



August 10, 2019

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

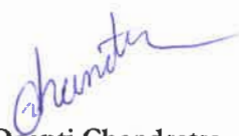
Dear Sir/ Madam,

Sub: Submission of earnings presentation on unaudited financial results for the quarter ended June 30, 2019

Further to the approval of unaudited financial results for the quarter ended June 30, 2019 by the Board of Directors of the Company at its meeting held on August 09, 2019 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 22, 2019 at 11.00 am IST, invite of which has been submitted to the stock exchanges on August 08, 2019.

You are requested to take the above on record.

For S H KELKAR AND COMPANY LIMITED


Deepti Chandratre
Company Secretary and Compliance Officer



Encl: As above



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S H Kelkar and Company Limited

Largest Indian-origin Fragrance & Flavour Company

Q1 FY20 Earnings Presentation

August 9, 2019





Disclaimer

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Q1 FY20 Results Overview

Management Comment



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

“I am happy to share that we have reported a strong start to the new fiscal with a 15% topline and 21% EBITDA growth on a Y-o-Y basis. This was led by healthy uptick in demand in our core business categories and broad-based normalization seen across the operating environment. During the quarter, especially post elections, we witnessed a strong revival in new product and brand launches in the domestic FMCG market. This, along with improving momentum in client engagements and buoyant international markets, led to a growth of 15% in our core fragrance business. We have also delivered a healthy 14% growth in the flavours division.

On the operational front, we recently expanded into the Industrial use of fragrances (consumer durables and automobile accessories). This new category is a huge milestone in our innovation journey and offers significant potential for future growth. During the quarter, we also launched over 25 variants of roll-ons in the retail market, under the Branded Small Pack (BSP) segment. I am pleased to share that these roll-ons have received positive response and we are currently working on more new launches within this segment, which should enable us to further expand this category.

As we look ahead, we continue to see an immense potential in all our business categories over the longer-term. Although there are cautious sentiments in the domestic FMCG industry right now, we are currently witnessing steady traction in terms of order enquiries and leads, especially from the mid and large sized FMCG customer segments. Going forward, we believe, a revival in our industry, improving momentum in client enquiries for new product launches along with the implementation of our strategic growth measures, should drive our performance in both the domestic and global markets. Overall, we look forward to delivering healthy and sustainable results in FY 2020.”

Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q1 FY20	Q1 FY19	Y-o-Y Change (%)
Revenues from Operations (Sales excluding Excise & GST)	271.5	236.0	15%
Other Operating Income	2.9	1.4	101%
Total Operating Income	274.4	237.4	16%
Other Income	1.4	2.3	-39%
Total Income	275.8	239.7	15%
Total Expenditure	228.0	203.4	12%
• Raw Material expenses	156.1	132.2	18%
• Employee benefits expense	32.1	29.1	10%
• Other expenses	39.9	42.2	-6%
EBITDA	47.8	36.2	32%
EBITDA Margin (%)	17%	15%	+220 Bps
Finance Costs	7.0	1.5	363%
Depreciation and Amortization	12.1	6.8	79%
Exceptional Items	0	0	NA
PBT	28.6	28.0	2%
Tax expense	9.6	10.0	-4%
PAT	19.0	17.9	6%
PAT Margin (%)	7%	7%	-61 Bps
Cash Profit	31.1	24.7	26%

Note: Effective 1st April, the Company has adopted the newly mandated accounting standard Ind AS 116 for leases. Impact on P&L explained on slides 8 & 9

Key Developments

Forayed into a new product category of Industrial use of fragrances (consumer durables and automobile accessories) - thereby marking a huge milestone in its innovation journey

- Entered this new fragrance category by initiating pilot projects with certain market leaders
- The Company is optimistic of strengthening these offering in the domestic market in the coming quarters, which should further enhance the category's future growth prospects

Expanded its Branded Small Packs (BSP) segment by launching an extensive portfolio of roll-ons in the retail market

- The Company has launched 25 new variants of 'Keva Roll-ons' in the retail market. The roll-ons business now has a large portfolio of 47 product SKUs spread over Traditional, Arabic and French notes of fine fragrances to address a diversified consumer base
- Launches have received good initial response. Going forward, the Company expects the launch of roll-ons to further strengthen its BSP segment and enhance brand visibility for the brand 'Keva'
- The Company is actively focusing on leveraging new distribution channels, including online platforms to cater to customers across the country
 - Keva Roll-ons' purchase link on Amazon, as below: https://www.amazon.in/s?k=keva&rh=n%3A1374298031&ref=nb_sb_noss



