



August 09, 2018

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: Submission of unaudited financial results for the quarter ended June 30, 2018

At the meeting of Board of Directors of the Company (“the Board”) held today, the Board has approved the unaudited financial results (standalone and consolidated) for the quarter ended June 30, 2018 and took on record the Limited Review Report issued by Statutory Auditors in this regard.

Accordingly, please find enclosed the following:

- Unaudited financial results (standalone and consolidated) for the quarter ended June 30, 2018 (“Results”)
- Limited Review Report issued by Statutory Auditors
- Press release on Results

You are requested to take the above on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited


Deepti Chandratre
Company Secretary & Compliance Officer



Encl: As above



S H Kelkar And Company Limited

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Regd. Office : Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400 002. (INDIA)
Phone : (022) 2206 96 09 & 2201 91 30 / Fax : (022) 2208 12 04
www.keva.co.in
CIN No. L74999MH1955PLC009593

S H KELKAR AND COMPANY LIMITED

CIN : L74999MH1955PLC009593

CIN : L74999MH1955PLC009593

Website : www.keva.co.in, E - mail : investors@keva.co.in , Tel No. +91 22 21649163, Fax No : +91 22 21649766



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

(Rupees in Crore, except for share data and if otherwise stated)

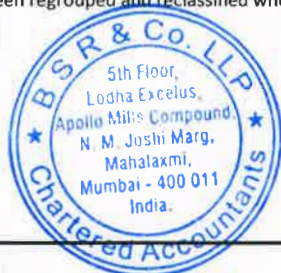
Particulars	Quarter Ended			Year Ended
	30.06.2018	30.06.2017	31.03.2018	31.03.2018
	(Unaudited)	(Unaudited)	(Audited) #	(Audited)
Sales excluding Excise & GST	235.98	233.92	282.74	1,019.27
1. Revenue from Operations				
(a.) Sales including Excise (Refer note 6)	235.98	251.85	282.74	1,037.20
(b.) Other Operating Income	0.41	0.39	0.60	1.75
2. Other Income				
(a.) Export Incentives	1.01	0.68	1.73	4.09
(b.) Other income	2.28	4.37	15.43	21.61
3. Total Income	239.68	257.29	300.50	1,064.65
4. Expenses				
(a.) Cost of materials consumed	145.04	159.30	123.17	527.19
(b.) Purchase of stock in trade	2.39	4.97	16.90	25.62
(c.) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(15.27)	(42.10)	33.61	10.12
(d.) Excise duty on sale of goods	-	17.93	-	17.93
(e.) Employee benefits expense	29.10	30.18	31.19	125.19
(f.) Finance costs	1.51	0.60	1.59	3.97
(g.) Depreciation and amortisation expense	6.77	5.82	6.49	23.84
(h.) Other expenses	42.19	40.52	53.15	174.78
Total Expenses	211.73	217.22	266.10	908.64
5. Profit before exceptional items and tax (3-4)	27.95	40.07	34.40	156.01
6. Exceptional Items (Refer note 4)	-	-	2.78	12.85
7. Profit before tax (5 - 6)	27.95	40.07	31.62	143.16
8. Tax expense				
Current tax	10.01	12.62	7.39	46.42
Deferred tax	(0.01)	0.65	4.50	4.16
9. Profit for the period (7 - 8)	17.95	26.80	19.73	92.58
10. Share of Profit from Equity investment in Joint Venture (Net of tax)	0.74	-	1.61	1.61
11. Profit attributable to Non-controlling interests	-	-	-	-
12. Profit after Non-controlling interests (9 + 10 -11)	18.69	26.80	21.34	94.19
13. Other Comprehensive Income				
Items that will not be reclassified to profit or loss	0.03	(0.46)	0.48	0.11
Income Tax on relating to items that will not be reclassified to profit or loss	(0.01)	0.16	(0.22)	(0.10)
Items that will be reclassified to profit or loss	(1.09)	3.69	11.86	11.54
Income Tax on relating to items that will be reclassified to profit or loss	-	-	-	-
Other Comprehensive Income (net of tax)	(1.07)	3.39	12.12	11.55
14. Other Comprehensive Income (net of tax) attributable to Non-controlling interests	-	-	-	-
15. Other Comprehensive Income (net of tax) after Non-controlling interests (13 - 14)	(1.07)	3.39	12.12	11.55
16. Total Comprehensive Income for the period (12 + 15)	17.63	30.19	33.46	105.74
17. Total Comprehensive Income for the period attributable to Non controlling interests	-	-	-	-
18. Paid-up equity share capital (Face Value of Rs 10 each)	144.62	144.62	144.62	144.62
19. Other Equity				712.59
20. Earnings Per Share (Face Value of Rs 10 each) (not annualised):(Refer note 7)				
(a) Basic	1.30	1.85	1.48	6.52
(b) Diluted	1.30	1.85	1.48	6.52

