



December 4, 2018

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: Intimation of Investor meetings pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to above mentioned regulation, we wish to inform you about the Investor meetings attended by the Company today, details of which are mentioned below:

Sr. No.	Name of Investors	Location
1.	Neuberger Berman	Mumbai
2.	Morgan Stanley Investment Management	Mumbai
3.	Infina Finance	Mumbai
4.	Jeetay Investments	Mumbai
5.	Edelweiss Securities	Mumbai
6.	Emkay PMS	Mumbai

We also enclose herewith Investor Presentation for your record.

We request you to take the same 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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Regd. Office : Devkaran Mansion, 36, Mangaldas Road, Mumbai - 400 002. (INDIA)
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CIN No. L74999MH1955PLCO09593



Crafting Sensorial Delight

S H Kelkar and Company Limited

Largest Indian-origin Fragrance & Flavour Company

Investor Presentation

December 2018





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.

Contents





Who We Are

Who We Are



- *Established 96 years back by SH Kelkar and VG Vaze*
- *Leading Fragrance & Flavour company in India exporting to 52 countries*

- *Global scale, state-of-the-art infrastructure*
- *Leading domestic provider of Fragrance & Flavour to FMCGs*

- *Broad- based board - 50% comprise of Independent Directors*
- *Professional management & leadership team*

At a Glance



96

Years of Market Conviction

9,700+

Products

4,100+

Customers

849

Employees

~12.1%

8-year Sales CAGR (FY2011-18)

₹ 1,019 cr

Turnover – FY18

7

Manufacturing Locations

4

Creation & Development Centres

Shareholding Pattern



Note: As on Sept 30, 2018



Crafting Sensorial Delight



Niche Industry

Global F&F Market & Key Characteristics

Market Size (US\$ BN)



Concentrated market

- Consolidated Industry globally
- 10 players control 79% of market share
- Top 4 control 58% of the market in CY17

FMCG & Innovation play

- FMCG companies greatly depend on the reliability, quality of service and the F&F company's technical know-how
- Typically, long term supply relationships with F&F partner

Increasing consolidation

- Large players continue to consolidate, for scale and differentiated product portfolio
- Top 10 companies in the industry together accounted for nearly 79% of the industry sales in 2017, as compared to 64% in 2000

Emerging market focus

- Emerging markets continuing to grow with premiumization & broadening of product offerings
- Increasing disposable income in world's emerging markets

India's Favourable Dynamics Offer Huge Opportunities



Globalization

- Globalisation to further enhance and influence customer preferences
- To bring in new product concepts and ideas into Indian markets

Rising young population

- Population of 1.21 bn, growing 1.41% annually
- Young population ~65% below 30 years age
- Growing working population to be large consumer of FMCG products

Urbanization

- Urbanization in India drives growth especially in the processed food industry
- Urbanization has increased from 29.9% in 2007 to 33.5% in 2017

Literacy & lifestyle

- Increasing literacy levels impacting consumer awareness and knowledge
- Demand shift for better quality, innovative F&F products
- Greater demand for packaged and processed foods

Rise of modern retail

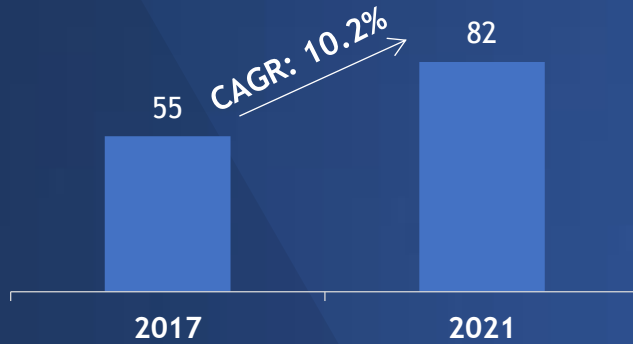
- Increasing number of shopping malls and complexes
- Mall culture pick up in Tier 1 and Tier 2 cities across India

Rising disposable incomes

- Rising disposable income, pivotal for F&F growth
- India is witnessing continuous increase in disposable income

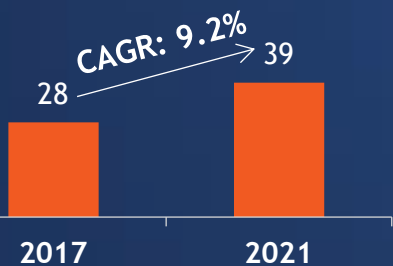
Indian F&F Market to Outpace Global F&F Growth

Market Size (Rs Bn)

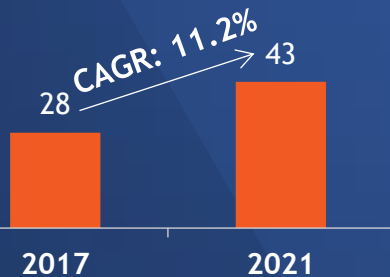


F&F Market Size

Fragrance



Flavour



High growth in FMCG

- Directly correlated to FMCG growth

Premiumization in personal care

- Consumers are increasingly buying sophisticated premium personal care products

Growth in 'naturals' segment

- Major shift in consumer preferences from synthetic to natural fragrances

Increasing consumption

- All sub-segments within Fragrance and Flavours are witnessing healthy growth

Increase in private labels:

- Increasing acceptance of private labels in India, with most big brands expanding presence in developing economies
- Consumers are looking to experiment with newer fragrances and flavors

