



August 24, 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: Submission of Investor Presentation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith updated Investor Presentation. The same is being uploaded on the website of the Company.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For **S H Kelkar and Company Limited**


Deepti Chandratre
Company Secretary & Compliance Officer



Enclosed: As above



S H Kelkar And Company Limited
Lal Bahadur Shashtri Marg, Mulund (West), Mumbai - 400 080. Tel : +91 22 2167 7777
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www.keva.co.in
CIN No. L74999MH1955PLC009593



Crafting Sensorial Delight

S H Kelkar and Company Limited

Largest Indian-origin Fragrance & Flavour Company

Investor Presentation

August 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 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 - 50% comprise of Independent Directors*
- *Professional management & leadership team*



At a Glance

94

Years of Market Conviction

9,700+

Products

4,100+

Customers

849

Employees

CRISIL AA-/Stable

Credit Rating

~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 August 17, 2018

Key Milestones



Market and Entities

Creation and R&D Centre

Manufacturing Facilities

1955

- Incorporated as S.H. Kelkar & Co. Limited

1979

- Establishment of the manufacturing unit at Vapi

1981

- Expansion of Research Centre at Mulund

1994

- Expansion of Fragrance mfg. facility at Mulund for EOU

2007

- New, long term, fragrance & flavour Mfg. facility at Vashivali

2012

- Investment by Blackstone
- Acquisition of SAIBA Industries
- Establishment of additional R&D Centre at Mulund

2014

- Investment in MP Plant - Vapi

2015

- Listing of SHK shares on BSE & NSE.

2017

- Commercialization of a patented molecule
- Established Fine Fragrance Development Centre in Amsterdam

1960

- Establishment of R&D Centre at Mulund
- Establishment of manufacturing facilities at Mulund

1980

- Incorporation of Keva Flavours

1984

- Expansion of Fragrance mfg. facility at Mulund
- Establishment of the export oriented Keva Fragrances Private Limited

2000

- Expansion of Fragrances Centre in Mulund

2010

- Consolidation of promoter's shareholding
- Acquisition & Integration of PFW

2013

- Incorporation of PT SHK Keva Indonesia - full fledged operations including corporate, sales and CDC

2016

- Acquisition of High-Tech Technologies (HTT) and flavours division of Gujarat Flavours (GFPL)

2018

- Acquired 51% of Italy-based Creative Flavours & Fragrances S.p.A
- Acquired 67% of China-based Anhui Ruibang Aroma



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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 29.9% in 2007 to 33.5% in 2017

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

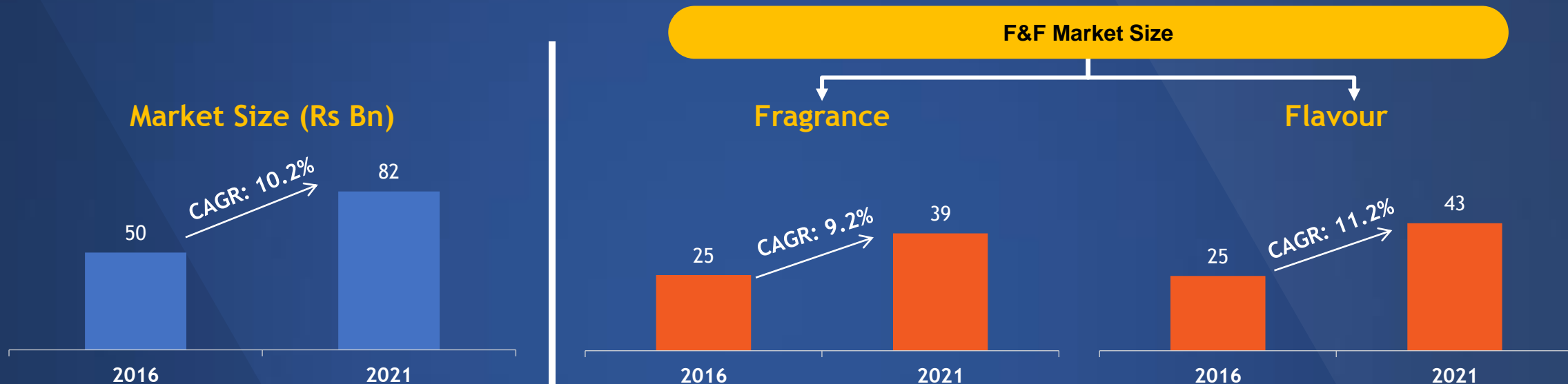
Literacy & lifestyle

- 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

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



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 global corporates, domestic companies and trade customers
- Very low customer concentration - Top 5 customers on an average contributed to ~3% of sales in FY18
- 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 ~5.6% of Sales in FY17
- 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 FY17
- 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