The figures for the preceding 3 months ended 31 March, 2018 are the balancing figures between the audited figures in respect of the full financial year ended 31 March, 2018 and the year to date figures upto the third quarter of that financial year. Also the figures upto the end of the third quarter had only been reviewed and not subject to audit.



Notes :

- 1 The above consolidated financials results of S H Kelkar and Company Limited and its subsidiaries (collectively referred to as 'the Group') and its Joint venture were reviewed by the Audit Committee and subsequently approved by the Board of Directors of S H Kelkar and Company Limited ('the Company') at its meeting held on 09 August, 2018 . The statutory auditors of the Company have conducted limited review of the above results for the quarter ended 30 June, 2018 pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations, 2015") . The limited review does not contain any qualifications. The above results are filed with the Stock Exchanges and available on Group website -www.keva.co.in.
- 2 The Group has two reportable operating segments viz. Fragrances and Flavours, as per IND AS 108-Operating Segment. Fragrances segment manufactures/trades in fragrances and aroma ingredients. Flavours segment manufactures/trades in flavours. The financial information for these segments has been provided in Consolidated Financial Results as per IND AS 108.
- 3 Earning before interest, tax, depreciation and amortisation (EBITDA) before exceptional items for the quarter ended 30 June, 2018 at Rs 36.23 crores (for the quarter ended 30 June, 2017: Rs 46.49 crores) and for the quarter ended 31 March, 2018 at Rs.42.48 crores.
- 4 The Group had decided to restructure its operation at PFW Aroma Ingredients B.V ('PFW'), Netherlands in the previous year and, inter alia, to relocate part of its production base to India to optimise the cost structure of its fragrance business. This had resulted in partial reduction of PFW's workforce. Such restructuring cost of Rs 12.85 crores has been considered in full in accordance with Ind AS 19-Employee Benefits and shown as Exceptional item.
- 5 The Group has entered into an agreement on 25 May, 2018 to acquire 90% equity stake in Anhui Ruibang Aroma Ingredients Company ("Anhui") in China within a period of 18 months from the date of agreement. The enterprise valuation of Anhui is RMB 27 million, on a going concern basis. The appended financial results do not carry any impact of such agreement.
- 6 According to the requirements of the Listing Regulations, 2015, revenue for the quarter ended 30 June, 2017 was reported inclusive of excise duty. Goods and Service Tax ("GST") has been implemented with effect from 01 July, 2017 which replaces Excise Duty and other input taxes. As per Ind AS 18, the revenue for the period from 1 July, 2017 to 31 March, 2018 and quarter ended 30 June, 2018 is reported net of GST.
- 7 Basic and Diluted earnings per share for quarter ended 30 June, 2018 and year ended 31 March, 2018 is adjusted for the effect of treasury shares held by the Company.
- 8 Previous period figures have been regrouped and reclassified wherever necessary.



For and on behalf of Board of Directors

Kedar Vaze

Director and Chief Executive Officer

Place: Mumbai
Date: 09 August, 2018

S H KELKAR AND COMPANY LIMITED

CIN : L74999MH1955PLC009593

Regd. Office : Devkaran Mansion, 36 Mangaldas Road, Mumbai - 400002 India

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Consolidated Segment-wise Revenue, Assets, Liabilities and Capital Employed for the Quarter ended 30 June 2018

(Rupees in Crore, except for share data and if otherwise stated)