- The Indian market is dominated by large global fragrance and flavour houses which contribute more than 60% of the Indian production of blends
- SHK is the largest Indian player and closely competes with Global MNCs
- Numerous small firms mostly cater to the unorganized market



F&F Industry - Strong Entry Barriers

High customer acquisition time

Established relationships with customers

Sustained R&D efforts

Availability of key Ingredients

Stringent regulatory compliance



Crafting Sensorial Delight



Our Business

Diverse Customer Base backed with Leading Brands

3,600+

Fragrance customers

+

500+ 

Flavours customers

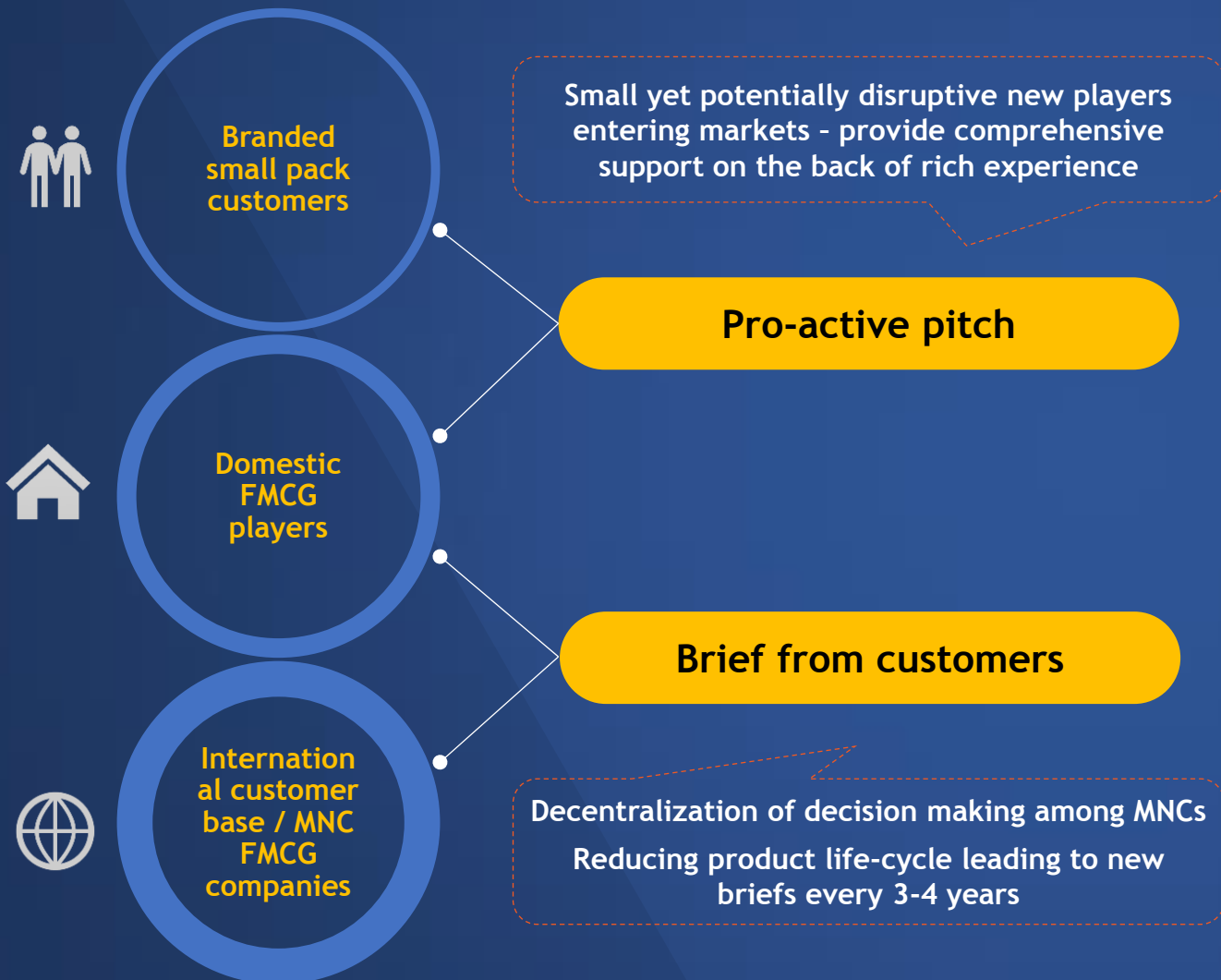
Brands



- Over 4,100 customers including,
 - FMCG leaders, domestic companies, trade customers & global corporates
 - Diversified and comprehensive portfolio resulting in low concentration on any particular product or customer
 - Long term relationships with several customers spanning over 15 years
- Category Leader Brands in the portfolio - SHK, Keva and Cobra
 - Branded small pack products “Cobra” sold to hundreds of traders and re-sellers across India

Long term relationships with diversified customers driven by a portfolio of customised products and strong brands

Client-Brief / Pitch Process



■ Technical and Commercial requirement:

- Understanding of customer insight for sensory and technical perspective

■ New Product / Product Library / Market Research:

- Development based on the received brief
- Product innovation supported by strong market research
- Over 35,000 formulations form part of library

■ Regulatory compliance and counsel:

- In-line with global governing standards for F&F industry

Key to winning: consumer insight combined with local market understanding

Strong R&D Capabilities

- Focus on creative and consumer-centric research activities
- R&D centre in Mulund recognised by the Government of India's Department of Science and Industrial Research
- Only company of Indian origin to file patents in field of Fragrance and Novel Aroma Molecules



