



August 09, 2022

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 ended June 30, 2022

Further to the approval of unaudited financial results for the quarter ended June 30, 2020 by the Board of Directors of the Company at its meeting held today 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

Rohit Saraogi
Company Secretary & Compliance Officer



Encl: As above



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CIN No. L74999MH1955PLC009593



**S H KELKAR
AND COMPANY LIMITED**

Q1 FY23 Earnings Presentation

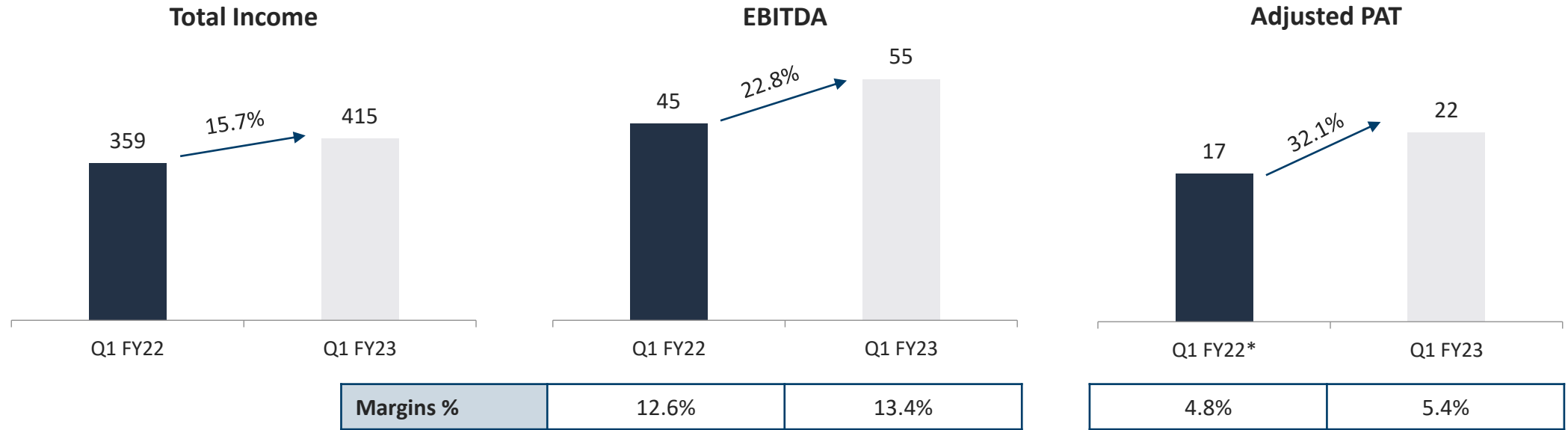
August 9, 2022

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.



Q1 FY23 – Key Financial Highlights



- SHK reported a steady performance with stable client engagements witnessed across categories
- Despite a challenging inflationary environment, SHK managed to deliver 13% EBITDA margins and 10% Cash Profit margins

Note:

- 1) Figures in Rs. crore unless specified otherwise
- 2) SHK Q1 FY 23 results includes consolidation of recently acquired entities in Q4 FY 22 - Holland Aromatics and NuTaste in SHK's performance
- 3) Q1 FY 22 PAT included a reversal of additional tax provision aggregating Rs 64.5 crore for A.Y 2016-17 to A.Y. 2020-21 consequent to Income Tax Appellate Tribunal (ITAT) order dated August 02, 2021
- 4) Q1 FY 23 PAT includes exceptional gain of Rs 1.22 crs on account of reprocessing of Inventory damaged in Mahad floods in Q2 FY 22 and converted into finished goods



Management Comment

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

“We have started the fiscal year on a steady note, despite macro-challenges and an inflationary raw material environment. The demand environment and offtake across the emerging and European markets remained stable during the quarter. On a like-to-like basis, our revenues at constant currency grew by 7.5% YoY. In the quarter, we have successfully and efficiently integrated our recent acquisitions, namely Holland Aromatics and NuTaste Food and Drink Labs into our business model. Overall, on a consolidated basis, our sales stood at Rs. 411 crore.

