



November 03, 2023

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 Earnings Presentation and Press Release in respect of unaudited financial results for the quarter and half year ended September 30, 2023

Further to the approval of unaudited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2023 by the Board of Directors of the Company at its meeting held on November 03, 2023 and submission of the same with the stock exchanges, we submit herewith Press Release and Earnings Presentation in respect of financial results.

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited

Rohit Saraogi
Company Secretary & Compliance Officer

Encl: As above



S H Kelkar And Company Limited
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Phone : (022) 2206 96 09 & 2201 91 30 / Fax : (022) 2208 12 04
www.keval.co.in
CIN No. L74999MH1955PLC009593



**S H KELKAR
AND COMPANY LIMITED**

Q2 & H1 FY24 Earnings Presentation

November 03, 2023

Disclaimer

Certain statements and opinions with respect to the anticipated future performance of SH Kelkar (SHK) in the presentation (“forward-looking statements”), which reflect various assumptions concerning the strategies, objectives and anticipated results may or may not prove to be correct. Such forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. Such forward-looking statements only speak as at the date the presentation is provided to the recipient and SHK is not under any obligation to update or revise such forward-looking statements to reflect new events or circumstances. No representation or warranty (whether express or implied) is given in respect of any information in this presentation or that this presentation is suitable for the recipient’s purposes. The delivery of this presentation does not imply that the information herein is correct as at any time subsequent to the date hereof and SHK has no obligation whatsoever to update any of the information or the conclusions contained herein or to correct any inaccuracies which may become apparent subsequent to the date hereof.



Management Comment

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



“I am pleased to report that the positive momentum witnessed at the beginning of the year was sustained in the second quarter. Specifically, our core Fragrance division grew by 13% Y-o-Y in Q2FY24, and within this, our domestic fragrance segment reported an even stronger growth of 15%. This performance was primarily driven by volumes. Such results further reinforce our position as the largest Indian-origin Fragrance and Flavour Company in India. Overall, we reported a 10% revenue growth, with the European markets showcasing steady results.

On a consolidated basis during the quarter, our operating EBITDA increased to Rs. 76 crore, up 26%, with margins healthy at 16.7%. While the global raw material scenario continues to be fluid, we remain committed to achieving full-year margins of over 16%.

We have successfully completed the acquisition of the remaining 19% equity stake in Holland Aromatics, making it 100% owned subsidiary of the Company. This strategic acquisition not only strengthens our foothold in the European market but also aligns with our long-term goals. It positions us well to capitalize on synergies and fosters an environment conducive to expanding our market presence globally.

Our 100-year legacy serves as the backbone of our focus on growth and excellence, which is further propelled by our global reach, strong client base, and robust cash flows. As the fiscal progresses, the expected upswing in the domestic FMCG sector, coupled with our own strategic measures, should enable us to close the year on a strong note.”

Key Developments

Successfully acquired the final tranche of Holland Aromatics

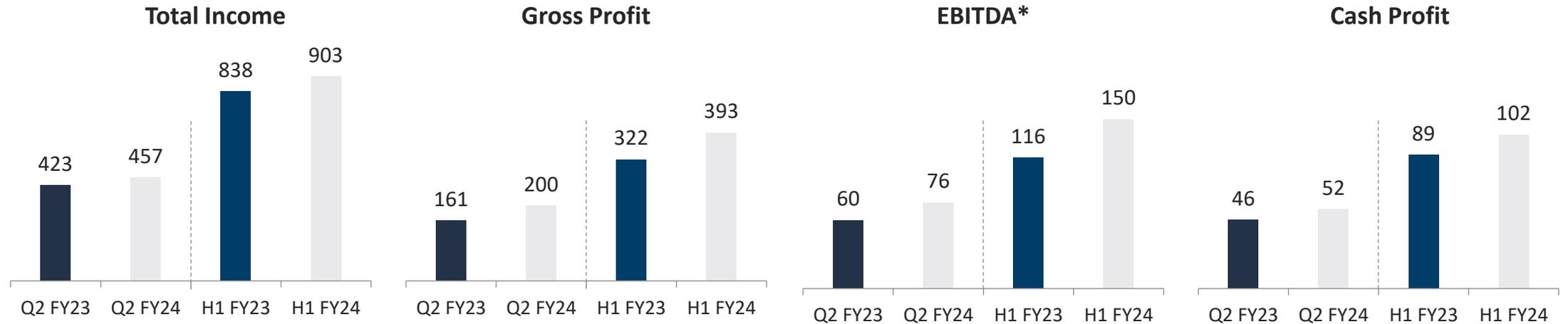
- Keva Europe BV, a wholly-owned subsidiary of the Company, has completed the acquisition of the remaining 19% equity stake in Holland Aromatics
- As a result of this strategic transaction, Holland Aromatics is now 100% owned by the Company, strengthening the Company's European operations and aligning with its long-term growth objectives