Creation & Development Centers

- Creation & Development Centers (CDCs) - works in collaboration with customers, as an extended R&D arm
- Strong and dedicated team of perfumers, flavourists, evaluators and application executives
- Established Fine Fragrance Development Centre in Amsterdam
 - Strong base in Europe, along with CFF lab in Milan
 - To track early development in trends and target new business opportunities coming up in the region



Strong Raw Material Sourcing Capabilities

Strategic investments in inventory -
 hedge against significant volatility in supply & price of key raw materials

46%

International Suppliers

Raw material sourcing nations include Indonesia, Germany, Brazil, China and US

Library of Raw Materials: 1,200+

54%

Domestic Suppliers

262 Indian Suppliers

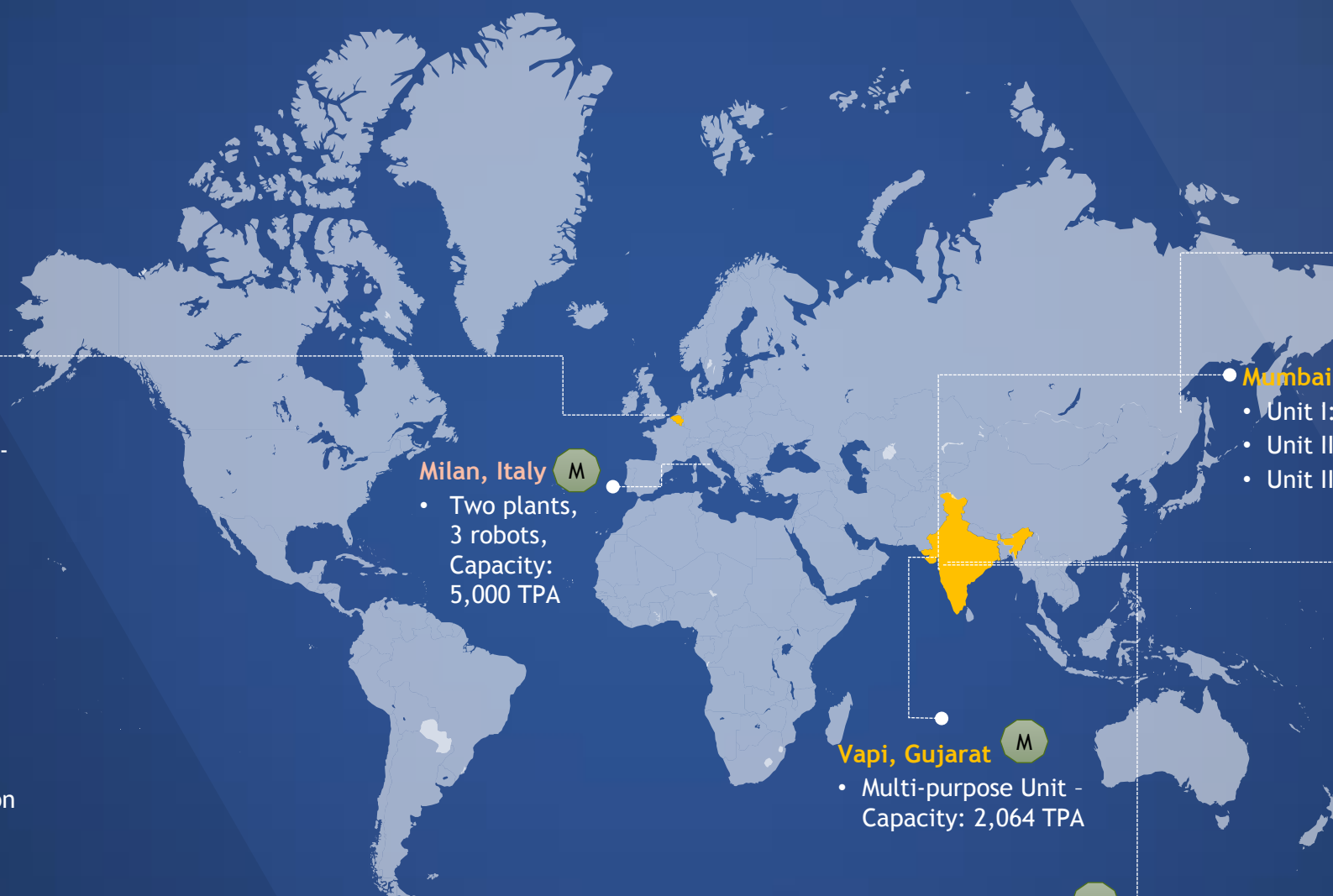
250 ingredients sourced from owned facilities

Established Long-term partnerships with key suppliers, some for over 20 years

Sourced ~ 35% of RM requirement from top 10 suppliers

Implemented SAP ERP for collaborative planning, forecasting and monitoring of replenishment system

Growth ready manufacturing operations



Barneveld, Netherlands

- One musk unit and one multi-purpose unit.
- Capacity: 1,650 TPA



Milan, Italy

- Two plants, 3 robots, Capacity: 5,000 TPA



Taihe, China

- Musk unit Anhui
- Capacity: 400 TPA



Mumbai, Maharashtra

- Unit I: Fragrance - Capacity: 5,400 TPA
- Unit II: Fragrance - Capacity: 6,600 TPA
- Unit II: Flavour - Capacity: 7,500 TPA



