



October 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 Investor Presentation under Regulation 46(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that an updated Investor Presentation has been uploaded by us on the website of the company and the same is available in the following weblink:

https://www.keva.co.in/sites/all/themes/kelkar/pdf/Investor_Presentation-updated2017.pdf

You are requested to take note of the same.

Thanking you,

Yours faithfully,
For S H Kelkar and Company Limited

Deepti Chandratre
Company Secretary & Compliance Officer



Enclosed: As above



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CIN No. L74999MH1955PLCO09593



Crafting Sensorial Delight

S H Kelkar and Company Limited

Largest Indian-origin Fragrance & Flavour Company

Investor Presentation

August 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.

Contents





Who We Are

Who We Are



- *Established 94 years back by SH Kelkar and VG Vaze*
- *Leading Fragrance & Flavour company in India exporting to 52 countries*

- *One of the largest Indian F&F companies by sales, with ~13% market share (2016)*
- *Largest domestic fragrance producer in India with a ~23% market share (2016)*

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

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



At a Glance

94

Years of Market Conviction

9,700+

Products

4,100+

Customers

806

Employees

CRISIL A+

Credit Rating

~14%

7-year Sales CAGR (FY2011-17)

₹ 981cr

Turnover – FY17

4

Manufacturing Locations

5

Creation & Development Centres

Shareholding Pattern



■ Promoters & Promoter Group ■ Blackstone ■ Others

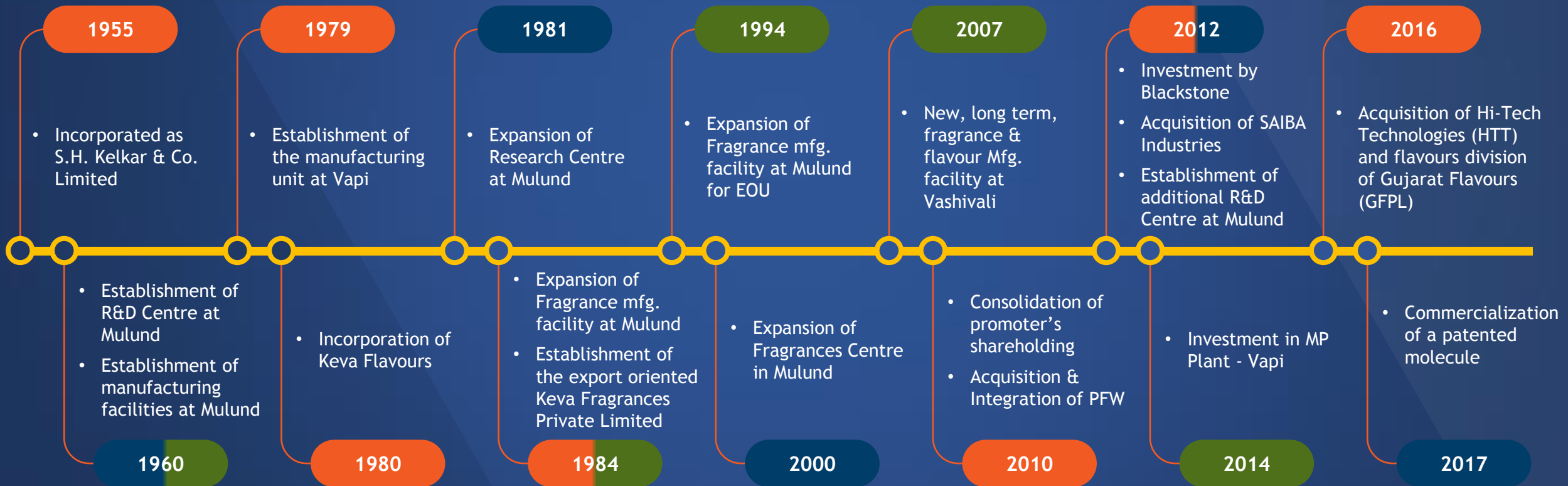
Key Milestones



Market and Entities

Creation and R&D Centre

Manufacturing Facilities





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Niche Industry

Global F&F Market & Key Characteristics

Market Size (US\$ BN)



Concentrated market

- Consolidated Industry globally
- 11 players controlling 78% of market share
- Top 4 controlling 54% of the market in CY16

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 11 companies in the industry together accounted for nearly 78% of the industry sales in 2016, 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

Urbanization

- Urbanization in India drives growth especially in the processed food industry
- Urbanization has increased from 27.8% in 2001 to 31.2% in 2011

Rise of modern retail

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

High growth in FMCG

- Directly correlated to FMCG growth
- FMCG market is expected to grow at a CAGR of ~14.7% from 2012-2020 to reach US\$ 37 BN

