



## 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 Q2 & H1 FY19 results

#### H1 FY19

**Normalized revenue run-rate in Q2 drives growth in H1**

**Total Income higher by 14% at Rs. 529 Cr**

**Domestic Fragrance revenue grew 24%**

**PAT higher by 4% at Rs. 48 Cr despite RM headwinds**

**Mumbai, November 1, 2018:** S H Kelkar and Company, the largest Indian origin Fragrance and Flavours Company in India, has announced its financial results for the quarter and half year ended September 30, 2018.

#### **H1 FY19 performance overview compared with H1 FY18**

- Revenues from operations higher by 14% to Rs. 518.1 crore from Rs. 454.8 crore
  - Domestic Fragrance business witnessed healthy revival of demand and grew at 17%
- EBITDA at Rs. 79.0 crore as against Rs. 83.1 crore
  - EBITDA margin stood at 14.9% vs 18.0%
  - Cost pressures on key raw materials impacted profitability on a YoY basis. The Company has undertaken price increases to partially cover the unprecedented raw material inflation. It expects to take further increases to normalize gross margins over the long-term
  - The employee costs increased by 10% YoY. This was partially due to a one-time expense incurred during Q2 FY19 towards rationalization of Creative Development Centers (CDC) in Europe
- PAT stood at Rs. 47.5 crore as against Rs. 45.7 crore
- The Company is witnessing the initial signs of normalization of business growth and believes the core business is performing in line with market. Accordingly, the Company expects business performance to gain strength in H2 FY2019

## Q2 FY19 performance overview compared with Q2 FY18

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- Revenues from operations higher by 27.7% to Rs. 282.1 crore from Rs. 220.8 crore
  - Domestic Fragrance business reported healthy performance of 36%, while overseas segment grew by 20%
- EBITDA at Rs. 42.8 crore as against Rs. 36.6 crore,
  - EBITDA margin stood at 14.8% vs 16.4%
- PAT stood at Rs. 28.8 crore as against Rs. 18.9 crore

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

*“I am delighted to share that we have reported a healthy performance during the quarter led by increased momentum in our core fragrance business. The domestic Fragrance business delivered a heartening growth of 36% in Q2, translating into a consolidated segment growth of 31%. Our overseas flavor business also reported healthy performance during the quarter.*

*On the operational front, we are happy to share that we have formally inaugurated our aroma ingredients manufacturing facility at Mahad. This plant is one of the largest manufacturing facilities for Tonalid, worldwide and will also manufacture other key specialty ingredients used in the fragrance industry. In addition, we optimized capacity at our other Tonalid manufacturing facility in China at nominal capex. The operationalization of these two facilities will not only help improve business efficiencies, but also consolidate our global market leadership for Tonalid.*

*On the whole, we are witnessing an uptick in consumer demand and a healthy trend of new product launches in the FMCG industry. This, along with improving availability of key ingredients should enable us to further strengthen our overall business performance in the second half of the current fiscal.”*

### **Key Developments:**

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#### **Formal inauguration of aroma ingredients manufacturing facility at Mahad, Maharashtra during the quarter**

- The state-of-the-art facility will manufacture Tonalid and other key raw materials used in the fragrance industry
- With a total installed capacity of 1,200 MTPA, the facility is one of the largest manufacturing facilities for Tonalid, worldwide
- This is in sync with a previously announced strategic investment plan to shift production of aroma ingredients from Barneveld, Netherlands to a high quality & operationally efficient center like India

#### **Capacity optimization at the Tonalid manufacturing facility in China**

- Following the acquisition of a majority equity stake in Anhui Ruibang Aroma Chemical Co. in May 2018, the Company has optimized the capacity at its Tonalid manufacturing facility in China at nominal capex
- The installed capacity is now optimized to 400 MTPA.



### About S H Kelkar and Company Limited:

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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 flavor 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 & flavors and fragrance & flavor producers.

### For further information please contact:

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Ms Deepti Chandratre  
S H Kelkar and Company Limited  
Tel: +91 22 2167 7777  
Fax: +91 22 2164 9766  
Email: [deepti.chandratre@keva.co.in](mailto:deepti.chandratre@keva.co.in)

Anoop Poojari / Shikha Kshirsagar  
CDR India  
Tel: +91 22 6645 1211/1243  
Fax: +91 22 6645 1213  
Email: [anoop@cdr-india.com](mailto:anoop@cdr-india.com)  
[shikha@cdr-india.com](mailto:shikha@cdr-india.com)

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