Update on Debt Position

- The Company's net debt position stood at ~Rs. 451 crore as on September 30, 2023 as against Rs. 513 crore as on June 30, 2023
- Shares previously held by SH Kelkar Employee Benefit Trust ('Trust') in the Company were divested during the quarter
 - The proceeds from the sale were utilized to reduce the Company's debt, and the resulting loss from this transaction has been adjusted with the reserves



Q2 & H1 FY24 – Key Financial Highlights



Shift % (Y-o-Y)	8.1%	7.8%	24.4%	22.3%	25.8%	29.5%	15.0%	15.0%				
Margins %	38.9%	44.0%	39.1%	43.9%	14.6%	16.7%	13.9%	16.6%	10.8%	11.5%	10.6%	11.3%

- During the quarter, the Company delivered steady revenue growth, fueled by a sustained uptick in the domestic Fragrance segment
 - The domestic Fragrance division registered a 15% growth in revenues, primarily attributable to enhanced sales volumes across its diverse customer base
- In Q2 and H1 FY24, profitability continued to normalize to historical levels

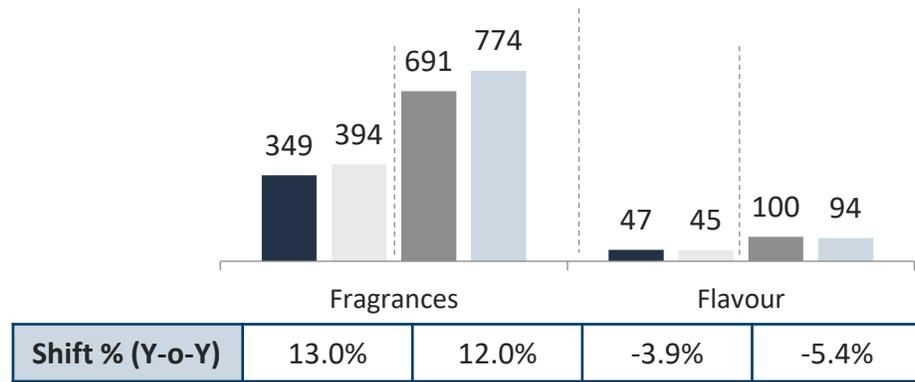
Note:

- 1) Figures in Rs. crore unless specified otherwise
- 2) *EBITDA excluding tender fee amortization of Rs. 2.63cr in Q1 FY24 and Rs. 5.26cr in H1 FY24
- 3) Q1 FY 23 PAT includes exceptional gain of Rs 1.22 cr on account of reprocessing of Inventory damaged in Mahad floods in Q2 FY 22 and converted into finished goods

