



December 15, 2020

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

End: As above



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CIN No. L74999MH1955PLC009593



**S H KELKAR
AND COMPANY LIMITED**

INVESTOR PRESENTATION

December 2020

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
- NICHE INDUSTRY
- OUR BUSINESS
- FINANCIAL HIGHLIGHTS
- KEY HIGHLIGHTS
- ANNEXURE



Scientific

Edge

We are Keva

A century of expertise in Fragrances,
Flavours & Aromatic Ingredients



Artistic
Imagination



We have a rich history, we blend heritage with modernity

We stand upon a storied past
with our eyes set firmly
towards the future



LEGACY

- Established 96 years back by SH Kelkar and VG Vaze
- Leading Fragrance & Flavour company in India exporting to 85 countries



MARKET LEADERSHIP

- One of the largest Indian F&F companies in revenues
- Largest domestic fragrance producer in India



STRONG MANAGEMENT

- Broad-based Infrastructure – Board consists of more than 50% of Independent Directors
- Professional management & leadership team



EXCELLENT INFRASTRUCTURE

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

At a Glance

96

Years of Market Conviction

9,700+

Products

4,100+

Customers

~850

Employees

9

Manufacturing Locations

5

Creation & Development Centers

52

R&D Team consisting of 23 Perfumers, 22 scientists and 7 Flavourists

CRISIL
AA-/Stable

Credit Rating on long-term bank facilities

₹1,122 cr

Total Income – FY20

~7%

8-year Sales CAGR (FY2013-20)

₹123 cr

Cash profit FY20

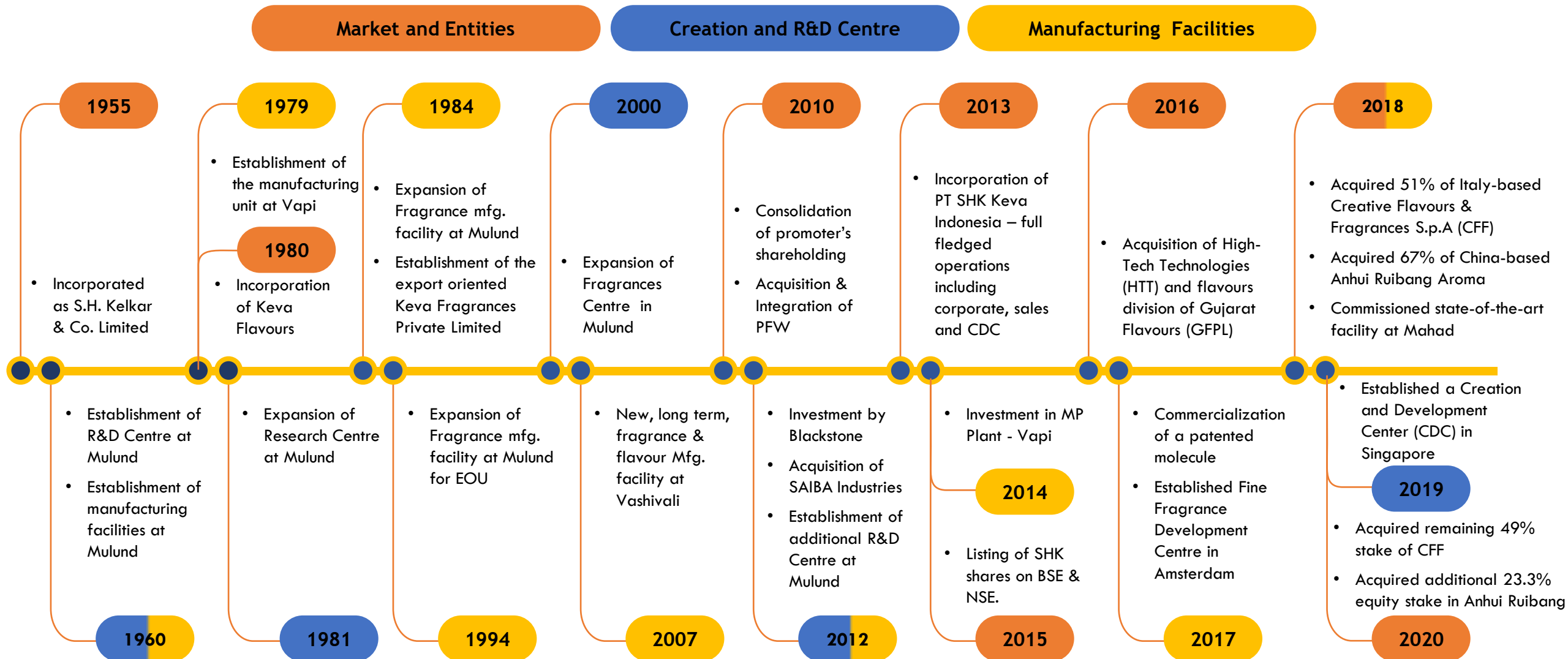
₹205 cr

Cash from operations March 31, 2020

SHK - the largest Indian-origin Fragrance & Flavour Company in India



Key Milestones

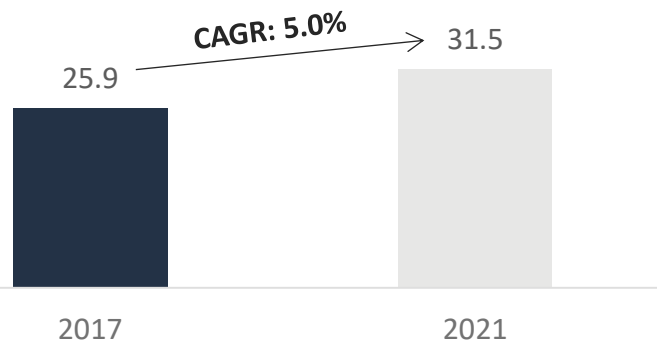


NICHE INDUSTRY

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

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

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

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

Globalization 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 30.6% in 2009 to 34.5% in 2019



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 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



LITERACY & LIFESTYLE

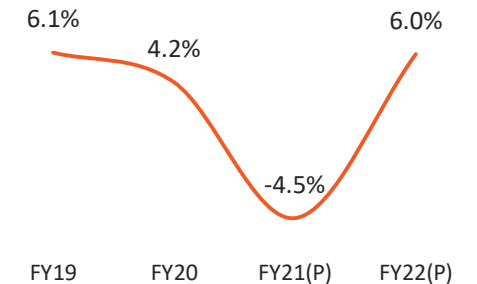
Increasing literacy levels impacting consumer awareness and knowledge
Demand shift for better quality, innovative F&F products
Greater demand for packaged and processed foods



