

S H Kelkar and Company Limited



Annual Report 2017-18

You can feel it...

In the swarming waters of the vast ocean
And in the soft drops of the morning dew.

You can sense it...

In the vast expanse of the lush meadows
And in the open frontiers of the infinite skies.

It allures. And it beckons.

With a delicious sweetness
That remains long after it has gone.

Smell... The Last Frontier.

Where expression meets emotion
And experience blends into excitement.

Join us... as we FAST FORWARD
our way towards that final
frontier which the world
describes as SMELL and we call
SUCCESS.



The inside story

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A legacy of experience is giving way to a future of exciting possibilities.

Synergistic acquisitions are paving the way for exceptional potentialities.

And strategic investments are catalysing the enablers for outstanding growth.

With the basics well in place, we, at Keva, have embarked on the next phase of development and expansion, with a single-minded focus on the future. Seeing new opportunities, exploring new territories and creating new products designed to meet the evolving aspirational needs of the new-age customer, we have set forth on the next phase of our journey that promises to drive greater value for all our stakeholders.



We are now ready to move forward with greater energy, towards a tomorrow packed with the flavours of positivity and the fragrance of progression.

An Entity in Fast Forward Mode

Our journey into the future is rooted in the strengths of the past. A value-based heritage of more than 90 years has combined with the dynamism of a futuristic team of professionals to drive the organisation in a fast forward mode.

Mapping lateral expansion with vertical growth, S H Kelkar and Company Limited ('the Company/Keva'), the largest Fragrance & Flavour company in India, has carved a unique niche that brings together cutting-edge technologies and creative skills to carve a brand that spells heritage class and underlines our vigorous pursuit for greater excellence as we surge into the future. It is a brand that has distinguished itself for offering globally benchmarked products customised to local needs.

Our products are crafted to cater to the diverse and unique needs of a 5000+ strong global clientele, spanning leading national and multinational FMCG companies, blenders of fragrances and flavours, as well as fragrance and flavour producers. Sold under the SHK, Cobra and Keva brands, our products are innovated to meet the needs of diverse segments, including FMCG, Personal Care, Pharmaceutical and Food & Beverages industries.

Our fragrance products and ingredients find use as a raw material in personal wash, fabric care, skin and hair care, air care, fine fragrances, as well as household products. Our flavour products are used as a raw material by producers of baked goods, dairy products, confectionery, savoury, beverages and pharmaceutical products.

Downstream sectors of our presence



Leveraging location advantage to manufacture excellence



Map not to scale. For illustrative purposes only.

We have spread our footprints strategically to manufacture quality products to cater effectively and expeditiously to our global clientele.

- **Vapi (Gujarat)** - 2,064 tonnes/ annum installed capacity
- **Mumbai (Maharashtra)** - Fragrance unit: 12,000 tonnes/ annum installed capacity, Flavour unit: 7,500 tonnes/ annum installed capacity

- **Vashivali, Raigad (Maharashtra)** - Fragrance unit: 10,342 tonnes/ annum installed capacity, Flavour unit: 3,000 tonnes/ annum installed capacity
- **Barneveld, The Netherlands** - 1,650 tonnes/ annum installed capacity
- **Milan, Italy** - 5,000 tonnes/ annum installed capacity

Networked to fast forward growth

Our well-structured business strategy gives us the competitive edge to fast forward our growth agenda in the markets of our presence. Within India, we are operating from five centres in New Delhi, Mumbai, Ahmedabad, Chennai and Bengaluru, while our overseas operations are managed through offices in the Netherlands, Milan, Singapore, Indonesia and Thailand, giving us the necessary leverage to surge into new markets offering high potential for growth.

We are listed on the Bombay and the National Stock Exchanges. As of March 31, 2018, Keva had a market capitalisation of ₹ 3,746.4 Cr, with the promoters holding 57.09% stake.

Awards and Recognitions

The various awards and recognitions we have won over the years endorse the strength that is powering us towards growth in a fast forward mode.