Rising young population

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

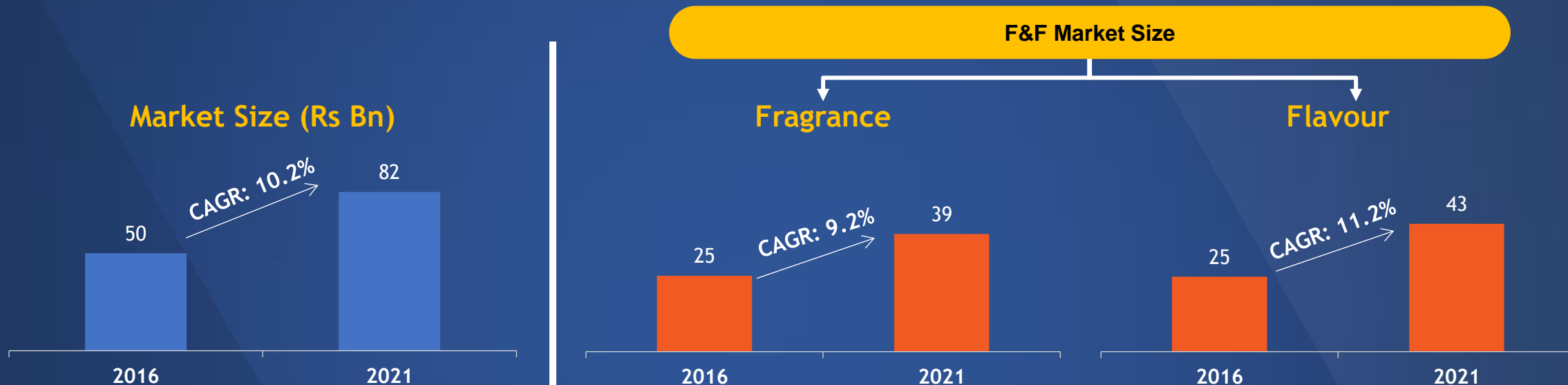
Literacy & lifestyle

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

Rising disposable incomes

- Rising disposable income, pivotal for F&F growth
- India is witnessing continuous increase in disposable income, to be US\$ 1,808 bn in 2015

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



- Indian F&F market to grow at ~10% vs ~5% of global market (2016-21)
- Indian market comprises of more than 1,000 players
- Top 5 players control ~70% of Indian F&F industry
- Global MNC F&F houses have a market share of ~57%
- 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

SHK is the Leading Domestic Player



Indian F&F Industry(%), 2016

Rs 50.1 BN

Indian Fragrance Industry (%), 2016

Rs 25.2 BN

Indian Flavour Industry (%), 2016

Rs 24.9 BN



SHK continues to outpace industry growth rates and is the 3rd largest player in Indian F&F arena



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Our Business

Diverse Customer Base backed with Leading Brands

3,600+

Fragrance customers



500+ 

Flavours customers



Brands



- Over 4,100 customers including global corporates, domestic companies and trade customers
- Very low customer concentration - Largest customer contributed to 4.9% of sales in FY16
- 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 and contributed ~4.5% of Sales in FY16
- Branded small pack is a focus segment for SHK unlike its MNC competition and has resulted in overall sales to branded small pack customers of ~12% in FY16
- Aims to further expand the small pack category by deepening its distribution network and developing new sales strategy