RISING DISPOSABLE INCOMES

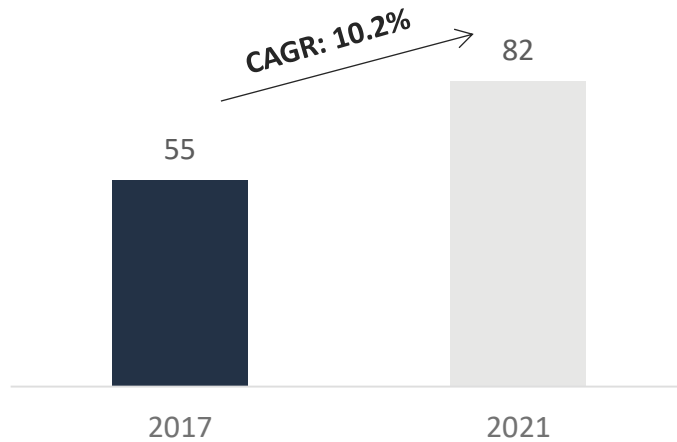
Rising disposable income, pivotal for F&F growth
India is witnessing continuous increase in disposable income

India – GDP Growth



Indian F&F Market To Outpace Global F&F Growth

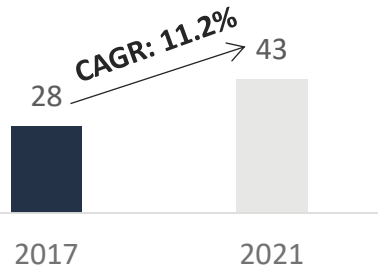
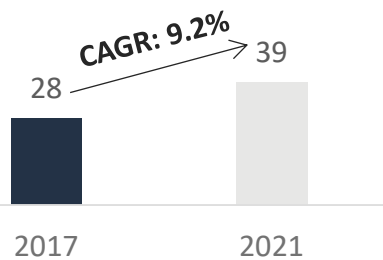
Market Size (Rs. BN)



F&F Market Size

Fragrance

Flavour



High growth in FMCG

Premiumization in personal care

Growth in 'naturals' segment

Increasing consumption

Increase in private labels:

- Directly correlated to FMCG growth
- Consumers are increasingly buying sophisticated premium personal care products
- Major shift in consumer preferences from synthetic to natural fragrances
- All sub-segments within Fragrance and Flavours are witnessing healthy growth
- 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 flavours

- 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





OUR BUSINESS

Diverse Customer Base Backed with Leading Brands

3,600+

Fragrance customers

+

500+ ↗

Flavours customers

- 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 15+ years

Brands



- 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

Our Business

Fragrance & Flavours product applications across domestic, local, multinational FMCG players, pharmaceutical manufacturers, dairy industry, beverages manufacturers, bakeries amongst others

Fragrance – Product Basket



Personal Wash
(Toilet Soap,
Shower Gel,
Hand Wash..)



Hair Care
(Shampoo, Hair Oil..)



Skin Care
(Creams, Lotions..)



Fabric Care
(Detergents,
Fabric Softeners)



Industrial /
Hygiene Products
(Air Care, Sanitizers,
Floor Cleaner,
Toilet Cleaner..)



Fine Fragrances
(Deodorants,
Eau De Perfumes..)

Flavour – Product Basket



Tea



Dairy Product



Pharma



Bakery
& Confectionary

Keva's Winning Edge



Branded
small pack customer



Domestic
FMCG players

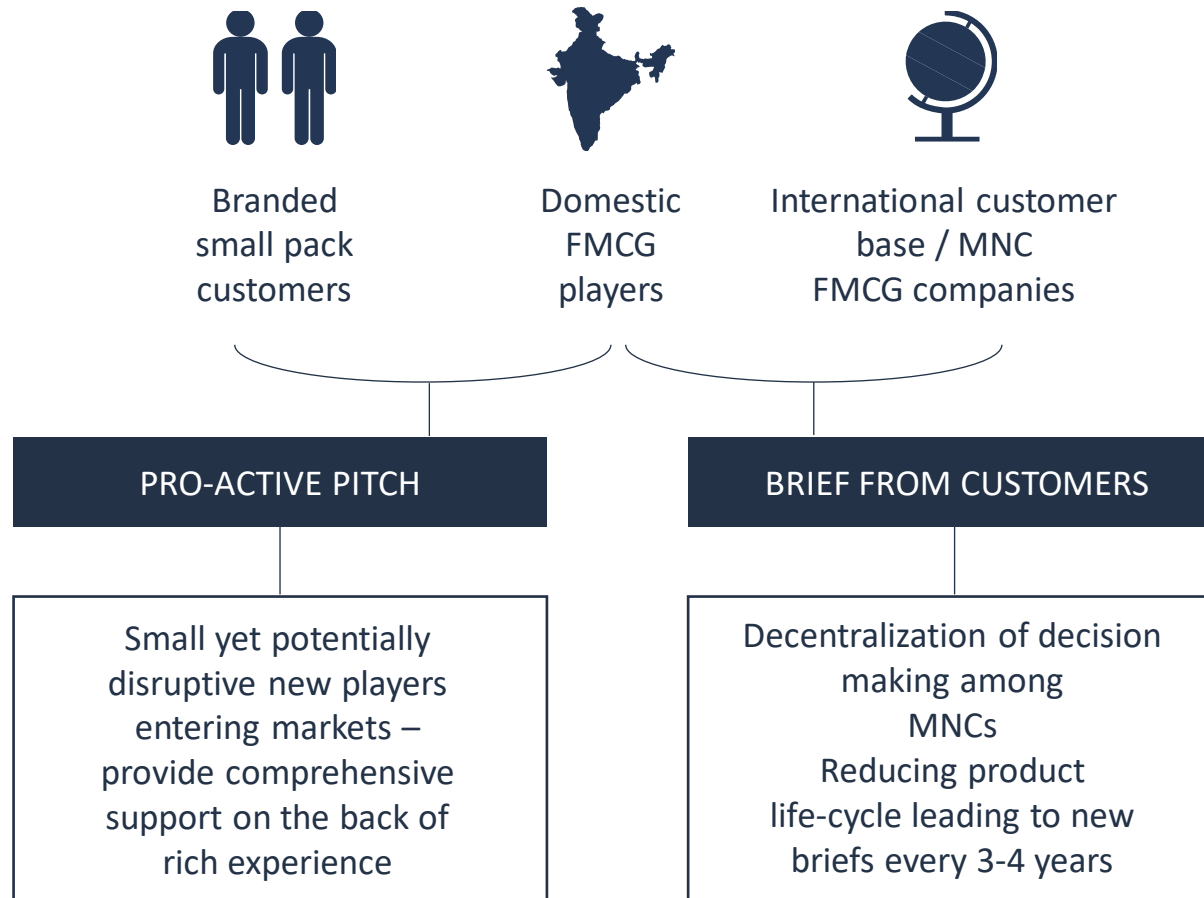


International customer
base / MNC
FMCG companies

Factors influencing
Customer mindset

- Perceived as a consultant by upcoming entrepreneurs and SMEs
- Reliable partner to small-size entrepreneurs to service customized product needs
- 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