Culture that breeds talent

- Ranked 26th in the 'Dream Companies To Work For' by Times Ascent at World HRD Congress, February 2018; Earlier ranked 29th in 2017. Also awarded 'Dream Companies to Work For' in Manufacturing space in 2017

Future-ready IT processes and systems: ISO 27001:2013 Certified

- IT Infrastructure of India operations achieved the internationally recognised ISO 27001 - 2013 standard for ISMS (Information Security Management System)
- Another step towards the journey of continual improvement in our systems and processes
- Demonstrates our commitment to information security

HALAL Certification

- Keva Fragrances Private Limited is HALAL Certified. It is the 1st Fragrance and Flavour company from India to achieve this prestigious milestone
- Majelis Ulama Indonesia (MUI) - The Indonesian Council of Ulama, an umbrella of Islamic organisations (63) in Indonesia, has certified 16 fragrance products

Environment Management System - ISO 14001:2015

- Vashivali plant accredited with ISO 14001:2015 certification from NQA for Environment Management System

Committed to ethical supply-chain practices

- Keva Fragrances Pvt. Ltd. - Vapi unit - is a member of SEDEX- Supplier Ethical Data Exchange

9,700+

Products

05

Manufacturing facilities

04

No. of creation & development centres

32

Scientists and researchers

16

Perfumers

5

Flavourists

849

Employee base

5,000+

Customers



In our fast forward journey, we have mapped many inspirational moments and milestone accomplishments.

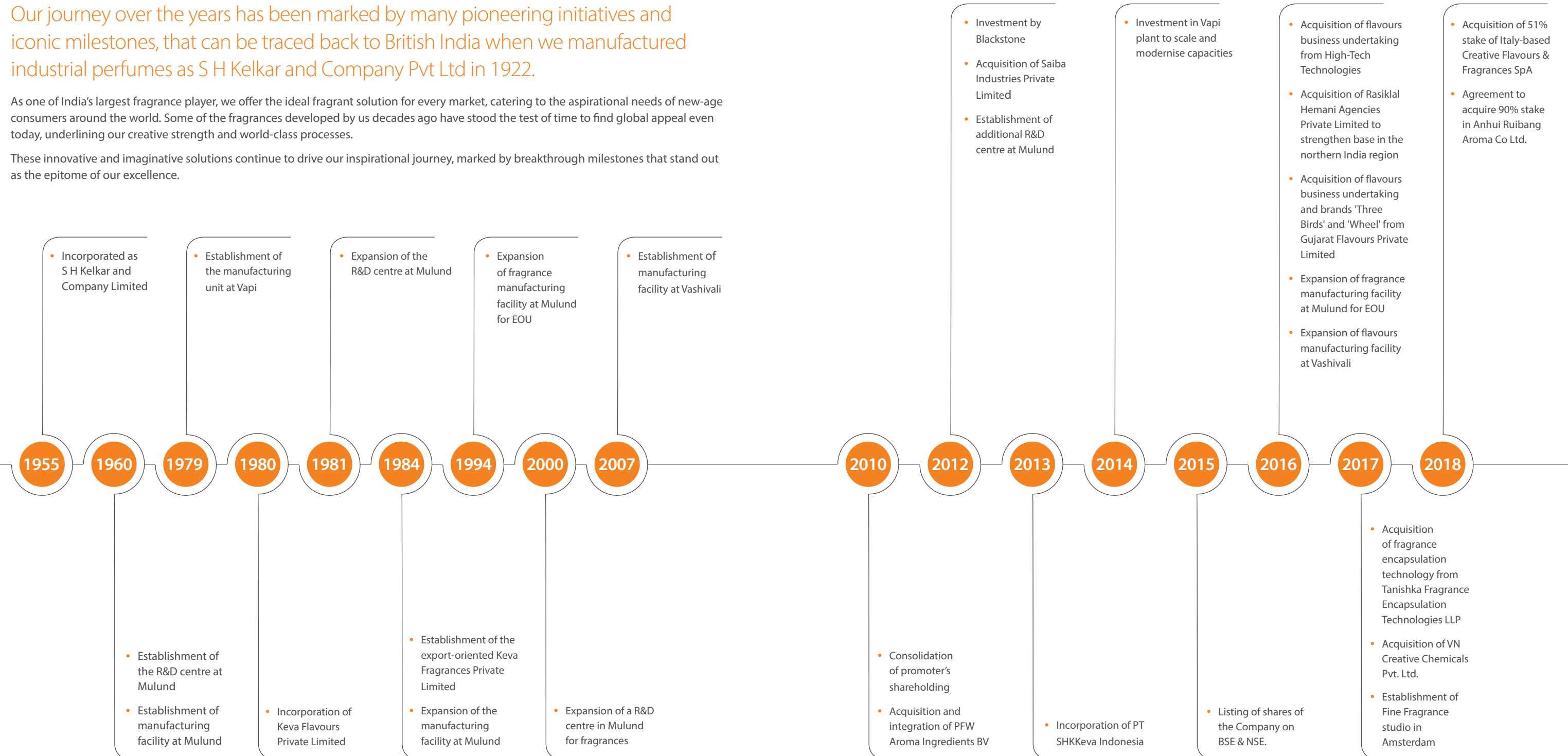
It is a journey that is driven by the strengths that we have built through years of dynamic engagement with our customers and at the back of a strong focus on innovation. It is a journey that is steered by our deep-rooted local understanding of the evolving consumer needs, globally.