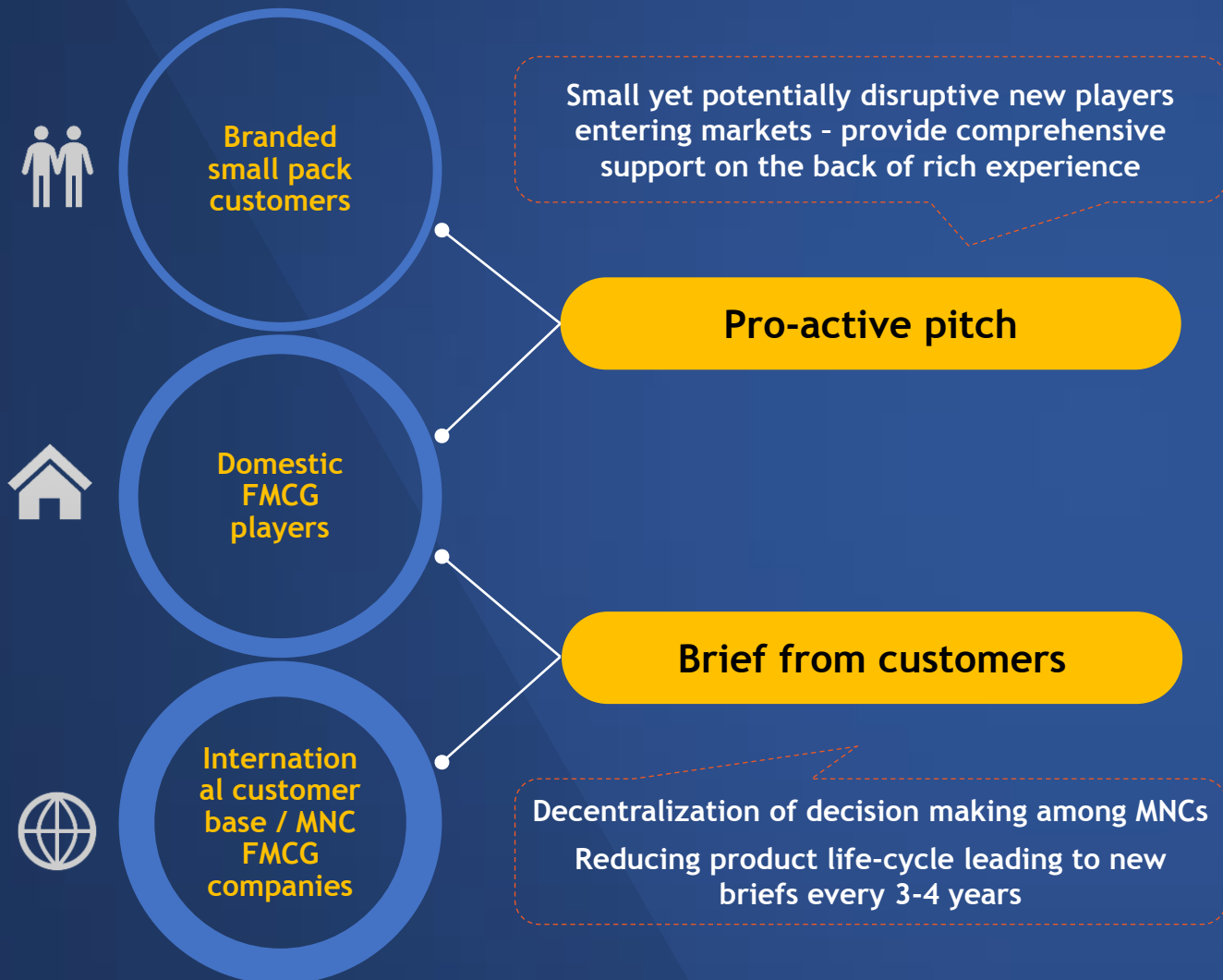
Ability to address higher off-take requirements at a short notice