Key to winning: consumer insight combined with local market understanding

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

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

22
Scientists

5
Creation and Development
Centers in India, Singapore,
Amsterdam, Indonesia and Italy

23
Perfumers

7
Flavourists



Established
Fine Fragrance
Development Center
in Amsterdam

Established
Fine Fragrance
Development Center
in Singapore

- 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
- To sharpen focus on certain categories and strengthen foothold in South East Asian markets

Strong Raw Material Sourcing Capabilities (1)

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

54%

Domestic Suppliers

262 Indian Suppliers

250 ingredients sourced from owned facilities

Library of Raw Materials:
1,500+

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

Sourced ~ 35% of RM requirement from top 10 suppliers

~15-20% of total raw material requirements sourced from in-house facilities

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

4 broad categories
of key raw materials, where
in each category contributes
25-30% to RM mix



Crude oil-based



Turpentine-based



Citrus oil



Naturals

Strong Raw Material Sourcing Capabilities (2)

Counterbalancing Raw materials - ability to alternate between a set of raw materials

Overview of RM crisis (FY2018-FY2020)

Unprecedented RM crisis impacted the global F&F industry –
severe supply-side disruptions in the domestic and global market owing to:

- Fire in BASF's chemical plant (September 2017), resulted in force majeure in Citral & Isoprenol-based aroma ingredients
- Hurricane Irma in Florida (September 2017) adversely affected the availability of citrus oils and other raw materials
- Environmental clean-up drive in China (2018) led to the closure of several chemical plants
 - Fire in aroma chemicals facilities in India (April 2018) impacted local supplies

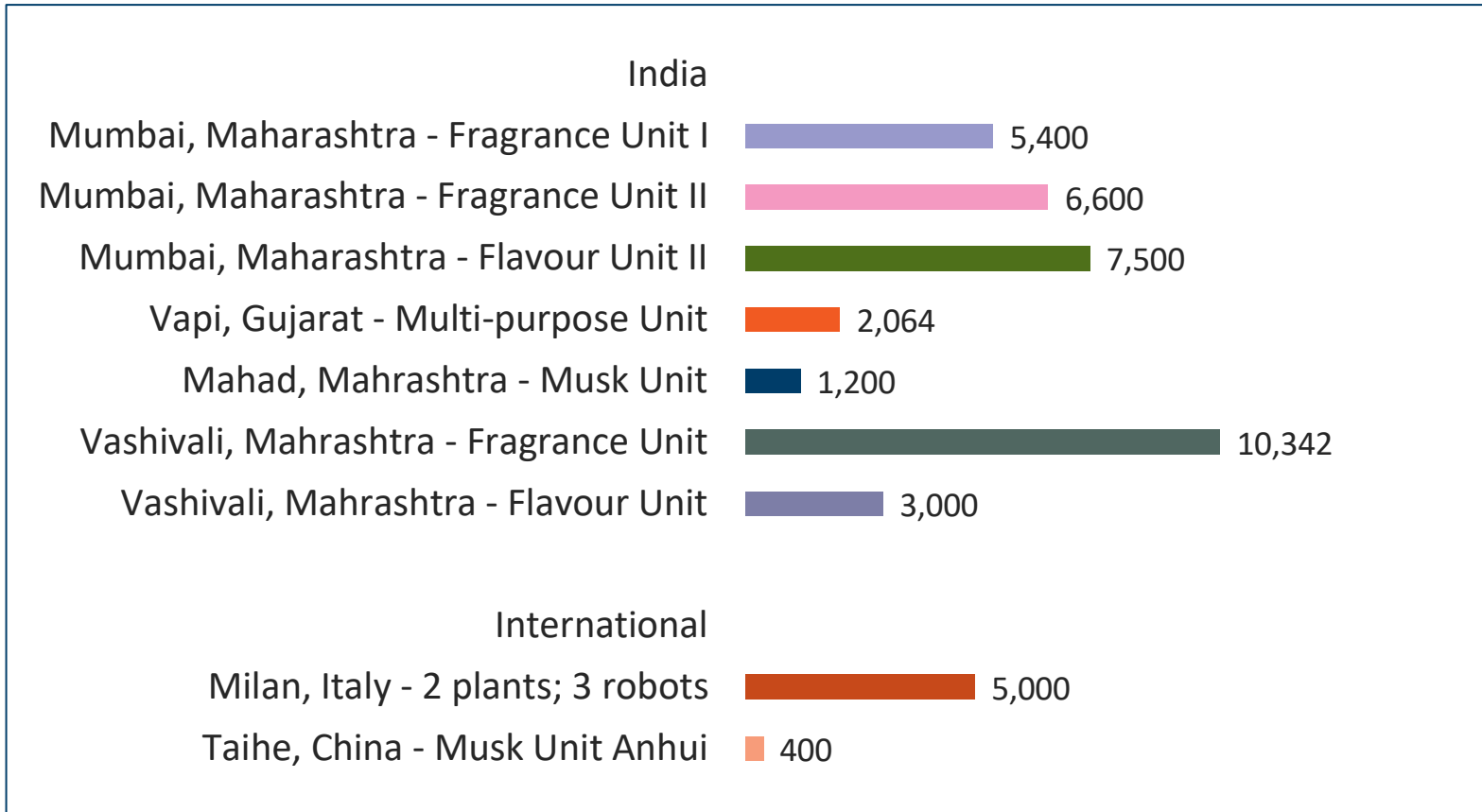
Keva effectively countered the 'Black Swan' eve

- Healthy inventory management strategy helped sustain supplies
 - Actively addressed demands of long-term customers
- Proactive price hikes and cost-optimisation measures minimized impact on gross margins
 - After a temporary dip in gross margins, the Company has stabilized its gross margins in the recent quarters

Maintained deliveries despite COVID-uncertainties

- Despite COVID-impact, Keva's prudent inventory management enabled it to cater to demand across customers without any impact on margin performance

Growth Ready Manufacturing Operations



- Operates 9 state-of-the-art manufacturing facilities in India and abroad
- Adequate production capacity in place to support sustainable growth, going ahead

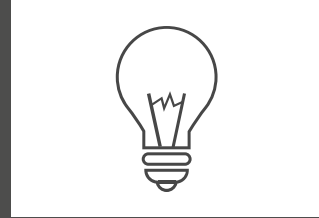


Business Strategy



CONTINUE GROWTH IN MARKET SHARE

- Focus on retaining current domestic market leadership and enhancing market share across domestic and international markets
- Expand market presence by deepening distribution network and introducing new products



