November 15, 2016

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalal Street, Mumbai – 400 001

Scrip Code: 539450

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Symbol: SHK

Dear Sir/ Madam,

Sub: Submission of investors' presentation on unaudited financial results for the quarter and half year ended September 30, 2016

Further to the approval of unaudited financial results for the quarter and half year ended September 30, 2016 by the Board of Directors of the Company at its meeting held on November 14, 2016 and submission of the same with the stock exchanges, we submit herewith presentations on results being made to investors on November 16 2016 in the Conference Call (rescheduled), invite of which was submitted to the stock exchanges on November 14, 2016.

You are requested to take the above on record.

For S H KELKAR AND COMPANY LIMITED

Deepti Chandratre
Company Secretary & Compliance Officer

S H KELKAR AND COMPANY LIMITED
MUMBAI
400 080

S H Kelkar and Company Limited

Largest Indian-origin Fragrance & Flavour Company

Q2 & H1 FY17 Earnings Presentation

November 14, 2016

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.

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Q2 & H1 FY17 Results Overview

Keva

Consolidated Summarized P&L Statement

Particulars (Rs. crore)	Q2 FY17	Q2 FY16	Y-o-Y Change	H1 FY17	H1 FY16	Y-o-Y Change
Revenues from Operations (Net of excise)	243.8	207.3	17.6%	498.2	427.9	16.4%
Other Operating Income	1.5	0.8	75.2%	2.9	1.4	105.1%
Total Income	245.3	208.1	17.8%	501.1	429.3	16.7%
Total Expenditure						
▪ Raw Material expenses	136.3	119.3	14.3%	278.1	242.8	14.5%
▪ Employee benefits expense	31.2	28.2	10.9%	60.6	52.7	14.9%
▪ Other expenses	36.1	35.2	2.5%	73.1	67.8	7.8%
Profit before other income, finance cost and exceptional items	41.7	25.4	63.2%	89.3	66.0	35.6%
Other Income	2.9	2.3	28.0%	5.7	4.1	37.3%
EBITDA	44.6	27.7	60.3%	95.0	70.1	35.7%
EBITDA margin (%)	18.1%	13.3%	481 bps	19.0%	16.3%	265 bps
Finance Costs	2.2	7.3	-70.4%	4.1	14.4	-71.7%
Depreciation and Amortization	4.9	7.4	-33.8%	9.3	14.8	-37.0%
PBT	37.4	13.1	186.4%	81.6	40.8	99.8%
Tax expense	13.2	6.1	116.9%	29.8	14.3	107.9%
PAT	24.3	7.0	246.6%	51.8	26.5	95.5%
PAT Margins	9.9	3.4	654 bps	10.3	6.2	416 bps
Cash Profit	29.2	14.4	102.5%	61.1	41.4	48.1%

Key Developments

Executed Business Transfer Agreement (BTA) with Gujarat Flavours Private Limited (GFPL) for acquisition of the Company's flavours division

- The Company expects to complete the acquisition process in Q3 FY2017
- GFPL is a Vadodara-based 34-year old entity; the Company's flavour division reported a topline of Rs. 10.5 crore in FY16
- Acquisition is in-line with the Company's plan to pursue strategic tuck-in acquisitions to increase its market share in the Flavours business

H1 FY2017 Financial and Operational Discussions (Y-o-Y)

Keva

Total Income expands by 17% to Rs. 501 crore; growth on constant currency basis is 16%

- Both Fragrance and Flavours businesses drive overall growth in H1 FY2017
- Domestic segment grew by 26% owing to strong demand and better realisations; Performance in the international markets was subdued with 1% growth

EBITDA improves by 36% to Rs. 95 crore

- EBITDA margins increase to 19.0%, as compared to 16.3% in the same period last year. Margins expand primarily owing to higher realisations and better Raw Material buying efficiencies; increase in volumes continue to assist margin performance given the operating leverage in the business