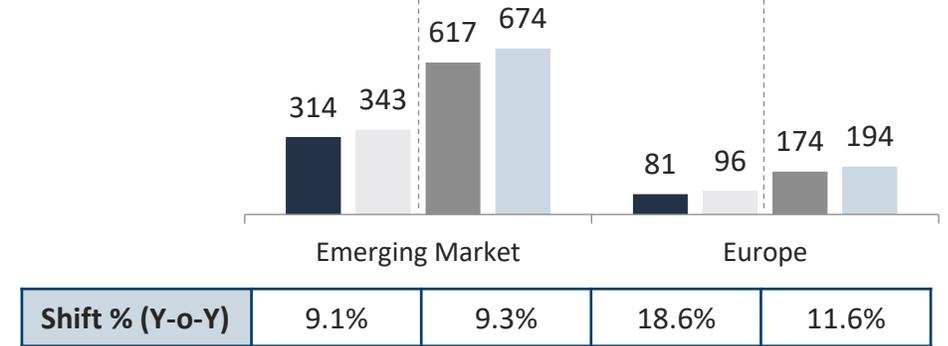


Revenue Performance (excl Global Ingredients) – Q2 & H1 FY24

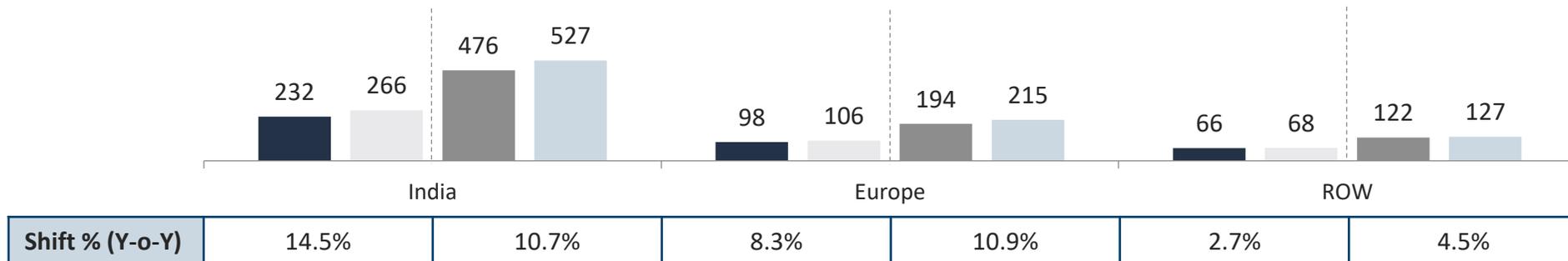
Business Segment



Market Segment



Geography Wise

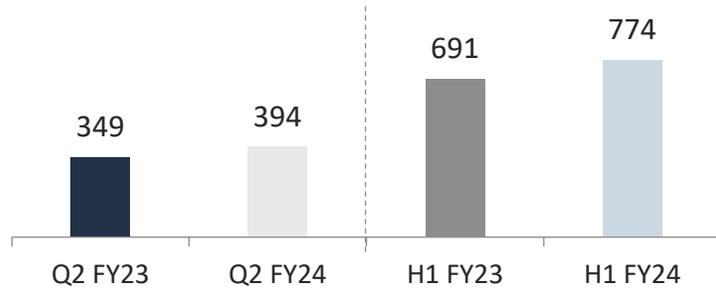


Note:

- 1) Figures in Rs. crore unless specified otherwise
- 2) Results includes consolidation of recently acquired entities

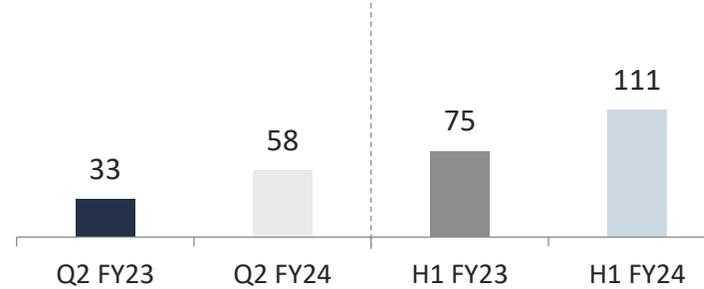
Segmental Performance (excl Global Ingredients) – Q2 & H1 FY24

Fragrance Division - Revenue



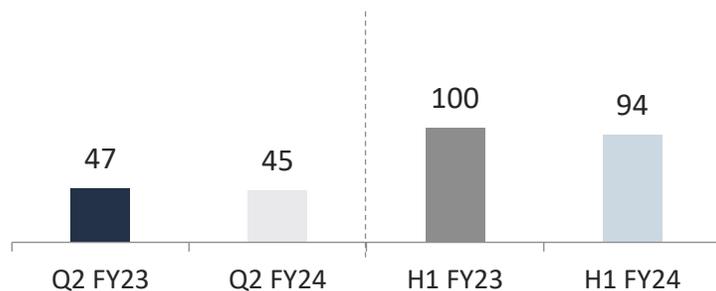
Shift % (Y-o-Y)	Q2 FY24	H1 FY24
	13.0%	12.0%