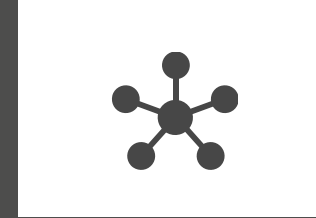
ENHANCE PRODUCT PORTFOLIO

- Launch of new product categories based on traditional knowledge and cutting-edge research
- Increasing traction in Naturals, Ayurvedic and Industrial segments
- CFF opened access in premium product markets of Europe and Asia



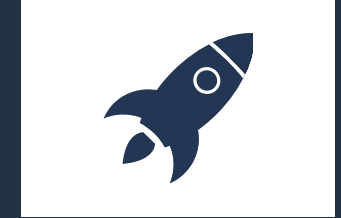
3I-3C STRATEGY

- 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



SUPPLY CHAIN OPTIMIZATION

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



LEVERAGING R&D CAPABILITIES

- Strategy to leverage R&D capabilities to develop and enhance product offerings and increase revenue and improve profit margins

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

Showcased significant operating leverage through recently executed acquisitions

Recent Acquisitions

- Acquired 100% of Italy-based Creative Flavours & Fragrances S.p.A (CFF)
- Enables Keva to expand presence into newer markets in Europe within the categories of fine fragrances, air care, and fabric care segments
- Cross-selling solutions and sharing R&D & knowledge-base to create and launch innovative products in both countries
- Acquired 90% equity stake in China-based Anhui Ruibang Aroma
- Provides access to another Tonalid manufacturing facility - to enable Keva to consolidate its market leadership in the segment

Strong Management Team

Management Team – Best-in-class experience

Mr. Kedar Ramesh Vaze
Whole time Director &
Group CEO

Mr. B. Ramkrishnan
Director Strategy

Mr. Shrikant Mate
EVP & Group CFO

Dr. Avani Mainkar
Chief Scientific Officer

Mr. Amit Gulati
Chief Operating Officer

Mr. Anurag Yadava
VP – Flavours

Mr. Luc Malfait
VP – Fragrances,
Europe

Ms. Medha Tawde
Bhagat
VP – Fragrances
(India, Middle East
& Africa)

Ms. Anuradha Sansar
EVP –
Business Development

Mr. Burkhard Jurgens
Senior VP –
Flavours (SEA)

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

Board of Directors

Board of Directors			
Promoter Directors	Non Executive Directors	Independent Directors	
Mr. Ramesh Vaze Non-Executive Chairman	Mr. Amit Dalmia Non-Executive Director	Mr. Jairaj Purandare Independent Director	Mr. Dalip Sehgal Independent Director
Mr. Kedar Vaze Whole time Director & Group CEO		Ms. Sangeeta Singh Independent Director	Mr. Mark Elliott Independent Director
Ms. Prabha Vaze Non-Executive Director		Mr. Shrikant Oka Independent Director	

Kedar Vaze, (educated from IIT and Stanford University) leading the organization as Group CEO and Master Perfumer, actively involved in Fragrance Creation, Molecular Chemistry, Research & Development together with highly experienced team of PhD Scientists, Researchers and Senior Perfumers.

FINANCIAL HIGHLIGHTS



Management Comment



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

“I am pleased to share that we have delivered a robust performance during the quarter on the back of a healthy uptick in demand across the domestic and international markets. In addition, increased traction in engagements with large and mid- sized FMCG customers led to new business wins across various categories, laying a solid foundation for us to deliver multi-year growth. On a like-to-like basis, we reported a healthy growth of 14% in revenues from operations. Our wholly-owned subsidiary, CFF also registered encouraging results during the quarter supported by robust demand and volume off-take in the European markets.

On the profitability front, higher operating leverage and a better product mix enabled us to report strong performance during the quarter, with EBITDA margins coming in at 21%. Improved cost efficiencies and a stable raw material environment, we believe, should assist us in sustaining our margins at healthy levels going forward.

During the quarter, we further broadened our portfolio within the Flavours segment with the launch of innovative new offerings. I am happy to share that these new categories saw strong acceptance from existing and new customers. Our long-term focus remains on developing new offerings within the fragrance and flavour segments by leveraging upon our R&D capabilities, which forms a key cornerstone of our growth strategy.

Looking forward, a combination of improving economic indicators and the festive season should help strengthen demand and consumption across the country. This should enable us to sustain our momentum going forward. After witnessing one of the most challenging periods for the F&F industry over the past few years, we believe we are firmly back on track to deliver healthy and sustainable growth in the near to medium-term. While there is reasonable optimism on the domestic front, the second wave of COVID in Europe and elsewhere needs to be reckoned with. We are taking all measures to mitigate the risks and ensure the safety of our people. Further we are monitoring our operations and processes such that it poses minimal risk for spread of this disease. However, it is difficult to estimate the impact of this development on the results of rest of the year.”

Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q2 FY21	Q2 FY20	Y-o-Y Change (%)	HI FY21	HI FY20	Y-o-Y Change (%)
Revenues from Operations (Net of excise)	351.9	276.2	27%	543.3	547.7	-1%
Other Operating Income	2.6	3.1	-16%	3.7	6.0	-37%
Total Operating Income	354.5	279.3	27%	547.0	553.7	-1%
Other Income	6.2	0.6	910%	10.2	2.0	415%
Total Income	360.6	279.9	29%	557.2	555.7	0%
Total Expenditure	283.4	241.0	18%	444.9	469.1	-5%
Raw Material expenses	198.4	158.3	25%	306.5	314.4	-2%
Employee benefits expense	40.3	38.4	5%	63.5	70.5	-10%
Other expenses	44.6	44.4	1%	74.9	84.2	-11%
EBITDA	77.3	38.9	99%	112.3	86.6	30%
EBITDA margin (%)	21%	14%	+754 bps	20%	16%	+457 bps
Finance Costs	4.4	7.1	-39%	8.9	14.1	-37%
Depreciation and Amortization	14.9	13.1	13%	26.5	25.3	5%
Profit before exceptional items and tax	58.0	18.6	212%	76.9	47.2	63%
Exceptional Items	-12.5	0.0		-12.5	0.0	
PBT	70.5	18.6	279%	89.4	47.2	89%
Tax expense	16.7	3.6	361%	20.8	13.3	57%
PAT	53.8	15.0	259%	68.6	34.0	102%
PAT margin (%)	15%	5%	+957 bps	12%	6%	+621 bps
Cash Profit	68.7	28.1	144%	95.1	59.2	61%