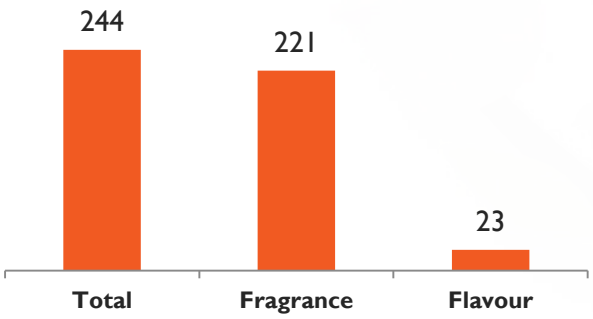
PBT up by 100% to Rs. 82 crore

- PBT growth significantly ahead of EBITDA growth owing to:
  - Notable savings in interest costs owing to strengthened balance sheet
  - Change in depreciation policy leading to lower depreciation charge
  - Change in policy for accounting Research and Development expenses – to carry forward development costs incurred during the first half on eligible products under development aggregating to Rs. 4.49 crore

PAT higher by 95% to Rs. 52 crore

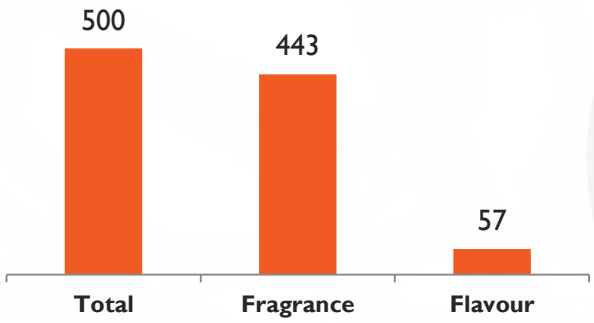
Revenue & Operating Performance – Q2 & H1 FY17

Q2FY17 (Revenue)



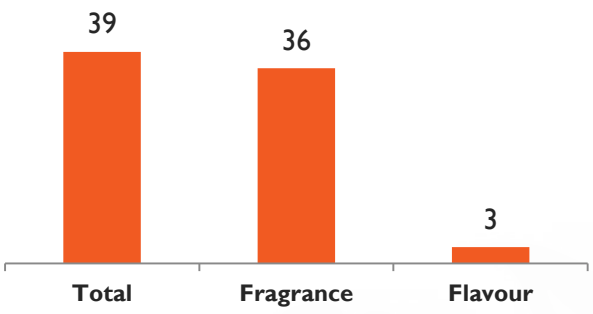
Y-o-Y Growth	Total	Fragrance	Flavour
	18%	13%	86%

H1FY17 (Revenue)



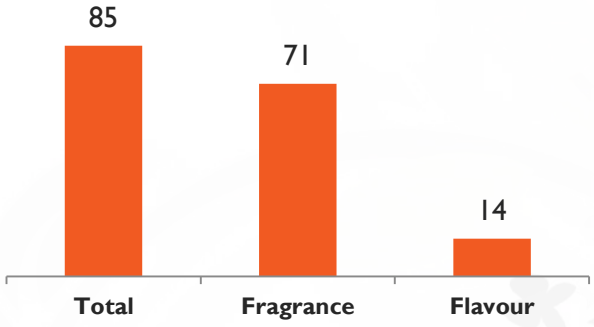
	Total	Fragrance	Flavour
	16%	9%	144%

Q2FY17 (Operating Profit)



Y-o-Y Growth	Total	Fragrance	Flavour
	94%	101%	40%

H1FY17 (Operating Profit)



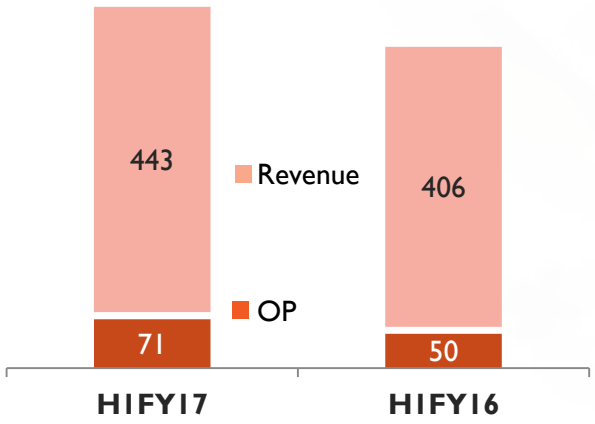
	Total	Fragrance	Flavour
	54%	41%	190%

- Fragrance division registered a notable 101% growth in profitability while margins improved 700 bps to 16% in Q2FY17. For H1FY17 the profitability growth was 41%
- Contribution of flavours business increased to 11% in H1FY17 from 5% in H1FY16
- During H1FY17, flavours business registered healthy growth in profitability with margins improving to 24% compared to 20% in H1FY16. Operating profit was up 190% during H1FY17