Vashivali, Raigad, Maharashtra

- Fragrance - Capacity: 10,342 TPA
- Flavour - Capacity: 3,000 TPA



Vapi, Gujarat

- Multi-purpose Unit - Capacity: 2,064 TPA



Mahad, Maharashtra

- Musk unit - Capacity : 1,200 TPA



Manufacturing location

India location

International location

Business Strategy



Continue growth in market share

- Focus on retaining current domestic market leadership and enhancing market share
- Expand presence in the branded small pack portfolio by deepening the distribution network and introducing new products



3x3 Strategy

- Strong focus on the three key regions of South Asia (through India), South East Asia (through Indonesia) and Western Europe (through Italy)
- Significant opportunities across these markets for various product lines, particularly Air Care, Fabric Care and Fine Fragrances



Strengthen innovation platform to enhance product portfolio

- Establish additional creation and development centers both in India and overseas
- Strategy to leverage R&D capabilities to develop and enhance product offerings and increase revenue and improve profit margins



Supply chain Optimization

- Strengthening sales and operations planning by implementing new processes and tools
- Raw material management and efficient inventory management



Accelerate growth through strategic acquisitions and partnerships

- Strategic acquisitions to expand current portfolio of products, strengthen technological platform and to provide access to new markets

Creating Value through Inorganic Growth

Focus on accelerating growth through acquisitions - constantly evaluating value accretive opportunities across key geographies

Key attributes for acquisitions:

Rich intellectual capital, complementary strengths, to fortify customer relationships, and access to newer markets

Strategic approach to pursue tuck-in acquisitions to grow market share

Recent acquisitions

- Acquired 51% of Italy-based Creative Flavours & Fragrances S.p.A (CFF)
 - To strengthen global product offerings, particularly in Fine Fragrances and Fabric Care segments
- Acquired 67% equity stake in China-based Anhui Ruibang Aroma
 - Provides access to another Tonalid manufacturing facility - to enable SHK to consolidate its market leadership in the segment

Showcased significant operating leverage through recently executed acquisitions

Strong Management Team

Management Team - Best-in-class experience

Kedar
Ramesh
Vaze

Whole time Director & Group CEO

Exp. - 20+ Yrs

B.
Ramkrishnan

Director Strategy

Exp. - 35+ Yrs

Indrajit
Chatterjee

EVP & Group CHRO

Exp. - 20+ Yrs

Makarand
Patwardhan

Senior VP - Fragrance Operations & Business Solutions

Exp. - 33+ Yrs

Shrikant
Mate

Executive VP & Group CFO

Exp. - 32+ Yrs

Pramod
Davray

Executive VP - Fragrance India

Exp. - 40+ Yrs

Luc Malfait

VP - Fragrances, Europe

Exp. - 30+ Yrs

Amit Gulati

VP - Aroma Ingredients Division

Exp. - 25+ Yrs

Anuradha
Sansar

VP - Global Fragrance Innovation

Exp. - 31+ Yrs

Anurag
Yadava

VP - Flavours

Exp. - 22+ Yrs

- Ranked 26th in the 'Dream Companies To Work For' by Times Ascent at World HRD Congress, February 2018, earlier ranked 29th in 2017
- Awarded 'Dream Companies to Work For' in Manufacturing space in 2017
- Received the award for "Best HR Strategy In Line with business" at the Global HR Excellence Awards, 2015
- Received the award for "Dream Companies to Work For (Manufacturing)" by the Human Resource Development Congress in 2015

SHK has placed significant importance on developing human resources through workshops and individual development plans

Strong governance - Independent Board

Board of Directors

Promoter Directors

Ramesh Vaze
Managing Director

Kedar Vaze
Whole time Director

Prabha Vaze
Director

Non Executive Directors

Amit Dalmia
Director

Deepak Bindra
Director

Independent Directors

Shrikant Oka
Independent Director

Dalip Sehgal
Independent Director

Alpana Parida Shah
Independent Director

**Jairaj Manohar
Purandare**
Independent Director

**Sangeeta Kapiljit
Singh**
Independent Director



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Financial Highlights

Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q2 FY19	Q2 FY18	Y-o-Y Change (%)	H1 FY19	H1 FY18	Y-o-Y Change (%)
Revenues from Operations (Sales excluding Excise & GST)	282.1	220.8	27.7%	518.1	454.8	13.9%
Other Operating Income	1.4	0.4	282.5%	1.8	0.8	139.5%
Total Operating Income	283.5	221.2	28.2%	519.9	455.5	14.1%
Other Income	6.0	1.9	219.0%	9.3	6.9	34.4%
Total Income	289.5	223.1	29.8%	529.2	462.5	14.4%
Total Expenditure	246.8	186.5	32.3%	450.2	379.4	18.7%
▪ Raw Material expenses	162.9	114.6	42.2%	295.1	236.7	24.6%
▪ Employee benefits expense	37.6	30.7	22.5%	66.7	60.9	9.6%
▪ Other expenses	46.3	41.2	12.3%	88.5	81.7	8.2%
EBITDA	42.8	36.6	16.8%	79.0	83.1	-4.9%
EBITDA margin (%)	14.8%	16.4%	-164 bps	14.9%	18.0%	-304 bps
Finance Costs	1.9	1.1	76.0%	3.4	1.7	103.3%
Depreciation and Amortization	7.6	5.7	32.9%	14.4	11.5	24.6%
PBT	33.3	29.8	11.7%	61.2	69.9	-12.4%
Tax expense	4.9	11.0	-55.6%	14.9	24.3	-38.6%
PAT	28.8	18.9	52.8%	47.5	45.7	4.1%
PAT Margins	10.0%	8.5%	+150 bps	9.0%	9.9%	-90 bps
Cash Profit	36.4	24.6	48.1%	61.9	57.2	8.2%