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

SHK's Winning Edge



Branded
small pack
customers



Domestic
FMCG
players



International
customer
base / MNC
FMCG
companies

Factors
influencing
Customer
mindset

Perceived as a consultant by upcoming entrepreneurs and SMEs

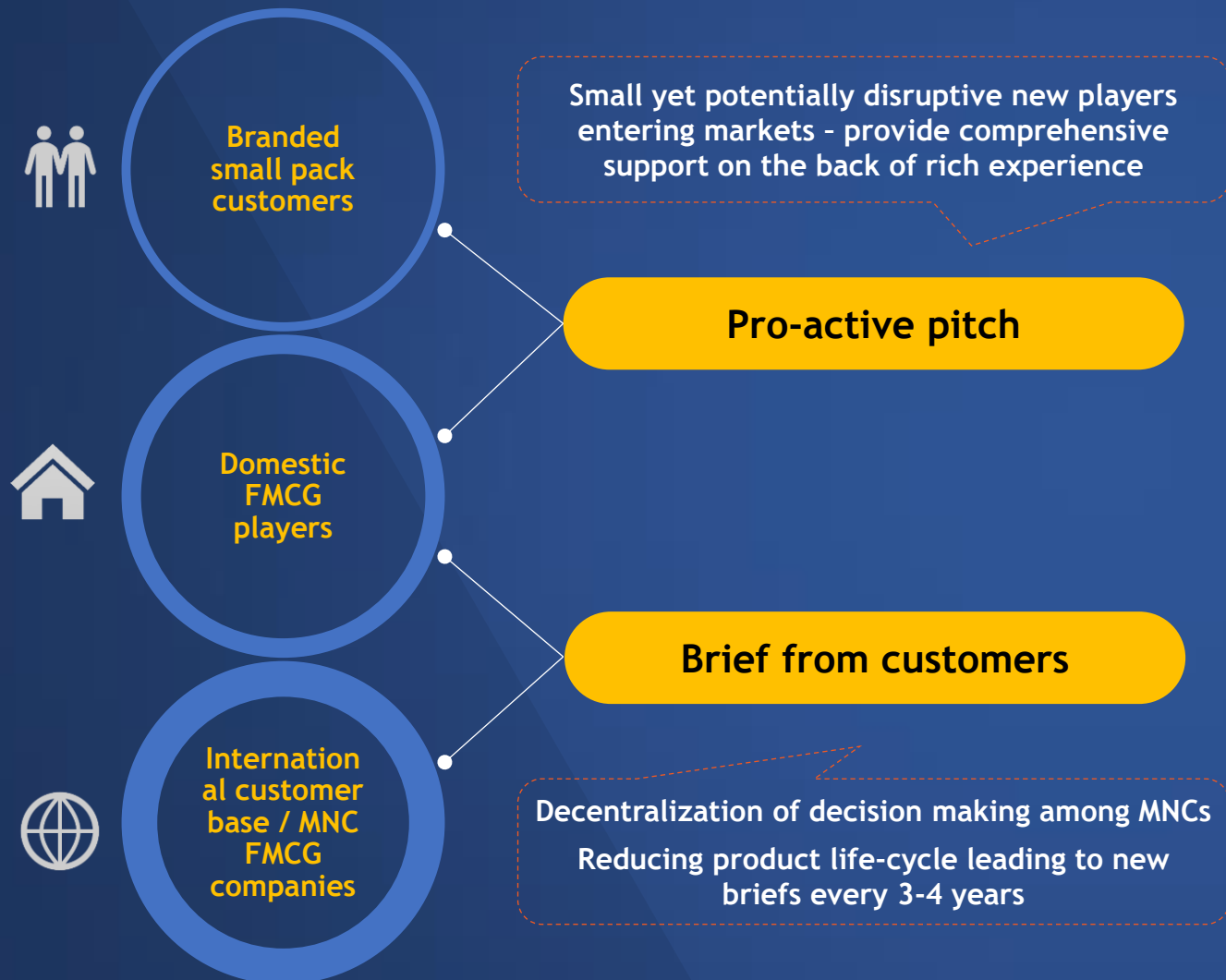
Ability to address higher off-take requirements at a short notice

Receptiveness and agility in servicing SMEs

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

Capability to design & develop products to tap local preferences through
close-to-demand development centers

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

R&D Capabilities + Creation & Development Centers

- SHK's R&D forms the technological basis for its products and solutions to focus on creative and consumer-centric research activities
- Only company of Indian origin to file patents in field of Fragrance and Novel Aroma Molecules
- Recognised by the Government of India's Department of Science and Industrial Research
- Creation & Development Centers (CDCs) - an enhanced version of in-house R&D center which works in collaboration with customers, as an extended R&D arm
- Strong and dedicated team of perfumers, flavourists, evaluators and application executives



502+

Fragrance and flavours compounds developed in FY15

12

Molecules developed by Research team over last 3 years



20

Scientists operating in Mumbai and Barneveld

12

Perfumers

6

Flavourists

5

Creation and Development Centers in Mumbai, Bengaluru, The Netherlands and Indonesia



Strong Raw Material Sourcing Capabilities

An efficient blend of outsourcing and captive production - 250 ingredients sourced from owned facilities

46.0%

International Suppliers

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

Library of Raw Materials: 1,200+

54.0%

Domestic Suppliers

262 Indian Suppliers
In House - 250 fragrance ingredients

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

Sourced approximately 35.09% of raw materials requirement from its top 10 suppliers - YTD Sept' 16

Implemented SAP ERP to manage operations, for collaborative planning, forecasting and assessing and monitoring of replenishment system

Growth-ready Manufacturing Operations

- Fragrance manufacturing facilities use cost efficient automated blending with minimum manual intervention ensuring consistent production
- Capable of handling large or small batches with no significant drop in cost effectiveness, functionality, performance or reliability



Business Strategy



Continue growth in market share

- Focus on retaining current domestic market leadership and enhancing market share in Fragrance industry in India and emerging markets like Asia, Africa & Middle East
- Introduction of new products in both the fragrance and flavour segments