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

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
- In FY 2017-18, 10 molecules & processes patent applications filed
 - 2 molecules commercialized

502+

Fragrance and flavours compounds developed in FY15

12

Molecules developed by Research team over last 3 years



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

20

Scientists operating in Mumbai and Barneveld

4

Creation and Development Centers in India, The Netherlands, Indonesia and Italy

17

Perfumers

6

Flavourists



- 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

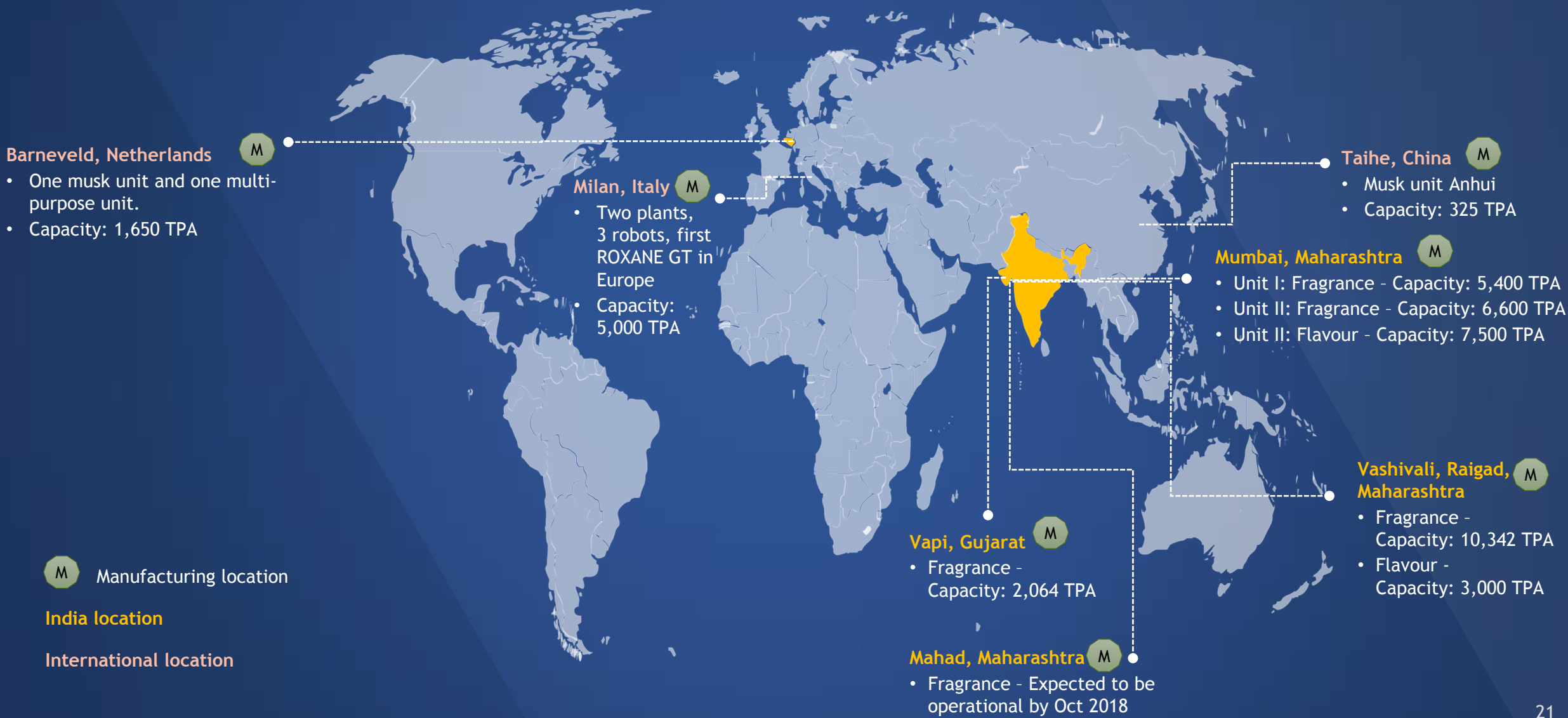
250 ingredients sourced from owned facilities

