November 23, 2017

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

Scrip Code: 539450

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Symbol: SHK

Dear Sir/ Madam,

Sub: Submission of transcript of conference call under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit transcript of Q2 & H1 FY18 Earnings conference call for investors and analysts organized by the Company on Tuesday, November 14, 2017 at 12.00 Noon IST.

You are requested to take note of the same.

Thanking you,

Yours faithfully,
For **S H Kelkar and Company Limited**

S H KELKAR AND COMPANY LIMITED
MUMBAI 400080

Deepti Chandratre
Company Secretary & Compliance Officer

Enclosed: As above

SH Kelkar and Company Limited

Q2 and H1 FY18 Earnings Conference Call
November 14, 2017

Moderator Ladies and gentlemen, good day and welcome to the SH Kelkar and Company Limited Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anoop Poojari of CDR India. Thank you and over to you, Mr. Poojari.

Anoop Poojari Thank you. Good afternoon, everyone and thank you for joining us on SH Kelkar and Company Limited's Q2 and H1 FY18 Earnings Conference Call. We have with us Mr. Kedar Vaze – Whole-time Director and CEO; Mr. B. Ramkrishnan – (Head) Strategy and Mr. Shrikant Mate – VP (Strategy) of the Company.

We will begin the call with opening remarks from the management, following which we will have the forum opened for a question and answer session. Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature and a disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Kedar Vaze to make his opening remarks.

Kedar Vaze Good afternoon, everyone and thank you for joining us to discuss the operating and financial results for the quarter and half year ended September 30th, 2017. I will begin by taking you through the operational and financial highlights of the quarter and will look forward to taking your questions and suggestions.

We have had a soft start to the fiscal given the subdued business momentum witnessed in the domestic market. GST-led issues across trade and channels impacted the demand environment and had a drag down effect on our performance. Our domestic sales especially in the months of July and August were adversely impacted as trade channels saw a slower restocking post GST. We were expecting a slowdown in July but the recovery was much slower than we anticipated earlier, impacting business activity in the month of August as well. We saw trade channels stabilize in the month of September and are now recording healthy sales improvement in the month of October. Despite the challenging external environment, I would like to highlight that we have retained all our customers and maintained our market share across product categories. We believe quarter 2 performance was a temporary blip owing to slower offtake and expect the momentum built in October to continue in the upcoming months.

Let me now briefly take you through the financial performance on a consolidated basis. Our total revenue from operations in H1 FY18 stood at Rs. 455 crore lower by 9% and on a constant currency basis the revenue was lower by 8%. Lower sales performance further translated in to a lower EBITDA at Rs. 83 crore as against Rs. 95 crore in first half last year and EBITDA margins at 18%. Gross margins however, marked healthy improvement in line with the company's approach to optimize raw material cost. PAT stood at Rs. 46 crore as against Rs. 52 crore in H1 FY17, with a PAT margin at 9.9%. On the segmental performance, fragrance division de-grew in H1 FY18, with domestic and overseas revenues declining by 13% and 3% respectively. International sales were lower owing to weaker demand in export markets, especially in the Middle East. The operating profit came in lower at Rs. 68 crore. However, the division registered an improvement in margins from 16% to 17% in the first half FY18.

Our Flavor division during this period reported a steady performance at Rs. 58 crore, domestic segment growing by 11% while overseas business reported de-growth of 12%. Healthy market share gains in the domestic market aided growth during H1 FY18. I would add at this point that certain disruptions in orange oil particularly due to the hurricanes in Florida has caused steep increase in the price of orange and led to some further flavor losses. But this is again temporary, and we will recover this in the second half.

On the operational front, we have recently executed the share purchase agreement to buy out 100% share of VN Creative Chemicals. By way of this acquisition we will be gaining access to the land and manufacturing facility including their plant and machinery that is based in Raigad, Maharashtra. The acquisition will allow us to have greater flexibility in our operations and execute our plan to rationalize our manufacturing operations and leverage our existing presence in India. Even as we continue to focus on expanding R&D and creation development in the international markets, we will consolidate our operations in the Indian geographies. We expect to complete this initiative by end of this fiscal. In the near term, this is a key focus area for us and we expect to showcase higher earnings in the international fragrance business from second half of FY19, on account of the operational efficiencies this plant will bring.

