



February 07, 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: Submission of unaudited financial results for the quarter and nine months ended December 31, 2019

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 and nine months ended December 31, 2019 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 and nine months ended December 31, 2019 (“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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CIN No. U74999MH1955PLC009593

B S R & Co. LLP

Chartered Accountants

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Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Limited review report on unaudited quarterly consolidated financial results and consolidated year-to-date results of S H Kelkar and Company Limited pursuant to Regulation 33 of the Listing Regulations for companies

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

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of S H Kelkar and Company Limited, in which are incorporated returns from a Branch in Amsterdam and S H Kelkar Employee Benefit Trust ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income of its joint ventures for the quarter ended and year to date results for the period from 1 April 2019 to 31 December 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Limited review report on unaudited quarterly consolidated financial results and consolidated year-to-date results of S H Kelkar and Company Limited pursuant to Regulation 33 of the Listing Regulations for companies (Continued)

S H Kelkar and Company Limited

4. The Statement includes 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 subsidiary)	Wholly Owned Subsidiary
- Tanishka Fragrance Encapsulation Technologies LLP	
Keva Fragrances Private Limited (including its following wholly owned subsidiary)	Wholly Owned Subsidiary
- VN Creative Chemicals Private Limited (including its following joint venture)	
- Purandar Fine Chemicals Private Limited	Joint Venture
Keva U .K. Ltd (including its following wholly owned subsidiary)	Wholly Owned Subsidiary
- PFW Aroma Ingredients B.V.	
- Keva Europe B.V.	
- Keva Italy Srl.	
Keva Fragrance Industries Pte Ltd. (including its following wholly owned subsidiaries)	Wholly Owned Subsidiary
- PT SHKKEVA Indonesia	
- Anhui Ruibang Aroma Company Limited	
Creative Flavours and Fragrances S.p.A	Joint Venture

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, 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.
6. We did not review the interim financial information of two subsidiaries included in the Statement, whose interim financial information reflect total revenue of Rs 82.99 crore and Rs. 190.87 crore, total net loss after tax of Rs 19.08 crore and Rs 23.42 crore and total comprehensive loss of Rs 21.69 crore and Rs 26.27 crore, for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results. These interim financial information have been reviewed by other auditors whose report has been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Limited review report on unaudited quarterly consolidated financial results and consolidated year-to-date results of S H Kelkar and Company Limited pursuant to Regulation 33 of the Listing Regulations for companies (*Continued*)

S H Kelkar and Company Limited

7. The Statement includes the interim financial information of nine subsidiaries which have not been reviewed, whose interim financial information reflect total revenues of Rs. 17.14 crore and Rs. 47.52 crore, total net loss after tax of Rs. 1.63 crore and Rs. 1.93 crore and total comprehensive loss of Rs. 0.89 crore and Rs 0.91 crore for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 0.09 crore and Rs. 0.47 crore and total comprehensive income of Rs. 0.09 crore and Rs. 0.47 crore for the quarter ended 31 December 2019 and for the period from 1 April 2019 to 31 December 2019, respectively, as considered in the consolidated unaudited financial results, in respect of two joint ventures, based on their interim financial information which have not been reviewed. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

Our conclusion on the Statement is not modified in respect of the matters stated in paragraph 6 and 7.