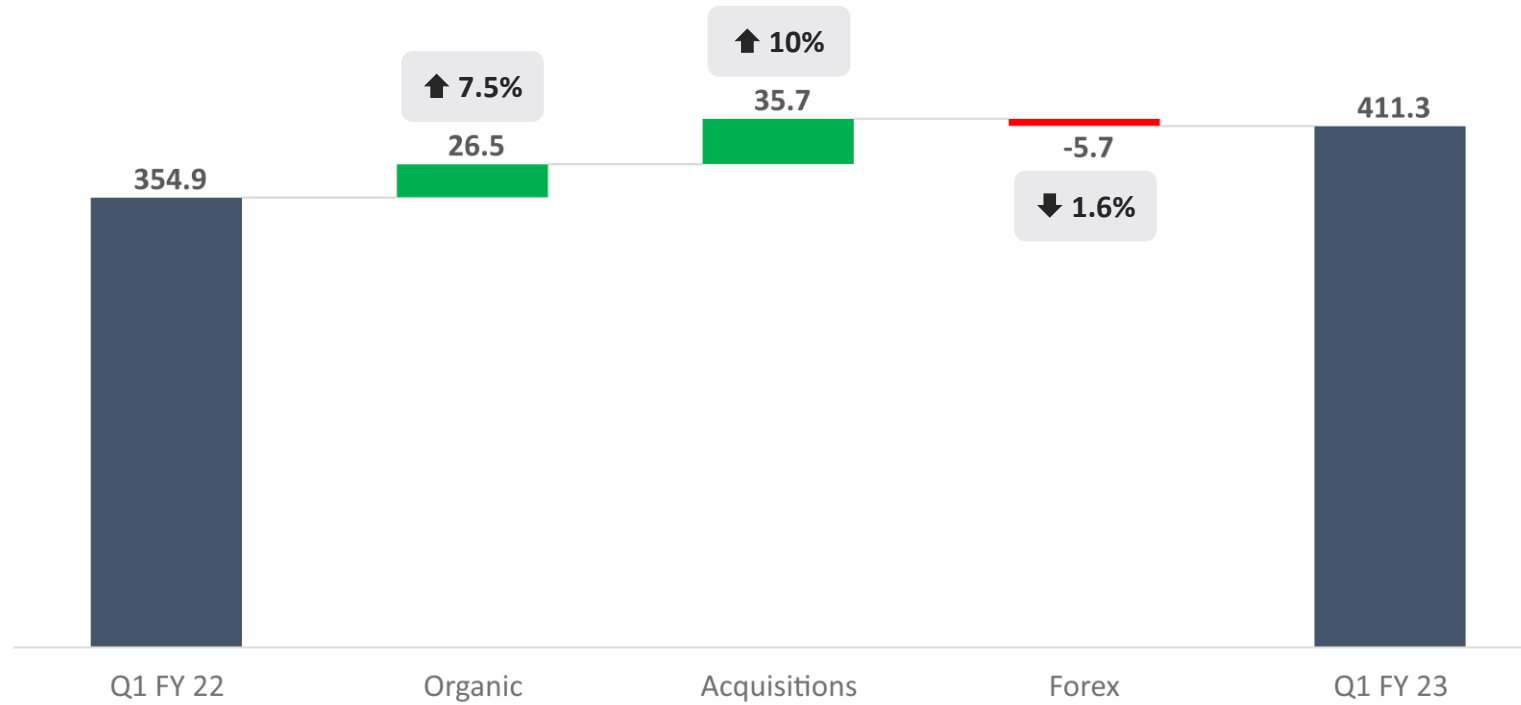
On the profitability front, we have maintained our margins within a steady range despite the volatile RM environment. Calibrated price hikes in collaboration with our customers, proficient inventory management and initial easing of inflationary pressures supported margins during the quarter.