Key Developments

Formal inauguration of aroma ingredients manufacturing facility at Mahad, Maharashtra during the quarter

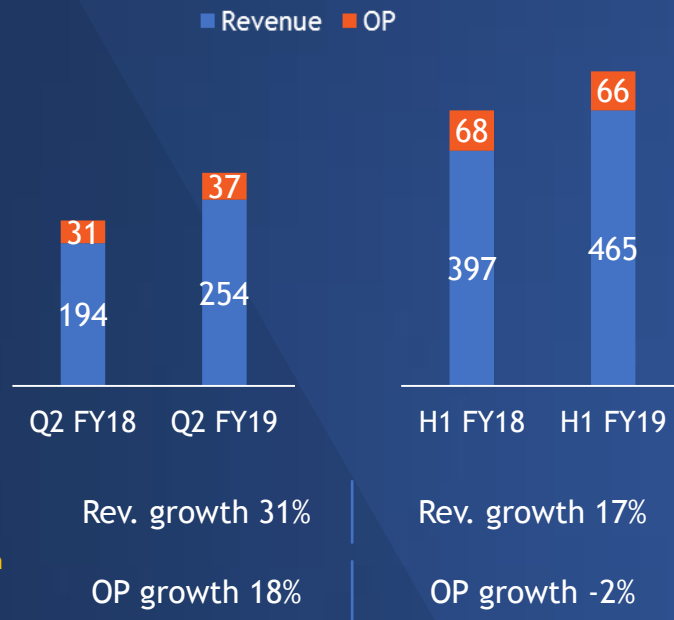
- The state-of-the-art facility will manufacture Tonalid and other key raw materials used in the fragrance industry
- With a total installed capacity of 1,200 MTPA, the facility is one of the largest manufacturing facilities for Tonalid, worldwide
- This is in sync with a previously announced strategic investment plan to shift production of aroma ingredients from Barneveld, Netherlands to a high quality & operationally efficient center like India

Capacity optimization at the Tonalid manufacturing facility in China

- Following the acquisition of a majority equity stake in Anhui Ruibang Aroma Chemical Co. in May 2018, the Company has optimized the capacity at its Tonalid manufacturing facility in China at nominal capex
- The installed capacity is now optimized to 400 MTPA

Fragrance Division

Net Revenue & Operating Profit



- Fragrance division delivered healthy growth in H1 assisted by robust revival in Q2
- Domestic Fragrance business reported solid performance of 24% in H1; while overseas revenues grew by 3%
- Surge in raw material costs impacted profitability on a YoY basis - price increases with improving availability of raw materials should assist operating margins over the long-term



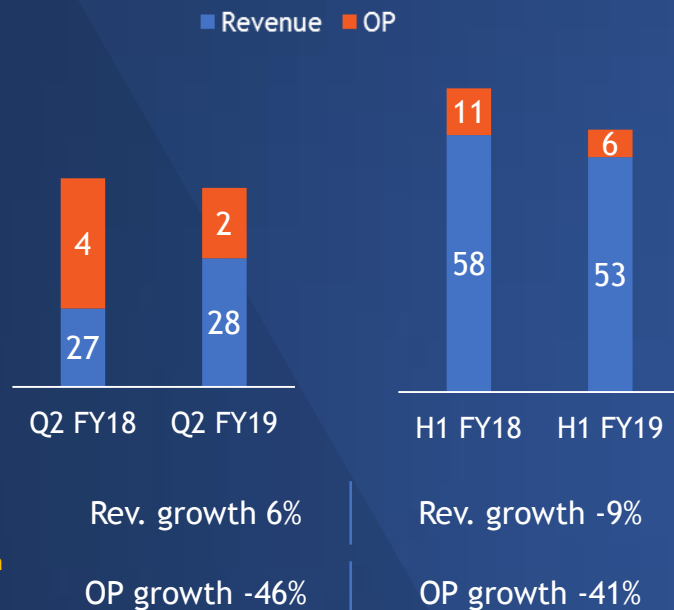
Domestic and Overseas Revenue - H1 FY19



	Y-o-Y Growth (%)	Q2 FY19	H1 FY19
Domestic		36	24
Overseas		20	3
Total Growth		31	17

Flavour Division

Net Revenue & Operating Profit



- Flavour division reported a subdued performance during the period -domestic revenues came in lower by 20% in H1 as a result of supply-side disruptions which led to increased pricing pressures in the domestic market
- Operating profit was at Rs. 6 crore with margins at 12% in H1

Domestic and Overseas Revenue - H1 FY19



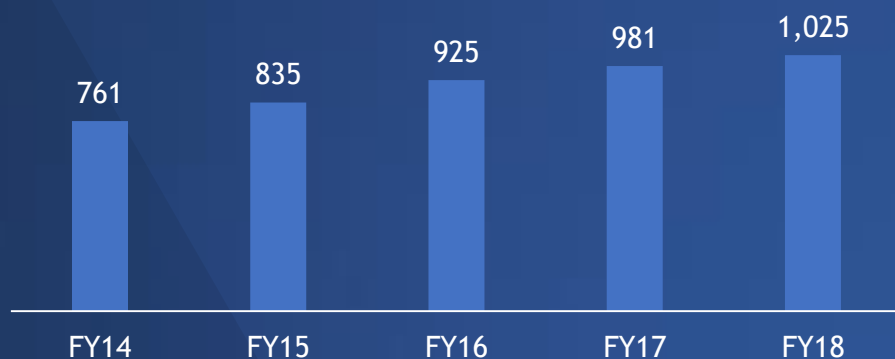
Y-o-Y Growth (%)	Q2 FY19	H1 FY19
Domestic	-3	-20
Overseas	24	12
Total Growth	6	-9

