



August 10, 2017

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 on unaudited financial results for the quarter ended June 30, 2017

Further to the approval of unaudited financial results for the quarter ended June 30, 2017 by the Board of Directors of the Company at its meeting held on August 10, 2017 and submission of the same with the stock exchanges, we submit herewith presentation on results being made to investors in the Conference Call scheduled on August 14, 2017, invite of which has been submitted to the stock exchanges on August 09, 2017.

You are requested to take the above on record.

For S H KELKAR AND COMPANY LIMITED


Deepti Chandratre
Company Secretary & Compliance Officer



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S H Kelkar and Company Limited

Largest Indian-origin Fragrance & Flavour Company

Q1 FY18 Earnings Presentation

August 10, 2017





Disclaimer

Certain statements and opinions with respect to the anticipated future performance of 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.



Q1 FY18 Results Overview

Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q1 FY18	Q1 FY17	Y-o-Y Change (%)
Revenues from Operations (Net of excise & discount)	233.9	254.4	-8.1%
Other Operating Income	1.1	1.4	-24.6%
Total Operating Income	235.0	255.9	-8.2%
Other Income	3.8	3.2	19.9%
Total Income	238.8	259.0	-7.8%
Total Expenditure			
▪ Raw Material expenses	122.2	141.8	-13.8%
▪ Employee benefits expense	30.2	28.3	6.7%
▪ Other expenses	40.0	38.4	3.9%
EBITDA	46.5	50.5	-8.0%
EBITDA margin (%)	19.5%	19.5%	-3 bps
Finance Costs	0.6	1.7	-65.3%
Depreciation and Amortization	5.8	4.4	32.4%
PBT	40.1	44.4	-9.7%
Tax expense	13.3	16.9	-21.5%
PAT	26.8	27.5	-2.5%
PAT Margins	11.2%	10.6%	+60 bps
Cash Profit	32.6	31.9	2.3%

Q1 2018 Financial and Operational Discussions (Y-o-Y)



Total Income at Rs. 239 crore as against Rs. 259 crore

- The business momentum across the domestic market saw a slowdown due to GST-led cautiousness in trade and other broader market challenges
- International business reported stable performance amid a challenging macro-environment

EBITDA stood at Rs. 46.5 crore; EBITDA margins steady at 19.5%

- Subdued sales performance translated into lower EBITDA at Rs. 46.5 crore as against Rs. 50.5 crore in Q1 FY17
- Gross margins saw healthy improvement in-line with Company's approach to optimize raw material costs