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



Balajirao Pothana
Partner

Membership No. 122632
UDIN: 20122632AAAAAD1947

Mumbai
7 February 2020



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

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

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue from Operations						
(a.) Sales Including Excise & GST	287.59	276.19	254.51	835.31	772.58	1,041.15
(b.) Other Operating Income	2.43	2.48	1.97	7.76	5.80	6.97
2. Other Income (Refer note 4)	2.14	1.93	4.95	5.45	12.27	23.36
3. Total Income	292.16	280.60	261.43	848.52	790.65	1,071.48
4. Expenses						
(a.) Cost of materials consumed	135.90	133.97	156.51	416.30	439.85	609.35
(b.) Purchase of stock in trade	27.70	24.45	-	52.15	13.01	13.01
(c.) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.13	(0.13)	(17.25)	11.64	(18.54)	(31.59)
(d.) Employee benefits expense (Refer note 4)	35.94	39.07	31.24	107.11	97.94	128.09
(e.) Finance costs (Refer note 5)	7.05	7.13	4.49	21.18	7.89	13.95
(f.) Depreciation and amortisation expense (Refer note 5)	13.67	13.14	8.86	38.95	23.21	31.15
(g.) Other expenses (Refer note 5)	45.24	44.38	45.97	129.47	134.44	192.67
Total Expenses	267.63	262.01	229.82	776.80	697.80	956.63
5. Profit before exceptional items and tax (3-4)	24.53	18.59	31.61	71.72	92.85	114.85
6. Exceptional Items (Refer note 6)	36.46	-	-	36.46	-	-
7. Profit before tax (5 - 6)	(11.93)	18.59	31.61	35.26	92.85	114.85
8. Tax expense						
Current year tax	5.60	5.44	11.45	18.13	38.40	35.19
Prior year tax adjustment	(6.69)	-	-	(6.69)	-	-
Deferred tax	0.40	(1.82)	(1.17)	1.12	(13.24)	(8.18)
9. Profit for the period (7 - 8)	(11.24)	14.97	21.39	22.70	67.69	87.84
10. Share of Profit/(Loss) in equity accounted investee (net of amortisation for the nine month ended 31, Dec 19 Rs 0.61 crores (for the nine month ended 31, Dec 18 Rs Nil, for the quarter and year ended 31, March 19 Rs 1.22 crores) on identified intangible assets resulting from purchase price allocation adjustment and tax)	0.33	0.38	0.16	0.47	1.27	0.41
11. Profit /(Loss) attributable to Non-controlling interests	(0.03)	(0.08)	0.10	0.18	0.06	(0.23)
12. Profit after Non-controlling interests (9 + 10 - 11)	(10.88)	15.43	21.39	22.99	68.90	88.48
13. Other Comprehensive Income						
Items that will not be reclassified to profit or loss	(0.21)	(0.21)	0.02	(0.63)	0.08	(0.56)
Income Tax on relating to items that will not be reclassified to profit or loss	0.01	0.08	(0.01)	0.16	(0.04)	0.23
Items that will be reclassified to profit or loss	(2.27)	0.00	(7.36)	(3.10)	(6.76)	(6.15)
Income Tax on relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Other Comprehensive Income (net of tax)	(2.47)	(0.13)	(7.35)	(3.58)	(6.72)	(6.48)
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)	(2.47)	(0.13)	(7.35)	(3.58)	(6.72)	(6.48)
16. Total Comprehensive Income for the period (9 + 10 + 13)	(13.38)	15.22	14.14	19.59	62.24	81.77
17. Total Comprehensive Income for the period attributable to Non controlling interests	(0.03)	(0.08)	0.10	0.18	0.06	(0.23)
18. Total Comprehensive Income for the period after Non controlling interests (16 - 17)	(13.35)	15.30	14.04	19.41	62.18	82.00
19. Paid-up equity share capital (Face Value of Rs 10 each)	141.32	141.32	144.62	141.32	144.62	144.62
20. Other Equity						
21. Earnings Per Share (Face Value of Rs 10 each) (not annualised)-(Refer note 7)						
(a) Basic	(0.78)	1.09	1.50	1.64	4.82	
(b) Diluted	(0.78)	1.09	1.50	1.64	4.82	



