenses for current year and previous year

48. 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)

	31 March 2016	31 March 2015
Amount in respect to		
Capital expenditure	1.90	0.33
Revenue expenditure	8.73	12.83
	10.63	13.17

49. 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

Movement of loans during the financial years ended 31 March 2016 is given below:

Name of party	Financial year	Opening balance (excluding accrued interest)	Loan given	Loan repaid	Closing balance(excluding accrued interest)
Keva Fragrance Industries Pte. Ltd.	Year ended 31 March 2016	4.14	1.60	–	5.74

Notes to the financial statements for the year ended 31 March 2016

49. DISCLOSURE PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013 (Contd...)

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	31 March 2016	31 March 2015
K. V. Arochem Private Limited	72.80	52.55
PFW Aroma Ingredients B. V.	9.01	8.10
Keva Fragrances Private Limited	12.00	12.00
	93.81	72.66

c) **Details of investments made:**

The details of investments made are given in note 14 and 17.

During the year ended 31 March 2016, the Company has invested ₹ 32.00 crores (51,422 equity shares, nominal value of ₹ 100 per share) in K V Arochem Private Limited.

During previous year, the Company had invested in Keva Fragrance Industries Pte. Ltd. ₹ 1.71 crores (350,000 equity shares, nominal value of Singapore dollar 1 per share, fully paid-up).

50. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARY AS PER THE PROVISIONS OF REGULATIONS 34(3) OF SECURITIES EXCHANGE BOARD OF INDIA (SEBI) (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS 2015

Keva Fragrance Industries Pte. Ltd. ₹ 5.74 crores (Previous year ₹ 4.14 crores) (Maximum amount outstanding during the year ₹ 5.74 crores (Previous year ₹ 4.14 crores))

51. COMPARATIVE INFORMATION

Previous year's figures have been regrouped/reclassed wherever necessary, to confirm current year's classification, details of which are as follows:

Particulars	Note number	Amount as per previous year financials	Adjustments	Revised amount for previous year
Trade payable	9	56.63	(5.43)	51.20
Other current liabilities	10	34.69	5.94	40.63
Long term loans and advance	15	9.43	0.52	9.95
Other operating income	20	1.57	(0.67)	0.90
Cost of materials consumed	24	293.59	(1.05)	292.54
Employee benefits expense	26	48.34	(0.43)	47.91
Other expenses	27	71.03	0.87	71.90
Other expenses - Research and development	27	12.51	(12.51)	–
Finance costs	28	12.29	0.06	12.23

52. OTHER INFORMATION

Information with regard to other matters specified in Schedule III to the Act, is either nil or not applicable to the Company for the year.

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
Membership No:105149

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

Mumbai
27 May 2016

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 60th Annual General Meeting of the Members of S H KELKAR AND COMPANY LIMITED (the "Company") will be held on Tuesday, 09 August, 2016 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, 2016, along with the Report of Board of Directors and Auditors thereon.

2. To confirm interim dividend on equity shares declared for the financial year 2015-16 as final dividend.

3. To appoint a Director in place of Mr. Amit Dalmia (DIN: 05313886), 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 61st 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 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 2016
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 on a poll instead of himself. Such a proxy need not be a member of the Company. 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). Proxy Form is enclosed.

2. 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 or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the AGM.

4. The Share Transfer Books and Register of Members of the Company will remain closed from Monday, 01 August 2016 to Tuesday, 09 August 2016 (both days inclusive) for annual closing.

5. In terms of the provisions of the Companies Act, 2013 and rules made thereunder and Articles of Association of the Company, Mr. Amit Dalmia retires by rotation and being eligible, offers himself for re-appointment. A brief resume of Mr. Amit Dalmia along with nature of his expertise is given herewith and forms part of the notice convening the AGM.

6. 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.

7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. 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.

9. 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.