Fragrance Division - EBIT



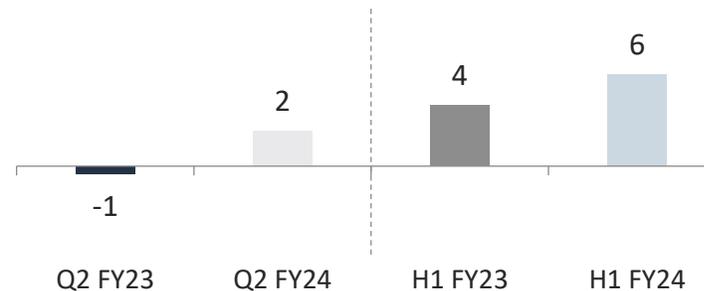
Q2 FY24		H1 FY24	
77.6%		47.7%	
9.4%	14.7%	10.9%	14.3%

Flavour Division - Revenue



Shift % (Y-o-Y)	Q2 FY24	H1 FY24
	-3.9%	-5.4%

Flavour Division - EBIT



Q2 FY24		H1 FY24	
NA		48.8%	
NM	5.1%	4.2%	6.6%

- Core Fragrance division delivered healthy performance during the period under review
 - In Q2FY24, India revenues grew by a notable 15%, primarily driven by volumes
 - Registered robust growth in profitability with EBIT margins improving by 535 bps to 14.7%
- In the Flavour segment, international markets witnessed lower revenues due to channel destocking and strategic inventory adjustments by clients; however, domestic revenues demonstrated a healthy growth of 12%



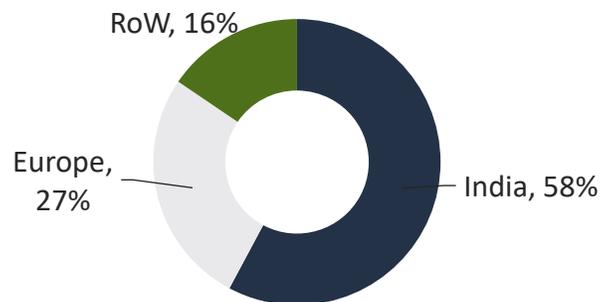
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Segmental Performance Region-wise

Fragrance (excl Global Ingredients)

Revenue Break-up – Q2 FY24

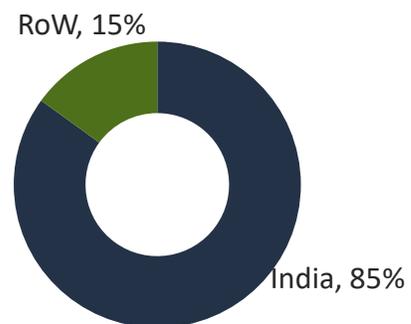


Revenue Y-o-Y Growth (%)	Q2 FY24	H1 FY24
India	15.1%	10.2%
Europe	9.7%	11.7%
Rest of the World (RoW)	11.6%	21.0%
Total Growth	13.0%	12.0%



Flavours

Revenue Break-up – Q2 FY24



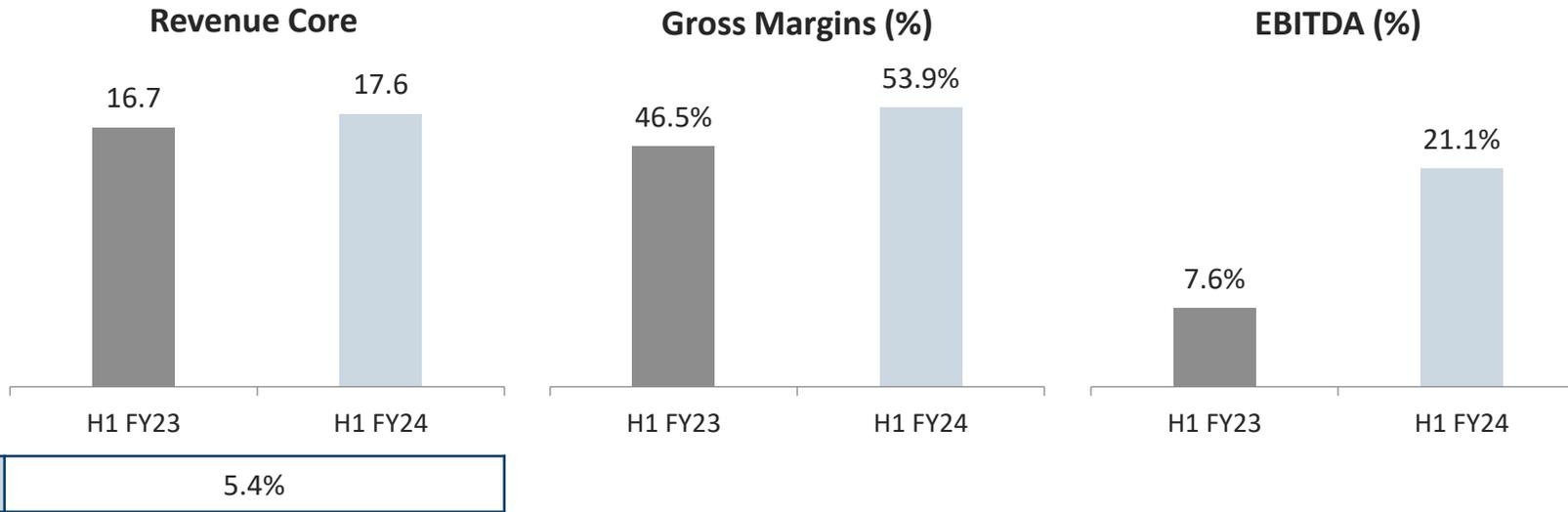
Revenue Y-o-Y Growth (%)	Q2 FY24	H1 FY24
India	11.6%	13.9%
Rest of the World (RoW)	-44.7%	-46.4%
Total Growth	-3.9%	-5.4%