Key Developments

Witnessing signs of stability in raw material supplies

- In the last 18 months, the Fragrance and Flavours (F&F) industry had faced unprecedented levels of uncertainty in raw material supplies leading to volatility in global raw material prices. However, over the last few months the industry has been witnessing signs of stability in supplies
- The Company believes that if this environment continues over the next few months, the raw material situation will fully normalize. With this, SHK is poised to take on large growth opportunities as there will be no raw material constraints

Q1FY20 Financial and Operational Discussions (Y-o-Y)

Revenues from operations stood at Rs. 271.5 crore as against Rs. 236.0 crore, higher by 15% YoY

- The Company reported an encouraging start to the new fiscal, registering a healthy revenue growth during the first quarter of fiscal year 2020
- The growth was driven by a robust uptick in demand in the domestic fragrance business, steady sales momentum in domestic flavours business coupled with a broad-based normalization in the operating environment
- The international flavors and fragrance business continues to be healthy, registering a growth of 25% YoY

EBITDA stood at Rs. 47.8 crore, marking a healthy growth of 32% YoY; EBITDA margins stood at 17%

- Effective 1st April, the Company has adopted the newly mandated accounting standard Ind AS 116 for leases - this led to lower rent expenses in Q1 FY20 by Rs. 3.9 crore. Adjusted for this, as per earlier accounting, EBITDA increased by 21% to Rs. 43.8 crore
- EBITDA margins grew by 220 bps YoY at 17%; as per earlier accounting standards, EBITDA margins were up by 78 bps to 16%
- Over the last few months, the raw materials situation has shown signs of normalcy after facing unprecedented levels of uncertainty in raw material supplies and prices. During Q1 FY20, the Company saw a steady stabilization in raw material supplies
- This, along with the several cost-optimization measures undertaken by the Company, including the optimal utilization of its Mahad plant during the latter half of the quarter, led to an improvement in margins during the quarter

Q1FY20 Financial and Operational Discussions (Y-o-Y)



PAT stood at Rs. 19.0 crore, higher by 6%; EPS at Rs. 1.31

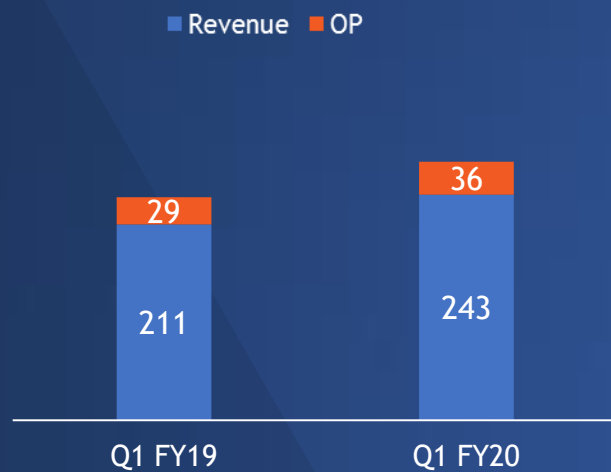
- Interest costs increased to Rs. 7.0 crore and Depreciation stood higher at Rs. 12.1 crore, primarily owing to the commissioning of new facility at Mahad. Further, the adoption of new accounting standard resulted in increase in depreciation cost by Rs. 3.25 crore and finance cost of Rs 1.00 crore. The net impact on PBT was marginal at Rs. 0.31 crore

Cash Profit stood at Rs. 31.1 crore, higher by 26% YoY

- Cash Profit includes impact of Ind-AS 116

Fragrance Division

Net Revenue & Operating Profit



Y-o-Y Growth

Rev. growth 15%

OP growth 21%

- Fragrance division delivered a growth of 15% YoY driven by healthy uptick in demand in the overseas and domestic markets
- Domestic revenue grew by 10%, while Overseas revenues marked a strong improvement of 26%
- Operating profit grew by 21% to Rs. 36 crore, driven by stabilisation in raw material prices and cost-optimisation measures undertaken by the Company
 - Margins at 15% in Q1 FY20 vs 14% in Q1 FY19