Note: Figures in Rs. Crore unless specified otherwise

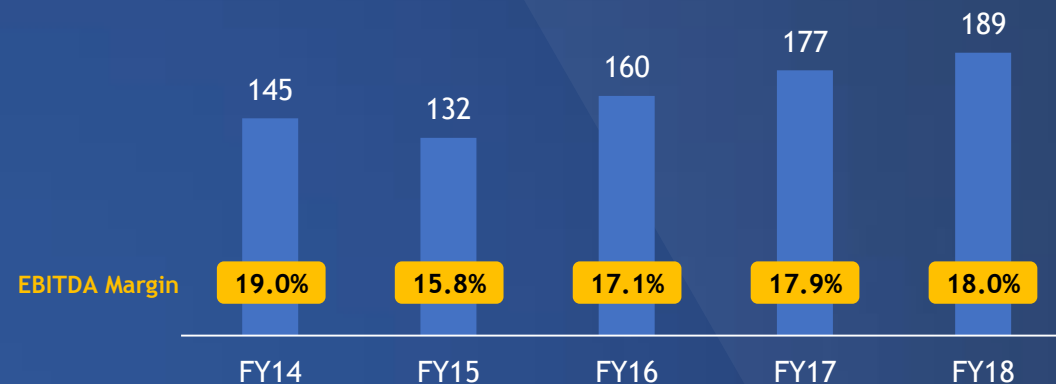


Robust Historical Financial Trend

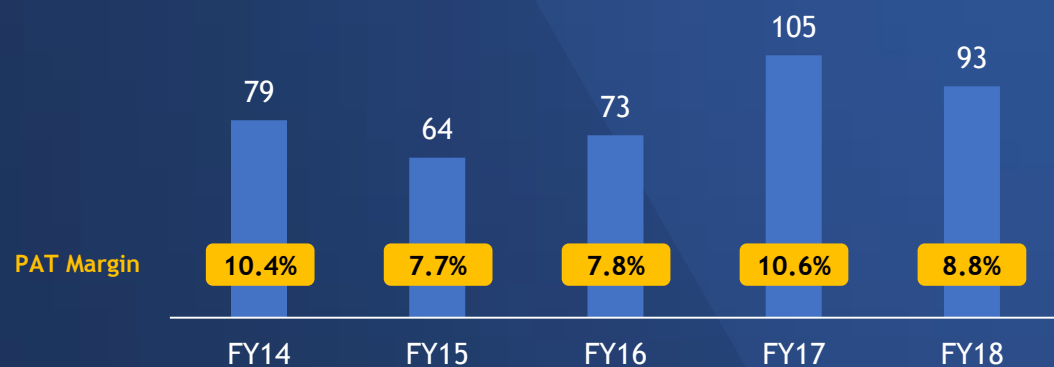
Total Operating Income



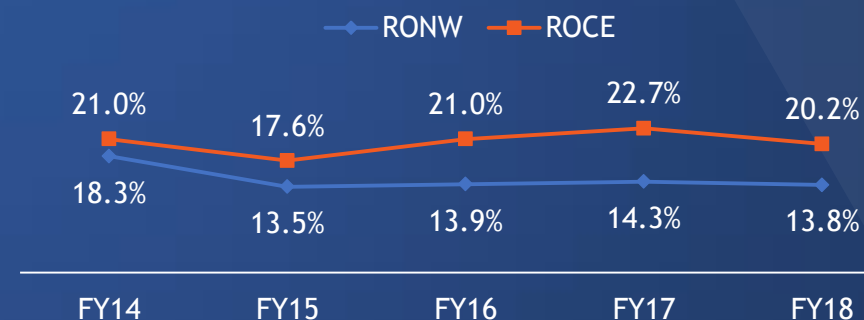
EBITDA



PAT



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



Balance Sheet Snapshot - As on September 30, 2018



857

Networth

465

Fixed Assets

32

Cash & Investments

242

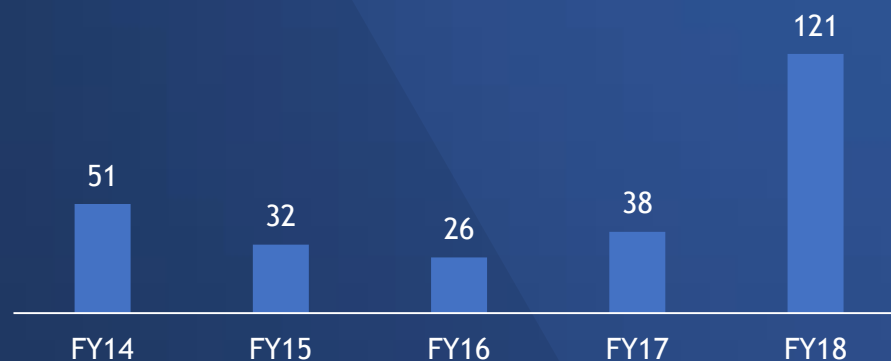
Net Debt

Cash Flow Snapshot

Particulars (Rs. crore)	FY14	FY15	FY16	FY17	FY18	H1 FY19
Cash flow from Operations	32.1	61.7	86.4	102.3	103.3	41.6
Cash flow from investing activities	-63.7	-17.3	-22.4	-96.0	-220.6	-95.1
Net	-31.6	44.4	64.0	6.3	-117.3	-53.5