Although we will be shifting our manufacturing operations to India, a strong and dedicated research team of perfumers and scientists will be fully operational in the Netherlands, who will be designing, researching cost effective innovative and high-quality products. In sync with this strategy, we recently established a new fine fragrance development center in Amsterdam, Netherlands during the first half, supporting our long-term goal of establishing a respectable global position in this premium segment. Continuing our focus on research the Company recently filed for 10 additional patent applications, of which 2 have already been commercially exploited particularly in deodorant fine fragrance categories. We believe this along with our newly launched fine fragrance development center will help further improve commercial traction for our products in this key segment.

One of our strengths is a diversified and large client base with over 4,100 customers which includes a range of regional, national and multinational FMCG companies, blenders, fragrance and flavors producers. Our continued focus on innovation and execution on the ground has helped us in pursuing newer accounts. We are also driving expansion in the North Indian markets to focus on key high potential accounts. In line with this, we have recently expanded our presence in the Delhi market and are now working on numerous briefs for similar significant accounts. Although their contribution to our business is very small at this time, we are hopeful of transforming these briefs into bigger business opportunities in the coming quarters.

To sum-up, we are executing many business initiatives such as enhancing product offerings, expanding presence in domestic and international markets, strengthening R&D and innovations to capitalize on the large opportunities at hand. Further our strong supply chain position combined with revival in the macro environment, we believe, will help augment business performance from H2 FY18. Our leadership position in the very niche sector along with strong balance sheet and implementation of cost saving measures should enable us to continue to create significant value for all stakeholders in the future.

Before we close, I would like to cover some developments on the management team as well. We have recently appointed Mr. Ratul Bhaduri as Executive Vice President and Group CFO of the Company. We would like to welcome him on-board. Ratul has around 25 years of experience in the finance function and in the past, has been associated with reputed companies in the manufacturing, pharma and FMCG sectors.

With this, I would now request the moderator to open the floor for any questions or suggestions that you may have.

Moderator Thank you very much, sir. Ladies and gentlemen, we will now begin with the question and answer session. First question is from the line of Jignesh Makwana from AMSEC. Please go ahead.

Jignesh Makwana What was the organic growth in flavor business for this quarter?

Kedar Vaze We de-grew by 4% in flavors for this quarter, organic domestic.

Jignesh Makwana What about international organic?

Kedar Vaze International was 12% decline on year-on-year basis.

Jignesh Makwana Margins in our flavor business have been very volatile in the last couple of quarters. So what should be the steady set of margins in the flavor business? Agreed that there was blip in the price because of orange prices.

Kedar Vaze The flavor business is fast growing and we are lesser diversified as compared to the fragrance business. So, the longer-term average, we still will be around 50% gross margin. But quarter-on-quarter, depending on the sales particularly, exports business, it is on and off. So, when the demand comes, there is a strong sale and then there is a period when there are low sales. This will affect our overall margin in that period. But if you look at the underlying average margin on sort of annualized 12 months basis, it will be hovering around the 50% gross margin level.

Jignesh Makwana Is it fair to assume EBIT margin of flavor business to be around 18% to 20%?

Kedar Vaze Yes, it will be touching 20% on a longer-term basis.

Jignesh Makwana How was the PFW performance for this particular quarter, because last quarter we performed relatively better and also did breakeven on EBITDA level last quarter.

Kedar Vaze This quarter also, the international ingredient businesses did breakeven, it is better, at EBITDA level it is positive and at the PAT level also, it contributed to the overall picture.

Jignesh Makwana What about in terms of sales and all?

Kedar Vaze The sales momentum has been continuous, it is not reflected in sales individually because part of that goes to intercompany sales. So we do a stock point and resale, so everything get accumulated in the business. But on an overall basis, we did Rs. 84 crore revenue of ingredients in H1FY18 vis-à-vis Rs. 80 crore in H1FY17.

Jignesh Makwana When can we expect complete shifting of production facility of Netherlands to India?

Kedar Vaze So, there are about 18 to 20 products which we used to manufacture in the Netherlands and we have already moved roughly 14 products into the Vapi facility. The remaining things we will bring in the coming months, once Mahad is ready. I believe that by H2FY19, we should have everything moved out in the right plant location.

Jignesh Makwana So, we will be servicing our European clients from Vapi facility.

Kedar Vaze Either Vapi or Mahad facility, depending on where the operating cost is the lowest, we can make it at that plant. We will have one additional facility where we can move the production.

Jignesh Makwana What kind of margin improvement are we expecting from this shifting of facility?

Kedar Vaze Typically on the fixed cost, the general thumb rule we see is that there is a 2.5 times improvement in terms of operating cost vis-à-vis European base and operations. The actual savings if we translate should be around 2 million Euros in operating costs per annum.

