



February 10, 2021

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 in respect of unaudited financial results for the quarter and nine months ended December 31, 2020**

Further to the approval of unaudited financial results for the quarter and nine months ended December 31, 2020 by the Board of Directors of the Company at its meeting held on February 10, 2021 and submission of the same with the stock exchanges, we submit herewith earnings presentation in respect of financial 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*



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**Regd. Office :** Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400 002. (INDIA)  
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CIN No. L74999MH1955PLC009593



**S H KELKAR  
AND COMPANY LIMITED**

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**Q3 & 9M FY21 Earnings Presentation**

**February 10, 2021**

## 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.



Scientific  
Edge

## Q3 & 9M FY21 Results Overview



Artistic  
Imagination



# Management Comment



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

*"We are pleased to have delivered a healthy performance during the quarter driven by sustained uptick in demand across the domestic and international markets. In addition, robust sales from our wholly-owned subsidiary, CFF further contributed to growth during the quarter. This is the first full quarter of consolidation of CFF in SHK's performance. Our consolidated total revenues from operations grew by 31% on a YoY basis in Q3 FY21 and on a like to like basis, revenues grew by 6% YoY.*

*The global F&F industry, during the quarter, witnessed price increases in some of the key raw materials. In order to mitigate these near-term uncertainties in raw material availability, we proactively built-up our inventory levels. This prudent inventory management combined with our sustainable cost-optimization measures enabled us to cater to demand without any notable impact on our gross margin performance during the quarter. We believe the surge in raw material prices is transitory in nature and the situation should normalize in the near to medium-term. Accordingly, the temporary build-up in inventory and working capital levels is also expected to come to normalized levels. A stable RM environment should enable us to maintain our profitability margins at healthy levels going forward.*

*The domestic operating environment is witnessing a solid recovery and there are positive indications that consumption in the country will only strengthen in the months ahead. Our engagements with clients, especially in the domestic FMCG segment remains strong and we are registering steady wins across categories. On the whole, a healthy operating environment along with several cost-optimization measures undertaken in the past should enable the Company to deliver sustainable performance in the longer-term."*

# Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q3 FY21	Q3 FY20	Y-o-Y Change (%)	9M FY21	9M FY20	Y-o-Y Change (%)
<b>Revenue from Operations</b>	<b>375.4</b>	<b>287.6</b>	<b>30.5%</b>	<b>918.6</b>	<b>835.3</b>	<b>10.0%</b>
Sales	353.0	287.6	22.7%	884.0	835.3	5.8%
Sales - Contract Manufacturing	22.4	-	-	34.6	-	-
Other Operating Income	2.6	2.4	7.8%	6.4	7.8	-18.2%
<b>Total Operating Income</b>	<b>378.0</b>	<b>290.0</b>	<b>30.3%</b>	<b>925.0</b>	<b>843.1</b>	<b>9.7%</b>
Other Income	5.0	2.1	136.1%	15.3	5.4	180.7%
<b>Total Income</b>	<b>383.0</b>	<b>292.2</b>	<b>31.1%</b>	<b>940.3</b>	<b>848.5</b>	<b>10.8%</b>
<b>Total Expenditure</b>	<b>311.2</b>	<b>246.9</b>	<b>26.1%</b>	<b>756.2</b>	<b>716.7</b>	<b>5.5%</b>
Raw Material expenses	214.3	165.7	29.3%	520.9	480.1	8.5%
Employee benefits expense	42.7	35.9	18.7%	106.1	107.1	-0.9%
Other expenses	54.3	45.2	19.9%	129.2	129.5	-0.2%
<b>EBITDA</b>	<b>71.8</b>	<b>45.2</b>	<b>58.6%</b>	<b>184.1</b>	<b>131.8</b>	<b>39.6%</b>
<b>EBITDA margin (%)</b>	<b>18.7%</b>	<b>15.5%</b>	<b>+ 325 Bps</b>	<b>19.6%</b>	<b>15.5%</b>	<b>+ 404 Bps</b>
Finance Costs	4.2	7.1	-39.8%	13.1	21.2	-38.0%
Depreciation and Amortization	16.8	13.7	23.2%	43.3	39.0	11.2%
Profit before exceptional items and tax	50.7	24.5	106.7%	127.6	71.7	77.9%
Exceptional Items	-	-36.5	-	12.5	-36.5	-
<b>PBT</b>	<b>50.7</b>	<b>-11.9</b>	<b>-</b>	<b>140.1</b>	<b>35.3</b>	<b>297.4%</b>
Tax expense	15.7	-0.7	-	36.5	12.6	190.4%
<b>PAT</b>	<b>35.0</b>	<b>-11.2</b>	<b>-</b>	<b>103.6</b>	<b>22.7</b>	<b>356.6%</b>
<b>PAT margin (%)</b>	<b>9.1%</b>	<b>-</b>	<b>-</b>	<b>11.0%</b>	<b>2.7%</b>	<b>+ 835 Bps</b>
<b>Cash Profit</b>	<b>51.9</b>	<b>-</b>	<b>-</b>	<b>134.5</b>	<b>25.2</b>	<b>433.8%</b>