Expand presence in the branded small pack portfolio

- Increase the number of branded small pack customers by deepening the distribution network and implementing a new sales strategy
- Introduction of new products to its branded small pack customers



Accelerate growth through strategic acquisitions and partnerships

- Strategic acquisitions to expand current portfolio of products, strengthen technological platform and broaden the Flavours business
- Acquisitions to provide access to new markets and help increase market share in Indian and global Fragrance and Flavours industry



Strengthen innovation platform to enhance products portfolio

- New product innovations and developments through close coordination between the research and marketing teams
- 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

- Dynamic finished product forecasting to anticipate customer orders
- Strengthening sales and operations planning by implementing new processes and tools
- Product portfolio rationalization
- Raw material management

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 Hi-Tech Technologies' (HTT) Flavours Division
 - Doubled SHK's domestic Flavour market share
- Acquired Gujarat Flavours Private Ltd
- Executed Technology Transfer Agreement with Tanishka Products for acquisition of the Fragrance Encapsulation Technology
 - To offer differentiated Fragrance products and systems

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. - 30+ Yrs

Mohan
Sapre

Senior VP - International Fragrances

Exp. - 30+ Yrs

B.
Ramkrishnan

Director Strategy

Exp. - 35+ Yrs

Makarand
Patwardhan

VP- Operations & SCM

Exp. - 29+ Yrs

Poul
Spierings

Executive VP - Aroma Ingredients

Exp. - 27+ Yrs

Indrajit
Chatterjee

Group CHRO

Exp. - 20+ Yrs

Pramod
Davray

Executive VP - Fragrance India

Exp. - 38+ Yrs

Anurag
Yadava

General Manager - Flavours

Exp. - 22+ Yrs

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

- 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

Independent Board

Details of Board of Directors

Promoter Directors	Blackstone Directors	Independent Directors	
<p>Ramesh Vaze Managing Director</p> <hr/> <p>Kedar Vaze Whole time Director</p> <hr/> <p>Prabha Vaze Director</p>	<p>Amit Dixit Director</p> <hr/> <p>Amit Dalmia Director</p>	<p>Nitin Ram Potdar Independent Director</p> <hr/> <p>Dalip Sehgal Independent Director</p> <hr/>	<p>Jairaj Manohar Purandare Independent Director</p> <hr/> <p>Sangeeta Kapiljit Singh Independent Director</p> <hr/> <p>Alpana Parida Shah Independent Director</p>

- High corporate governance - More than 50% of the Board composed of Independent Directors
- Board composed of luminaries and industry veterans
- Gender diversity - 3 women Directors of which 2 are Independent Directors