Consolidated Balance Sheet

EQUITY AND LIABILITIES	CONSOLIDATED	CONSOLIDATED
Particulars (Rs. Crore)	As at 30th September 2020 (Audited)	As at 31st March 2020 (Audited)
Equity		
Equity share capital	141.3	141.3
Other equity		
Retained earnings	511.2	441.9
Other Reserves	239.6	240.7
Equity attributable to owners of the Company	892.1	824.0
Non-Controlling Interest	10.1	10.6
Total equity	902.3	834.5
Non-current liabilities		
Financial liabilities		
Borrowings	269.9	54.4
Others	70.6	1.1
Provisions	0.8	0.8
Deferred Tax Liabilities (net)	41.5	23.6
Total non-current liabilities	382.7	79.9
Current liabilities		
Financial liabilities		
Borrowings	186.4	288.1
Trade payables		
-total outstanding dues of micro enterprises and small enterprises	24.7	7.8
-total outstanding dues of creditors other than micro enterprises and small enterprises	281.4	165.3
Other financial liabilities	59.9	53.0
Other current liabilities	22.7	14.3
Provisions	12.4	10.8
Current tax liabilities (net)	47.4	36.1
Total current liabilities	634.9	575.5
Total Liabilities	1,017.7	655.4
TOTAL - EQUITY AND LIABILITIES	1,919.9	1,489.9

ASSETS	CONSOLIDATED	CONSOLIDATED
Particulars (Rs. Crore)	As at 30th Sept 2020 (Audited)	As at 31st March 2020 (Audited)
ASSETS		
Non-current assets		
Property, Plant and Equipment	346.5	327.1
Capital work-in-progress	4.5	2.8
Right of use asset	53.8	46.1
Investment Property	13.1	13.4
Goodwill on Consolidation	201.9	40.2
Other Intangible assets	147.9	45.6
Intangible Assets under Development	19.3	15.0
Equity Accounted Investee	1.2	97.0
Financial Assets		
Investment	0.0	0.0
Loans	4.8	3.0
Others	2.4	2.3
Deferred tax assets (net)	28.0	32.6
Other tax assets (net)	46.2	40.0
Other non-current assets	16.6	16.5
Total non current assets	886.2	681.7
Current Assets		
Inventories	475.4	337.0
Financial Assets		
Investments	0.0	0.0
Trade receivables	364.3	317.4
Cash and cash equivalents	95.8	62.6
Other bank balances	3.0	3.0
Loans	8.6	6.6
Others	4.6	2.3
Other current assets	54.5	51.9
Total current assets	1,006.2	780.7
Assets Held for Sale	27.5	27.5
TOTAL – ASSETS	1,919.9	1,489.9



Key Developments

Solid improvement in overall performance registered during the quarter

- The Company witnessed improved traction in terms of order enquiries and leads from new and existing large & mid-sized FMCG customers during the quarter. Business wins across domestic and international markets also remained robust. This, along with an improved recovery in demand environment, enabled SHK to deliver healthy sales during the quarter
- Higher operating leverage and a better product mix led to notable expansion in operating margins
- A normalized operating environment along with stable raw material environment and several cost-optimization measures undertaken in the past should enable the Company to deliver a healthy and sustainable performance in the longer-term



Key Developments

Update on Creative Flavours and Fragrances

- On July 28, 2020, SHK concluded the full acquisition of CFF and accordingly SHK's Q2 FY2021 results includes consolidation of CFF numbers w.e.f August 1, 2020
- During the period under review, CFF delivered an encouraging performance on the back of increasing demand and volume off-take in the Italian market, which positively impacted performance for SHK

Healthy balance sheet profile

- On the balance sheet front, the Company's net debt position stood at Rs. 454 crore (includes consolidation of CFF debt). This is following the payment of the second and final tranche of the CFF acquisition of ~Rs. 141 crore
 - Excluding CFF debt and the payment made for the acquisition, the Net Debt position at SHK group level was steady at Rs. 249 crore
- Going forward, the Company has no major capex plans on hand and the focus remains on sweating current investments and generating healthy free cash flows

The Board of Directors declared an interim dividend of Rs. 1 / share (Face Value of Rs. 10 per share)



Q2FY2021 Financial and Operational Discussions (Y-o-Y)

Revenues from operations stood at Rs. 351.9 crore as against Rs. 276.2 crore

- As the country moved to the un-lockdown phase, the Company witnessed a strong uptick in terms of order enquiries and leads across the fragrance and flavours segments, both in the domestic and international markets. This, resulted in a healthy performance across segments
- In addition, CFF delivered an encouraging performance during the period under review, on the back of increasing demand and volume off-take in the Italian market, which further positively impacted performance for SHK
- Excluding CFF contribution, on a like-to-like basis, revenues stood at Rs. 313.7 crore, higher by 14% YoY

EBITDA stood at Rs. 77.3 crore; EBITDA margins improve to 21.4%

- Gross margins stood stable at 43.6%
- EBITDA margins improved by 754 bps to 21.4% on account of better product mix and higher operating leverage. In addition, a stable raw material environment and cost-optimization measures executed over the last few quarters further aided margins

Cash Profit stood at Rs. 56.2 crore as against Rs. 28.1 crore

- Reported PAT stood at Rs. 53.8 crore as against Rs. 15.0 crore. This includes exceptional income of Rs. 12.5 crore which was recorded on account of re-measurement of JV stakes after CFF was recognised as a wholly owned subsidiary effective August 1, 2020. Excluding this amount, PAT stood at Rs. 41.3 crore, higher by 175.9% YoY



Fragrance Division

Particulars (Rs. crore)	Q2 FY21	Q2 FY20	Y-o-Y (%)	H1 FY21	H1 FY20	Y-o-Y (%)
Revenues from Operations	321.4	255.0	26.0%	497.8	498.5	-0.1%
EBIT	56.3	27.1	107.6%	82.2	62.7	31.1%
EBIT Margins (%)	17.5%	10.6%	687 bps	16.5%	12.6%	393 bps

- As the country moved to the un-lockdown phase, the Company witnessed encouraging pick-up in demand and improved business wins in the Fragrance division, which resulted in a healthy volume offtake in the domestic market
- The quarter saw new wins from existing and new large and mid-sized FMCG customers in the domestic markets
- Stable raw material environment along with higher operating leverage resulted in improved profitability performance during the quarter

Domestic and Overseas Revenue – Q2FY21



	Y-o-Y Growth (%)	Q2FY21	H1 FY21
Domestic		48.2%	11.5%
Overseas		-16.3%	-22.9%
Total Growth		26.0%	-0.1%