Fast Forwarding Through the Years

Our journey over the years has been marked by many pioneering initiatives and iconic milestones, that can be traced back to British India when we manufactured industrial perfumes as S H Kelkar and Company Pvt Ltd in 1922.

As one of India's largest fragrance player, we offer the ideal fragrant solution for every market, catering to the aspirational needs of new-age consumers around the world. Some of the fragrances developed by us decades ago have stood the test of time to find global appeal even today, underlining our creative strength and world-class processes.

These innovative and imaginative solutions continue to drive our inspirational journey, marked by breakthrough milestones that stand out as the epitome of our excellence.





At Keva, we believe in blending myriad synergies to create an exciting value proposition focussed on catalysing growth in a fast forward mode.

The acquisition of Italy's leading fragrance company, Creative Flavours & Fragrances SpA and the acquisition of fragrance encapsulation technology from Tanishka, are aligned to our futuristic ambition to spread our wings into new markets of Europe, while consolidating our strength in the Fine Fragrances portfolio as also in the Fabric Care segment.

MD's Review

Forward, in the Fast Lane

The fragrances and flavours industry is in the midst of fast-paced growth and evolution. Growing demand, triggered by private consumption growth and a more aspirational consumer-driven environment, is catalysing a whole new level of churn in the domestic and global markets for fragrances, flavours and ingredients.

WITH OUR STRONG UNDERSTANDING OF THE EVOLVING CONSUMER DEMANDS, WE, AT KEVA, ARE COGNIZANT OF THE NEED TO CONTINUE PERSISTENTLY TO CHANNELISE ENDURING GROWTH THAT WILL SUSTAIN FOR A LONG TIME TO COME.



The sectoral opportunity is burgeoning at a never-before speed, leading to the creation of a new set of game-changing realities in the industry, which we are moving energetically to leverage, at the back of our intrinsic strengths and host of focussed initiatives.

Led by a future-centric strategic approach, we are continuously surging forward, weathering the headwinds of today to find new avenues of growth and expansion in the key markets of our focus, across India, South East Asia and Europe. With synergistic acquisitions to drive our growth strategy, we are powering ahead in the high-growth segments that we have identified to harness the opportunities of tomorrow.

Moving dynamically forward

At Keva, we believe that the key to success lies in timely strategic shifts that are in tandem with the market transformation. We believe in quickly seeing, understanding and analysing the rapidly changing market trends and evolving consumer needs, and then driving our strategic proposition in consonance with the same. And we believe in doing so dynamically to fast forward our way through the opportunity landscape that we see far beyond today.

Thus, even as we continue to strengthen our thrust on the basics with a view to scaling up our performance, we remain dedicatedly focussed on preparing the ground to stay consistently ahead in the transforming industry environment.

Striving for enduring growth

With our strong understanding of the evolving consumer demands, we, at Keva, are cognizant of the need to continue persistently to channelise enduring growth that will sustain for a long time to come. We believe that the path to sustainable growth lies in visionary thinking coupled with dynamic functionality – a combination we are proud to own with the legacy experience of our promoters combining with the youthful energy of our professional management team.

In line with our futuristic growth strategy, we have built the fundamentals to provide us the platform for driving growth, through a concerted thrust on innovation, discovery, resource and sourcing. At the same time, we have been steadfastly focussed on robust inventory planning, backed by consistent efforts to align our organic with our inorganic growth philosophy and a cautious but targeted approach in terms of geographic expansion.