Note: Rs. crore

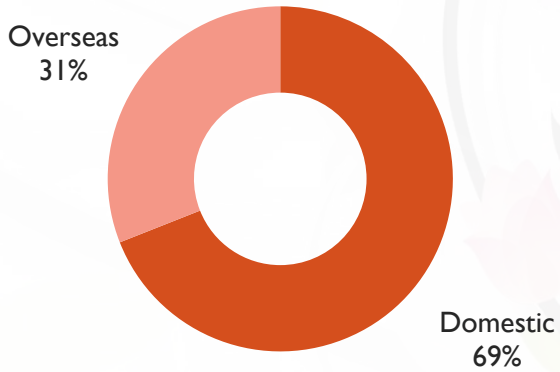
Fragrance Division

Revenue & Operating Profit – H1FY17



Y-o-Y Growth Rev. growth 9% | OP growth 41%

Domestic and Overseas Revenue – H1FY17

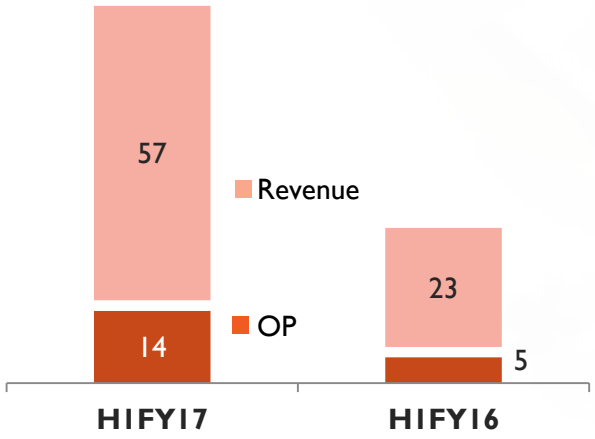


- Division reported 9% growth in H1FY17 – while domestic revenues were up 19%, overseas revenues were lower by 8%
  - Overseas business reported subdued performance owing to slower demand witnessed in some markets and registered lower realisations due to depreciating foreign currency
- Segment operating profit margins higher at 16% in H1FY17 compared to 12% in H1FY16

Note: Rs. crore

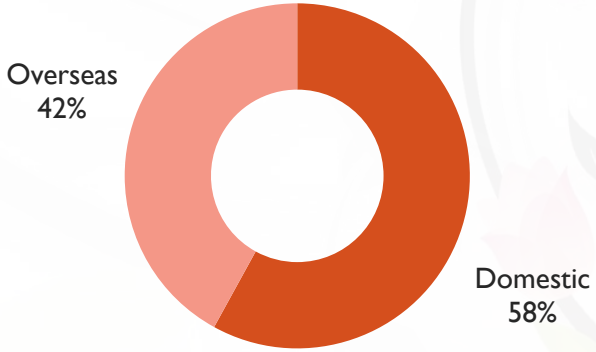
Flavour Division

Revenue & Operating Profit – H1FY17



Y-o-Y Growth Rev. growth 144% | OP growth 190%

Domestic and Overseas Revenue – H1FY17



- In H1FY17 segment registers robust 144% increase y-o-y – domestic and exports business grew 178% and 109% respectively
- Improvement in operating profit margins – at 24% in H1FY17 vs 20% in H1FY16