Note: Figures in Rs. crore unless specified otherwise

Europe Core Business Performance

(Euro Mn)

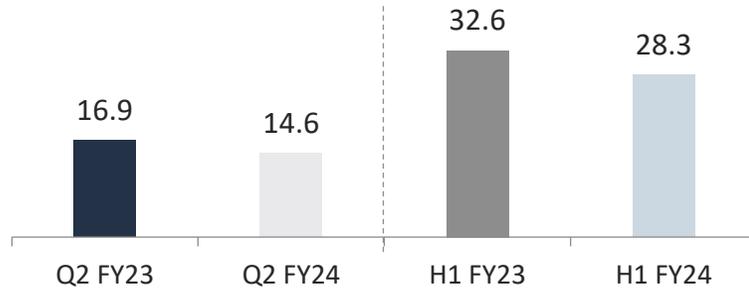


- Core business has sustained stable performance in Europe amid a challenging environment
- The Company achieved strong profitability in core Europe operations, registering robust gross margins of 53.9% and EBITDA margins of 21.1%



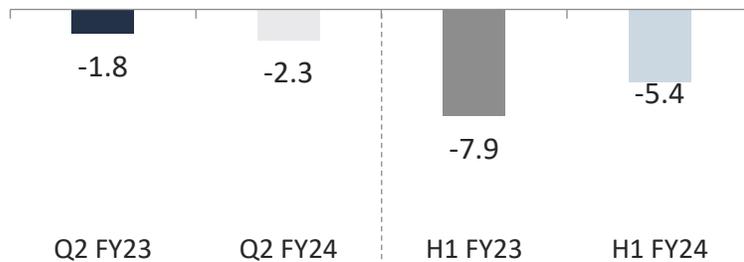
Global Ingredients – Q2 & H1 FY24

Revenue



Shift % (Y-o-Y)	Q2 FY23	Q2 FY24	H1 FY23	H1 FY24
		-13.3%		-13.0%

EBIT



Shift % (Y-o-Y)	Q2 FY23	Q2 FY24	H1 FY23	H1 FY24
		NA		NA

Margins %	Q2 FY23	Q2 FY24	H1 FY23	H1 FY24
	NA	NA	NA	NA

- The Company has prioritized enhancing productivity and minimizing losses by controlling costs. Additionally, strategies for backward integration have been put in place, with the anticipated benefits expected from the next fiscal year



Note:

1) Figures in Rs. crore unless specified otherwise

Balance Sheet Snapshot – As on September 30, 2023



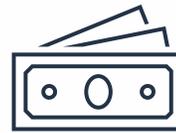
1,141

Networth



913

Fixed Assets



158

Cash &
Investments



451

0.40x

Net Debt
&
Net Debt to Equity (x)