Moderator Thank you. Next question is from the line of Prakash Kapadia from Anived Portfolio Management Services. Please go ahead.

Prakash Kapadia Could you give us some sense on the fragrance and fine fragrance business? What does it take to break the fine fragrance business? Is it targeting the loyal customers or upselling, how do realization and margins move? What kind of growth do we see because it is a very small segment for us?

Kedar Vaze Europe as a base has always been a leader in fine fragrances on a global basis. So, there are very large and important global brands, which are based out of Europe and there are more and more flanking variants and smaller brands, which are getting global importance coming out of Europe. So, our fine fragrance center is designed to look at new business opportunities coming up in Europe in these branded alcoholic fine fragrance business. In addition, it will give us early developments in terms of trends and in terms of product directions for Asian and emerging markets. So, these concepts that we develop for the premium products, we can use those in markets like India, Middle East and Indonesia for further adding a product portfolio to our range.

Prakash Kapadia What kind of contribution would fine fragrance currently have for us?

Kedar Vaze At the moment, fine fragrance as a business is less than 2% of our fragrance business. We hope to bring that up as the market evolves and if you see the global large companies, typically one fourth of their business is fine fragrances and we will slowly bring this 2% up to around 10% level over the next 3 years.

Prakash Kapadia Assuming that contribution increases, it should typically aid margins? How does the product development and R&D and some of the other costs work under fine fragrance side?

Kedar Vaze It is a very similar thing. R&D cost of 10% to 12% of revenue need to be invested to continue business in the fine fragrance and we will see that this business activity, the development center should breakeven in 5 years.

Prakash Kapadia How does H2FY18 look like? What is the sense that you are getting from some key clients, channel partners?

Kedar Vaze There are couple of good developments in the GST tax structure, where deodorants and fine alcoholic perfumes, which are at 28% have moved back to 18%. That will signal better demand and across all product categories, we have seen restored business and a very strong growth momentum in the domestic market, both flavors as well as fragrances, except some supply issues or price issues with orange, where we will need to carefully evaluate the situation. The rest of the business growth momentum is very strong and we see that, going forward, we should clock a good healthy second half of the year and large pipeline of approved products are starting to get commercialized. So the year coming forward which is FY19 will see a catch up growth. A lot of product launches have been delayed in this year due to GST and last year with the demonetization effect. Now, all of those approved products are seeing a momentum in terms of getting commercialized. So, we see that H2FY18 will be in line with our long-term growth and we should enter next year with a very strong portfolio of new product range, commercialization of which we will see in second half of this year.

Prakash Kapadia You have always looked at 14%-15% steady state kind of growth on a compounded basis and that is what our endeavor and vision is. So, given the background of the low base and the new product pipeline, would it be fair to say that the next 6-8 quarters, we should grow at 18%-20% or given the low base, it should be faster given that newer product pipeline also now looks healthy?

Kedar Vaze 15% longer-term is what we will continue to do. We have had slower 12 months; we will catch up in the remaining months. So, we would see a better growth trajectory in FY19. I am still committed to the longer-term CAGR growth of 15% revenue, we are clearly seeing the positive momentum and opportunities in the market place.

Prakash Kapadia You mentioned that there was a cut in deodorants and another segment? Which was that segment?

Kedar Vaze The detergent segment.

Moderator Thank you. Next question is from the line of Jigar Jani from Edelweiss. Please go ahead.

Jigar Jani We have seen a gross margin expansion over the last 2 quarters by around 400 bps for Q1 and Q2. Just wanted to understand whether this would be sustainable or is it just lower service income that is coming in the last 2 quarters?

Kedar Vaze So, the gross margin is around 52%, it seems in line with the longer-term average. So, it has come down because the margins had witnessed some pressure in second half last year. So, these are more the typical normal levels which we are at now.

Jigar Jani Would we expect this year to be flattish as compared to last year considering H2 is likely to be better?

Kedar Vaze We are still very optimistic that H2 will gain back some of the lost business of the first half. However, it is very early to comment on where we will end up in the end of the year. We definitely look at H2 being stronger than first half and initial basis, we may see 15% growth in H2 this year to last year.

Jigar Jani H2 last year to this year should be 15% higher?

Kedar Vaze Yes, 15% or higher. Before we conclude on the revenue, we also need to be sure on the post GST service income, the kind of supply chain which we have with the customer, it may undergo a change, so rather than the topline, I would also look at focusing on the bottom line growth, which will be healthy in the second half.