On the business front, I am pleased to share that our participation in the RFP by a large global FMCG MNC is progressing well. During the quarter, we signed an agreement making us one of the few Global Fragrance and Flavour companies to be among the MNC’s core supplier list. Overall, we remain optimistic on the significant multi-year business potential, and we expect business to build on from this calendar year itself.

From a demand standpoint, while we continue to witness steady offtake, the inflationary environment across our key markets continues to be dynamic. Accordingly, we remain cautious of this nonlinearity and the transitory impact it may have on our operations in the near term. Overall, from a longer-term perspective, increasing consumption trends of FMCG, fine fragrance, beauty & cosmetics, and packaged & QSR foods along with healthy demand environment augur well for SHK. As we look ahead, our growth plans, together with our strong client base and our participation in international RFPs, will drive solid and sustainable growth.”



Revenue Performance



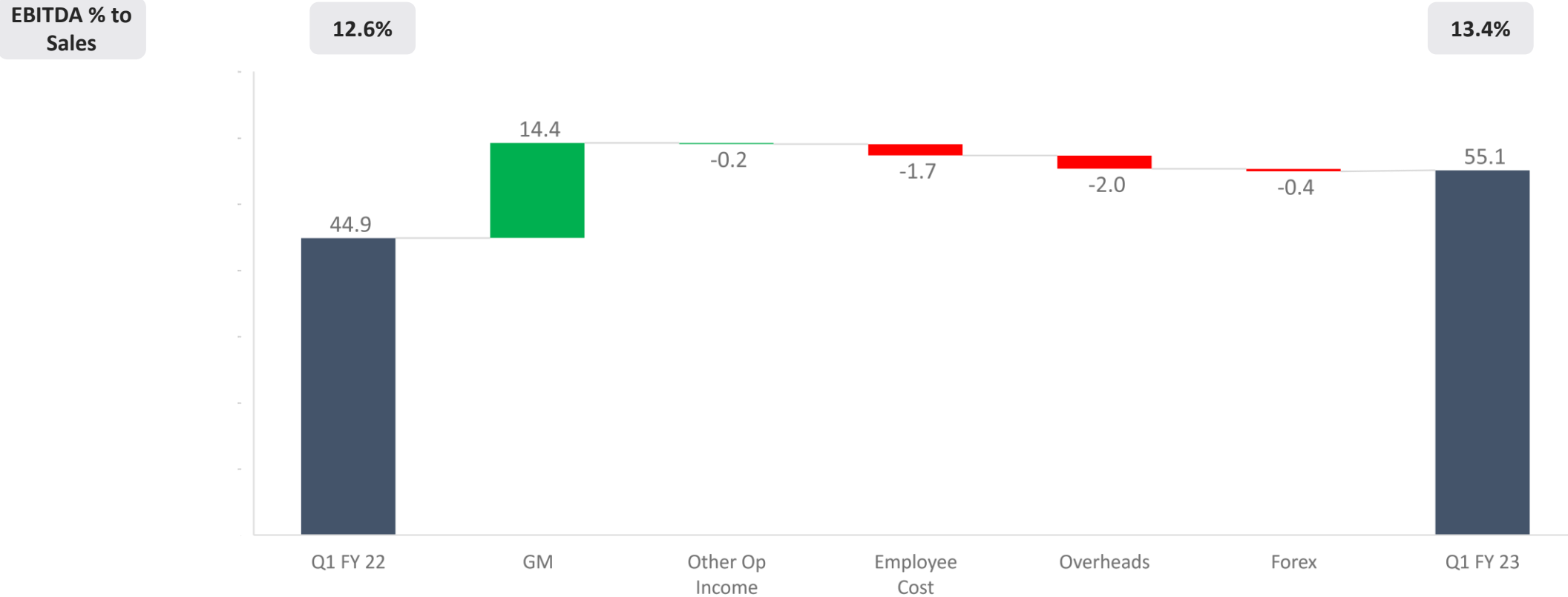
Healthy client engagements and stable demand environment across Emerging and European markets aided operational performance in the quarter



Note:

