



## S H Kelkar and Company Limited

Corporate Office: L.B.S Marg, Near Balrajeshwar Temple, Mulund (W), Mumbai – 400080

Registered Office: Devkaran Mansion, 36, Mangaldas Road, Mumbai 400 002.

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### S H Kelkar and Company announces Q4 & FY17 results

#### FY17

**Total Income up 6% to Rs. 992 crore**  
**EBITDA improves 11% to Rs. 177 crore**  
**PAT grew by 44% to Rs 105 crore**

**Mumbai, May 12, 2017:** S H Kelkar and Company, the largest Indian origin Fragrance and Flavours Company in India, has announced its financial results for the quarter & year ended March 31, 2017.

#### **FY17 performance overview compared with FY16**

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- Total Income grew by 6% to Rs. 992 crore from Rs. 935 crore
- EBITDA increases by 11% to Rs. 177 crore from Rs. 160 crore
  - EBITDA margin improves by 80 bps to 17.9%
- Profit Before Tax higher by 39% to Rs 153 crore from Rs 110 crore
- Profit After Tax increases by 44% at Rs. 105 crore compared to Rs. 73 crore

#### **Q4 FY17 performance overview compared with Q4 FY16**

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- Total Income declines by 7% to Rs. 252 crore from Rs. 271 crore
- EBITDA lower by 14% to Rs. 41 crore from Rs. 48 crore
  - EBITDA margin stood at 16.3%
- Profit Before Tax lower by 10% to Rs. 35 crore from Rs. 39 crore
- Profit After Tax increases by 13% at Rs. 27 crore compared to Rs. 24 crore

- Performance for the quarter was affected primarily by the delayed recovery in domestic market post demonetisation.

## Key Developments

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- Executed Technology Transfer Agreement with Tanishka Products (TP) for acquisition of the Fragrance Encapsulation Technology
  - Upcoming Technology will provide opportunity to offer differentiated Fragrance products and systems
  - Tanishka Products (TP), a partnership firm in its start-up phase, has been in the business of manufacture and sale of micro-encapsulated fragrances since 2012
- Successfully integrated the Flavour division of Gujarat Flavours Private Ltd (GFPL) in the Company during the quarter
  - Contribution from GFPL is reflected in the Company's Q4 FY17 financial performance
  - Part of Company's strategy to pursue tuck-in acquisitions to grow market share in the Flavours business
- Successful commercialization of a patented molecule
  - Patents enable the Company to exclusively use compounds to replicate specific aromas in its fragrance products, thereby enhancing its ability to create winning fragrances with unique signature notes
  - The United States Patent and Trademark Office had granted a patent to the Company in FY16 for novel compounds with olfactory properties
  - SHK is the only Company of Indian origin to file patents globally in the field of Fragrances and Novel Aromatic Molecules



**Commenting on the performance of Q4 & FY2017, Mr. Kedar Vaze, Chief Executive Officer and Director at SH Kelkar and Company said,**

*“We have reported stable financial and operating performance during the year. The Company witnessed strong growth in first half of the year on account of new wins. The business momentum slowed in the second half of the year because of broader market challenges witnessed in domestic market. Smooth integration of tuck-in acquisitions assisted the Flavour division to report strong performance in FY17.*

*I am happy to share that we have been able to successfully commercialize one of our patented molecules. Although the contribution is small now, we are excited about the opportunity to use unique signature notes to create winning fragrances. We remain amongst the handful of Companies worldwide to file patents in the field of Fragrances and Novel Aromatic Molecules.*

*The FMCG industry is expected to bounce back in the second half of fiscal year 2018 on the back of GST and healthy monsoons leading to healthy demand for our Fragrance and Flavour products. From a longer-term perspective, we foresee immense potential in our businesses and have accordingly planned to significantly increase our R&D expenditure in the coming fiscal. We believe these investments will drive product innovation and enhance our premium product portfolio, which should enable us to deliver much higher growth rates in the future.”*

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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. Their research team has developed 12 molecules over the last three years, of which the Company has filed patent applications for three.

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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