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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 ventures were reviewed by the Audit Committee at its meeting held on 7 February 2020 and subsequently approved by the Board of Directors of S H Kelkar and Company Limited ('the Company') at its meeting held on 7 February 2020. The Statutory Auditors of the Company have conducted limited review of the above results for the quarter and nine months ended 31 December 2019 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 opinion 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) after exceptional items for the quarter ended 31 December 2019 at Rs 8.79 crores (for the quarter ended 31 December 2018: Rs 44.96 crores) and for the nine months ended 31 December 2019 at Rs.95.39 crores.(for the nine months ended 31 December 2018: Rs 123.95 crores)
- 4 The Group had undertaken Business / Organisation restructuring during previous year and its associated one time cost of Rs 5.39 crores for the previous year is included in Employment cost. Similarly, excess provision relating to the Employment cost written back of Rs 3.59 crores is disclosed under Other income for the previous year . There was Nil Business / Organisation restructuring cost for quarter and nine months ended 31 December 2019.
- 5 Effective 01 April 2019 the Company has adopted Ind AS 116 "Leases". Due to transition the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right- to-use assets and for interest accrued on lease liability respectively and therefore these expenses for the current period are not comparable to the previous periods disclosed.
- 6 The manufacturing activities at PFW Aroma Ingredients B.V. have been significantly scaled down in the previous year ended 31 March 2019. The Group has shut down the plant and retrenched the work force in current quarter and is in advanced discussions for monetising the plant infrastructure, which is reclassified as "Asset held for sale". Pursuant to plant shutdown, the Company has obtained fair value of the plant from an Independent valuer. Accordingly, a provision for impairment of land, building, plant & machinery and other current assets , employee severance cost and plant shutdown cost aggregating Rs. 36.46 crore has been recorded as exceptional expenses during the current quarter.
- 7 Previous period figures have been regrouped and reclassified wherever necessary.
- 8 Basic and Diluted earning per share for the quarter ended 30 September 2019, 31 December 2019 and nine months ended 31 December 2019 and 31 December 2018 respectively and for the year ended 31 March 2019 is adjusted for the effect of treasury shares held by the Company.
- 9 The amount reflected as "0.00" in Financial Results are value with less than one lakh

Place: Mumbai
Date: 7 February 2020



For and on behalf of Board of Directors

A handwritten signature in black ink, appearing to read "Kedar Vaze".

Kedar Vaze

Director and Chief Executive Officer



S H KELKAR AND COMPANY LIMITED

CIN : L74999MH1955PLC009593



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Consolidated Segment-wise Revenue, Assets, Liabilities and Capital Employed for the Quarter and nine months ended 31 December 2019
(Rupees in Crore, except for share data and if otherwise stated)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue (including Excise & GST)						
Fragrance	259.53	254.95	226.90	757.98	692.13	934.14
Flavours	28.06	21.24	27.61	77.33	80.45	107.01
Total	287.59	276.19	254.51	835.31	772.58	1,041.15
Other Operating Income	2.43	2.48	1.97	7.76	5.80	6.97
Sales/ Income From Operations	290.02	278.67	256.48	843.07	778.38	1,048.12
2. Segment Results (Profit (+) / Loss(-) before tax and interest from ordinary activities)						
- Fragrance	31.74	27.10	36.64	94.42	102.70	130.05
- Flavours	4.37	2.64	4.27	10.73	10.42	15.41
Total	36.11	29.74	40.91	105.15	113.12	145.46
Less: Finance costs	(7.05)	(7.13)	(4.49)	(21.18)	(7.89)	(13.95)
Add/(Less): Other unallocable income net of unallocable expenditure	(40.66)	(3.64)	(4.65)	(48.25)	(11.11)	(16.25)
Total Profit Before Tax from ordinary activities and share of profit from Equity Investment in Joint Venture	(11.60)	18.97	31.77	35.73	94.12	115.26
3. Segment Assets						
- Fragrance	1,204.51	1,285.85	1,320.30	1,204.51	1,320.30	1,232.61
- Flavours	125.34	116.18	121.93	125.34	121.93	136.77
- Unallocated	77.08	76.75	66.08	77.08	66.08	75.71
Total	1,406.93	1,478.78	1,508.31	1,406.93	1,508.31	1,445.09
4. Segment Liabilities						
- Fragrance	181.90	127.55	207.83	181.90	207.83	163.07
- Flavours	12.61	19.58	13.96	12.61	13.96	16.41
- Unallocated	386.13	487.19	416.44	386.13	416.44	391.45
Total	580.64	634.32	638.23	580.64	638.23	570.93
5. Capital Employed (Segment assets - Segment liabilities)						
- Fragrance	1,022.61	1,158.30	1,112.47	1,022.61	1,112.47	1,069.54
- Flavours	112.73	96.60	107.97	112.73	107.97	120.36
- Unallocated	(309.05)	(410.44)	(350.36)	(309.05)	(350.36)	(315.74)
Total	826.29	844.46	870.08	826.29	870.08	874.16