Particulars	Quarter Ended			Year Ended
	30.06.2018	30.06.2017	31.03.2018	31.03.2018
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Segment Revenue (Excluding Excise & GST)				
Fragrance	211.31	202.68	255.04	906.59
Flavours	24.67	31.24	27.70	112.68
Total	235.98	233.92	282.74	1,019.27
1. Segment Revenue (Including Excise)				
Fragrance	211.31	218.65	255.04	922.60
Flavours	24.67	33.20	27.70	114.60
Total	235.98	251.85	282.74	1,037.20
Other Operating Income	0.41	0.39	0.60	1.75
Sales/ Income From Operations	236.39	252.25	283.34	1,038.95
2. Segment Results (Profit (+) / Loss(-) before tax and interest from ordinary activities)				
- Fragrance (Refer note - 3)	29.48	36.54	32.67	139.86
- Flavours	3.86	6.29	3.70	21.13
Total	33.34	42.83	36.37	160.99
Less: i) Finance costs	(1.51)	(0.60)	(1.59)	(3.97)
Add/(Less): Other unallocable income net of unallocable expenditure	(3.14)	(2.16)	(1.55)	(12.25)
Total Profit Before Tax from ordinary activities and share of profit from Equity Investment in Joint Venture	28.69	40.07	33.23	144.77
3. Segment Assets				
- Fragrance (Refer note - 4)	1,131.33	946.17	1,076.33	1,076.33
- Flavours	146.67	139.50	151.76	151.76
- Unallocated	45.56	42.71	51.83	51.83
Total	1,323.56	1,128.38	1,279.92	1,279.92
4. Segment Liabilities				
- Fragrance	204.13	153.38	191.54	191.54
- Flavours	16.54	35.02	23.85	23.85
- Unallocated	238.83	98.02	207.44	207.44
Total	459.50	286.42	422.83	422.83
5. Capital Employed (Segment assets - Segment liabilities)				
- Fragrance	927.19	792.79	884.79	884.79
- Flavours	130.13	104.49	127.91	127.91
- Unallocated	(193.27)	(55.34)	(155.61)	(155.61)
Total	864.05	841.94	857.09	857.09

Notes on Segment Information:

1. Segment Revenue , Results, Assets and Liabilities represent amounts identifiable to each of the segments. Other unallocable income net of unallocable expenditure mainly includes interest income, dividend income, income from current investments(net), expenses on common services not directly identifiable to individual segments, corporate expenses and unallocable exceptional items.

Segment Assets and Segment Liabilities are as at 30 June, 2018, 30 June, 2017 and 31 March, 2018.

2. Previous period figures have been re-grouped/ re-classified wherever necessary, to confirm to current period's classification.

3. Including share of profit from Equity Investment in Joint Venture - Creative Flavours and Fragrances S.p.A (CFF).

4. Including Equity Investment in Joint Venture - CFF.



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Chartered Accountants

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Limited Review Report on Quarterly Unaudited Consolidated Financial Results of S H Kelkar and Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of S H Kelkar and Company Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of S H Kelkar and Company Limited ('hereinafter referred to as 'the Holding Company') and its subsidiaries (collectively referred to as 'the Group') and its joint venture for the quarter ended 30 June 2018 attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the three months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under Section 143 (10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The Statement include the results of the following entities:

Name of the Entity	Relationship
Saiba Industries Private Limited	Wholly Owned Subsidiary
Keva Flavours Private Limited	Wholly Owned Subsidiary
Rasiklal Hemani Agencies Private Limited	Wholly Owned Subsidiary
Keva Chemicals Private Limited (including its following wholly owned subsidiaries)	Wholly Owned Subsidiary
- Tanishka Fragrance Encapsulation Technologies LLP	
Keva Fragrances Private Limited (including its following wholly owned subsidiaries)	Wholly Owned Subsidiary
- VN Creative Chemicals Private Limited	
Keva U.K. Ltd (including its following wholly owned subsidiary)	Wholly Owned Subsidiary
- PFW Aroma Ingredients B.V	

Limited Review Report on Quarterly Unaudited Consolidated Financial Results of S H Kelkar and Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)

S H Kelkar and Company Limited

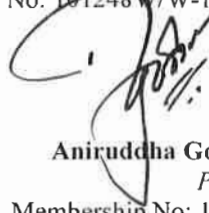
Name of the Entity	Relationship
Keva Fragrance Industries Pte Ltd. (including its following wholly owned subsidiary) - PT SHKKEVA Indonesia	Wholly Owned Subsidiary
Creative Flavours and Fragrances S.p.A	Joint Venture

We did not review the financial information of ten subsidiaries included in the Statement of unaudited consolidated financial results, whose unaudited financial information reflect total assets of Rs 489.22 crores as at 30 June 2018 and total revenues of Rs 75.20 crores for the quarter ended 30 June 2018. The consolidated financial results also include the Group's share of net profit (and other comprehensive income) of Rs 0.74 crores for the quarter ended 30 June 2018 in respect of one joint venture whose financial results have not been reviewed by us. These unaudited financial information have not been reviewed by the respective auditors and are based solely on management certified accounts. Our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a joint venture is based solely on such unaudited financial information. In our opinion and according to the information and explanation given to us by the management, these financial results are not material to the Group. Our conclusion is not modified in respect of this matter.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