Annexure



Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q2 FY24	Q1 FY24	Q2 FY23	YoY Gr %	H1 FY24	H1 FY24	YoY Gr %
Revenues from Operations							
Sales	434.0	426.4	394.8	9.9%	860.4	785.5	9.5%
Sales - Contract Manufacturing	19.8	17.0	17.6	12.3%	36.7	38.3	-4.1%
Other Operating Income	1.7	2.2	1.8	-6.7%	3.8	5.4	-29.4%
Revenue from operations	455.4	445.5	414.2	10.0%	900.9	829.2	8.7%
Other Income	1.8	0.5	8.7	-79.7%	2.3	9.0	-74.6%
Total Income	457.2	446.0	422.9	8.1%	903.2	838.2	7.8%
Total Expenditure							
Raw Material expenses	254.1	249.6	251.9	0.9%	503.6	502.0	0.3%
Employee benefits expense	60.2	60.3	52.7	14.1%	120.5	101.4	18.9%
Other expenses	69.6	65.2	57.8	20.3%	134.8	119.2	13.0%
EBITDA	73.4	70.9	60.4	21.4%	144.3	115.6	24.9%
EBITDA Margin (%) incl Other Income	16.2%	15.9%	14.7%	+152 Bps	16.1%	14.0%	+206 Bps
Finance Costs	10.0	10.2	5.1	95.9%	20.1	10.1	100.0%
Depreciation and Amortization	22.3	21.6	20.4	9.3%	44.0	40.2	9.3%
Profit before exceptional items and tax	41.1	39.1	34.9	17.7%	80.2	65.3	22.9%
Share of Profit/(Loss) in equity accounted investee	0.0	0.0	-0.1	-100.0%	0.0	-0.1	-100.0%
Exceptional Items Gain / (loss)	0.0	0.0	0.3	-88.9%	0.0	1.5	-98.0%
PBT	41.2	39.1	35.2	17.1%	80.3	66.6	20.4%
Tax expense	11.0	11.3	9.9	10.9%	22.3	18.2	22.6%
PAT	30.2	27.8	25.2	19.6%	58.0	48.5	19.7%
Profit / (Loss) for the period/year attributable to Non-controlling interests	0.8	0.6	0.9	-10.6%	1.5	2.6	-43.6%
Profit for the period/year attributable to Owner's of the Company	29.3	27.2	24.3	20.7%	56.5	45.9	23.2%
PAT Margins	6.4%	6.1%	5.7%	+67 Bps	6.3%	5.5%	+78 Bps
Cash Profit (excl Exceptional items)	52.5	49.5	45.6	15.0%	101.9	88.7	15.0%
Earnings per share (Face Value of Rs 10 each) (not annualised)	2.2	2.0	1.8	20.0%	4.2	3.4	22.6%

Consolidated Balance Sheet

Consolidated Statement of Assets and Liabilities		As at Sept 30, 2023	As at March 31, 2023
Particulars		Audited	Audited
A	ASSETS		
	Non-current assets		
1	Property, plant and equipment	331.2	332.9
	Capital work-in-progress	28.4	22.2
	Right of use asset	47.4	53.7
	Investment property	0.6	0.6
	Goodwill	297.9	302.9
	Other intangible assets	202.8	223.8
	Intangible assets under development	4.9	4.2
	Investment in a joint venture	0.0	0.0
	Financial assets	0.0	0.0
	Investments	0.0	0.0
	Other financial assets	13.7	11.5
	Deferred tax assets (net)	26.1	20.2
	Current tax assets (net)	47.9	41.2
	Other non-current assets	2.3	2.4
	Total non-current assets	1,003.2	1,015.5
2	Current assets		
	Inventories	666.3	603.1
	Financial assets		
	Investments	65.2	23.0
	Trade receivables	444.0	438.2
	Cash and cash equivalents	90.2	63.5
	Other bank balances	2.8	3.7
	Loans	6.2	5.9
	Other financial assets	2.4	0.9
	Other current assets	89.1	68.2
	Total current assets	1,366.0	1,206.5
	TOTAL ASSETS	2,369.3	2,222.0