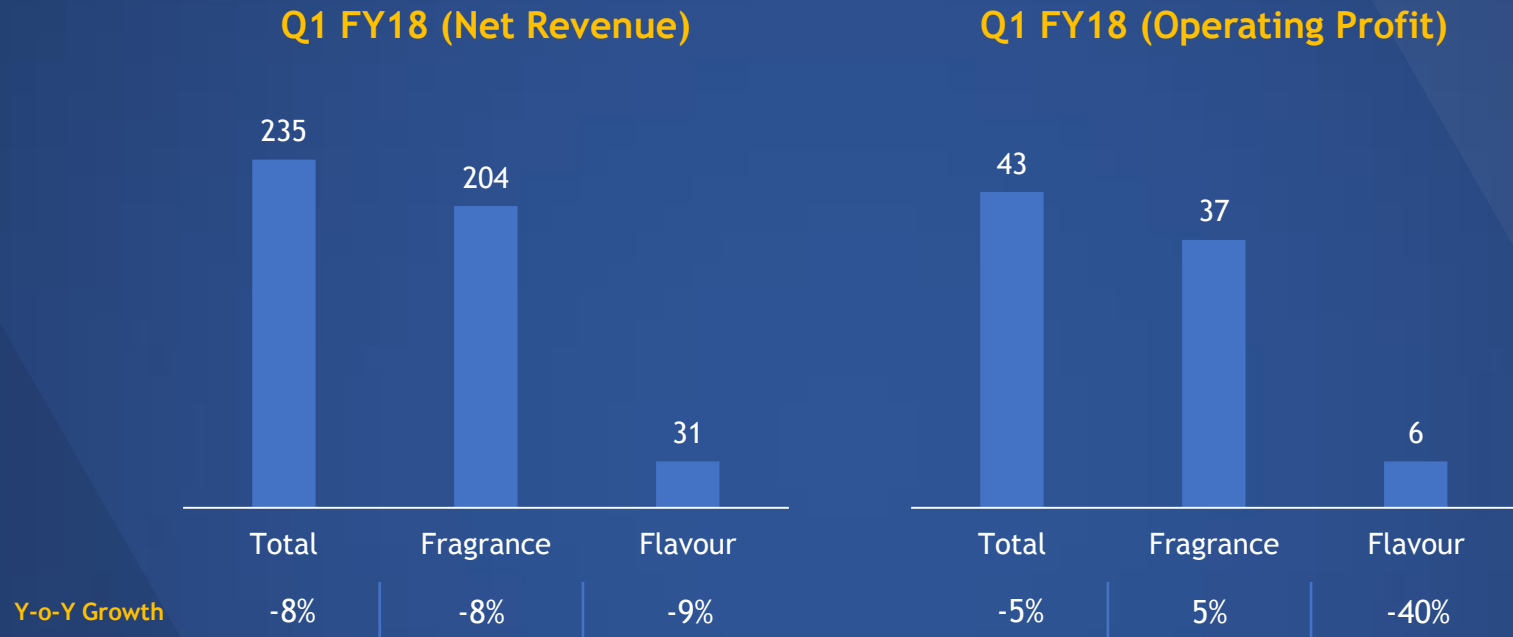


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Financial Highlights

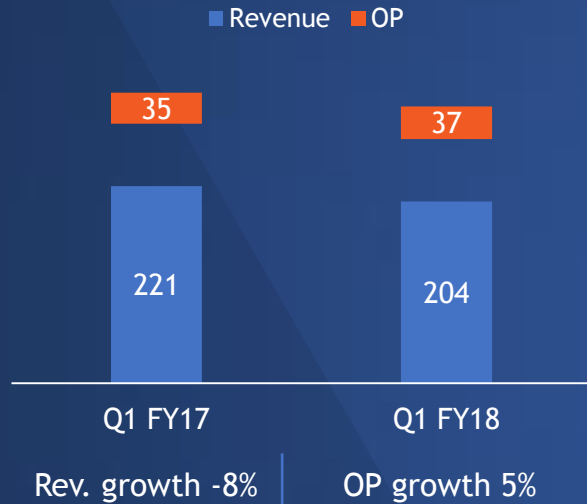
Revenue & Operating Performance - Q1 FY18