Note: Rs. crore

Consolidated Balance Sheet

EQUITY AND LIABILITIES	CONSOLIDATED	CONSOLIDATED
Particulars	As at 30th September 2016 IND AS Unaudited	As at 31st March 2016 IND AS Unaudited
1 Equity		
Equity Share Capital	144.62	144.62
Other Equity	624.05	575.68
Sub-total - Shareholders' funds	**768.67**	**720.3**
2 Non-controlling interest	-	-
3 Non-current liabilities		
Financial Liabilities		
Borrowings	25.8	29.62
Other financial liabilities	1.1	1.1
Provisions	5.23	4.61
Deferred tax liabilities (Net)	7.24	5.72
Sub-total - Non-current liabilities	**39.37**	**41.05**
4 Current liabilities		
Financial Liability		
Borrowings	55.78	43.56
Trade payables	103.18	128.66
Other financial liability	24.08	22.78
Other current liabilities	55.66	48.93
Provisions	6.28	4.73
Current tax liabilities (Net)	29.07	11.57
Sub-total - Current liabilities	**274.05**	**260.23**
TOTAL - EQUITY AND LIABILITIES	**1,082.09**	**1,021.58**

ASSETS	CONSOLIDATED	CONSOLIDATED
Particulars	As at 30th September 2016 IND AS Unaudited	As at 31st March 2016 IND AS Unaudited
1 Non-current assets		
Property, plant and equipment	214.72	201.45
Capital work in progress	14.64	18.12
Other Intangible assets	30.09	5.3
Goodwill on consolidation	25.31	24.97
Intangible assets under development	4.49	-
Financial Assets		
Loans	-	1.76
Others	3.22	1.17
Deferred tax assets (net)	14.16	14.3
Other non-current assets	59.01	44.22
Sub-total - Non-current assets	**365.64**	**311.29**
2 Current assets		
Inventories	394.35	335.22
Financial Assets		
Investments	28.76	35.41
Trade receivables	208.02	228.81
Cash and cash equivalents	28.61	58.56
Bank balances other than (iii) above	18.11	23.67
Short term loans and advances	2.56	2.73
Other receivables	4.49	6.43
Other current assets	31.55	19.46
Sub-total - Current assets	**716.45**	**710.29**
TOTAL - ASSETS	**1,082.09**	**1,021.58**

Note: Rs. crore

Balance Sheet Snapshot – As on 30th Sept. 2016

769

Networth

264

Fixed Assets

75

Cash & Investments

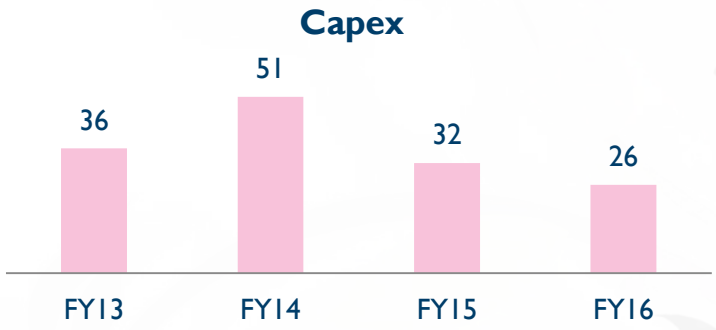
16

Net Debt

Note: Rs. crore

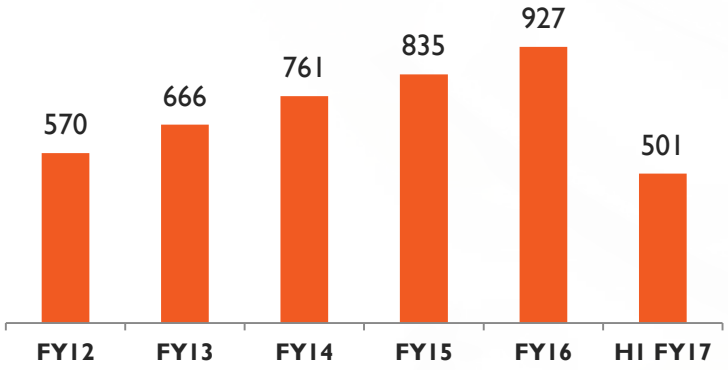
Cash Flow Snapshot

Particulars (Rs. crore)	FY13	FY14	FY15	FY16	H1 FY17
Cash flow from Operations	103.1	32.1	61.7	86.4	27
Cash flow from investing activities	-33.3	-63.7	-17.3	-22.4	-77
Net	**69.8**	**-31.6**	**44.4**	**64.0**	**-50**

