



October 08, 2020

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Code: 539450

Scrip Symbol: SHK

Dear Sir/ Madam,

Sub: Disclosure pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the above mentioned regulation, please find enclosed herewith business update for Q2 FY 21.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited

**Deepti Chandratre
Company Secretary & Compliance Officer**

End: As above



S H Kelkar And Company Limited
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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.

Quarterly Business Update

Mumbai, October 8, 2020: S H Kelkar and Company Ltd (SHK), the largest Indian origin Fragrance and Flavours Company in India, would like to share the following business update for Q2 FY 2020-21.

Operational Update:

- The Company witnessed a healthy uptick in demand and enquiries across domestic and international markets during Q2 FY 2020-21. Engagements across customer base remained solid during the period under review, especially with mid and large sized FMCG customers. In addition, new business wins across various categories remained strong, laying a good foundation for multi-year growth of the Company. On a consolidated basis, sales in Q2 FY 2020-21 stood at ~Rs. 310 crore (*Note: 1. Provisional and unaudited figures; 2. Without consolidation of CFF acquisition*). Furthermore, the raw material situation continued to remain stable during the quarter.
- On the balance sheet front, the Company's net debt position stood at ~Rs. 385 crore (*Note: 1. provisional and unaudited figure; 2. Without consolidation of debt on CFF balance sheet*). This is following the payment of the second and final tranche of the CFF acquisition of ~Rs. 141 crore. Excluding the payment made for the acquisition, the Net Debt position was steady at Rs. 244 crore
- Going forward, the Company has no major capex plans on hand and the focus remains on sweating current investments & generating strong cash flow from operations. On the whole, the Company remains confident that the net debt position by FY 2020-21-end would be at similar levels to that of FY 2019-20, which is around Rs. 300 crore
- The Company continues to monitor the macro-demand situation and remains confident of its growth prospects over the longer term in a normalized operating environment

CFF Performance Update:

- On July 28, 2020, SHK through its Italian subsidiary — Keva Italy Srl, concluded the acquisition of the remaining 49% equity stake in Creative Flavors and Fragrances (CFF). CFF is now a 100% wholly-owned subsidiary of SHK
- CFF delivered an encouraging performance during the quarter ended September 30, 2020 on the back of increasing demand and volume off-take in the Italian market during the period under review
- CFF's abridged Proforma P&L statement, depicting FY 2019-20 numbers adapted to reflect how acquiring remaining 49% stake would impact the its business result, is as follows,

Creative Flavours & Fragrances SpA – Abridged P&L (Figures in Eur '000)

Particulars	Year Ended 31.03.2020	
	Pre-Acq'n	Post Acq'n
	Proforma	
Revenue from Operations		
Sales	30,483.4	30,483.4
Other Operating Income	-	-
Other Income	77.5	77.5
Total Income	30,560.8	30,560.8
Gross Margin	9,741.6	9,741.6
(%)	32.0%	32.0%
Employee benefits expense	3,330.7	3,330.7
Operational expenses*	3,895.8	3,315.9
EBITDA (incl. other income)	2,592.5	3,172.4
Finance costs	222.6	222.6
Depreciation and amortisation expense	1,499.2	1,499.2
Profit before tax	870.8	1,450.7
Tax Expenses	275.0	458.1
Profit for the period (7 - 8)	595.8	992.5
Less : Minority interest 49%	291.9	-
Keva share	303.8	992.5

CFF – Segmental Break-up (Figures in (€K))

Particulars	Q1 FY2019-20	Q2 FY2019-20	Q3 FY2019-20	Q4 FY2019-20	Q1 FY2020-21
Sales	7,254	7,364	7,570	8,295	6,707
Core Fragrance	4,143	4,364	4,463	5,159	3,467
Contract Manufacturing	3,111	3,000	3,107	3,136	3,240
Gross Margins	2,176	2,486	2,417	2,663	2,160
(%)	30.0%	33.76%	31.93%	32.10%	32.21%
Core Fragrance	1,900	2,179	2,206	2,540	1,853
(%)	45.87%	49.94%	49.43%	49.24%	53.45%
Contract Manufacturing	276	307	211	123	307
(%)	8.86%	10.22%	6.78%	3.91%	9.47%

Note: 1. *Operational expenses for pre-acquisition numbers include royalty costs of Eur 350,000 and ownership fees of Eur 303,200. Following the conclusion of the full acquisition of CFF, these costs have ceased and will not be incurred, going forward. 2. Proforma numbers are audited figures;