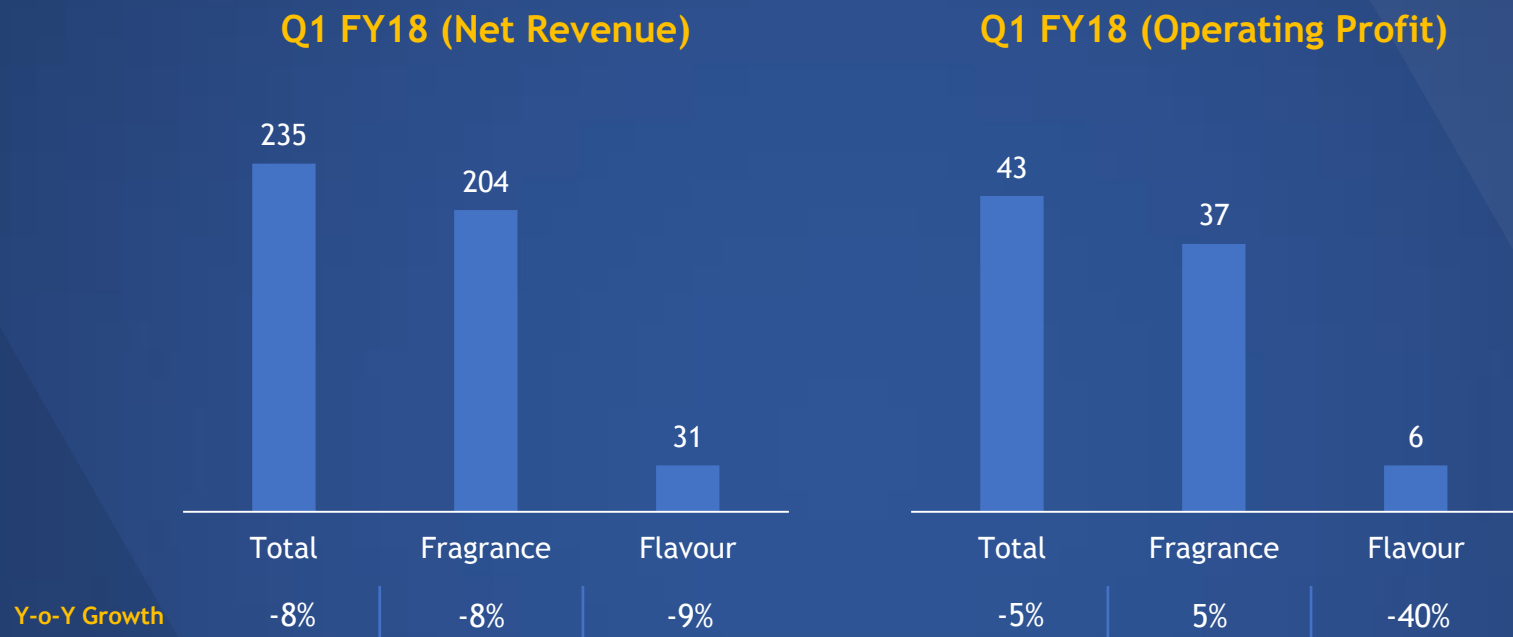
PBT at Rs. 40.1 crore

- PBT is lower by 9.7% at Rs. 40.1 crore as against Rs. 44.4 crore in Q1 FY17

PAT stood at Rs. 26.8 crore as against Rs. 27.5 crore, lower by 2.5%

- PAT margins improve to 11.2%

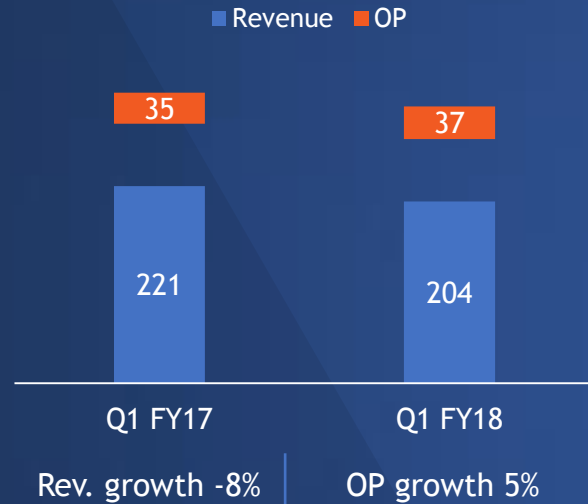
Revenue & Operating Performance - Q1 FY18



- Q1 FY18 Total Revenue lower by 8%; Constant currency was lower by 7%
 - Lower offtake in the FMCG sector owing to GST resulted in subdued domestic performance during the quarter.
 - Domestic sales declined by 10%
 - Further, weak demand in the international markets impacted overseas performance during the quarter
 - Overseas sales were down 3%
- Fragrance division contributed 87% to Total Revenues and contribution of Flavours division stood at 13%

Fragrance Division

Net Revenue & Operating Profit - Q1 FY18



- Fragrance division reported lower than expected growth during the quarter - domestic revenues declined by 12%, overseas market reported steady growth of 3%
- GST-led destocking across trade and channels led to subdued domestic performance
- Operating profit was at Rs 37 crore, higher by 5%
 - Operating profit margins - at 17.9% in Q1 FY18 vs 15.7% in Q1 FY17

Domestic and Overseas Revenue - Q1 FY18



Y-o-Y Growth (%)	Q1 FY18
Domestic	-12
Overseas	3
Total Growth	-8

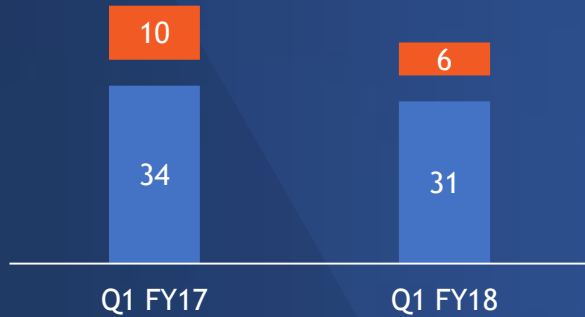
Note: Rs. crore



Flavour Division

Net Revenue & Operating Profit - Q1 FY18

■ Revenue ■ OP



Y-o-Y Growth

Rev. growth -9%

OP growth -40%

- Flavour division reported a subdued performance during the quarter. On a half yearly basis, overseas demand is expected to be comparable with last year (demand shift within Q1 & Q2)
- Operating profit margins at 20.1% in Q1 FY18 vs 30.3% in Q1 FY17
 - Additional amortization and one-time costs incurred for integration of acquired business impacted margin performance