10. Members who wish to claim Dividends, which remain unclaimed, are requested to either correspond with the Company's Registrar and Share Transfer Agent for revalidation and encash them before the due dates. 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. 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.

12. Investors may address their queries/communications to investors@ keva.co.in and/or rnt.helpdesk@linkintime.co.in

13. 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.

14. To support the green initiatives taken by Ministry of Corporate Affairs, Members are requested to register their email Address with Depository Participant only and not to the Company or its Registrar and Transfer Agent. Any such changes effected by the Depository Participant will automatically reflect in the Company's subsequent records.

15. Relevant documents referred to in the accompanying Notice and the Statement 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.

16. The annual report of the Company circulated to the Members of the Company, will be made available on the Company's website at www.keva.co.in

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 on Tuesday, 02 August 2016. The e-voting period commences on Saturday, 06 August 2016 (9.00 a.m.) and ends on Monday, 08 August 2016 (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 members 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:

	For Members holding shares in Demat Form
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 - digits 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) – 160707007 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 2016
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 Dalmia:

Amit Dalmia, aged 40 years, holds a degree of Bachelor of Commerce (Hons.) from St. Xaviers' College, University of Kolkata. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India where he obtained first rank in the said examination. He is also a qualified Cost Accountant from the Institute of Cost and Works Accountants of India and a Company Secretary registered with the Institute of Company Secretaries of India. He has been a Director on the Company's Board since August 08, 2012. He is an expert in the field of Finance, Operations, Strategy and Development. 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 CMS IT Services Pvt. Ltd. and does not hold position of Member/Chairman of Committees of the Board of the said company.

S H KELKAR AND COMPANY LIMITED
Registered Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400002
Corporate Office: Lal Bahadur Shastri Marg, Mulund (West), Mumbai - 400 080
CIN No: L74999MH1955PLC009593
Tel No: +91222164 9163; Fax No: +91222164 9766; Website: www.keva.co.in; Email Id: investors@keva.co.in

ATTENDANCE SLIP

Please fill the attendance slip and hand it over at the entrance of the meeting hall.

Joint holders may obtain additional slip at the venue of the AGM.

DP ID	
Client ID	

Name and Address of the Shareholder / Proxy: ____

____

____

I hereby record my presence at the 60th ANNUAL GENERAL MEETING (AGM) of the Company held on Tuesday, August 09, 2016 at 03.30 p.m. at Indraprastha Hall, 261, Balrajeshwar Road, Vaishali Nagar, Mulund (West), Mumbai - 400 080.

....
Signature of Shareholder / Proxy

NOTE: Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the AGM.

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

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) Rules, 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 S H Kelkar and Company Limited, holding ______________________ Equity Shares of the Company, 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: ______________, or failing him / her as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 60th ANNUAL GENERAL MEETING ("AGM") of the Company, to be held on Tuesday, 09 August 2016 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 60th 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 2016		
2.	Confirmation of Final Dividend on the Equity Shares of the Company as final dividend		
3.	Appointment of Mr. Amit Dalmia (DIN:05313886) as 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.1010248W/W-100022), Chartered Accountants, as the Statutory Auditors of the Company and fix their remuneration.		

Signed this ________________ day of __________________, 2016.

