



S H Kelkar and Company Limited

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S H Kelkar and Company announces Q2 & H1 FY18 results

H1FY18

Revenues stood at Rs. 455 crore

EBITDA margin at 18%

PAT stood at Rs. 46 crore

Mumbai, November 13, 2017: S H Kelkar and Company, the largest Indian origin Fragrance and Flavours Company in India, has announced its financial results for the quarter and half-year ended September 30, 2017.

H1 FY18 performance overview compared with H1 FY17

- Revenues from operations declines by 8.7% to Rs. 454.8 crore from Rs. 498.2 crore
- EBITDA lower by 12.5% to Rs. 83.1 crore from Rs. 95.0 crore
 - EBITDA margin at 18.0%
- Profit After Tax lower by 11.8% at Rs. 45.7 crore from Rs. 51.8 crore
 - PAT margins steady at 9.9%
- The business momentum during the period saw a slowdown due to GST-led issues across trade and other broader market challenges which impacted the demand environment

Q2 FY18 performance overview compared with Q2 FY17

- Revenues from operations declines by 9.4% to Rs. 220.8 crore from Rs. 243.8 crore
- EBITDA lower by 17.7% at Rs. 36.6 crore from Rs. 44.5 crore
 - EBITDA margin at 16.4%
- Profit After Tax lower by 22.4% at Rs. 18.8 crore from Rs. 24.3 crore
 - PAT margins steady at 8.4%



Commenting on the performance, Mr. Kedar Vaze, Whole Time Director and CEO at SH Kelkar and Company said,

“We have reported a subdued performance during the quarter as GST related challenges impacted our domestic business. While we were anticipating demand to slowdown in Q2 owing to GST implementation, the recovery was much slower than we anticipated earlier especially in the months of July and August. We saw demand stabilizing in September and I am pleased to share that we recorded healthy sales growth in the month of October itself. So we strongly believe the Q2 performance was a temporary blip in demand and expect the momentum built in October to continue in the upcoming months.

Amidst the challenging business environment, our focus on improving operational efficiencies and cost rationalization remains on track. We are hopeful that such efforts will help us in achieving our goal of delivering superior and sustainable ROIs going forward.

Going ahead, we are confident of delivering improved results as revival in macros coupled with our strategic initiatives towards strengthening our product offerings. We foresee that our strong supply chain position will enable us to further augment business performance from H2 FY18 onwards.”

Key Developments:

- **Executed Share Purchase Agreement to buyout 100% share capital of VN Creative Chemicals (VNCC)**
 - With the acquisition, Company to acquire full control of land and manufacturing facility (including plant and machinery) in Raigad, Maharashtra, owned by VNCC
 - Investment in-line with the Company’s earlier envisaged strategic cost-saving initiative in the overseas Fragrance division, which will allow greater flexibility in backend manufacturing operations and leverage existing presence in a competitive and high quality centre like India
 - The Company expects to execute this initiative by end of this fiscal and showcase higher earnings in the International Fragrance from second half FY19 onwards

- **Established Fine Fragrance Development Centre in Amsterdam, Netherlands during H1 FY18**
 - Part of long-term goal to establish a respectable global position in this segment

- **Emphasis on R&D to continue**
 - The Company has filed 10 patent applications, of which 2 have been commercially exploited in the deodorant and fine fragrance categories. Newly launched development centre expected to further improve commercial traction

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About S H Kelkar and Company Limited:

S H Kelkar and Company Limited (SHK) is the largest Indian-origin Fragrance & Flavour Company in India. It has a long standing reputation in the fragrance industry developed in 90 years of experience. Its fragrance products and ingredients are used as a raw material in personal wash, fabric care, skin and hair care, fine fragrances and household products. Its flavor products are used as a raw material by producers of baked goods, dairy products, beverages and pharmaceutical products. The company offers products under SHK, Cobra and Keva brands.

The Company has a strong and dedicated team of scientists, perfumers, flavourists, evaluators and application executives at its facilities and five creation and development centers in Mumbai, Bengaluru, The Netherlands and Indonesia for the development of fragrance and flavour products. The research team has developed 12 molecules over the last three years. The Company has filed 10 patent applications in respect of molecules, systems and processes developed by it, of which 2 have been commercially exploited in deodorant and fine fragrance categories. Newly established Fine Fragrance development centre in Amsterdam expected to further improve commercial traction in this segment.

Over the years, SHK has developed a vast product portfolio of fragrances and flavor products for the FMCG, personal care, pharmaceutical and food & beverages industry. The Company has a diverse and large client base of over 4,100 customers including leading national and multi-national FMCG companies, blenders of fragrances & flavors and fragrance & flavor producers.

For further information please contact:

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