Mumbai
9 August 2018

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



Aniruddha Godbole
Partner
Membership No: 105149

S H KELKAR AND COMPANY LIMITED

CIN : L74999MH1965PLC009593

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STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

Particulars	Quarter Ended			Year Ended
	30.06.2018	30.06.2017	31.03.2018	31.03.2018
	(Unaudited)	(Unaudited)	(Audited) #	(Audited)
Sales excluding Excise & GST	159.46	144.33	199.74	680.79
1. Revenue from Operations				
(a.) Sales including Excise (Refer note 4)	159.46	160.38	199.74	696.84
(b.) Other Operating Income	0.25	0.24	0.21	0.89
2. Other Income				
(a.) Export Incentives	0.10	-	0.51	0.51
(b.) Other Income	3.09	3.38	2.91	13.62
3. Total Income	162.90	164.00	203.37	711.86
4. Expenses				
(a.) Cost of materials consumed	105.21	114.66	96.64	394.28
(b.) Purchase of stock in trade	-	-	-	-
(c.) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(7.41)	(34.41)	24.79	5.46
(d.) Excise duty on sale of goods	-	16.05	-	16.05
(e.) Employee benefits expense	18.06	15.16	19.82	70.85
(f.) Finance Costs	1.11	0.58	1.38	3.16
(g.) Depreciation and amortisation expense	3.06	2.46	3.00	10.53
(h.) Royalty expense	4.36	4.18	5.68	19.16
(i.) Other expenses	24.10	18.36	26.94	89.21
Total Expenses	148.49	137.04	178.25	608.70
5. Profit before exceptional Items and tax (3-4)	14.41	26.96	25.12	103.16
6. Exceptional Items				
7. Profit before tax (5 - 6)	14.41	26.96	25.12	103.16
8. Tax expense				
Current tax	4.74	8.72	8.16	32.38
Deferred tax	(0.10)	0.27	0.46	1.82
9. Net Profit for the period after tax (7 - 8)	9.77	17.97	16.50	68.96
10. Other Comprehensive Income				
Items that will not be reclassified to profit or loss	0.03	(0.34)	1.14	0.13
Income Tax on relating to items that will not be reclassified to profit or loss	(0.01)	0.12	(0.38)	(0.04)
Other Comprehensive Income (net of tax)	0.02	(0.22)	0.76	0.09
11. Total Comprehensive Income for the period (9 + 10)	9.79	17.75	17.26	69.05
12. Paid-up equity share capital (Face Value of Rs 10 each)	144.62	144.62	144.62	144.62
13. Other Equity				482.95
14. Earnings Per Share (Face Value of Rs 10 each) (not annualised): (Refer note 5)				
(a) Basic	0.68	1.24	1.14	4.77
(b) Diluted	0.68	1.24	1.14	4.77

The figures for the preceding 3 months ended 31 March, 2018 are the balancing figures between the audited figures in respect of the full financial year ended 31 March, 2018 and the year to date figures upto the third quarter of that financial year. Also the figures upto the end of the third quarter had only been reviewed and not subject to audit.

Notes :

- The above standalone financials results were reviewed by the Audit Committee on 09 August, 2018 and subsequently approved by the Board of Directors of S H Kelkar and Company Limited ('the Company') at its meeting held on 09 August, 2018. The statutory auditors of the Company have conducted limited review of the above results for the quarter ended 30 June, 2018 pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations, 2015"). The limited review does not contain any qualifications. The above results are filed with the Stock Exchanges and available on Group website -www.keva.co.in.
- The Company is in the business of manufacturing of fragrances. The Company has only one reportable business segment of fragrances.
- Earning before interest, tax, depreciation and amortisation (EBITDA) before exceptional items for the quarter ended 30 June, 2018 at Rs 18.57 crores (June Quarter 17: Rs 30.00 crores) and for the quarter ended 31 March 2018 at Rs.29.50 crores.
- According to the requirements of the Listing Regulations, 2015, revenue for the quarter ended 30 June, 2017 was reported inclusive of excise duty. Goods and Service Tax ("GST") has been implemented with effect from 01 July, 2017 which replaces Excise Duty and other input taxes. As per Ind AS 18, the revenue for the period from 1 July, 2017 to 31 March, 2018 and quarter ended 30 June, 2018 is reported net of GST.
- Basic and Diluted earning per share for quarter ended 30 June, 2018 and year ended 31 March, 2018 is adjusted for the effect of treasury shares held by the Company.
- Previous period figures have been regrouped and reclassified, wherever necessary.