Domestic and Overseas Revenue - Q1 FY18



Note: Rs. crore

Y-o-Y Growth (%)	Q1 FY18
Domestic	8
Overseas	-28
Total Growth	-9



Balance Sheet Snapshot - As on 30th June, 2017



842

Networth

325

Fixed Assets

91

Cash & Investments

-20

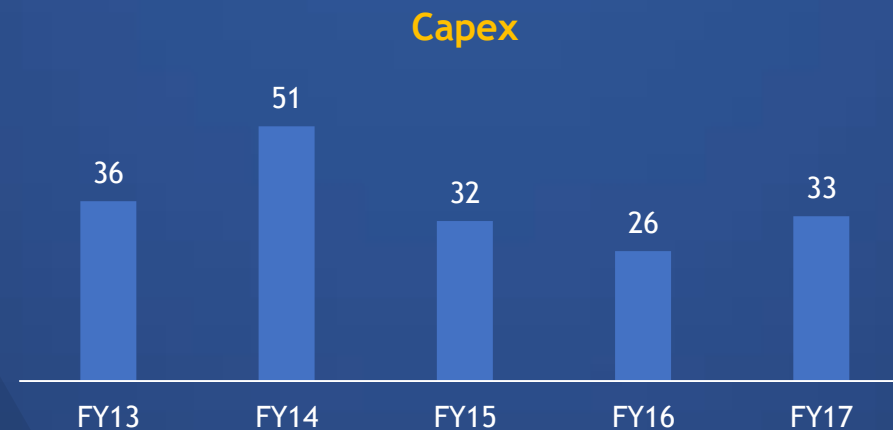
Net Debt

Cash Flow Snapshot



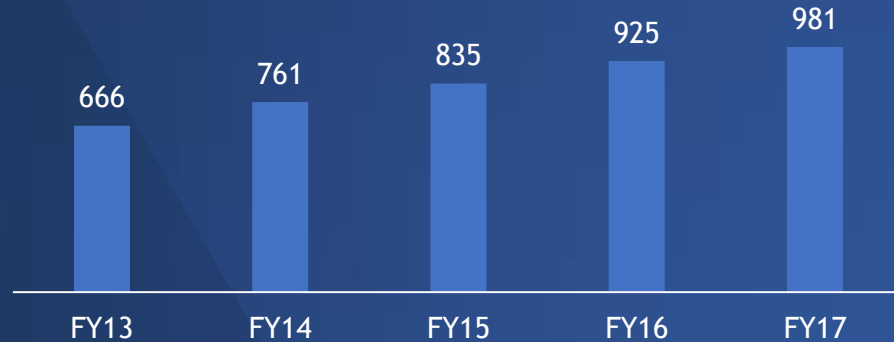
Particulars (Rs. crore)	FY13	FY14	FY15	FY16	FY17	Q1 FY18
Cash flow from Operations	103.1	32.1	61.7	86.4	103.2	30.6
Cash flow from investing activities	-33.3	-63.7	-17.3	-22.4	-93.0	-39.1
Net	69.8	-31.6	44.4	64.0	10.2	-8.4