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 31 December 2019, 30 September 2019, 31 December 2018 and 31 March 2019.



Limited review report on unaudited quarterly standalone financial results and standalone year-to-date results of S H Kelkar and Company Limited pursuant to the Regulation 33 of the Listing Regulations

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

1. We have reviewed the accompanying Statement of unaudited standalone financial results of S H Kelkar and Company Limited for the quarter ended and year to date results for the period from 1 April 2019 to 31 December 2019 ("the Statement"), in which are incorporated returns from a Branch in Amsterdam and S H Kelkar Employee Benefit Trust.
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Balajirao Pothana
Partner

Membership No.122632

UDIN: 20122632AAAAAC3917

Mumbai
7 February 2020



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

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

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Revenue from Operations						
(a.) Sales including Excise & GST	179.60	180.51	171.73	536.33	527.45	692.09
(b.) Other Operating Income	0.75	1.06	0.38	5.27	0.99	1.94
2. Other Income (Refer note 4)	2.78	3.68	7.86	7.08	14.14	18.89
3. Total Income	183.13	185.25	179.97	548.68	542.58	712.92
4. Expenses						
(a.) Cost of materials consumed	114.42	110.99	136.12	332.21	349.08	452.02
(b.) Purchase of stock in trade	-	-	-	-	5.41	5.41
(c.) Changes in Inventories of finished goods, work-in-progress and stock-in-trade	0.94	4.84	(24.94)	13.80	(27.79)	(31.48)
(d.) Employee benefits expense (Refer note 4)	21.51	24.44	17.95	65.59	61.29	78.47
(e.) Finance Costs (Refer note 5)	3.97	4.35	1.64	11.93	3.66	6.51
(f.) Depreciation and amortisation expense (Refer note 5)	8.10	6.50	4.36	20.80	10.65	15.18
(g.) Royalty expense	4.05	4.49	4.24	13.22	13.93	18.50
(h.) Other expenses (Refer note 5)	23.45	21.90	26.08	65.91	77.06	106.10
Total Expenses	176.44	177.51	165.45	523.46	483.29	650.71
5. Profit before exceptional items and tax (3-4)	6.69	7.74	14.52	25.22	49.29	62.21
6. Exceptional Items	-	-	-	-	-	-
7. Profit before tax (5 - 6)	6.69	7.74	14.52	25.22	49.29	62.21
8. Tax expense						
Current year tax	1.69	2.16	3.53	5.86	13.10	13.48
Prior year tax adjustment	(5.33)	-	-	(5.33)	-	-
Deferred tax	(0.12)	(0.43)	1.60	1.14	3.14	3.76
9. Net Profit for the period after tax (7 - 8)	10.45	6.01	9.39	23.55	33.05	44.97
10. Other Comprehensive Income						
Items that will not be reclassified to profit or loss	(0.21)	(0.21)	0.03	(0.63)	0.09	(0.83)
Income Tax on relating to items that will not be reclassified to profit or loss	0.01	0.08	(0.01)	0.16	(0.03)	0.29
Other Comprehensive Income (net of tax)	(0.20)	(0.13)	0.02	(0.47)	0.06	(0.54)
11. Total Comprehensive Income for the period (9 + 10)	10.25	5.88	9.41	23.08	33.11	44.43
12. Paid-up equity share capital (Face Value of Rs 10 each)	141.32	141.32	144.62	141.32	144.62	144.62
13. Other Equity						451.93
14. Earnings Per Share (Face Value of Rs 10 each) (not annualised): (Refer note 7)						
(a) Basic	0.75	0.43	0.66	1.68	2.31	3.15
(b) Diluted	0.75	0.43	0.66	1.68	2.31	3.15