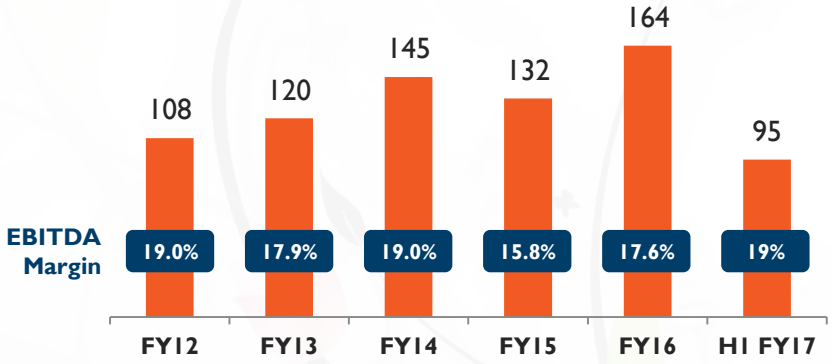


Financial Snapshot

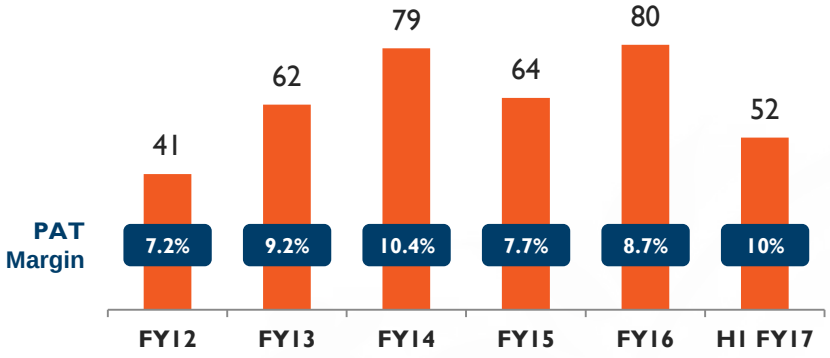
Net Revenue from Operations



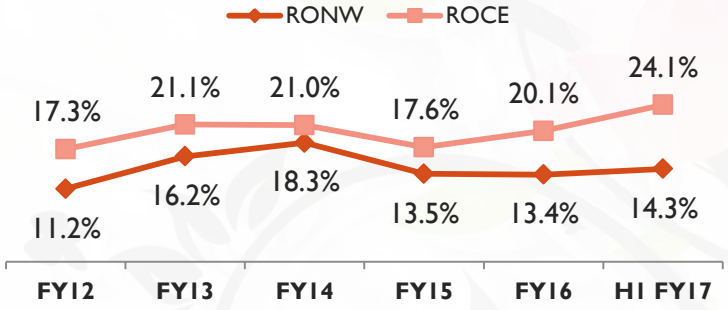
EBITDA



PAT



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



Note : Return on Capital Employed is calculated as [EBIT/(Net Debt + Net Worth)]

Note: Rs. Crore; All figures till FY16 as per IGAAP; H1 FY17 figures as per Ind-AS

Key Financial Ratios

Particulars	FY13	FY14	FY15	FY16	H1 FY17
EBITDA margin (%)	17.9	19	15.8	17.6	19.0
PAT Margin (%)	9.2	10.4	7.7	8.7	10.3
Debt to Equity	0.31	0.38	0.48	0.11	0.12
Debt to EBITDA	1.1	1.3	1.8	0.5	0.5
Return on Networth (%)	16.2	18.3	13.5	13.4	14.3
Return on Capital Employed (%)	21.1	21.0	17.6	20.1	24.1

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 FY16 as per IGAAP; H1FY17 figures as per Ind-AS

Management Comment

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

"I am pleased to report yet another strong quarter on the back of healthy volumes and improved realizations. The domestic division continued to deliver robust topline growth of 26%, while the performance in the international segment was muted.

Going forward, we expect the global macro-economic environment to remain subdued in the near-term; however we believe the Indian consumption story should enable us to report results in-line with our business plan. We remain at the forefront of the ever evolving consumer landscape. Our investments in R&D will continue to drive innovation and growth in this niche industry."