- 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

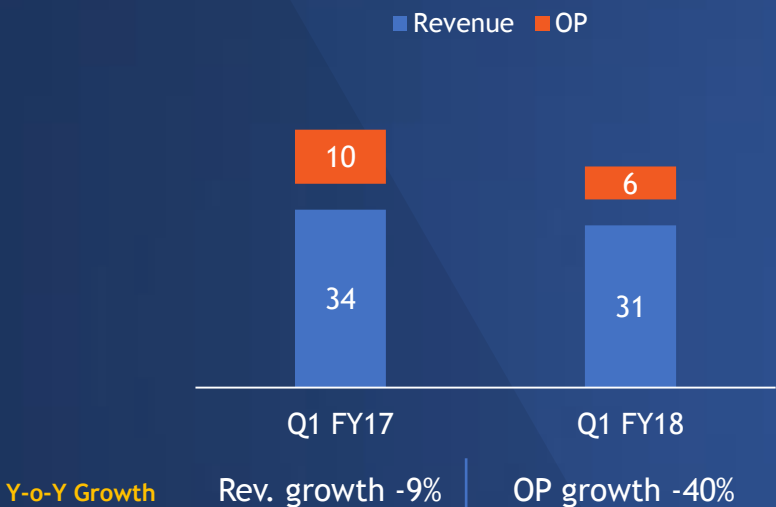


Y-o-Y Growth (%)	Q1 FY18
Domestic	-12
Overseas	3
Total Growth	-8



Flavour Division

Net Revenue & Operating Profit - Q1 FY18



- 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



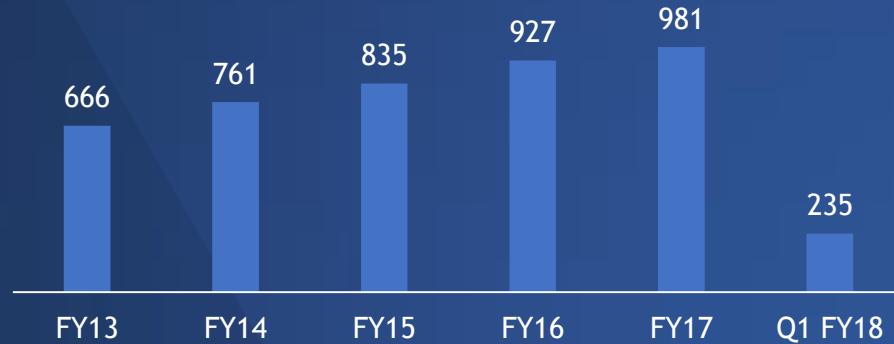
Note: Rs. crore

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

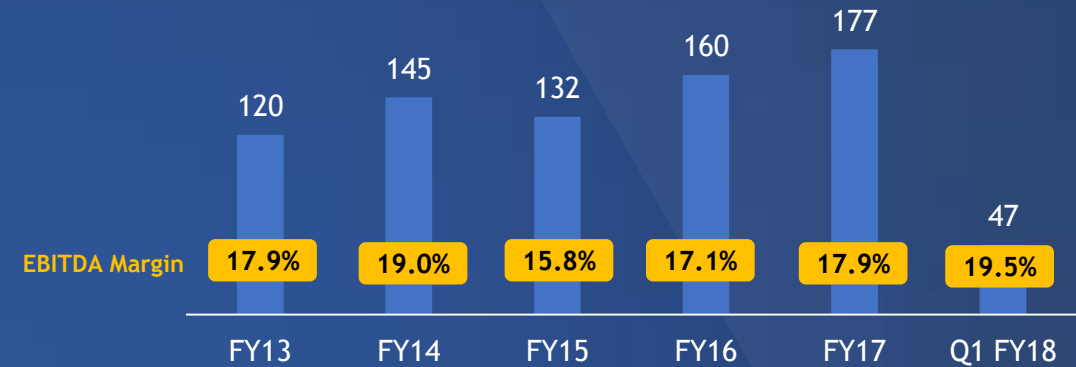


Robust Historical Financial Trend

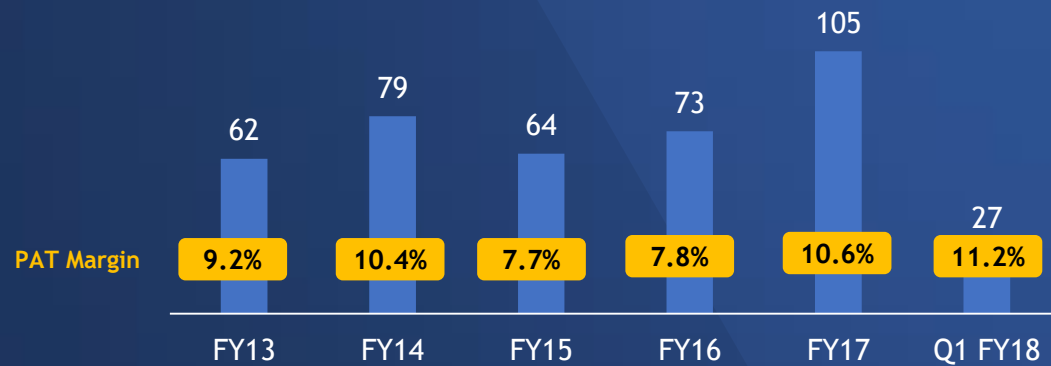
Net Revenue from Operations



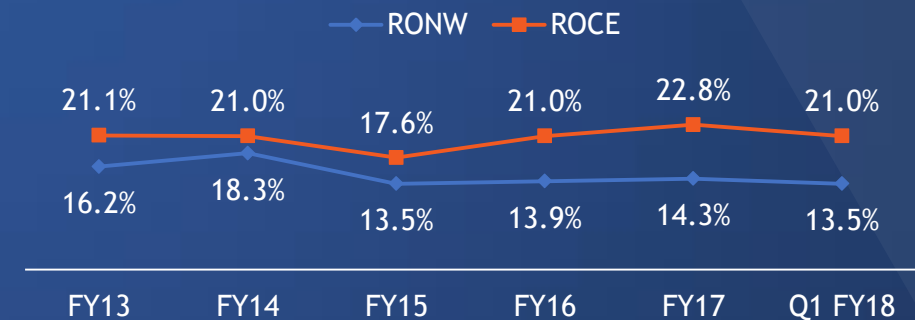
EBITDA



PAT



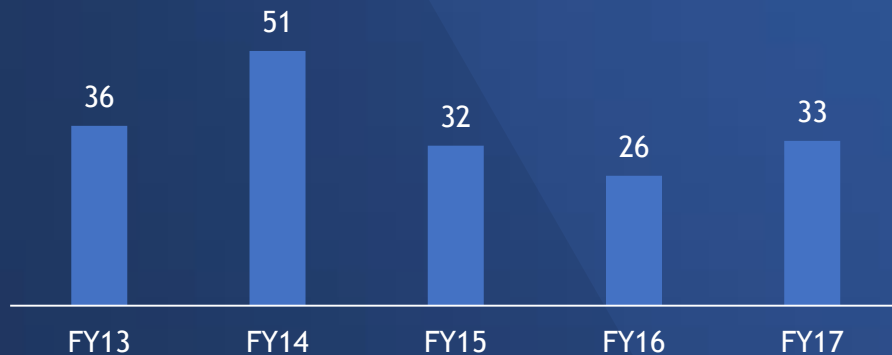
Return on Net Worth & Return on Capital Employed (%)