Domestic and Overseas Revenue - Q1FY20



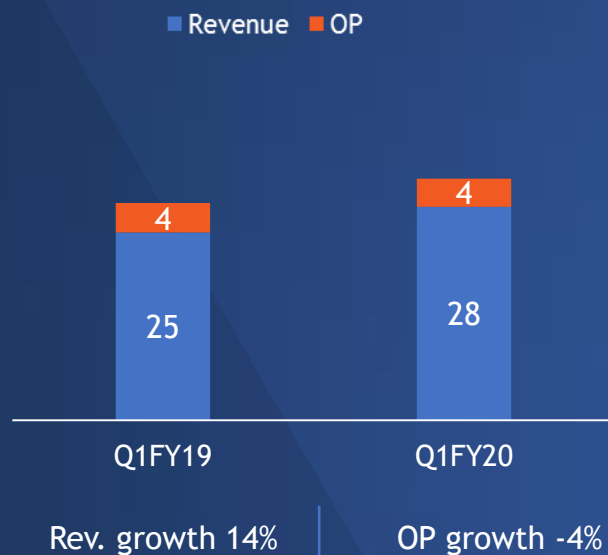
Y-o-Y Growth (%)	Q1FY20
Domestic	10
Overseas	26
Total Growth	15

Note: Figures in Rs. crore unless specified otherwise



Flavour Division

Net Revenue & Operating Profit



- Flavour division witnessed a healthy momentum during the quarter driven by increased client engagements and uptick in overseas markets
- Domestic revenue grew by 7%, while Overseas revenues marked an improvement of 20%
- Operating profit was at Rs. 4 crore with margins at 13%

Domestic and Overseas Revenue -Q1FY20



Y-o-Y Growth (%)	Q1FY20
Domestic	7%
Overseas	20%
Total Growth	14%

Note: Figures in Rs. crore unless specified otherwise



Balance Sheet Snapshot - As on June 30, 2019

888

Networth

508

Fixed Assets

75

Cash & Investments

348

Net Debt

Note: Figures in Rs. crore

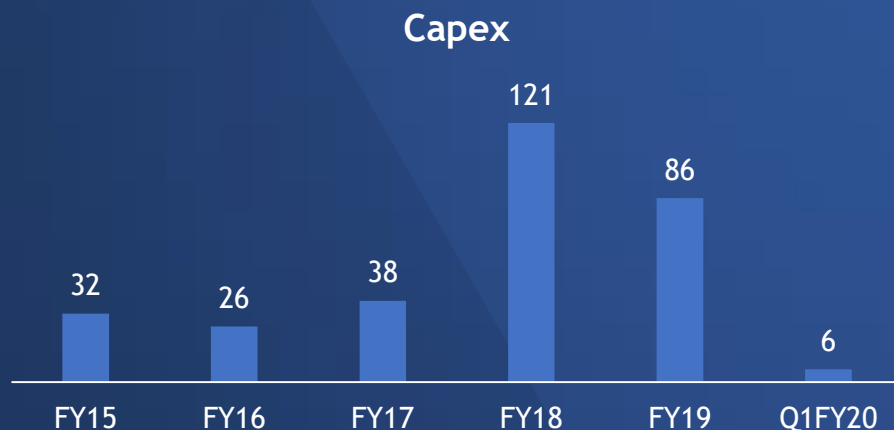
1. Effective 1st April, the Company has adopted the newly mandated accounting standard Ind-AS 116. This led to an increase in Fixed Assets and Net Debt by Rs. 38.0 crore and Rs. 43.3 crore respectively
2. Cash and cash equivalent includes investments in mutual fund

Cash Flow Snapshot



Particulars (Rs. crore)	FY15	FY16	FY17	FY18	FY19	Q1FY20
Cash flow from Operations	61.7	86.4	102.3	103.3	40.7	6.4
Cash flow from investing activities	-17.3	-22.4	-96.0	-220.6	-109.5	-5.6
Net	44.4	64.0	6.3	-117.3	-68.7	0.8

Note: Cash and cash equivalent includes investments in mutual fund



- 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

Key Financial Ratios



Particulars (Rs. crore)	FY15	FY16	FY17	FY18	FY19
EBITDA margin (%)	15.8	17.1	17.9	18.0	14.9
PAT Margin (%)	7.7	7.8	10.6	8.8	8.2
Debt to Equity	0.5	0.1	0.1	0.2	0.4
Return on Networth (%)	13.5	13.9	14.3	13.8	12.0
Return on Capital Employed (%)	17.6	21.0	22.7	20.2	13.5

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 for FY15 as per IGAAP
4. EBITDA adjusted for one-time expense in FY18



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Annexure

Conference Call Details



S H Kelkar and Company Ltd.'s Q1 FY20 Earnings Conference Call

Time	<ul style="list-style-type: none">• 11.00 AM IST on Thursday, August 22, 2019
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

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 five creation and development centres in India, The Netherlands, Singapore, 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 multi-national FMCG companies, blenders of fragrances & flavours and fragrance & flavor producers.

For further information please contact:

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Thank You