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



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 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. - 30+ Yrs

Anuradha Sansar

VP - Global Fragrance Innovation

Exp. - 31+ Yrs

Amit Gulati

VP - Aroma Ingredients Division

Exp. - 25+ Yrs

B. Ramkrishnan

Director Strategy

Exp. - 35+ Yrs

Indrajit Chatterjee

Group CHRO

Exp. - 20+ Yrs

Ratul Bhaduri

Executive VP and Group CFO

Exp. - 25+ Yrs

Anurag Yadava

General Manager - Flavours

Exp. - 22+ Yrs

Pramod Davray

Executive VP - Fragrance India

Exp. - 38+ Yrs

Godson James

Senior VP - Supply Chain Management

Exp. - 28+ Yrs

Mohan Sapre

Senior VP - International Fragrances

Exp. - 30+ Yrs

Luc Malfait

VP - Fragrances, Europe

Exp. - 30+ 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

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

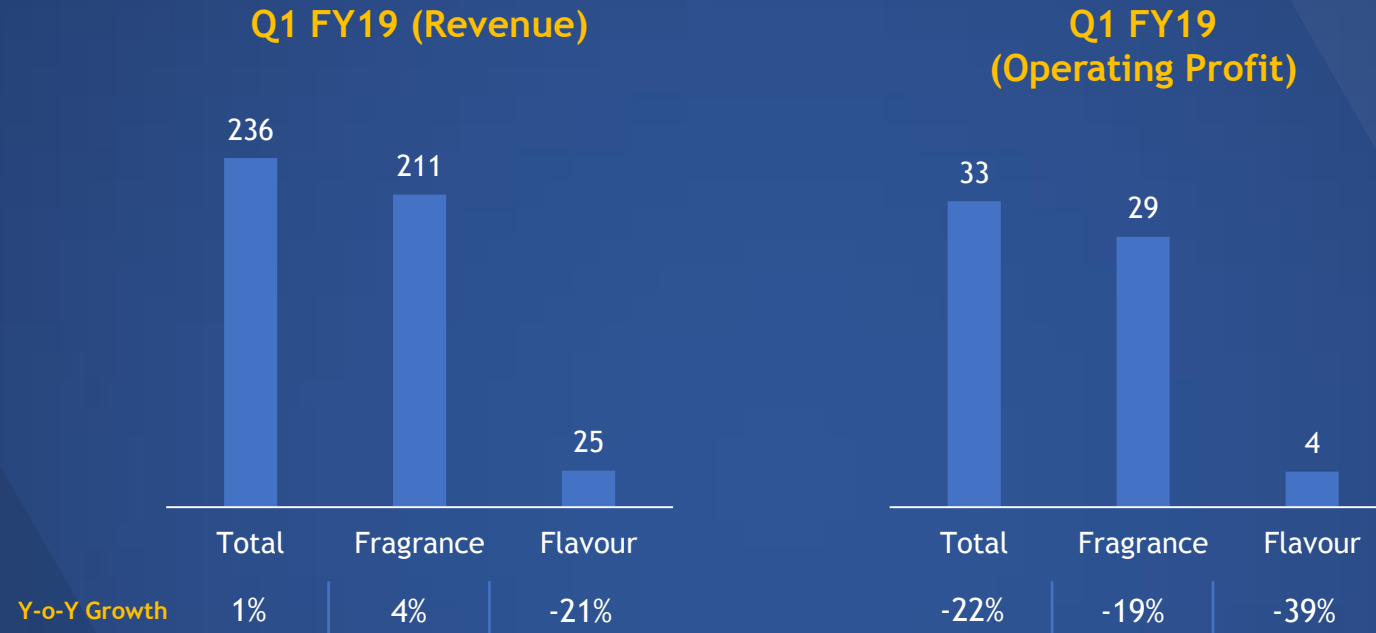


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Financial Highlights

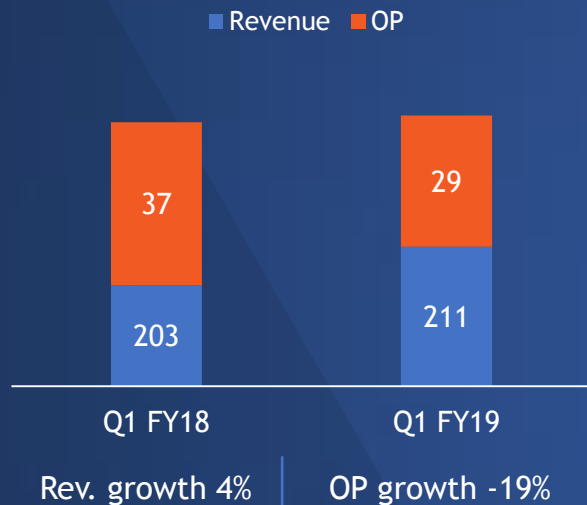
Revenue & Operating Performance - Q1 FY19



- The Company reported a steady topline performance - Q1 FY19 Revenue from operations grew at 1%; similarly constant currency sales remained flat