# Q3FY2021 Financial and Operational Discussions (Y-o-Y)

## Revenues from operations stood at Rs. 375.4 crore as against Rs. 287.6 crore

- The Company witnessed normalization in demand and enquiries in domestic and international markets during Q3 FY 2020-21 with steady engagements across the mid & large sized FMCG customers
- In addition, CFF, the Company's 100% wholly-owned subsidiary, also delivered an encouraging performance during the quarter supported by robust demand and volume off-take in the European markets. This is the first full quarter of consolidation of CFF in SHK's performance
- Excluding CFF contribution, on a like-to-like basis, revenues stood at Rs. 305.8 crore, higher by 6% YoY

## EBITDA stood at Rs. 71.8 crore; EBITDA margins improve to 18.7%

- Gross margins stood stable at 43%
- EBITDA margins improved by 325 bps to 18.7% on account of higher operating leverage
- Despite temporary surge in raw material prices, prudent inventory management combined with cost-optimization measures enabled the Company to register healthy operating performance during the period under review

## Profit after Tax stood at Rs. 35.0 crore as against Rs. 25.2 crore (excluding one-time exceptional cost), higher by 38.9%

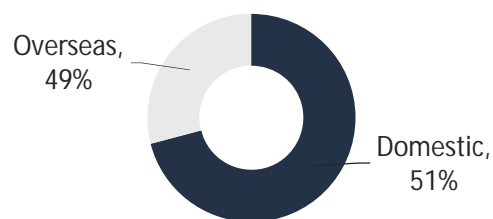
- PAT margins stood at 9.1%



# Fragrance Division

Particulars (Rs. crore)	Q3 FY21	Q3 FY20	Y-o-Y (%)	9M FY21	9M FY20	Y-o-Y (%)
Revenues from Operations	342.0	259.5	31.8%	839.8	758.0	10.8%
EBIT	48.7	31.7	53.3%	130.8	94.4	38.5%
EBIT Margins (%)	14.2%	12.2%	+ 200 Bps	15.6%	12.5%	+ 312 Bps

## Domestic and Overseas Revenue – Q3FY21



Y-o-Y Growth (%)	Q3FY21	9M FY21
Domestic	-3.2%	-1.2%
Overseas	109.6%	35.2%
<b>Total Growth</b>	<b>31.8%</b>	<b>10.8%</b>



Note: Figures in Rs. crore unless specified otherwise

- The Company saw normalisation in demand and improved business wins in the Fragrance division, which resulted in a healthy volume offtake in the domestic market
- New wins from existing and large and mid-sized FMCG customers in the domestic markets further assisted growth
- Higher operating leverage resulted in improved profitability performance during the quarter on a YoY basis

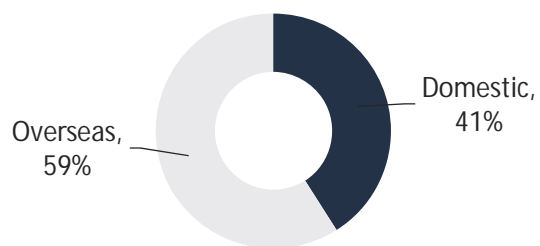




# Flavour Division

Particulars (Rs. crore)	Q3 FY21	Q3 FY20	Y-o-Y (%)	9M FY21	9M FY20	Y-o-Y (%)
Revenues from Operations	33.4	28.1	18.9%	78.8	77.3	1.9%
EBIT	7.0	4.4	59.0%	19.0	10.7	77.0%
EBIT Margins (%)	20.8%	15.6%	+ 525 Bps	24.1%	13.9%	+1023 Bps