Healthy Cash generation

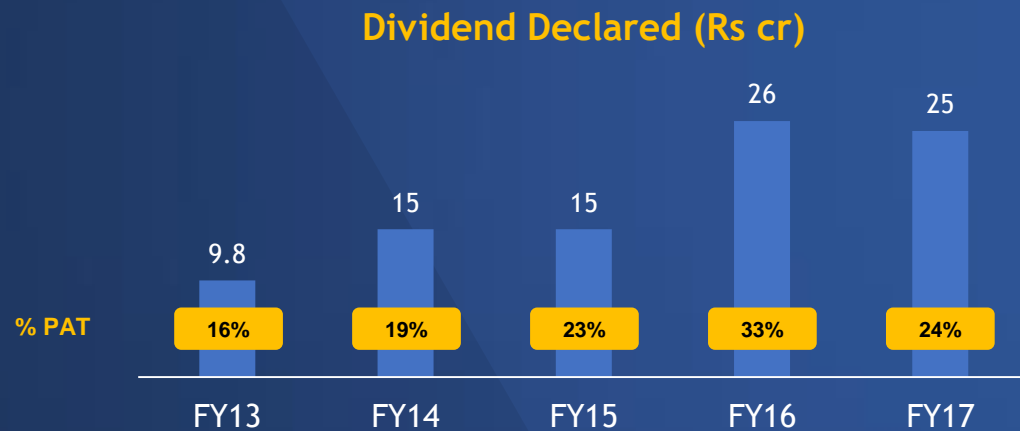
Particulars (Rs. crore)	FY13	FY14	FY15	FY16	FY17	Q1 FY18
Cash flow from Operations	103.1	32.1	61.7	86.4	103.2	30.6
Cash flow from investing activities	-33.3	-63.7	-17.3	-22.4	-93.0	-39.1
Net	69.8	-31.6	44.4	64.0	10.2	-8.4

Capex



- Free cash flow of Rs. 157 crore generated in the past 5 years (FY13-FY17)
- Low capital intensive business - robust cash flow generation remains a key strength of SH Kelkar's business model

Strong Payout Policy



- Committed to rewarding shareholders
- Maintained healthy payout ratio
 - In FY17, cash outflow as dividends at Rs. 25 crore - payout ratio stood at 24%

Financial Snapshot



Particulars (Rs. crore)	FY13	FY14	FY15	FY16	FY17	Q1 FY18
EBITDA margin (%)	17.9	19	15.8	17.6	17.9	19.5
PAT Margin (%)	9.2	10.4	7.7	8.7	10.6	11.2
Debt to Equity	0.31	0.38	0.48	0.11	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	13.4	14.3	13.5
Return on Capital Employed (%)	21.1	21.0	17.6	20.1	22.8	21.0

Notes:

1. Return on Networth is calculated as: PAT/ Average Networth
2. Return on Capital Employed is calculated as: EBIT/ Average Capital Employed
3. 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

Net cash positive - 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



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Annexure

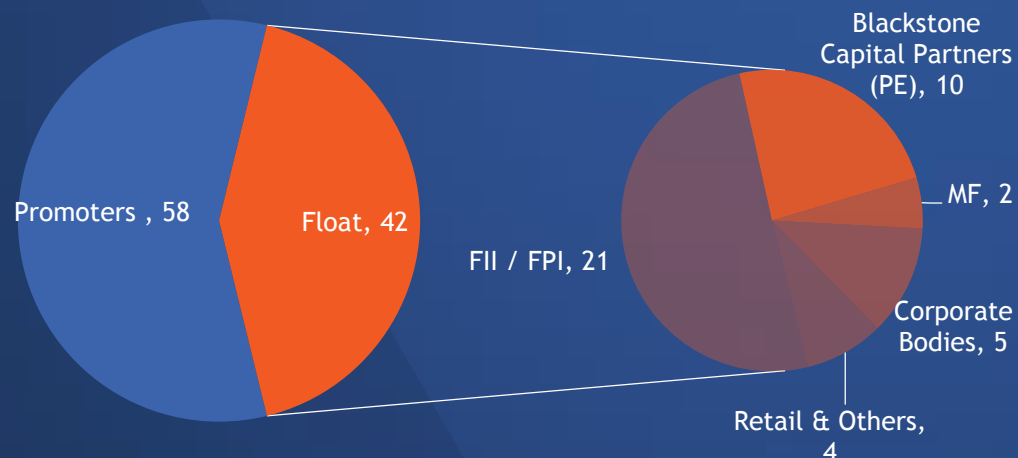
Key Market Statistics

Key Market Statistics	As on July 28, 2017
BSE/NSE Ticker	539450 / SHK
CMP (Rs.)	270.65
Market Cap (Rs. Crore)	3,914.2
Number of outstanding shares (Crore)	14.46
Face Value	10.00
52-week High / Low (Rs.)	343.8 / 249.7