- Performance in the overseas Fragrance and Flavour division were adversely affected due to supply side constraints coupled with a surge in key raw material prices
- In a current environment, the Company consciously focused more towards improving the quality of earnings than on growth in our International Fragrance business. This, along with a weaker Rupee, led to an improvement in gross margins to 44% from 39% Q-o-Q

Fragrance Division

Net Revenue & Operating Profit - Q1 FY19



- Domestic Fragrance business reported healthy growth of 13%, while a slowdown in the international markets impacted performance in the overseas segment
- Surge in raw material prices resulted in subdued profitability
- Operating profit stood at Rs. 29 crore in Q1 FY19
 - Operating profit margins at 14%

Domestic and Overseas Revenue - Q1 FY19



Note: Figures in Rs. crore

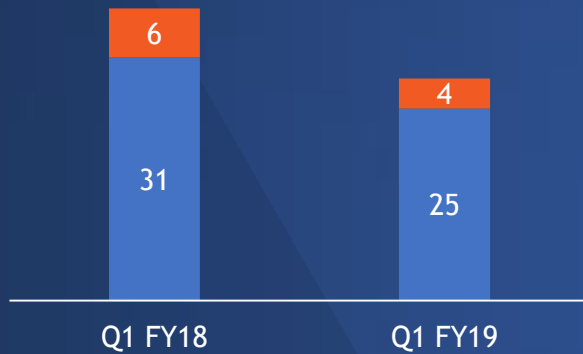
Y-o-Y Growth (%)	Q1 FY19
Domestic	13%
Overseas	-11%
Total Growth	4%



Flavour Division

Net Revenue & Operating Profit - Q1 FY19

■ Revenue ■ OP



Y-o-Y Growth

Rev. growth -21%

OP growth -39%

- Flavour division reported a decline in performance during the quarter. Increased pricing pressures due to supply-side disruptions impacted performance in the domestic market
- Operating profit was at Rs. 4 crore with margins at 15.7%