Jigar Jani Is it that the service income would be not booked in the revenue or somewhere else in the P&L?

Kedar Vaze The genesis of service income was also multiple taxation and streamlining the supply chain for our customers. With the GST, they are also in the process of streamlining their supply locations and factories to fewer factories, in which case the service which we are providing in one site to combine various ingredients, they might do it at their site. So, the difference between 25 sites and 3 to 4 sites which is likely to happen as the effect of GST. We do not know whether it will happen very rapidly, or we see that over a longer-term trend.

Jigar Jani What was our service income this quarter? Did we have any service income?

Kedar Vaze It was about Rs. 12 crore.

Jigar Jani On the international flavors market, we have seen sequentially the contribution of the revenues going down since the last 4 quarters. So, is it a very lumpy business that we would see quarterly variations and what would be the quarterly run rate that we should expect going forward?

Kedar Vaze Our analysis of this business on a longer-term is that you see 2 years of rapid growth, one year of flat or declining growth and then again 2 years of rapid growth. So, the underlying 25% CAGR continues to be there in the last 5-7 years. And we see a trajectory around that average where few months, few quarters, it is well over 50% over the long-term average and in the preceding or successive quarters, it comes below average. It is a very high volatility, so it is kind of (+15), (-15) quarter-on-quarter business. But the underlying, if you take moving average 12 months or 6 quarters you will see a (+20%) CAGR growth.

Jigar Jani On a year-on-year basis, on a full year basis, it would be flattish in FY18?

Kedar Vaze We will still grow in FY18 on a year-on-year basis.

Jigar Jani So, second half is also likely to be stronger for international business?

Kedar Vaze Yes.

Moderator Thank you. Next question is from the line of Rajkumar Rathi, an individual investor. Please go ahead.

Rajkumar Rathi I wanted to understand on the CAPEX cycle, in previous calls you mentioned that we have taken out CAPEX and now in future CAPEX is not going to be there and our capacity utilization will continue to be low, while we have been seeing in every quarter there has been some CAPEX. Just wanted to understand how is that?

Kedar Vaze Let me reiterate, there is maintenance CAPEX, which is Rs. 15 odd crore, which is for the current operation and current business and profit. Additional CAPEX is if we see opportunity where we can improve our margin or perform some acquisition or development center for future. That is CAPEX, which we plan on 5 year pay back or 20% ROCE basis. So, the large CAPEX, is likely to give us a 2 million cost saving vis-à-vis the current run rate of cost. So, we look at that as an improvement CAPEX and not maintenance CAPEX.

Rajkumar Rathi What could be the capacity utilization now?

Kedar Vaze The capacity utilization of the other plants is still around 45%-50%.

Rajkumar Rathi Do you have other group companies in the similar line of business? Like there are few names Keva Aromatics and Purandare Fine Chemicals, etc.?

Kedar Vaze So, there are 2 companies which are mentioned in the related parties, there is one company called Keva Biotech and Keva Aromatics, both of which are kind of non-functional, non-active companies. There is one active company called Purandar Fine Chemicals, in which largely the family is an investor. It is third party company, manufacturing goods for SH Kelkar, one of our supply chain vendors.

Rajkumar Rathi I wanted to understand it seems like all the global companies are focusing a lot on our key markets like India, Asia, Africa, Middle East, etc. So, when you compete with them, what is the advantage? Is it like we are low cost producer compared to them or what is the key competitive advantage that we have?

Kedar Vaze So, there are multiple advantages. We understand the market, the consumer insight, the product quality, product innovation. We do not have to necessarily have the cost for the global registration or global listing, which the companies need to do as a starting point. Our innovation costs are related to kind of modular as we grow we can do more cost, but we do not need to do global cost on day one and that gives us an advantage to operate in the emerging markets vis-à-vis the global companies. With the setting up of the European fine fragrance center we will also want to be participating in the premium sectors in Europe and it helps us to work in the same manner as the global company.

Moderator Thank you. Next question is from the line of Hrudayam Verma from Augment Catalyst. Please go ahead.

Hrudayam Verma I missed on the domestic and the international EBITDA and the revenue numbers for both the segments. So, can you just brief me on that, please?

Kedar Vaze You can refer to Page #5 of the earnings presentation. So, revenue growth, domestic fragrance was 10% below last year. The export, the international fragrance was 4% below last year. But the domestic flavor was 4% below last year on organic basis and 11% higher than last year and the international flavor business was 12% below last year.