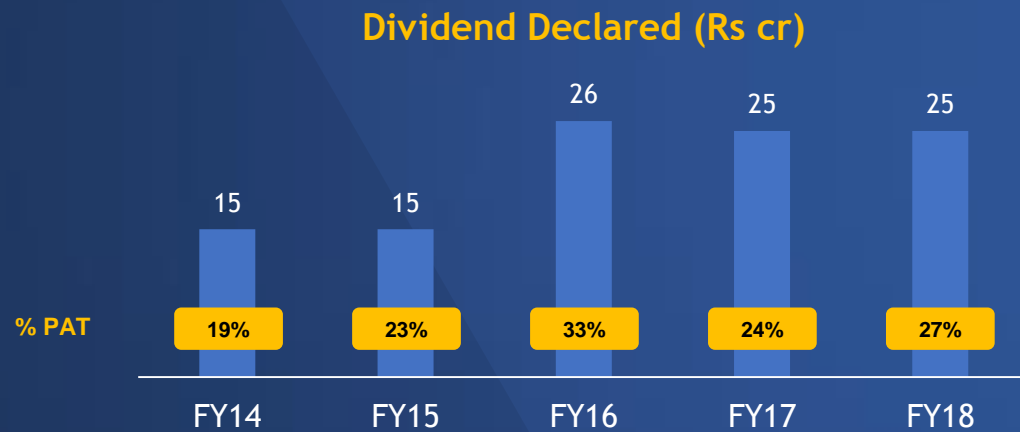
Note: Cash and cash equivalent includes investments in mutual fund

Capex



- Low capital intensive business - robust 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 going forward

Strong Payout Policy



- Committed to rewarding shareholders
- Maintained healthy payout ratio

Financial Snapshot

Particulars (Rs. crore)	FY14	FY15	FY16	FY17	FY18
EBITDA margin (%)	19.0	15.8	17.1	17.9	18.0
PAT Margin (%)	10.4	7.7	7.8	10.6	8.8
Debt to Equity	0.4	0.5	0.1	0.1	0.2
Return on Networth (%)	18.3	13.5	13.9	14.3	13.8
Return on Capital Employed (%)	21.0	17.6	21.0	22.7	20.2

Notes:

1. Return on Networth is calculated as: PAT/ Average Networth
2. FY18 Networth / Capital Employed adjusted for one-time expenses
3. Return on Capital Employed is calculated as: EBIT/ Average Capital Employed
4. All figures till FY15 as per IGAAP



Key Highlights

Growth Levers

High operating leverage

To drive profitability leading to better return ratios



Expand Branded small pack portfolio

Focus on increasing branded sales in the Fragrance division by introducing new products

Consolidation opportunity in the fragmented Flavours industry

On-going prospects in the flavour industry for strategic tuck-in acquisitions

Balance Sheet to further strengthen owing to notable Free Cash Flow generation

Well-positioned to pursue strategic acquisitions and partnerships

Summary



Established Market Leadership

Favorable Industry Dynamics

Strong Entry Barriers

Growth Ready

Experienced Promoters and Management



Crafting Sensorial Delight



Annexure

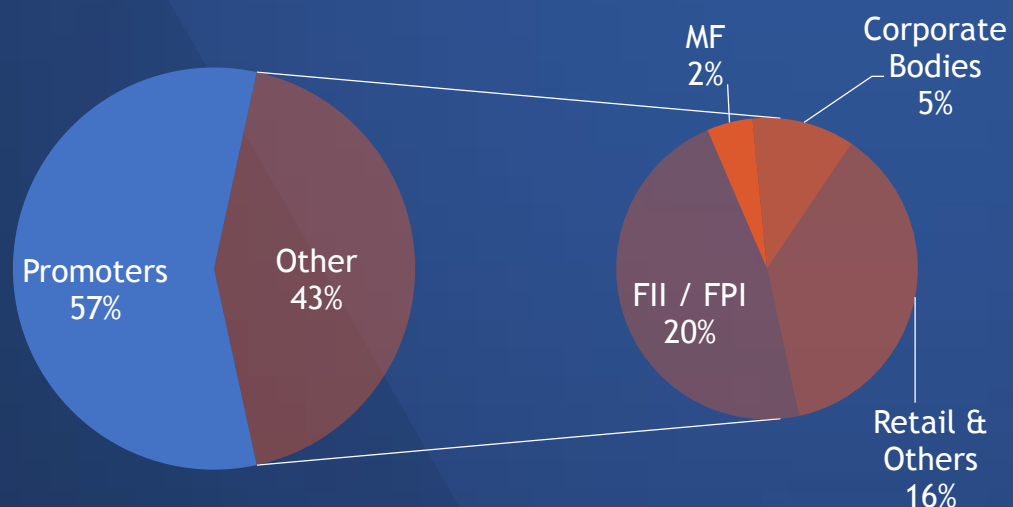
Key Market Statistics

Key Market Statistics	As on Oct 31, 2018
BSE/NSE Ticker	539450 / SHK
CMP (Rs.)	168
Market Cap (Rs. Crore)	2,434
Number of outstanding shares (Crore)	14.46
Face Value	10.00
52-week High / Low (Rs.)	310.3 / 166.5

