



S H Kelkar and Company Limited

Corporate Office: L.B.S Marg, Near Balrajeshwar Temple, Mulund (W), Mumbai – 400079

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

S H Kelkar and Company announces Q3 & 9M FY2016 results

Mumbai, February 9, 2016: S H Kelkar and Company, the largest Indian origin Fragrance and Flavours Company in India, has announced its financial results for the quarter & nine-months ended December 31, 2015.

9M FY2016 performance overview compared with 9M FY2015

- Total Income increased to Rs. 661 crore from Rs. 600 crore, up by 10%
- EBITDA grew by 19% to Rs. 113 crore from Rs. 95 crore
 - EBITDA margin stood at 17.1%, up by 131 bps
- Profit Before Tax and Extraordinary Items grew by 27.4% to Rs 78 crore from Rs 62 crore
- Profit After Tax came in at Rs. 54 crore compared to Rs. 49 crore, up 9.4%
- Net Operating Profits after Tax (before sale of property and prior period tax credit) grew by 36% to Rs. 53 crore from Rs. 39 crore
- EPS amounted to Rs. 4.02 per share

Q3 FY2016 performance overview compared with Q3 FY2015

- Total Income increased to Rs. 230 crore from Rs. 196 crore, up by 17%
- EBITDA grew by 146% to Rs. 44 crore from Rs. 18 crore
 - EBITDA margin stood at 19.0%, up by 994 bps
- Profit Before Tax and Extraordinary Items grew by 414% to Rs. 33 crore from Rs. 6.5 crore
- Profit After Tax came in at Rs. 23 crore compared to Rs. 4 crore
- Net Operating Profits after Tax (before sale of property and prior period tax credit) grew by 413% to Rs. 23 crore from Rs. 5 crore
- EPS amounted to Rs. 1.74 per share

Key Developments

- Board of Directors considered and approved the acquisition of Hi-Tech Technologies (HTT) comprising of Flavours Division
 - HTT is a Mumbai-based entity and in the business of Manufacturing and Sales of Flavours – it has a manufacturing facility in Daman with FSSA licence and has presence throughout India
 - HTT's forecast revenue for FY 2016 is Rs. 22 crore with margin in line with industry benchmarks
 - Acquisition would be on a slump sale basis, for a net aggregate consideration of Rs. 28.6 crore. Acquisition is targeted to close in Q1 FY 2017
 - Acquisition in-line with the Company's plan to pursue strategic tuck-in acquisitions to grow the Flavours business

- Balance sheet position significantly strengthened post IPO – Net Debt of Rs. (21) crore as of 31 December 2015
 - Successfully completed an IPO in November 2015, the proportion of fresh share issue resulted in inflow of Rs. 210 crore
 - IPO proceeds to be used for paying down debt –full impact to be witnessed in the coming quarters

Commenting on the results, Mr. Kedar Vaze, Chief Executive Officer and Director at SH Kelkar and Company said,

"I am delighted to report continued strong operational and financial performance in our first publicly reported results post listing. I welcome all our public shareholders and look forward to their participation and support in our journey of sustained growth and progress.

We are the largest Indian-origin Fragrance & Flavour Company with a solid R&D backbone. It is our endeavor to continually raise our market share, enhance the portfolio of our products, expand our customer base and strengthen the bond that we have with our existing customers. Post IPO we have further augmented our Balance Sheet to become a Net Debt free company. With adequate capacities already in place and a business that generates healthy free operating cash flows we are comfortably poised to pursue our strategic initiatives and are excited about our future and our growth prospects."



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. It offers products under SHK, Cobra and Keval brands.

The Company has a strong and dedicated team of 18 scientists, 12 perfumers, two 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.

In FY2015, SHK created, manufactured and supplied over 8,000 fragrances, including fragrance ingredients and flavours for the personal and home care products, food and beverage industries, either in the form of compounds or individual ingredients. The Company has over 3,700 customers for fragrance and fragrance ingredients products, including, among others, Godrej Consumer Products Limited, Marico Limited, Wipro Consumer Care and Lighting Limited, Hindustan Unilever Limited, VINI Cosmetics Private Limited and J.K. Helen Curtis Limited.

**Source: "Market Study on Fragrances and Flavours" by Nielsen, March 22, 2015*

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