Ind AS Convergence

Keva

Consolidated Summarized P&L Statement – Quarter ended Sept. 30, 2016

(Rs. crore)	30 September 2016		
Particulars	**IGAAP**	**Ind AS Adjustments**	**Ind AS**
Revenues from Operations	244.28	17.87	262.15
Other Operating Income	1.47	-	1.47
Total Income	245.75	17.87	263.62
Total Expenditure			
- Cost of Goods sold	138.01	(1.71)	136.30
- Excise Duty	-	18.37	18.37
- Employee benefits expense	31.28	(0.03)	31.24
- Other expenses	37.06	(0.96)	36.09
Profit before other income, finance cost and exceptional items	39.40	2.20	41.62
Other Income	1.90	0.97	2.88
EBITDA	41.30	3.17	44.50
EBITDA margin (%)	16.81%		16.88%
Finance Costs			
- Imputed interest on equity			
- Others	2.15	-	2.15
Depreciation and Amortisation	4.79	0.12	4.90
PBT	34.36	3.05	37.45
Tax expense	(12.14)	(0.98)	(13.16)
PAT	22.22	2.07	24.29
PAT Margin (%)	*9.04%*		*9.21%*

Consolidated Summarized P&L Statement – Six months ended September 30, 2016

(Rs. crore)	30 September 2016 (Half year ended)		
Particulars	**IGAAP**	**Ind AS Adjustments**	**Ind AS**
Revenues from Operations	499.74	37.73	537.47
Other Operating Income	2.89	-	2.89
Total Income	502.63	37.73	540.36
Total Expenditure			
- Cost of Goods sold	279.80	(1.71)	278.09
- Excise Duty	-	39.24	39.24
- Employee benefits expense	60.65	(0.07)	60.59
- Other expenses	75.10	(2.00)	73.10
Profit before other income**, finance cost and exceptional items**	87.08	2.27	89.34
Other Income	5.95	(0.28)	5.67
EBITDA	93.03	1.99	95.01
EBITDA margin (%)	18.51%		17.58%
Finance Costs			
- Imputed interest on equity			
- Others	4.08	-	4.08
Depreciation and Amortisation	9.16	0.14	9.30
PBT	79.79	1.85	81.64
Tax expense	(29.47)	(0.35)	(29.82)
PAT	50.32	1.50	51.82
PAT Margin (%)	*10.01%*		*9.59%*

P&L reconciliation – Quarter ended 30 September 2016

(Rs. crore)	Profit reconciliation	
Particulars	**Impact Area in PL**	**Quarter ended Sept. 30, 2016**
Consolidated Net profit as per IGAAP		**22.22**
Ind AS adjustments		
1. Imputed Interest cost on committed returns to the investor shareholder	**Finance Costs**	-
2. Amortization of Upfront Fees	**Finance Costs**	-
3. Restatement of past business combinations	**Depreciation**	(0.12)
4. Debtors provisioning based on Expected loss model	**Other Expenses**	0.46
5.a. MTM on financial instruments on derivative contract	**Other Income**	0.90
5.b. MTM on financial instruments on Mutual fund	**Other Income**	0.07
6. Restatement of prior period errors	**Changes in Inventory**	1.71
7. Deferred tax on GAAP adjustments and consolidation adjustments	**Tax Expense**	(0.98)
8.a. Reclassification of finance cost on defined benefit plan	**Finance Costs**	-
8.b. Finance cost re-class from employee benefits	**Employee Benefit Expense**	-
8.c. Actuarial gain/loss reclassified to OCI	**Employee Benefit Expense**	0.03
8.d. Trade discounts net off	**Sales**	(0.50)
8.e. Trade discounts net off	**Other Expenses**	0.50
8.f. Excise Duty on Sales	**Sales**	18.37
8.g. Excise Duty on Sales	**Excise Duty**	(18.37)
Consolidated Net profit as per Ind AS		**24.29**