Note: Cash and cash equivalent includes investments in mutual fund

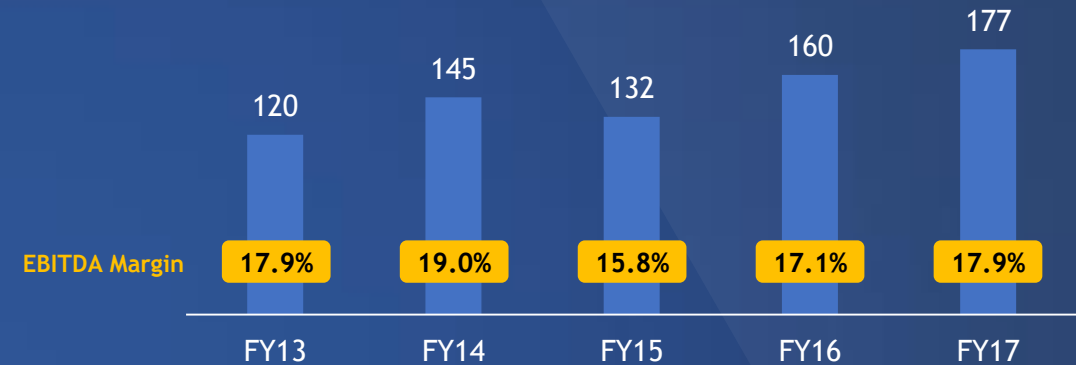


Robust Historical Financial Trend

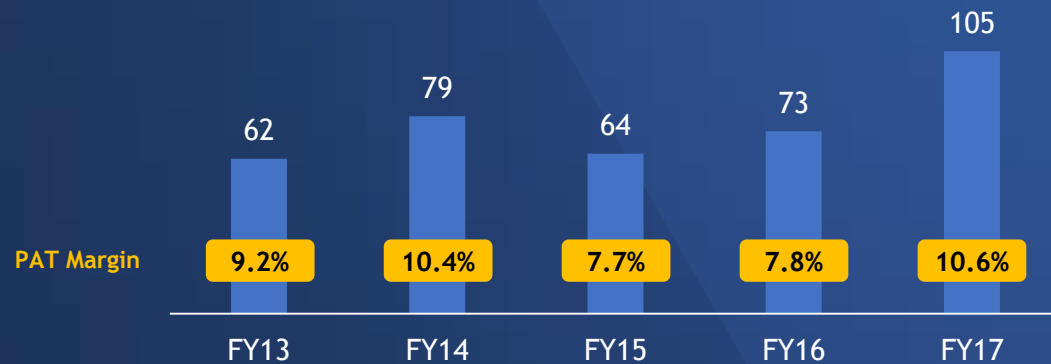
Net Revenue from Operations



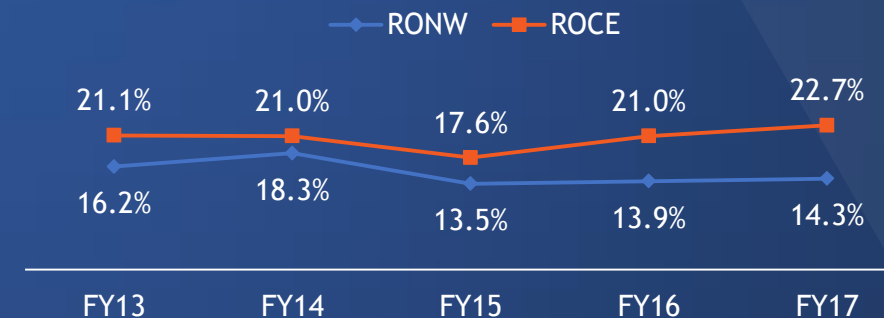
EBITDA



PAT



Return on Net Worth & Return on Capital Employed (%)



Key Financial Ratios

Particulars (Rs. crore)	FY13	FY14	FY15	FY16	FY17	Q1 FY18
EBITDA margin (%)	17.9	19.0	15.8	17.1	17.9	19.5
PAT Margin (%)	9.2	10.4	7.7	7.8	10.6	11.2
Debt to Equity	0.3	0.4	0.5	0.1	0.1	0.1
Debt to EBITDA	1.1	1.3	1.8	0.5	0.4	0.4
Return on Networth (%)	16.2	18.3	13.5	13.9	14.3	13.5
Return on Capital Employed (%)	21.1	21.0	17.6	21.0	22.7	21.0

Note:

1. Return on Networth is calculated as: $PAT / \text{Average Networth}$
2. Return on Capital Employed is calculated as: $EBIT / \text{Average Capital Employed}$
3. All figures till FY15 as per IGAAP;

Management Comment



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

“We have begun the fiscal on a steady footing despite broader market challenges and subdued demand in the FMCG sector. GST-led destocking across trade and channels impacted the sector as a whole, which in turn affected our domestic performance. International business performance, however, remained fairly steady as we sustained market share across key geographies.

Over the last many years, we have been constantly working on several cost optimization measures to improve our operating efficiency. In sync with this approach, the Company is implementing a well-thought out cost-saving initiative in the Fragrance division, which will allow us greater flexibility in our backend manufacturing operations and leverage our existing presence in a low cost centre. This initiative is a key area of focus for us and we look forward to reporting an attractive ROI.

Going forward, we anticipate the macro-situation to normalize by the latter half of the fiscal led by a healthy rebound of consumer demand. We remain confident that our business fundamentals, innovation & R&D capabilities, and our leadership position in the niche sector will help upscale Company’s performance in the quarters ahead. Moreover, the pro-growth and cost-saving initiatives undertaken by us will also help augment business performance from H2 FY18 onwards.”



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Annexure

Conference Call Details



S H Kelkar and Company Ltd.'s Q1 FY18 Earnings Conference Call

Time	<ul style="list-style-type: none">• 12.00 noon IST on Monday, August 14, 2017
Primary dial-in number	<ul style="list-style-type: none">• +91 22 3938 1071
India Local access Number	<ul style="list-style-type: none">• +91 22 3940 3977 (Accessible from all carriers)
International Toll Free Number	<ul style="list-style-type: none">• 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 90 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 flavor 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 centers in Mumbai, Bengaluru, The Netherlands and Indonesia for the development of fragrance and flavour products. Their research team has developed 12 molecules over the last three years, of which the Company has filed patent applications for three.

Over the years, SHK has developed a vast product portfolio of fragrances and flavor products for the FMCG, personal care, pharmaceutical and food & beverages industry. The Company has a diverse and large client base of over 4,100 customers including leading national and multi-national FMCG companies, blenders of fragrances & flavors and fragrance & flavor producers.

For further information please contact:

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Thank You