Notes :

- The above standalone financials results were reviewed by the Audit Committee on 7 February 2020 and subsequently approved by the Board of Directors of S H Kelkar and Company Limited ('the Company') at its meeting held on 7 February 2020. The statutory auditors of the Company have conducted limited review on the above results for the quarter and nine months ended 31 December 2019 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 opinion 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 31 December 2019 is Rs 18.76 crores (for the quarter ended 31 December 2018: Rs 20.52 crores) and for the nine months ended 31 December 2019 is Rs 57.97 crores (for the nine months ended 31 December 2018: Rs 63.60 crores).
- The Group had undertaken Business / Organisation restructuring during previous year and its associated one time cost of Rs 5.39 crores for the previous year is included in the Employment cost. Similarly, excess provision relating to the Employment cost written back of Rs 3.59 crores is disclosed under Other income for the previous year. There was Nil Business / Organisation restructuring cost for quarter and nine months ended 31 December 2019.
- Effective 01 April 2019 the Company has adopted Ind AS 116 "Leases". Due to transition, the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right-to-use assets and for interest accrued on lease liability respectively and therefore these expenses for the current period are not comparable to the previous periods disclosed.
- Previous period figures have been regrouped and reclassified wherever necessary.
- Basic and Diluted earning per share for the quarter ended 30 September 2019, 31 December 2019 and nine months ended 31 December 2019 and 31 December 2018 respectively and for the year ended 31 March 2019 is adjusted for the effect of treasury shares held by the Company.

For and on behalf of Board of Directors



Ked Vaze
Ked Vaze
 Director and Chief Executive Officer

Place: Mumbai
 Date: 7 February 2020



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 Q3 & 9M FY20 results

Q3 FY20

Revenues from operations at Rs. 287.6 Cr, higher by 13%
Fragrance revenues grew by 14% at Rs. 259.5 cr
EBITDA steady at Rs. 45.2 crore, with margins at 15%

Mumbai, February 7, 2020: S H Kelkar and Company, the largest Indian origin Fragrance and Flavours Company in India, has announced its financial results for the quarter and nine months ended December 31, 2019.

Q3 FY20 performance overview compared with Q3 FY19

- Revenues from operations higher by 13% to Rs. 287.6 crore from Rs. 254.5 crore
- EBITDA at Rs. 45.2 crore as against Rs. 45.0
 - EBITDA margin stood at 15.5% vs 17.2%
- Adjusted for the one-time exceptional expense, PAT stood at Rs. 25.2 crore as compared to Rs. 21.3 crore, higher by 18%
- In Q3 FY20, the Company has initiated the final closure of its Fragrance Ingredients facility and Research activity in the Netherlands. The impairment of plant and machinery and other closure cost resulted in a one-time exceptional expense of Rs. 36.5 crore (net of expected realizable value), which impacted reported profitability during Q3 & 9M FY20. A substantial part of this expense is a non-cash impairment charge
 - Reported loss stood at Rs. 11.3 crore

9M FY20 performance overview compared with 9M FY19

- Revenues from operations higher by 8% to Rs. 835.3 crore from Rs. 772.6 crore
- EBITDA at Rs. 131.8 crore as against Rs. 124.0 crore, higher by 6%
 - EBITDA margin stood at 15.5% vs 15.7%
- PAT (excluding one-time exceptional cost) stood at Rs. 59.2 crore as against Rs. 67.7 crore
- Reported PAT stood at Rs. 22.7 crore as against Rs. 67.7 crore

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

“We have reported a healthy performance during the quarter, with a 13% growth in revenue from operations and a stable EBITDA performance. The performance was led by steady uptick in demand across our core business categories, increased client engagements and broad-based normalization in the domestic market. This, along with improved performance in international markets, resulted in a growth of 14% in our fragrance business. We have also delivered stable growth in the flavours division during the quarter.