Hrudayam Verma What would be the targeted EBITDA margins for both these segments going further for domestic and international?

Kedar Vaze Long-term, we are confident to reach at 20% EBITDA level.

Hrudayam Verma On capex, what are the targeted requirements in the future years?

Kedar Vaze We require about Rs. 15 crore of CAPEX year-on-year to maintain our business and our current facilities. Then every other CAPEX we will look at as a board decision on ROCE, either cost reduction, business growth or acquisition based on opportunities that present themselves.

Hrudayam Verma Capacity utilization is right now at 45%, so do you plan on increasing that in the future?

Kedar Vaze So, we do not plan on increasing the capacity. We will add on equipment as is required for specific products or specific type of manufacturing. As a large CAPEX there will be no facility for the fragrance and flavors. We are investing as the outlay or the CAPEX in our Mahad acquisition, which will happen in this next 2 to 3 quarters.

Hrudayam Verma And utilization is 45%, so right now that is going to remain the base number for about a few quarters?

Kedar Vaze Utilization will hover around the 45% level.

Moderator Thank you. Next question is from the line of Krunal Shah from Enam Investments. Please go ahead.

Krunal Shah My question is related to the domestic fragrance business. Can you just elaborate a little bit more in terms of the performance of the large corporate and the SME customers in this quarter?

Kedar Vaze In the first half, we have seen that the large corporate had a slowdown somewhere in June, July and the smaller customer had a slowdown in July, August. By September, most of the customers had returned to normal levels of order purchase and at the moment, in October, the momentum we see is quite robust. We have no concerns for the second half of the year, we see strong momentum in the domestic business.

Krunal Shah In terms of all segments, in terms of personal care, health care, deodorant, agarbatti all have recovered?

Kedar Vaze Yes, so from GST point of view, agarbatti was the segment which did not have GST. It was originally proposed in a 12% brackets, now it has changed 5% GST. At a 5% GST level, agarbatti segment is witnessing good growth because that is the right kind of input level at which they can continue to sustain growth. The deodorant sector had seen 28% GST, which as of last week has been reviewed and reduced to 18%, I believe. We await the final notification and feedback from our customers but if that is the case, the deodorant and detergent sectors which have been little bit lagging in terms of the recovery would take off in the second half.

Krunal Shah How is the performance in this tobacco and the flavored pan masala?

Kedar Vaze We do not monitor that on a separate basis. But as the overall business, it continues to be part of our business.

Krunal Shah My second question is related to the margin improvement in the fragrance segment. Would the PFW improvement be the major reason for this or there is other factors also contributing?

Kedar Vaze I think the PFW improvement is also major factor in the improvement. But we have continuously invested in process and backward integration and some process improvements all of that is an incremental 0.5% improvement vis-à-vis previous year.

Krunal Shah What would be the CAPEX already incurred number for H1?

Kedar Vaze We will get back to you on this.

Moderator Thank you. Next question is from the line of Vicky Punjabi from JM Financial. Please go ahead.

Vicky Punjabi On this domestic fragrances' side, because most of the listed corporates have shown a good growth in this quarter, just wanted to understand what gives you the confidence that the current momentum that you are seeing in terms of recovery could probably sustain going forward and are there any kind of loss in customer that you see post GST implementation?

Kedar Vaze Specific to GST, we have not seen any loss in customer as I mentioned deodorant sector was weak. We should see that restoring back in the second half, the other sectors more or less, there has been no specific loss. Some sectors like the agarbatti or some customers when you will go through the customer by customer, there are winners and losers. Some customers have grown, some customers have maintained their business, some customers have not yet seen full recovery, but as an overall business we have seen full recovery from September onwards and we are confident and once the part that you asked us in the beginning that our customer side, the FMCG growth seems to have restored and our demand, there is a lag of 45 days in terms of the stock and production cycle. We are seeing that with the lag that the demand is very robust.

Vicky Punjabi On the cash flow, if I look at your first half there is some Rs. 72 crore outflow in the investing activities which probably has led to the company being a net cash in the previous quarter to a net debt of Rs. 45 crore in the current quarter. So, what was that related to and how much was that acquisition consideration that probably stood in the second quarter?

