



S H Kelkar and Company Limited

CIN : L74999MH1955PLC009593

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S H Kelkar announces Q1 FY20 results

Q1 FY20

Revenues from operations higher by 15% at Rs. 271.5 Cr

EBITDA* marked a strong increase of 21% at Rs. 43.8 Cr

Cash Profit up by 26% at Rs. 31.1 Cr**

Note: *Effective 1st April, the Company has adopted the newly mandated accounting standard Ind-AS 116. EBITDA figure mentioned above is as per earlier accounting standard.

**Cash Profit includes impact of Ind-AS 116.

Mumbai, August 9, 2019: 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, 2019.

Q1 FY20 performance overview compared with Q1 FY19

- Revenues from operations at Rs. 271.5 crore from Rs. 236.0 crore, higher by 15%
 - Fragrance division delivered a healthy revenue growth of 15% led by demand uptick in the domestic and global markets
 - Flavors division grew by 14% driven by a healthy growth in overseas markets
- EBITDA higher by 32%, at Rs. 47.8 crore as against Rs. 36.2 crore in Q1FY19
 - Effective 1st April, the Company has adopted the newly mandated Ind AS 116 accounting standard for leases – this led to lower rent expenses in Q1 FY20 by Rs. 3.9 crore. Adjusted for this, as per earlier accounting, EBITDA increased by 21% to Rs. 43.8 crore
 - EBITDA margins grew by 220 bps YoY at 17%; as per earlier accounting standards, EBITDA margins were up by 78 bps to 16%
- PAT grew by 6%, at Rs. 19.0 crore as against Rs. 17.9 crore in Q1FY19
- Cash Profit grew by 26%, at Rs. 31.1 crore as compared to Rs. 24.7 crore in Q1FY19
 - Cash Profit includes impact of Ind-AS 116



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

"I am happy to share that we have reported a strong start to the new fiscal with a 15% topline and 21% EBITDA growth on a Y-o-Y basis. This was led by healthy uptick in demand in our core business categories and broad-based normalization seen across the operating environment. During the quarter, especially post elections, we witnessed a strong revival in new product and brand launches in the domestic FMCG market. This, along with improving momentum in client engagements and buoyant international markets, led to a growth of 15% in our core fragrance business. We have also delivered a healthy 14% growth in the flavours division.

On the operational front, we recently expanded into the Industrial use of fragrances (consumer durables and automobile accessories). This new category is a huge milestone in our innovation journey and offers significant potential for future growth. During the quarter, we also launched over 25 variants of roll-ons in the retail market, under the Branded Small Pack (BSP) segment. I am pleased to share that these roll-ons have received positive response and we are now currently working on more new launches within this segment, which should enable us to further expand this category.

As we look ahead, we continue to see an immense potential in all our business categories over the longer-term. Although there are cautious sentiments in the domestic FMCG industry right now, we are currently witnessing steady traction in terms of order enquiries and leads, especially from the mid and large sized FMCG customer segments. Going forward, we believe, a revival in our industry, improving momentum in client enquiries for new product launches along with the implementation of our strategic growth measures, should drive our performance in both the domestic and global markets. Overall, we look forward to delivering healthy and sustainable results in FY 2020."

Key Developments:

Forayed into a new product category of Industrial use of fragrances (consumer durables and automobile accessories) – thereby marking a huge milestone in its innovation journey

- Entered this new fragrance category by initiating pilot projects with certain market leaders
- The Company is optimistic of strengthening these offering in the domestic market in the coming quarters, which should further enhance the category's future growth prospects

Expanded its Branded Small Packs (BSP) segment by launching an extensive portfolio of roll-ons in the retail market

- The Company has launched 25 new variants of 'Keva Roll-ons' in the retail market. The roll-ons business now has a large portfolio of 47 product SKUs spread over Traditional, Arabic and French notes of fine fragrances to address a diversified consumer base



- Launches have received good initial response. Going forward, the Company expects the launch of roll-ons to further strengthen its BSP segment and enhance brand visibility for the brand 'Keva'
- The Company is actively focusing on leveraging new distribution channels, including online platforms to cater to customers across the country
 - Keva Roll-ons' purchase link on Amazon, as below:
https://www.amazon.in/s?k=keva&rh=n%3A1374298031&ref=nb_sb_noss

Witnessing signs of stability in raw material supplies

- In the last 18 months, the Fragrance and Flavours (F&F) industry had faced unprecedented levels of uncertainty in raw material supplies leading to volatility in global raw material prices. However, over the last few months the industry has been witnessing signs of stability in supplies
- The Company believes that if this environment continues over the next few months, the raw material situation will fully normalize. With this, SHK is poised to take on large growth opportunities as there will be no raw material constraints



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 over 96 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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