1) Figures in Rs. crore unless specified otherwise

Operating Performance – EBITDA



Calibrated price hikes in collaboration with customers, proficient inventory management and initial easing of inflationary pressures aided operational performance in the quarter



Note:

1) Figures in Rs. crore unless specified otherwise

Balance Sheet Snapshot – As on June 30, 2022



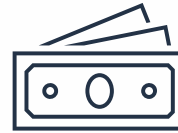
1,114

Networth



955

Fixed Assets



117

Cash &
Investments



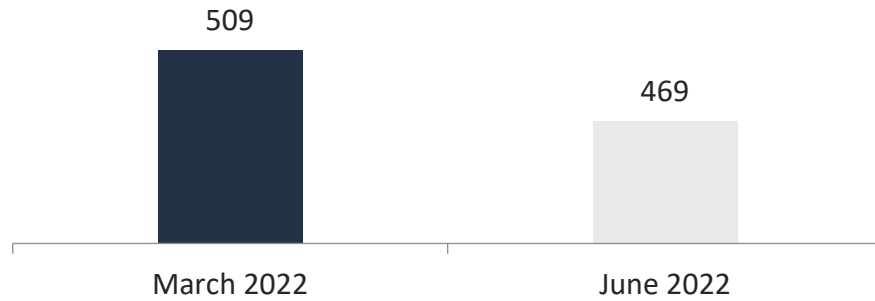
469

0.42x

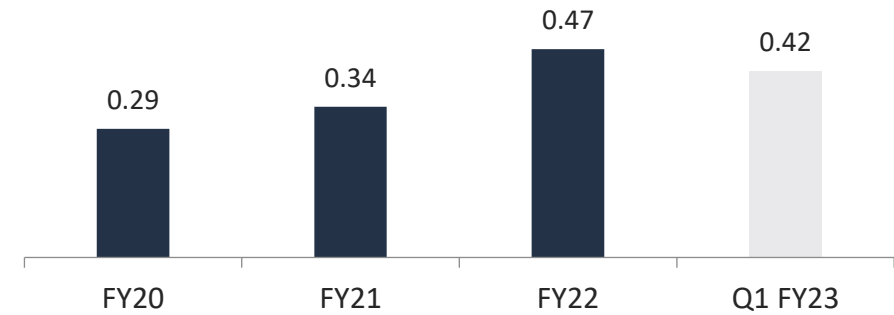
Net Debt
&
Net Debt to Equity (x)

Financial Leverage

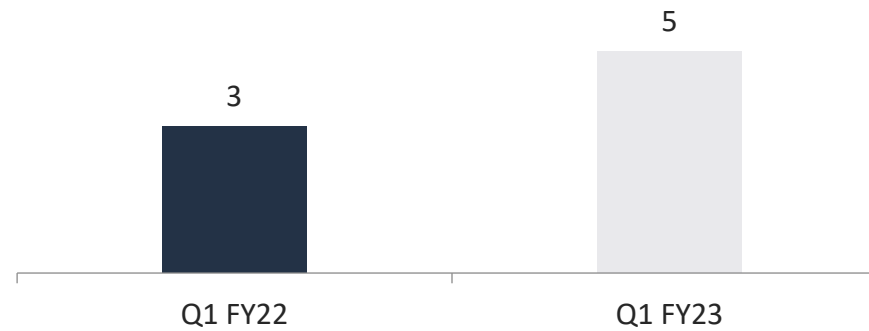
Net Debt



Net Debt to Equity



Interest Cost



Note:
1) Figures in Rs. crore unless specified otherwise

Financial and Operational Discussions (Y-o-Y)

Q1 FY23 Total Income stood at Rs. 415.3 crore, higher by 15.7%

- SHK reported a steady performance on the revenues front driven by healthy demand in both Emerging and European markets
 - Emerging market sales stood at Rs. 319 crore, registering organic growth of 12% on a YoY basis
- Domestic core fragrance revenues marked a growth of 8.0% on the back of stable traction in FMCG demand and new client engagements
- Acquired businesses delivered strong performance during the quarter