Kedar Vaze The overall spend on CAPEX in the first half was roughly Rs. 60 crore. Rs. 30 crore out of that was in acquiring the additional space for our development center in Mulund, which is purely a real estate, we have acquired a large facility where we are kind of future-ready. Rs. 14.5 crore was in the acquisition of VNCC, which is the facility at Mahad where we will invest another Rs. 55 crore-60 crore to relocate, have additional facility for ingredient global business. The rest of the CAPEXs are quite small, it is kind of nature of bringing down or restoring, replacing, improving some of the development centers. We are closing down one of our development centers in Bangalore and bringing it back into Mumbai. We are opening offices in Ahmedabad, Delhi as part of our go-to market strategy improving connect with the customers. So, all of these are small CAPEXs, which are largely to expand our footprint in different geographies or in terms of development.

Vicky Punjabi Just a clarification that you are seeing that in Mahad there will be another incremental Rs. 55 crore to 60 crore of CAPEX incurred?

Kedar Vaze That is correct.

Vicky Punjabi And just last part on the net working capital front because that was something that we expected would show gradual but consistent improvement. There we seem to be not really showing that kind of an improvement, I think in the sequential basis it in fact increased.

Kedar Vaze Yes, it is again a timing issue because we have seen slow offtake of finished goods in July, August, we had material in the pipeline which we could not adjust. We will be able to adjust that over a period of next couple of months. On the inventory, I would also add that it is kind of unprecedented raw material shortages and raw material supply concerns, which surfaced post the September, October crackdown in China on environment. We have also seen one or two other companies declaring force measures as far as raw material is concerned. So, at the moment, we are confident that we will maintain our ability to supply on a consistent regular basis to our customers. But we see that the working capital actually is a very strong benefit for us as the prices are likely to move up very quickly in the coming quarters.

Vicky Punjabi So, would it be fair to assume that the price increase in raw materials over the next 6 months probably will have little effect on your margin?

Kedar Vaze I think we have to wait and watch; it is early days to know exactly what will play out because there has been disruption of supply in October, September with China and some of the large factories in Europe. So, the effect of that will play out through the next 2-3 months, we will keep watch on what are the developments. I think we will have a good supply position to our customers, so that will help us continue to have a strong momentum of revenue. But there are clouds on the horizon and we need to be careful to make sure that our pricing and cost price increases are well-communicated and balanced vis-à-vis the growth and profitability.

Vicky Punjabi There is reasonable concern that the uptick in momentum that we are seeing in terms of revenue would still be serviced and raw material disruption may not impact that?

Kedar Vaze So, as of now for the next 2-3 quarters, we do not see any disruption from our side on the customers and prices as they move up we will negotiate and discuss with the customers to rebalance our selling prices and I think we are well-placed at this point to be able to continue supplies through this phase. I just want to highlight that we may have to look at certain business opportunities with the sustainability angle and kind of aid revenue growth with profitability, particularly as I mentioned orange oil things like these, wherein the steep price increases we may want to look at the booking revenue and where is the profitability level.

Vicky Punjabi On the international fragrances side, the exports from India that we do how is the environment there?

Kedar Vaze Environment is picking up. It was quite slow in the first half of the year. We have implemented very strong credit policies to all these countries particularly in Africa and Middle East where we continue to see a kind of currency risk or a devaluation risk. So, we are looking at all the hedging possibilities and move towards if there is strong credit policy, which has affected our growth in the first 2 quarters. But now it is being implemented, it will run on a smooth basis.

Vicky Punjabi What is the kind of growth that you are targeting over a longer-term basis in this export market?

Kedar Vaze Again in excess of 15% CAGR.

Moderator Thank you. Next question is from the line of Jignesh Makwana from AMSEC. Please go ahead.

Jignesh Makwana Just want to know our Netherlands plant is a lease property or own property?

Kedar Vaze It is an ownership asset.

Jignesh Makwana What is the plan after we shift the entire production facility to India?

Kedar Vaze We will continue to have small operations and our research and small manufacturing in that facility. We have some opportunities, which in terms of fragrance or Europe facing opportunities, which we will explore to do at the facility. It is early days when the new facility is set up then we will look at the plan for the Netherland facility.

Jignesh Makwana And how big is the facility in terms of acre and all?

Kedar Vaze It is a 2.5 acre facility.

Moderator Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand over the floor to the management for closing comments. Over to you, sir.

Kedar Vaze Thank you. I hope we have been able to answer all your questions satisfactorily. Should you need any further clarifications or would like to know more about the company, please feel free to contact our team or CDR India. Thank you once again for taking the time to join us on this call.

Moderator Thank you very much, sir. Ladies and gentlemen, with this we conclude today's conference call. Thank you for joining us and you may now disconnect your lines.

- ENDS -