Surging strategically ahead

We are now moving forward at a more accelerated pace to seize the opportunities that we see across sectors and geographies.

In our fast forward journey, we are guided by our long-term vision that enables us to see beyond today's realities at the prospects of tomorrow. We believe that we have the capabilities needed to sustainably outperform the sector growth rates for years to come with the strength of our industry position and unique business model.

Our strategic acquisitions have lent the necessary synergies to further propel our growth agenda in the segments of our focus – namely Fabric Care, Air Care and Fine Fragrances, which we have identified for our vertical growth. Further, guided by the global business prospects, we have identified India (South Asia), Indonesia (South-East Asia) and Italy (Western Europe) as the key areas of our expansion plans. We believe that this focussed strategy will enable us to map our products even more powerfully to consumer aspirations, while balancing our traditional philosophy with contemporary market needs.

Innovating to grow

We believe that in order to move fast and move in the right direction, we need to constantly strengthen our innovative edge through regular investments in R&D initiatives. Our enhanced thrust on innovation, thus, remains a critical priority of our growth plans, as we chart the next phase of our expansion and progress.

At the same time, we believe that the organisational transformation that is needed to steer our fast forward growth requires concerted efforts to bring about a mindset change and cultural transition among our own people, as well as those we are partnering in our progressive odyssey. The series of initiatives we have undertaken to enable this transformation will, in my view, play a vital role as we move to capture the opportunities of growth in the new markets that we are seeking to enter.

We are well aware that people – both our employees and our customers – are central to the nurturance of our brand spirit, and to our ambitious forward-looking growth strategy. At the same time, we are cognizant of the need to align our people to the aspirations of the consumers to create an empowering environment for collective and sustainable progress. The journey of empowerment has already begun. It is time now to fast forward it to the next level.

Accelerating with agility

In my communication last year, I had underscored our efforts to blend our powerful legacy with our agility to move forward with greater nimbleness to tap new consumer categories, countries and products. The developments of the past one year, including our synergistic and value-accretive acquisitions, operational reorganisation of PFW Aroma Ingredients B.V. in Netherlands, backed by our Fine Fragrance Studio in Amsterdam, were crafted to achieve the necessary speed and responsiveness to accelerate our growth to the desired levels.

I am happy to state that the enablers of long-term growth and sustained value delivery to our stakeholders are now in place. And as we move forward, we intend to strengthen them further.

For us, at Keva, it is not just about the brand that we shall, of course, continue to nurture painstakingly, but more about the brand ethos which we feel constitutes the building blocks on which our strategy is carved. With these blocks firmly entrenched, we are more than ready to leapfrog onto the next stage of our growth, faster and more proactively than ever before.

Ramesh Vaze
Managing Director



Our Purpose

We, at Keva, partner with our customers to craft innovative and sustainable solutions that evoke sensorial delight.

It is this clarity of purpose, our rapid execution along with local insights, which allow us to deliver sensorial breakthroughs that keep our customers ahead in the marketplace.

The Spirit of Keva

Stewardship. Partnership. Innovation. Responsibility. Integrity. Teamwork.

Amid a transforming global economy, an ever-changing industry landscape and continuously evolving consumer aspirations, we continue to align our strategic growth agenda to the SPIRIT OF KEVA – the intrinsic values which define our relationships and propel our performance.



Stewardship

We believe in the concept of management trusteeship to enhance long-term value for all our Stakeholders. We encourage our people to view themselves as custodians of the future and empower them to take business decisions accordingly.



Partnership

We believe in building a long-term sustainable relationship with all our Stakeholders to create enduring value. We encourage our vendors to strengthen their capabilities. We partner with our clients and endeavour to be the catalysts for their growth.



Innovation

We are passionate about innovation and thrive on creating new sensorial breakthroughs.



Responsibility

We are conscious that our actions have an impact on the local communities, ecology and geographies we operate in, and therefore behave in a manner that befits a responsible corporate citizen. Our products are always designed to be of the highest quality. We take active responsibility to ensure that our products are safe and meet regulatory standards.



Integrity

It forms the core of our ethos and work behaviour. We always conduct our business in a fair and ethical manner.



Teamwork

We work in an inclusive and collaborative manner across diverse functions and geographies. Our work processes have been designed to maximise synergies, and we create continuous learning opportunities for our teams.