Q1 FY23 EBITDA stood at Rs. 55.1 crore, with margins at 13.4%

- The Company saw cost pressures on account of global inflation in raw materials and supply chain constraints during the period. However, calibrated price hikes in collaboration with customers, efficient inventory cycle and early signs of easing inflationary trends restricted impact on margin performance

Q1 FY23 Cash profits stood at Rs. 42.1 crore as against cash profit of Rs. 34.1 crore in Q1 FY22

- Q1 FY23 adjusted PAT stood at Rs. 22.3 crore as against adjusted PAT of Rs. 16.9 crore in Q1 FY22
 - Q1 FY 23 PAT includes exceptional gain of Rs 1.22 crs on account of reprocessing of Inventory damaged in Mahad floods in Q2 FY 22 which converted into finished goods
 - Q1 FY 22 PAT included a reversal of additional tax provision aggregating Rs 64.5 crore for A.Y 2016-17 to A.Y. 2020-21 consequent to Income Tax Appellate Tribunal (ITAT) order dated August 02, 2021



Note:

1) Figures in Rs. crore unless specified otherwise

2) SHK Q1 FY 23 results includes consolidation of recently acquired entities in Q4 FY 22 - Holland Aromatics and NuTaste in SHK's performance



Key Developments

Participation in Global RFP:

- SHK's participation in a global RFP (Request for Proposal) is a major milestone in its long-term growth journey. The process is progressing as per internal targets
- In the quarter, SHK signed an agreement making it one of the few Global Fragrance and Flavour companies to be among the MNC's core supplier list
- SHK is working on several briefs across various product categories and anticipates business from this account to build on from CY2022 onwards
- The Company is undertaking initiatives to strengthen its market position in the global F&F space and its recent participation will further broaden its global market presence, going forward

Reduction in debt in-sync with internal targets:

- The Company's net debt position stood at Rs. 469 crore as on June 30, 2022 as against Rs. 509 crore as on March 31, 2022
- The decrease in debt was primarily on account of healthy cash flow generation during the quarter. As indicated earlier, SHK anticipates a gradual reduction of net debt, going forward