Note: Figures in Rs. crore unless specified otherwise



Flavour Division

Particulars (Rs. crore)	Q2 FY21	Q2 FY20	Y-o-Y (%)	H1 FY21	H1 FY20	Y-o-Y (%)
Revenues from Operations	30.5	21.2	43.7%	45.4	49.3	-7.8%
EBIT	12.1	2.6	358.3%	12.0	6.4	89.3%
<i>EBIT Margins (%)</i>	39.6%	12.4%	2,720 bps	26.5%	12.9%	1,360 bps

- The Company launched new product offerings within the Flavour category during the quarter, which saw strong acceptance in the domestic and international markets. This, in addition to improved recovery in the demand environment resulted in a solid improvement in performance during the quarter
- Improved contribution from higher margin products resulted in marked improvement in operating margins

Domestic and Overseas Revenue – Q2FY21



Y-o-Y Growth (%)	Q2FY21	H1 FY21
Domestic	40.2%	-21.6%
Overseas	45.8%	2.7%
Total Growth	43.7%	-7.8%



CFF Performance

CFF – Abridged P&L Statement		
Particulars	Aug & Sep'20	as a % of Sales
Sales – Core Fragrance	26.0	
Sales – Contract Manufacturing	12.2	
Gross Profit – Core Fragrance	14.1	54%
Gross Profit – Contract Manufacturing	1.5	12%
EBITDA	6.5	17%
PBT	4.3	11%
PAT	3.0	8%
Cash Profit	5.1	13%

- In the quarter, CFF delivered an improved performance in its core fragrance division driven by increasing demand and volume off-take in the Italian market
- Gross margins in the core fragrance segment stood strong at 54.2%

CFF B/S			
Particulars	Sep-20	Particulars	Sep-20
Networth	37	Net Fixed Assets (including Goodwill)	81
Gross Debt	77	Net Working Capital	20
Cash and Bank	(13)	Capital Employed	101
Net Debt	64	Investment	-
Total Liabilities	101	Total Assets	101

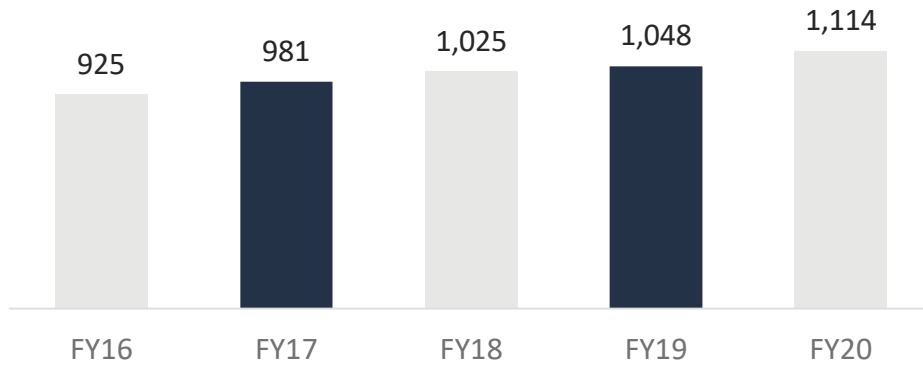


Note: Figures in Rs. crore unless specified otherwise

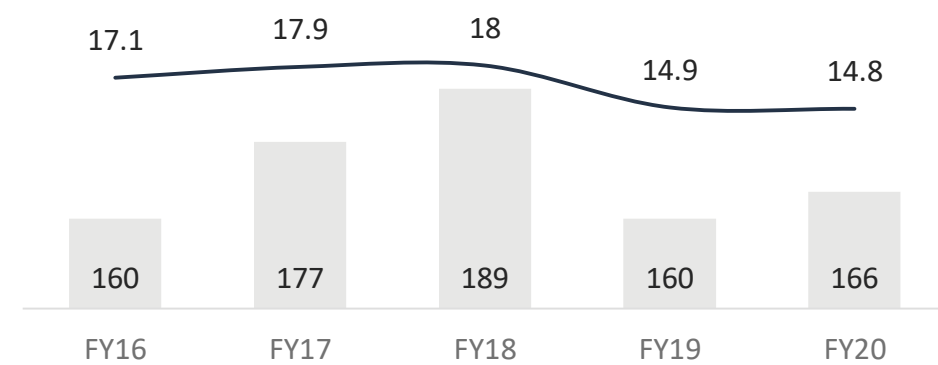


Robust Historical Financial Trend

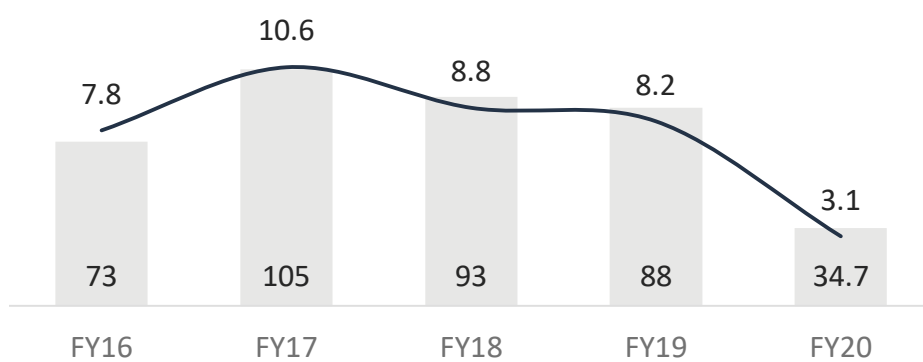
Total Operating Income



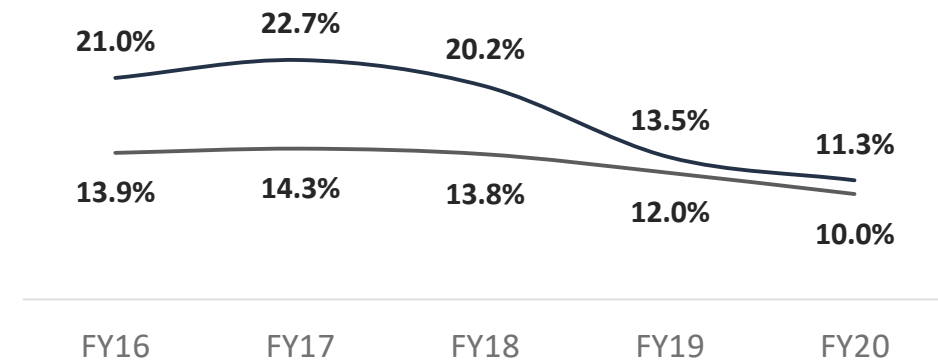
EBITDA Margin (%)



PAT Margin (%)



RONW and ROCE



Note: Rs. Crore; All figures till FY15 as per IGAAP
EBITDA adjusted for one-time expense in FY18