Domestic and Overseas Revenue - Q1 FY19



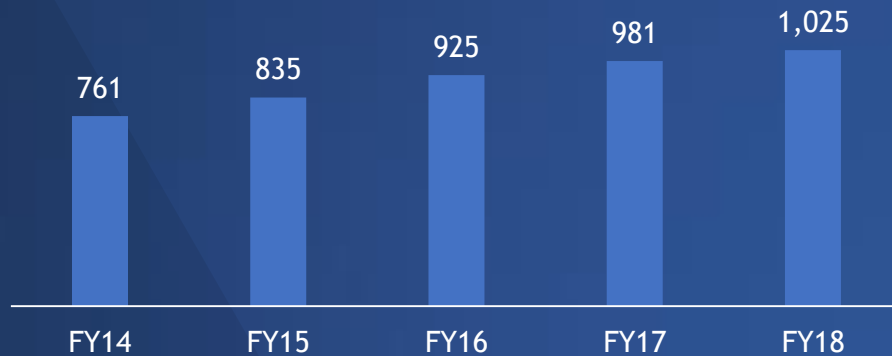
Note: Figures in Rs. crore

Y-o-Y Growth (%)	Q1 FY19
Domestic	-36
Overseas	3
Total Growth	-21

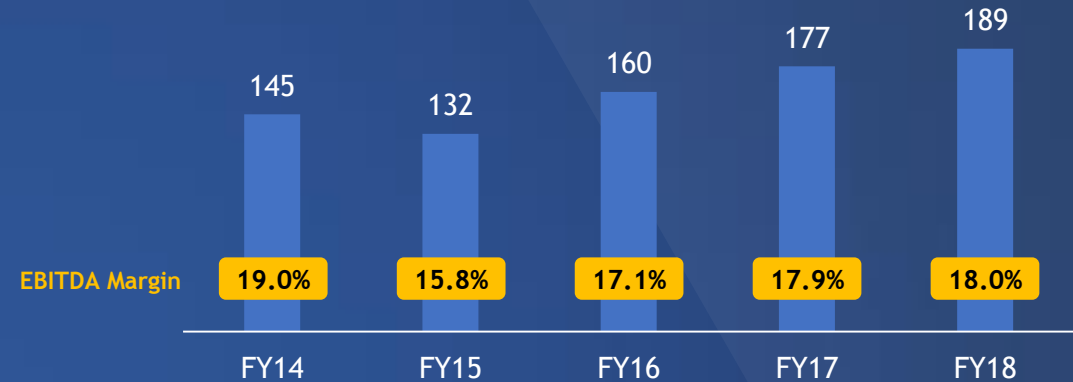


Robust Historical Financial Trend

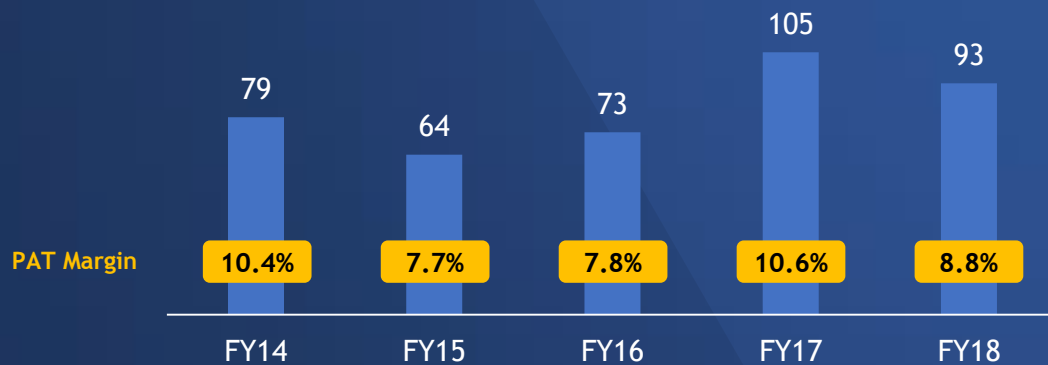
Total Operating Income



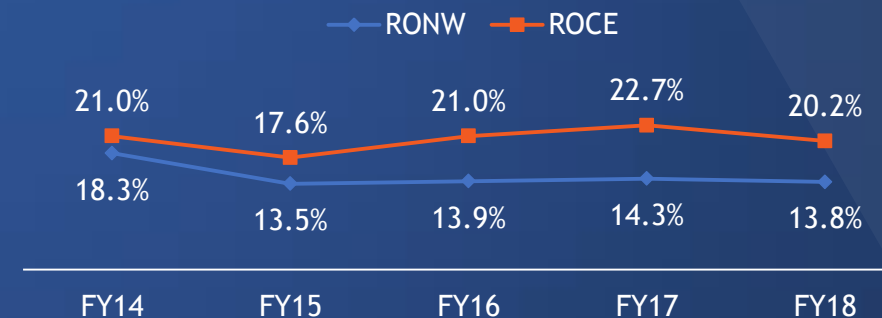
EBITDA



PAT



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

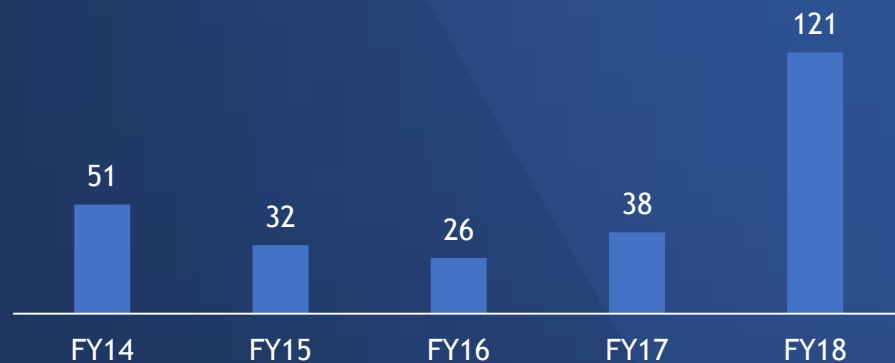


Healthy Cash generation

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

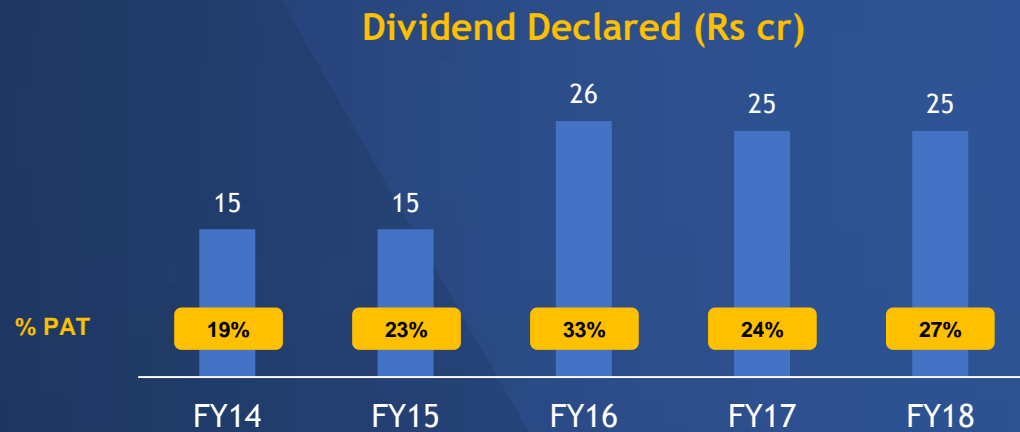