Scientific Edge

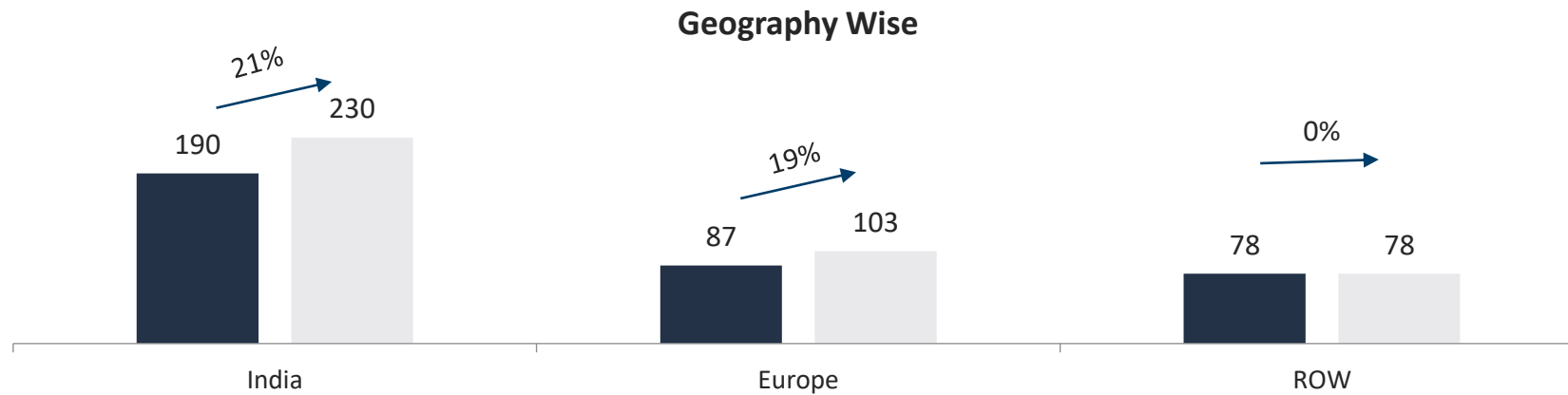
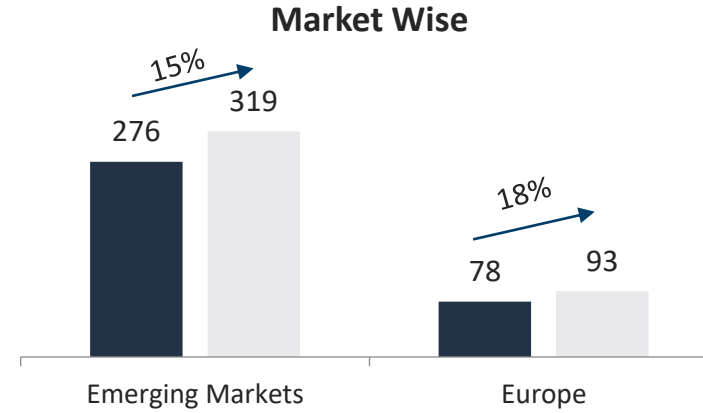
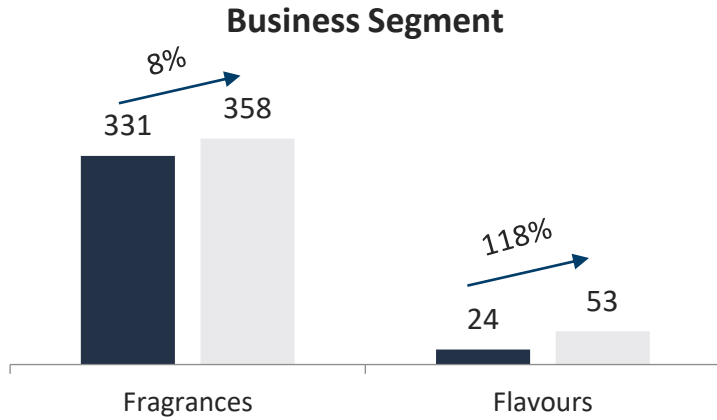
Q1 FY23 – Segment Highlights



Artistic
Imagination

Revenue Break-Up – Q1 FY23

■ Q1 FY22 ■ Q1 FY23



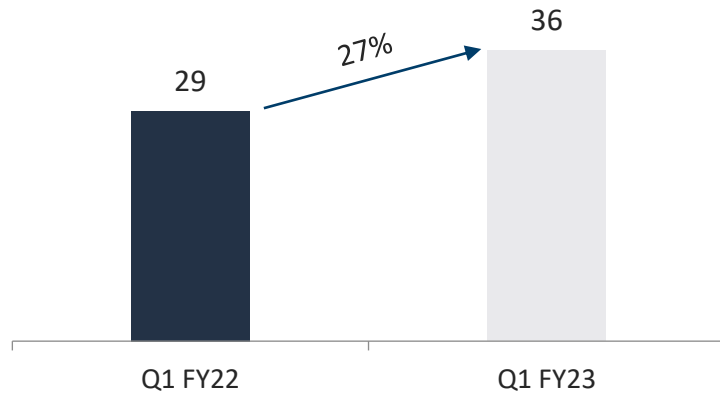
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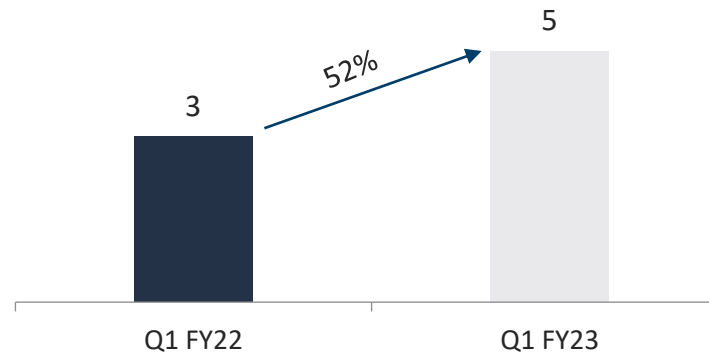
Profitability Break-Up – Q1 FY23