## Domestic and Overseas Revenue – Q3 FY21



Y-o-Y Growth (%)	Q3FY21	9M FY21
Domestic	40.9%	-2.2%
Overseas	7.5%	4.6%
<b>Total Growth</b>	<b>18.9%</b>	<b>1.9%</b>

- Continued traction with existing and new customers in the domestic and international markets resulted in improved performance
- Healthy product mix resulted in improvement in operating margins



Note: Figures in Rs. crore unless specified otherwise

# CFF Performance

CFF – Abridged P&L Statement		
Particulars	Quarter ending Dec 31, 2020	as a % of Sales
Sales – Core Fragrance	47.3	
Sales – Contract Manufacturing	22.4	
Gross Profit – Core Fragrance	25.5	54%
Gross Profit – Contract Manufacturing	2.6	12%
EBITDA	9.9	14%
PBT	6.4	9%
PAT	4.6	7%
Cash Profit	7.9	11%

CFF B/S			
Particulars	Dec-20	Particulars	Dec-20
<b>Networth</b>	<b>44.0</b>	Net Fixed Assets ( including Goodwill)	70.0
Gross Debt	82.0	Net Working Capital	57.0
Cash and Bank	1.0		
<b>Net Debt</b>	<b>83.0</b>		
<b>Total Liabilities</b>	<b>127.0</b>	<b>Total Assets</b>	<b>127.0</b>



Note: Figures in Rs. crore unless specified otherwise

- On July 28, 2020, SHK concluded the full acquisition of Creative Flavours and Fragrances SpA (CFF) and accordingly, Q3 FY21 is the first full quarter of consolidation of CFF in SHK's performance.
- In the quarter, CFF delivered a robust performance on the back of increasing demand and volume off-take in the Italian and other European markets
- The Company continues to witness steady improvement in demand and consumption in the European markets



## Balance Sheet Snapshot – As on December 31, 2020



Note:

- 1) \*The Company's net debt position includes consolidation of CFF debt and payment of the second and final tranche of the CFF acquisition of -Rs. 141 crore
- 2) All Figures in Rs. crore

# Cash Flow Snapshot

Particulars (Rs. crore)	FY16	FY17	FY18	FY19	FY20	9MFY21
Cash flow from Operations	86	102	103	77	205	56
Cash flow from investing activities	-22	-96	-221	-137	-40	-28
Net	64	6	-117	-60	165	28

Note: Cash and cash equivalent includes investments in mutual fund

- Low capital intensive business – cash flow generation remains a key strength of SHK’s business model
- Investments are primarily towards in-organic and other cost saving opportunities – benefits to reflect in cash flows



# Key Financial Ratios

Particulars (Rs. crore)	FY16	FY17	FY18	FY19	FY20	9MFY21
EBITDA margin (%)	17.1	17.9	18.0	14.9	14.9	19.6
PAT Margin (%)	7.8	10.6	8.8	8.2	6.4	11.0
Debt to Equity	0.1	0.1	0.2	0.4	0.4	0.6
Return on Networth (%)	13.9	14.3	13.8	12.0	10.0	17.6
Return on Capital Employed (%)	21.0	22.7	20.2	13.5	11.3	15.8

Note:

1. Return on Networth is calculated as: PAT/ Average Networth
2. Return on Capital Employed is calculated as: EBIT/ Average Capital Employed
3. EBITDA adjusted for one-time expense in FY19
4. Impairment of plants and machineries in Netherlands resulted in a one-time exceptional expense of Rs. 36.5 crore in FY20, most of which is a non-cash impairment charge. This, impacted PAT and RoNW in FY20
5. PAT adjusted for one-time exceptional gain in 9MFY21

# Annexure



# Conference Call Details

## S H Kelkar and Company – Q3 & 9M FY21 Earnings Conference Call

**Time** • 02.00 PM IST on Thursday, February 11, 2021

**Primary dial-in number** • +91 22 6280 1141  
• +91 22 7115 8042

**India Local access Number** • +91 70456 71221 (Available all over India)

**International Toll Free Number** • Hong Kong: 800 964 448  
• Singapore: 800 101 2045  
• UK: 0 808 101 1573  
• USA: 1 866 746 2133



## 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 in 98 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 12 molecules over the last three years. The Company has filed 13 patent applications in respect of molecules, systems and processes developed by it, of which 2 have been commercially exploited in deodorant and fine fragrance categories.

Over the years, SHK has developed a vast product portfolio of fragrances and 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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