Top Public Shareholders

MORGAN STANLEY
MONDRIAN INVESTMENT
NEUBERGER BERMAN
STEWART INVESTORS
STICHTING DEPOSITARY APG FUND
HDFC TRUSTEE COMPANY
VIRTUS KAR EMERGING MARKETS
KOTAK INDIA FUNDS
CATAMARAN ADVISORS
ROYCE FUNDS

Break-up of Floating Stock (%)



As on October 31, 2018



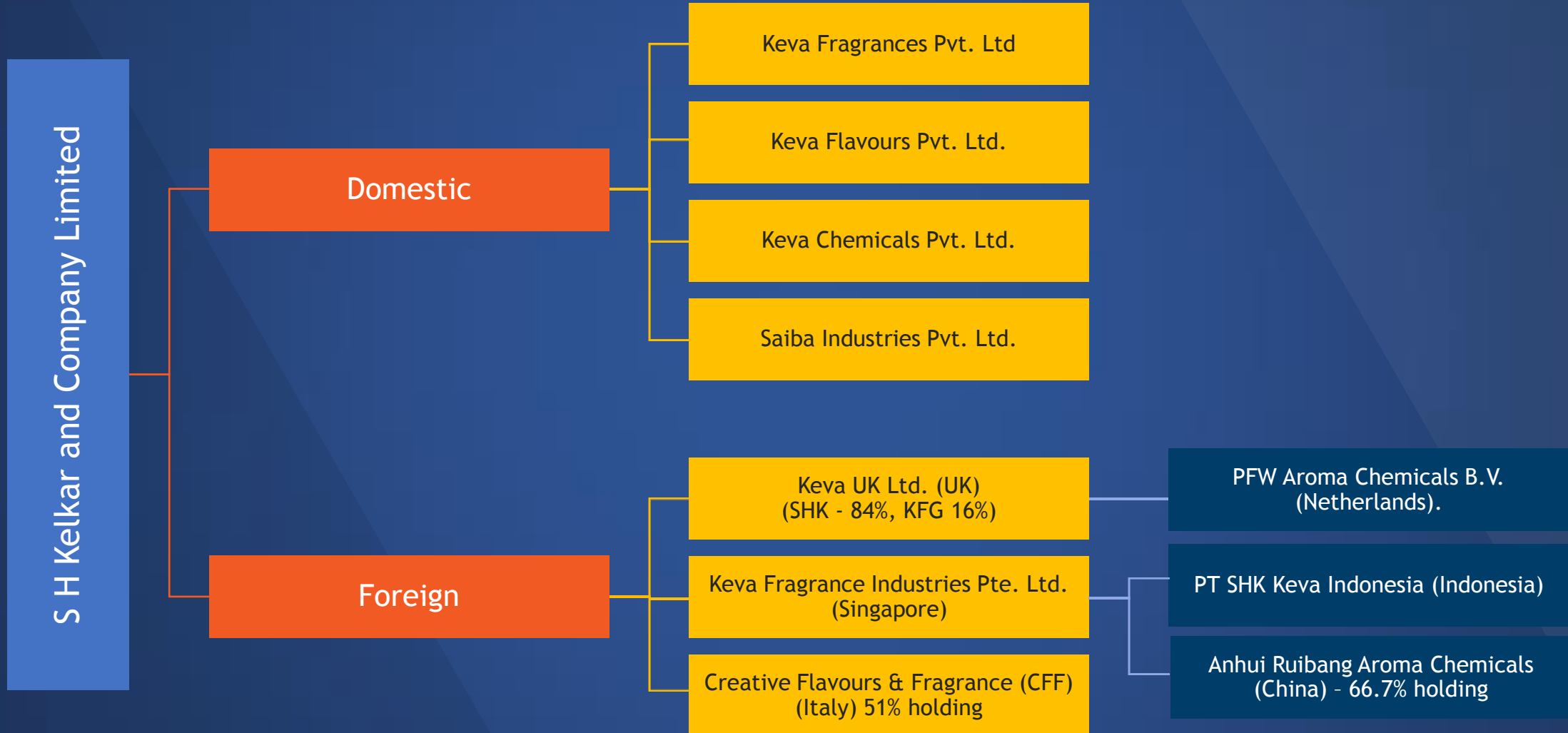
Corporate Social Responsibility

- Recognizes its role and responsibility to deliver superior and sustainable value to customers, business partners, employees and communities
- SHK has been contributing for the cause of economically, socially and physically challenged groups to support their sustainable livelihood

Key Initiatives

- Initiated a plantation program, which includes approximately 2,100 Australian teak wood trees, 1,000 pink pepper trees over 10 acres of land in Raigad to assist in the creation of a green belt
- Set up Kelkar education trust in 1979, which started Shri V.G. Vaze College of Arts, Commerce and Science in the Greater Mumbai Metropolitan Area in 1984
- SHK also participates in community development projects in small towns and villages to create employment opportunities for the locals
- SHK was conferred the ‘Best Corporate Partner Award’ in December 2017 by National Society for Equal Opportunities for the Handicapped (NASEOH) for the Company’s association for supporting the cause of physically challenged people

Corporate Structure



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 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 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 four creation and development centres in India, The Netherlands, Indonesia and Italy for the development of fragrance and flavour products. 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 flavor 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 & flavor producers.

For further information please contact:

Ms Deepti Chandratre

S H Kelkar and Company Limited

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Thank You