Fragrance Division - EBIT



Margins %	Q1 FY22	Q1 FY23
	9%	10%

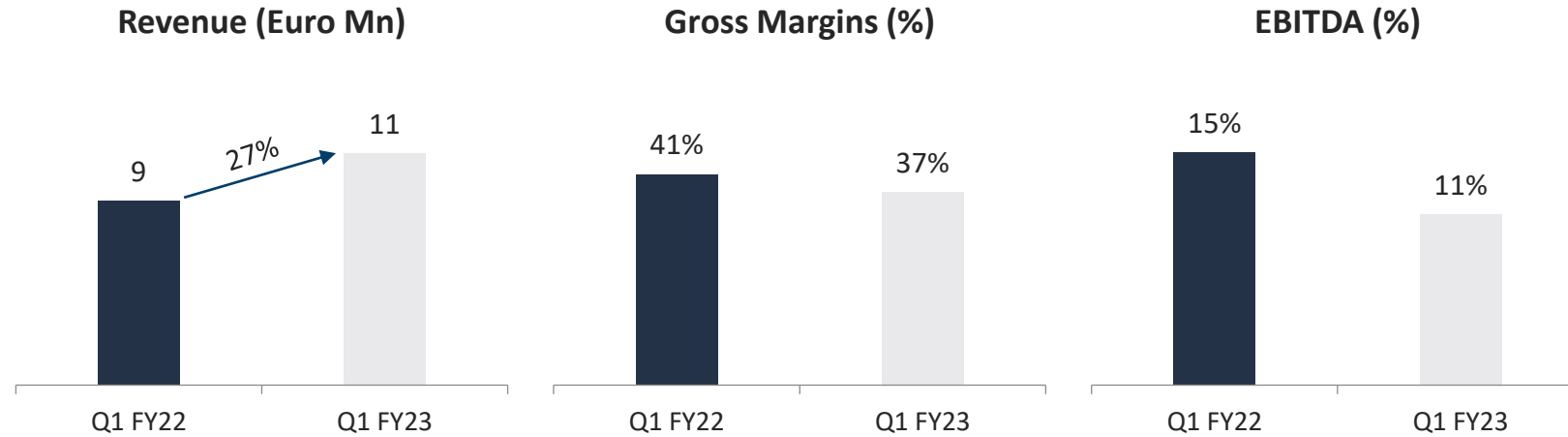
Flavours Division - EBIT



Margins %	Q1 FY22	Q1 FY23
	13%	9%



Europe Business Performance



- Acquired businesses delivered robust performance led by improved demand and volume off-take in European markets
- On a like to like basis, core business grew by 8% over Q1 FY22
- SHK anticipates healthy improvement in demand for the European business, going forward



Note:

1) SHK Q1 FY 23 results includes consolidation of recently acquired entities in Q4 FY 22 - Holland Aromatics and NuTaste in SHK's performance