Note: Cash and cash equivalent includes investments in mutual fund

Capex



- Low capital intensive business - robust cash flow generation remains a key strength of SH Kelkar's business model
- Investments in FY17 and FY18 towards in-organic 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



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Annexure

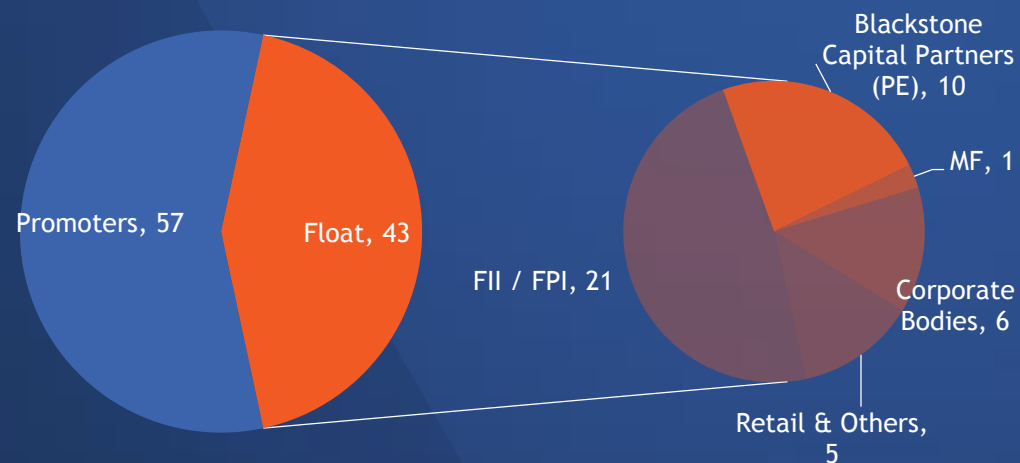
Key Market Statistics

Key Market Statistics	As on Aug 17, 2018
BSE/NSE Ticker	539450 / SHK
CMP (Rs.)	201
Market Cap (Rs. Crore)	2,907
Number of outstanding shares (Crore)	14.46
Face Value	10.00
52-week High / Low (Rs.)	310.3 / 193.6