Consolidated Statement of Assets and Liabilities		As at March 31, 2023	As at March 31, 2022
Particulars		Audited	Audited
B	EQUITY AND LIABILITIES		
1	Equity		
	Equity share capital	138.4	138.4
	Other equity	1,003.0	926.0
	Equity attributable to owners of the Company	1,141.5	1,064.4
	Non-controlling interest	37.9	38.3
	Total equity	1,179.3	1,102.6
2	Liabilities		
	Non-current liabilities		
	Financial liabilities		
	Borrowings	214.4	318.9
	Lease liabilities	32.0	39.4
	Other financial liabilities	0.6	0.6
	Provisions	1.4	1.2
	Deferred tax liabilities (net)	46.9	50.7
	Total non-current liabilities	295.3	410.7
	Current liabilities		
	Financial liabilities		
	Borrowings	394.9	247.1
	Lease liabilities	15.5	14.6
	Trade payables	0.0	0.0
	-total outstanding dues of micro enterprises and small enterprises	22.2	20.0
	-total outstanding dues of creditors other than micro enterprises and small enterprises	362.6	345.1
	Other financial liabilities	32.1	28.3
	Other current liabilities	34.4	35.6
	Provisions	18.1	16.5
	Current tax liabilities (net)	14.8	1.6
	Total current liabilities	894.7	708.7
	Total Liabilities	1,189.9	1,119.4
	TOTAL EQUITY AND LIABILITIES	2,369.3	2,222.0

Conference Call Details

S H Kelkar and Company – Q2 & H1 FY24 Earnings Conference Call

Time • 12.00 noon IST on November 06, 2023

Primary dial-in number • +91 22 6280 1141

• +91 22 7115 8042

Pre-registration

To enable participants to connect to the conference call without having to wait for an operator, please register at the below mentioned link:

[Diamond Pass](#)

About Us

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 100 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 flavour 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 five creation and development centres in India, Singapore, Amsterdam, Indonesia and Italy for the development of fragrance and flavour products. The research team has developed 8 molecules over the last three years. The Company has filed 18 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 multinational FMCG companies, blenders of fragrances & flavours and fragrance & flavour producers.



For further information please contact:

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S H Kelkar and Company Limited

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CDR India

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mit@cdr-india.com

Thank you



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 FY2024 results

H1 FY2024

Revenue from operations grew 9% to Rs. 900.9 cr
EBITDA* stood at Rs. 149.6 cr, higher by 29%
EBITDA* margins improve to 16.6%

Mumbai, November 03, 2023: S H Kelkar and Company (SHK), the largest Indian origin Fragrance and Flavour Company in India, has announced its financial results for the quarter and half year ended September 30, 2023.

Q2 FY24 performance overview compared with Q2 FY23

- Revenues from operations at Rs. 455.4 crore as against Rs. 414.2 crore, up by 10%
 - Constant currency sales improve by 7.6%
 - Fragrance and Flavours revenues (excluding global ingredients) grew 11% to Rs. 439.2 crore
- EBITDA at Rs. 76.0 crore as against Rs. 60.4 crore, higher by 26%
 - EBITDA* margin at 16.7% as against 14.6%, expanding by 210 bps
- PAT stood at Rs. 30.2 crore as against Rs. 25.2 crore, up by 20%
- Cash profit (excluding exceptional items) at Rs. 52.5 crore as against Rs. 45.6 crore, growing by 15%

H1 FY24 performance overview compared with H1 FY23

- Revenues from operations at Rs. 900.9 crore as against Rs. 829.2 crore, up by 9%
 - Constant currency sales improve by 6.8%
 - Fragrance and Flavours revenues (excluding global ingredients) grew 10% to Rs. 869 crore
- EBITDA* at Rs. 149.6 crore as against Rs. 115.6 crore, higher by 29%
 - EBITDA* margin at 16.6% as against 14.0%, expanding by 267 bps
- PAT** stood at Rs. 58.0 crore as against Rs. 48.5 crore, up by 20%

- Cash profit (excluding exceptional items) at Rs. 101.9 crore as against Rs. 88.7 crore, growing by 15%

Note:

- *EBITDA excluding tender fee amortization of Rs. 2.63 cr in Q1 FY24 and Rs. 5.26 cr in H1 FY24
- **Q1 FY 23 PAT includes exceptional gain of Rs 1.22 cr on account of reprocessing of Inventory damaged in Mahad floods in Q2 FY 22 and converted into finished goods

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

“I am pleased to report that the positive momentum witnessed at the beginning of the year was sustained in the second quarter. Specifically, our core Fragrance division grew by 13% Y-o-Y in Q2FY24, and within this, our domestic fragrance segment reported an even stronger growth of 15%. This performance was primarily driven by volumes. Such results further reinforce our position as the largest Indian-origin Fragrance and Flavour Company in India. Overall, we reported a 10% revenue growth, with the European markets showcasing steady results.

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-ENDS-



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For further information please contact:

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mit@cdr-india.com

DISCLAIMER:

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