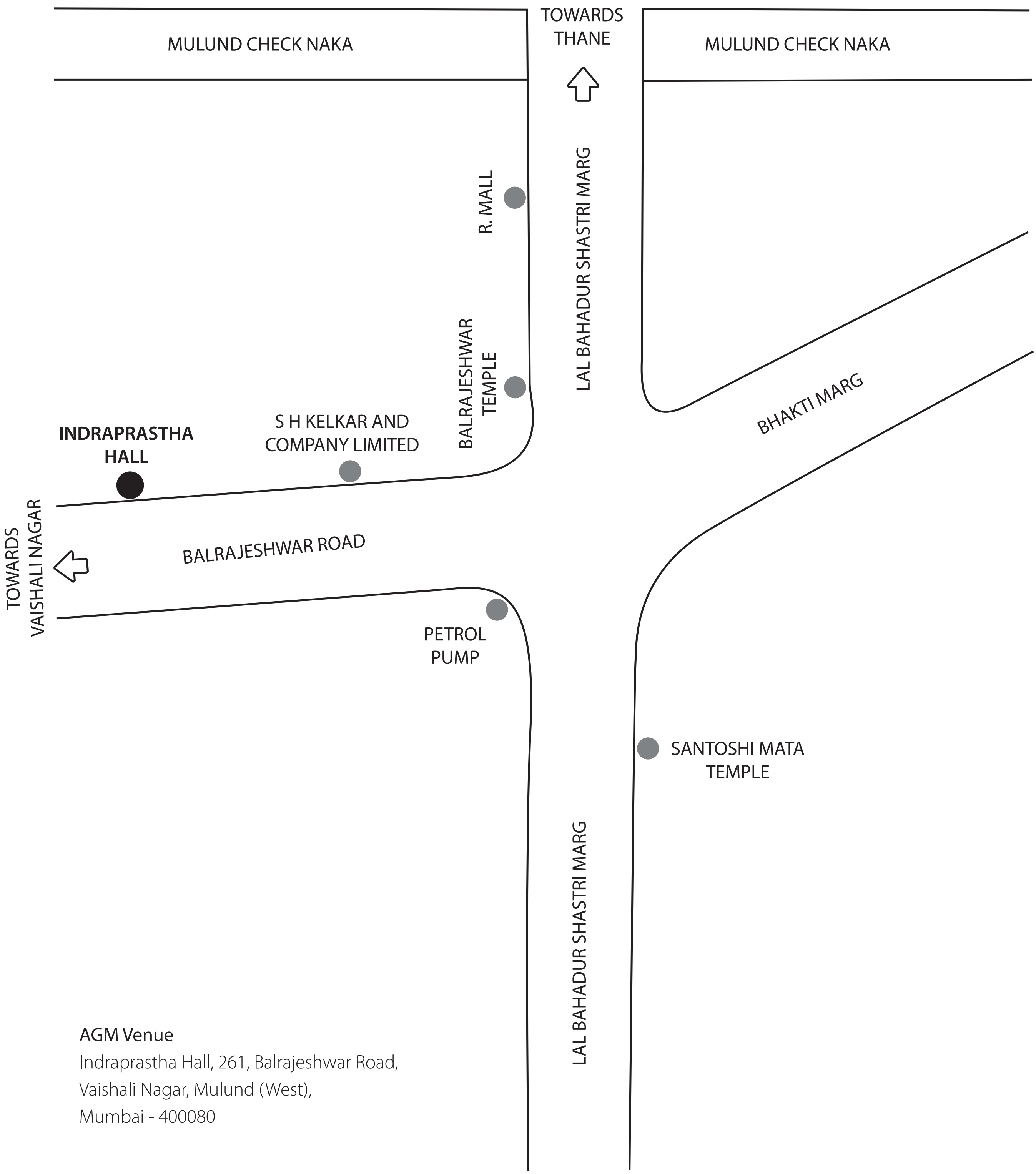
Signature of Shareholder: ____

Signature of Proxy holder(s): ____

Affix
Revenue
Stamp

Note:
This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Devkaran Mansion, 36, Mangaldas Road, Mumbai – 400002 not less than 48 hours before the commencement of the AGM.

ROUTE MAP TO THE AGM VENUE



AGM Venue

Indraprastha Hall, 261, Balrajeshwar Road,
Vaishali Nagar, Mulund (West),
Mumbai - 400080

Corporate Information

Board of Directors

Mr. Ramesh Vaze
Managing Director

Mr. Kedar Vaze
Whole-Time Director & Group 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

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.

K V Arochem Pvt. Ltd.

Saiba Industries Pvt. Ltd.

Keva Chemicals 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

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