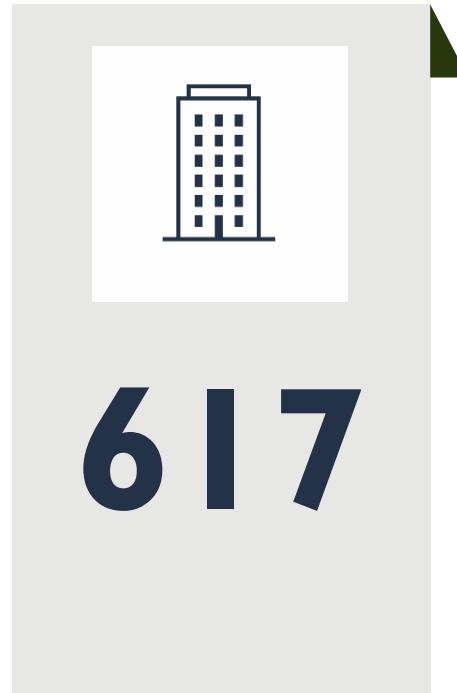
Note: Return on Capital Employed is calculated as $\left[\frac{\text{EBIT}}{\text{Net Debt} + \text{Net Worth}} \right]$



Balance Sheet Snapshot – As on September 30, 2020



Networth



Fixed Assets



Cash &
Investments



Net Debt*

Note:

1) *The Company's net debt position includes consolidation of CFF debt and payment of the second and final tranche of the CFF acquisition of ~Rs. 141 crore

2) All Figures in Rs. crore

Cash Flow Snapshot

Particulars (Rs. crore)	FY16	FY17	FY18	FY19	FY20	H1FY21
Cash flow from Operations	86	102	103	77	205	173
Cash flow from investing activities	-22	-96	-221	-137	-40	-15
Net	64	6	-117	-60	165	30

Note: Cash and cash equivalent includes investments in mutual fund

- Low capital intensive business – 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

Key Financial Ratios

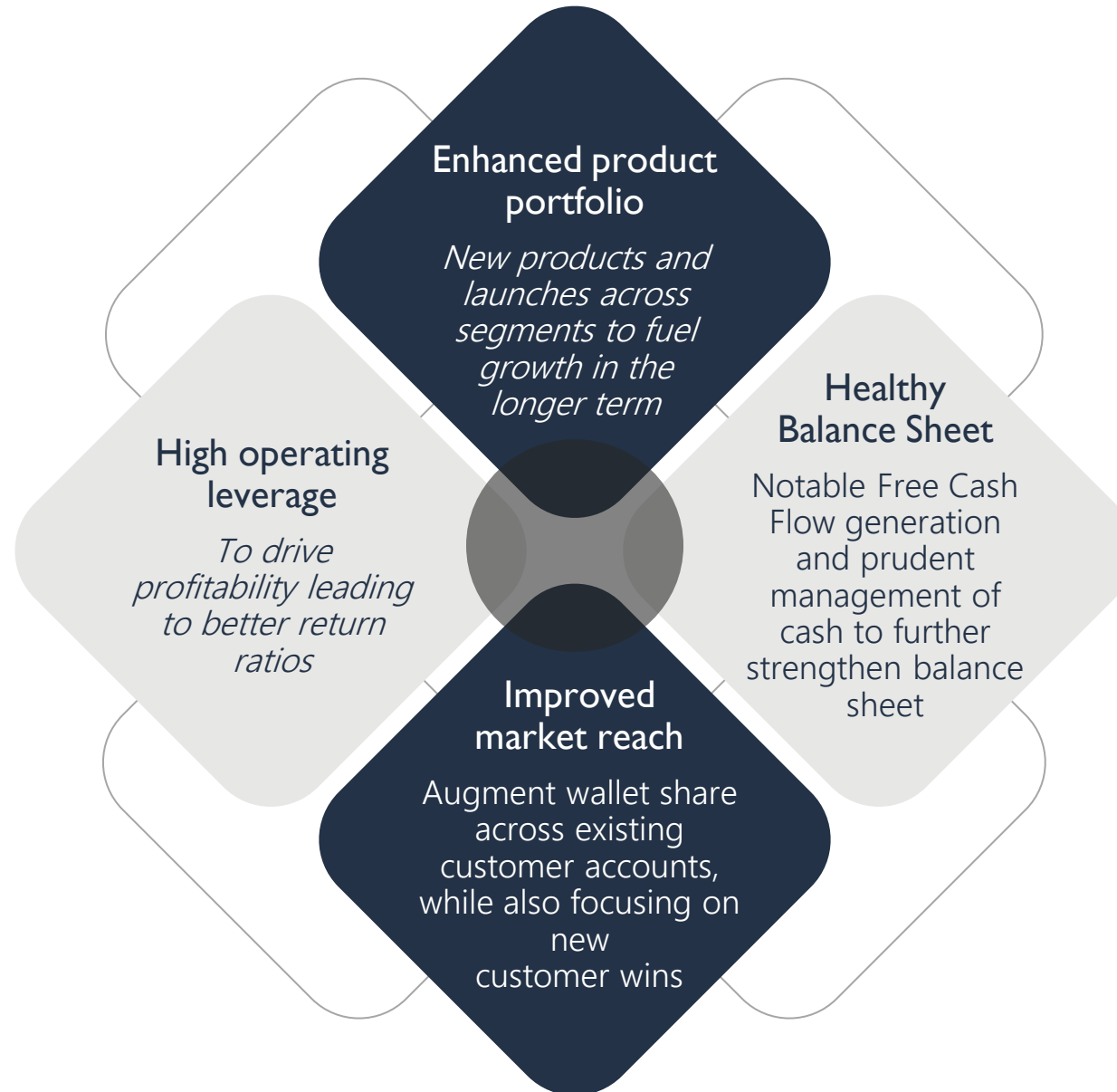
Particulars (Rs. crore)	FY16	FY17	FY18	FY19	FY20	H1FY21
EBITDA margin (%)	17.1	17.9	18.0	14.9	14.9	20.2
PAT Margin (%)	7.8	10.6	8.8	8.2	6.4	12.3
Debt to Equity	0.1	0.1	0.2	0.4	0.4	0.5
Return on Networth (%)	13.9	14.3	13.8	12.0	10.0	21.2
Return on Capital Employed (%)	21.0	22.7	20.2	13.5	11.3	14.8

Note:

1. Return on Networth is calculated as: PAT/ Average Networth
2. Return on Capital Employed is calculated as: EBIT/ Average Capital Employed
3. EBITDA adjusted for one-time expense in FY19
4. Impairment of plants and machineries in Netherlands resulted in a one-time exceptional expense of Rs. 36.5 crore in FY20, most of which is a non-cash impairment charge. This, impacted PAT and RoNW in FY20
5. Q2 FY21 PAT (excluding exceptional income) has been annualized for calculating H1 FY21 RONW