Top Public Shareholders

MORGAN STANLEY
MONDRIAN INVESTMENT
NEUBERGER BERMAN
STEWART INVESTORS
STICHTING DEPOSITARY APG FUND
PREMJI INVEST
KAYNE ANDERSON RUDNICK
KOTAK INDIA FUNDS
CATAMARAN ADVISORS
ROYCE FUNDS

Break-up of Floating Stock (%)



As on August 17, 2018



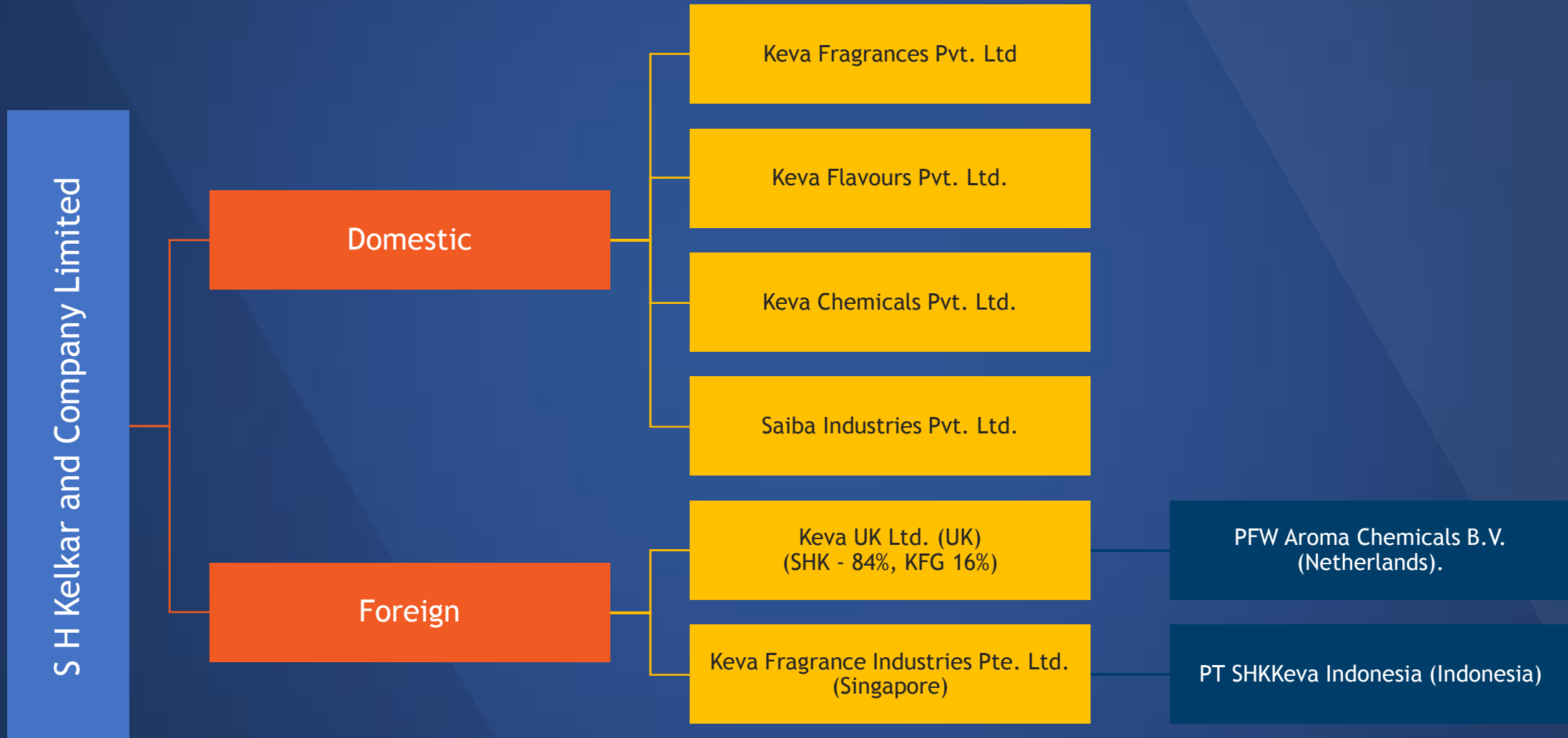
Corporate Social Responsibility

- 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 94 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 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 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:

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Thank You