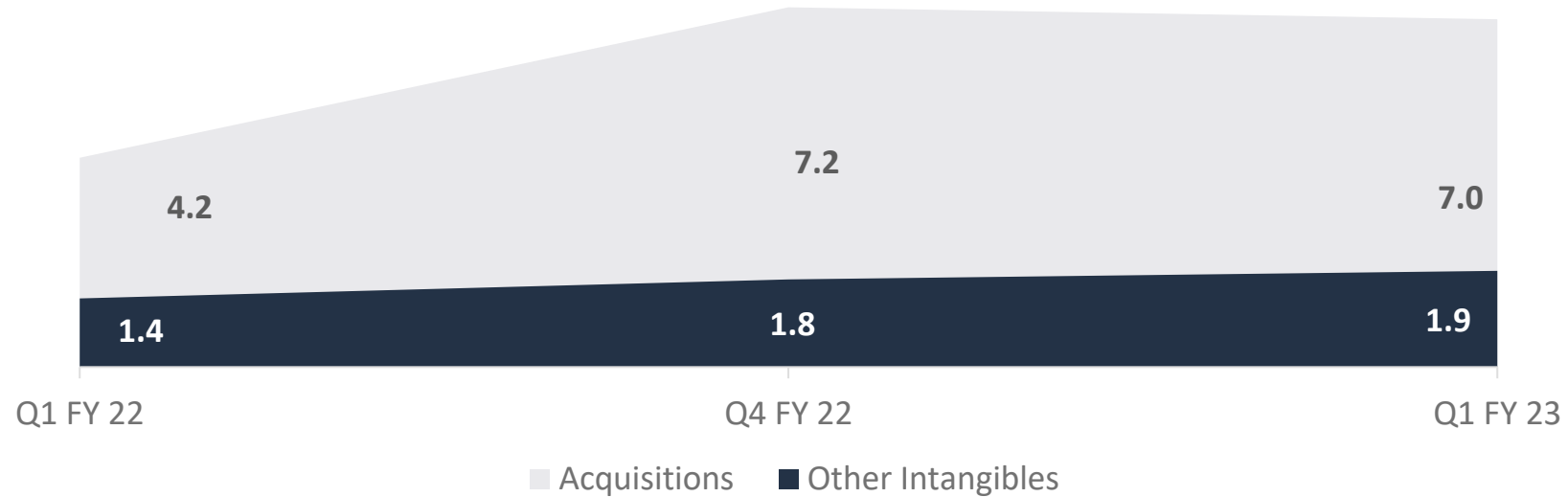


Annexure



Amortization of Intangible Assets

Estimated amortization of Intangible assets (Rs. crore)



- Acquisition of Holland Aromatics and NuTaste in Q4 FY 22 led to increase in intangibles

Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q1 FY23	Q1 FY22	Y-o-Y Change (%)
Revenues from Operations			
Sales	390.7	331.9	17.7%
Sales - Contract Manufacturing	20.7	23.0	-10.0%
Other Operating Income	3.6	0.6	
Revenue from operations	415.0	355.5	16.7%
Other Income	0.2	3.5	
Total Income	415.3	359.0	15.7%
Total Expenditure			
Raw Material expenses	250.1	205.5	21.7%
Employee benefits expense	48.6	48.0	1.2%
Other expenses	61.4	60.6	1.3%
EBITDA	55.1	44.9	22.8%
EBITDA Margin (%)	13.4%	12.6%	+ 75 Bps
Finance Costs	5.0	3.3	53.1%
Depreciation and Amortization	19.8	17.2	14.9%
Profit before exceptional items and tax	30.3	24.4	24.3%
Share of Profit/(Loss) in equity accounted investee	-0.1	0.0	
Exceptional Items Gain / (loss)	1.2	-	
PBT	31.5	24.4	28.9%
Tax expense	8.3	-57.0	-114.5%
PAT	23.2	81.4	-71.5%
Profit / (Loss)for the period/year attributable to Non-controlling interests	1.6	-0.1	
Profit for the period/year attributable to Owner's of the Company	21.6	81.5	-73.5%
PAT Margins	5.2%	19.6%	-1442
Cash Profit	42.1	34.1	23.4%
Earnings per share (Face Value of Rs 10 each) (not annualised)	1.6	5.9	

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Conference Call Details

S H Kelkar and Company – Q1 FY23 Earnings Conference Call

Time	<ul style="list-style-type: none">• 02:00 PM IST on Friday, August 12, 2022
Primary dial-in number	<ul style="list-style-type: none">• +91 22 6280 1141• +91 22 7115 8042
India Local access Number	<ul style="list-style-type: none">• +91 70456 71221 (Available all over India)
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
Pre-registration	<p><i>To enable participants to connect to the conference call without having to wait for an operator, please register at the below mentioned link:</i></p> <p><u>Diamond Pass</u></p>

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 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 17 molecules over the last five years. The Company has filed 18 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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Thank you