Stabilizing market sentiments and improving liquidity conditions witnessed across the industry has resulted in better collections and improved cash flows for the Company during the quarter. Our net debt reduced by Rs. 97 crore, with net debt to equity position improving to 0.37x as on Dec 2019. We anticipate this trend to continue, which will further strengthen our balance sheet and cash flows going forward.

In another key development, we initiated the final closure of our Fragrance Ingredients facility and research activity in the Netherlands. This follows the shift of operations from Netherlands to a high quality & operationally efficient center like India. The impairment of plant and machinery and other closure cost resulted in a one-time exceptional expense of Rs. 36.5 crore (net of expected realizable value), which impacted reported profit during Q3. A substantial part of this expense is a non-cash impairment charge. Furthermore, the economic value has already been fully recouped & integrated in our operations with technology worth ~Rs.50 crore already transferred to the group over the years. With global demand for the product rising, I am pleased to share that the replacement facility at Mahad, India has recorded an all-time high production during the quarter.

As we look ahead, we continue to see an immense potential across all our business segments over the longer-term. With macros stabilizing, we are further seeing healthy traction in terms of order enquiries and leads, especially from our FMCG customer segments. We believe this along with new product and brand launches in the FMCG sector

and the implementation of our strategic growth measures should enable us to report healthy and sustained performance in the domestic and international markets.”

Key Developments:

Strong collections and easing raw material environment witnessed during the quarter enabled improved cash-flows and balance sheet profile

- Stabilizing market sentiments and improving liquidity in the industry resulted in better collections and cash flows during Q3 FY20
- During the quarter, cash from operations stood strong at Rs. 121 crore owing to improvement in the total working capital cycle. This has enabled the Company to reduce its Net Debt as on December 31, 2019 to Rs. 303.1 cr as compared to Rs. 400.0 crore as on September 30, 2019
- Positive trend is expected to continue in Q4 FY20 – further strengthening its balance sheet position

Initiation of final Closure of Fragrance Ingredients manufacturing facility and research activity in the Netherlands

- Closure part of shift of operations from Netherlands to a high quality & operationally efficient center like India. Following the initiation of the final closure, the plant and machinery at the facility has been impaired and the Company has recorded an impairment charge and other closure cost of Rs. 36.5 crore (net of expected realizable value) during the quarter. A substantial part of this expense is a non-cash impairment charge. This impairment charge resulted in a one-time exception expense which has been fully recognised in Q3 FY20
- Economic value has already been fully recouped & integrated in the Company's operations with technology worth ~Rs.50 crore already transferred to SHK over the years. Furthermore, the Company is exploring various options for maximising the monetization of the plant infrastructure including the way of a slump sale or through a new venture in collaboration with potential investors/ business partners. This will enable the Company to recover some part of the impaired expenses in the future
- The R&D centre based in Netherlands has also be closed after being integrated into the India R&D centres

Fragrance Ingredients facility at Mahad marking strong operational progress

- State-of-the-art facility, which manufactures Tonalid and other key raw materials used in the fragrance industry, is operating at optimum utilization levels – the facility recorded an all-time high production of Tonalid during the quarter



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 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 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 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 16 novel fragrant molecules till date. The Company has filed 15 patent applications in respect of molecules, systems and processes developed by it, of which 6 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 & flavors and fragrance & flavour producers.

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