Top Public Shareholders

STEWART INVESTORS
MONDRIAN INVESTMENT
T. ROWE PRICE INTERNATIONAL
NEUBERGER BERMAN
PREMJI INVEST
SMALLCAP WORLD FUND INC
WASATCH EMERGING MARKETS
STICHTING PENSIOEN FONDS
KOTAK INDIA FUNDS
WELLS FARGO FUND
CATAMARAN ADVISORS LLP
IDFC MF

Break-up of Floating Stock (%)



As on July 28, 2017



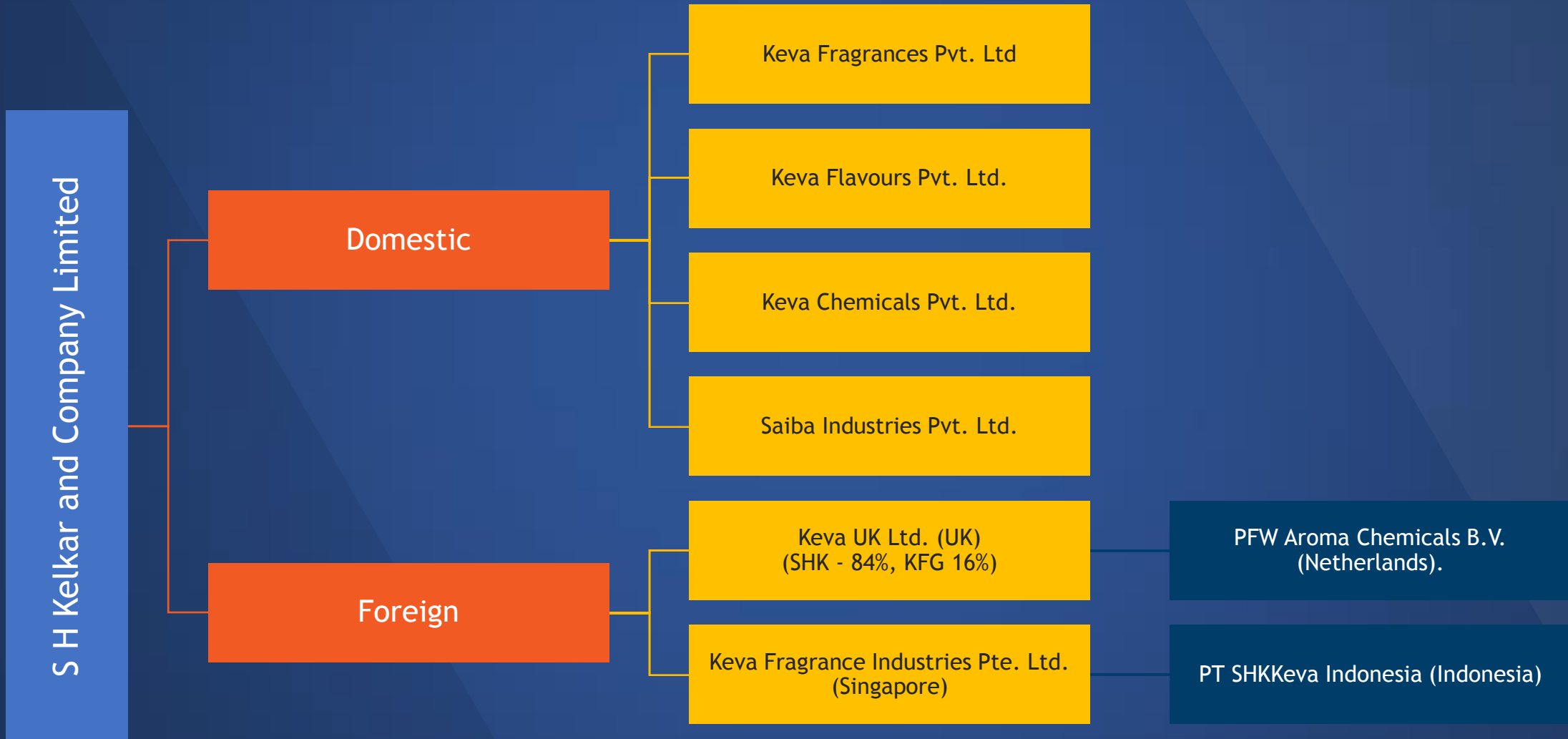
Corporate Social Responsibility

- 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

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 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