KEY HIGHLIGHTS

Growth Levers



Summary

ESTABLISHED
MARKET
LEADERSHIP



FAVORABLE
INDUSTRY
DYNAMICS



STRONG ENTRY
BARRIERS



GROWTH READY



EXPERIENCED
PROMOTERS
AND
MANAGEMENT



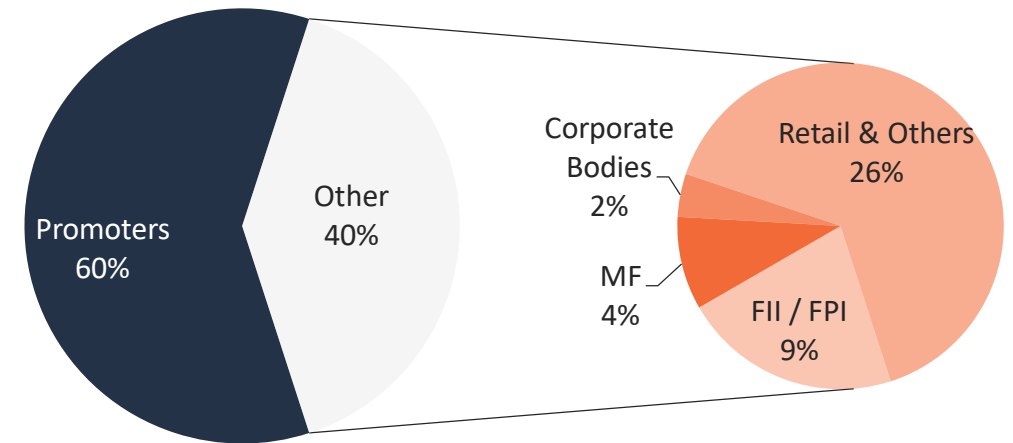


ANNEXURE

Key Market Statistics

Key Market Statistics	As on November 26, 2020
BSE/NSE Ticker	539450 / SHK
CMP (Rs.)	126.4
Market Cap (Rs. Crore)	1,785.6
Number of outstanding shares (Crore)	14.13
Face Value	10.00
52-week High / Low (Rs.)	131.5 / 48.9

Break-up of Floating Stock (%)



Corporate Social Responsibility

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



Key Initiatives

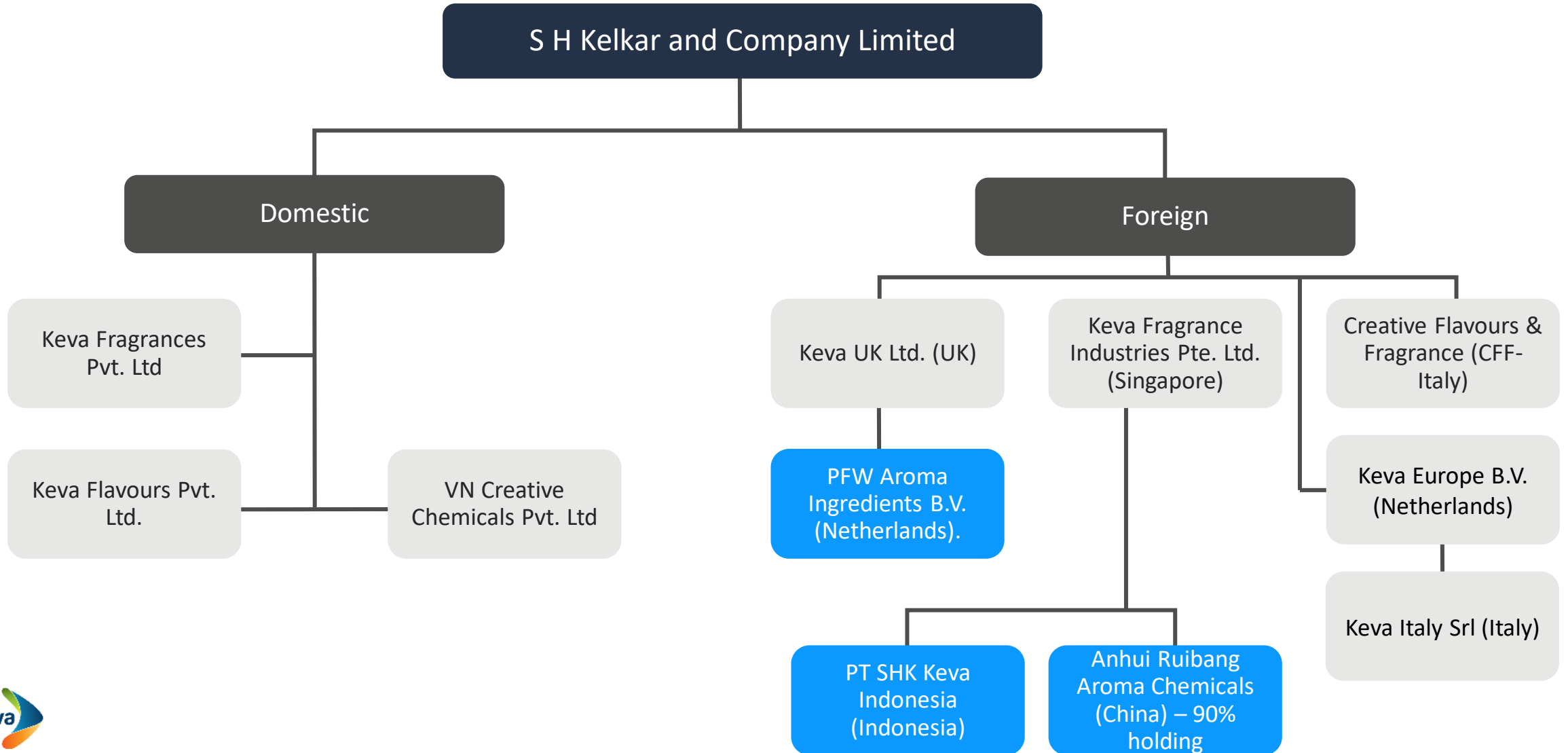
Initiated a plantation program, which includes approximately 2,100 Australian teak wood trees, 1,000 pink pepper trees over 10 acres of land in Raigad to assist in the creation of a green belt

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 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

SHK also participates in community development projects in small towns and villages to create employment opportunities for the locals

Keva Group



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 centers in India, Singapore, Amsterdam, 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 multinational FMCG companies, blenders of fragrances & flavours and fragrance & flavour producers.



For further information please contact:

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Thank you