For and on behalf of Board of Directors



Kevay

Kevay Vaze

Director and Chief Executive Officer

Place: Mumbai
Date: 09 August, 2018

B S R & Co. LLP

Chartered Accountants

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Limited Review Report on Quarterly Unaudited Standalone Financial Results of S H Kelkar and Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of S H Kelkar and Company Limited

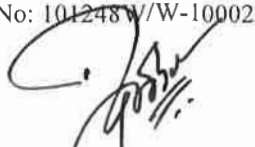
We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of S H Kelkar and Company Limited ('the Company') for the quarter ended 30 June 2018 attached herewith, in which are incorporated returns from a Branch in Amsterdam, The Netherlands and S H Kelkar Employee Benefit Trust which is based on management certified accounts, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Attention is drawn to the fact that the figures for the three months ended 31 March 2018 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of the previous financial year had only been reviewed and not subjected to audit. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under Section 143 (10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

Mumbai
9 August 2018

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


Aniruddha Godbole
Partner
Membership No: 105149



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.

S H Kelkar announces Q1 FY19 results

Total Income stood at ~Rs. 240 Cr
Domestic Fragrance revenue grew 13%
PAT stood at ~Rs. 19 Cr

Mumbai, August 9, 2018: S H Kelkar and Company, the largest Indian origin Fragrance and Flavours Company in India, has announced its financial results for the quarter ended June 30, 2018.

Q1 FY19 performance overview compared with Q1 FY18

- Revenues from operations higher by 1% to Rs. 236.0 crore from Rs. 233.9 crore
- Domestic Fragrance business witnessed healthy revival of demand and grew at 13%
- On a sequential basis Gross Margin improved from ~39% to ~44% but was lower than 48% in the corresponding qtr
- EBITDA at Rs. 36.2 crore as against Rs. 46.5 crore in Q1 FY18; EBITDA margin stood at 15.1% vs 19.4% in Q1 FY18
- PBT stood at Rs. 28.0 crore as against Rs. 40.1 crore in Q1 FY18
- PAT stood at Rs. 18.7 crore as against Rs. 26.8 crore in Q1 FY18
- The Company firmly believes the core business is performing in line with market and the medium to long-term outlook remains positive

Note : ~ = approximately



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

“We have had a steady start to the new fiscal witnessing strong revival of demand in our base business and improved consumption pattern in the FMCG industry. Our domestic Fragrance business reported healthy growth of 13% led by steady demand in the domestic FMCG space. Our performance in the overseas Fragrance and Flavours division was impacted by unprecedented supply side constraints and surge in key raw material prices. Under the circumstances, we have focussed more on quality of earnings than on growth in our International Fragrance business. This, along with a weaker Rupee, helped our gross margin improve to 44% from 39% Q-o-Q. While the Company has taken measures to mitigate cost pressure through increase in selling price and plans to take further such steps in future as well as undertake cost-saving measures, the pass through of the same to margins is expected to start reflecting in performance over the coming quarters, albeit with a lag.”

Key Developments:

Creative Flavours & Fragrances (CFF) reports healthy topline performance in Q1 FY19

- SHK’s recent acquisition, CFF, reported a healthy volume growth during the quarter. This, combined with price increase taken, resulted in strong revenue growth of 19% in CFF’s core Fragrance division and stood at ~Euro 4 Mn. Profitability was under pressure given the on-going raw material supply disruptions. CFF is planning to take further price increases to normalize margins. SHK is actively pursuing prospects to cross-sell technology from CFF to launch innovative products in the Indian market.

Acquisition of China-based Anhui Ruibang Aroma Co Ltd

- SHK, through its subsidiary Keva Fragrance Industries Pte Ltd, Singapore, has acquired 66.67% of Anhui Ruibang Aroma Co Ltd., a company based in China. At a time when there is strong global demand for Tonalid, a key aroma ingredient, this acquisition has provided SHK access to additional manufacturing capacity. Coupled with the new facility at Mahad, which is expected to go on stream later this year, this will help the group service the demand better.

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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 94 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 four creation and development centres in India, The Netherlands, Indonesia and Italy for the development of fragrance and flavour products. The research team has developed 12 molecules over the last three years. The Company has filed 13 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.

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

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