P&L reconciliation – Half year ended 30 September 2016

(Rs. crore)	Profit reconciliation	
Particulars	**Impact Area in PL**	**Half year ended Sept. 30, 2016**
Consolidated Net profit as per IGAAP		**50.32**
Ind AS adjustments		
1. Imputed Interest cost on committed returns to the investor shareholder	**Finance Costs**	-
2. Amortization of Upfront Fees	**Finance Costs**	-
3. Restatement of past business combinations	**Depreciation**	(0.14)
4. Debtors provisioning based on Expected loss model	**Other Expenses**	0.48
5.a. MTM on financial instruments on derivative contract	**Other Income**	0.51
5.b. MTM on financial instruments on Mutual fund	**Other Income**	(0.79)
6. Restatement of prior period errors	**Changes in Inventory**	1.71
7. Deferred tax on GAAP adjustments and consolidation adjustments	**Tax Expense**	(0.34)
8.a. Reclassification of finance cost on defined benefit plan	**Finance Costs**	-
8.b. Finance cost re-class from employee benefits	**Employee Benefit Expense**	-
8.c. Actuarial gain/loss reclassified to OCI	**Employee Benefit Expense**	0.07
8.d. Trade discounts net off	**Sales**	(1.51)
8.e. Trade discounts net off	**Other Expenses**	1.51
8.f. Excise Duty on Sales	**Sales**	39.24
8.g. Excise Duty on Sales	**Excise Duty**	(39.24)
Consolidated Net profit as per Ind AS		**51.82**

Consolidated Summarized P&L Statement – Quarter ended Sept. 30, 2015

(Rs. crore)	30 September 2015 (Quarter ended)		
Particulars	**IGAAP**	**Ind AS Adjustments**	**Ind AS**
Revenues from Operations	207.75	14.82	222.57
Other Operating Income	0.84	-	0.84
Total Income	208.59	14.82	223.41
Total Expenditure			
- Cost of Goods sold	119.26	-	119.26
- Excise Duty	-	15.25	15.25
- Employee benefits expense	28.21	(0.03)	28.18
- Other expenses	33.64	1.59	35.22
Profit before other income, finance cost and exceptional items	27.48	(1.99)	25.50
Other Income	2.25	(0.01)	2.24
EBITDA	29.73	(2.00)	27.75
EBITDA margin (%)	*14.25%*		*12.46%*
Finance Costs			
- Imputed interest on equity		1.96	1.96
- Others	4.99	0.32	5.31
Depreciation and Amortisation	7.33	0.07	7.40
PBT	17.41	(4.33)	13.08
Tax expense	(7.47)	1.40	(6.07)
PAT	9.94	(2.93)	7.01
PAT Margin (%)	*4.77%*		*3.14%*

Consolidated Summarized P&L Statement – Six months ended Sept. 30, 2015

(Rs. crore)	30 September 2015 (Half Year ended)		
Particulars	**IGAAP**	**Ind AS Adjustments**	**Ind AS**
Revenues from Operations	429.08	30.81	459.89
Other Operating Income	1.41	-	1.41
Total Income	430.49	30.81	461.30
Total Expenditure			
- Cost of Goods sold	242.84	-	242.84
- Excise Duty	-	32.00	32.00
- Employee benefits expense	53.12	(0.39)	52.73
- Other expenses	68.46	(0.63)	67.82
Profit before other income, finance cost and exceptional items	66.07	(0.17)	65.91
Other Income	4.13	(0.01)	4.13
EBITDA	70.20	(0.18)	70.04
EBITDA margin (%)	*16.31%*		*15. 26%*
Finance Costs			
- Imputed interest on equity		3.85	3.85
- Others	9.80	0.78	10.58
Depreciation and Amortisation	14.61	0.14	14.76
PBT	45.79	(4.95)	40.85
Tax expense	(15.07)	0.72	(14.35)
PAT	30.73	(4.23)	26.50
PAT Margin (%)	*7.14%*		*5.77%*

Consolidated Summarized P&L Statement – March 31, 2016

(Rs. crore)	31 March 2016 (Year ended)		
Particulars	**IGAAP**	**Ind AS Adjustments**	**Ind AS**
Revenues from Operations	922.84	66.63	989.47
Other Operating Income	3.72	-	3.72
Total Income	926.56	66.63	993.19
Total Expenditure			
- Cost of Goods sold	511.21	1.71	512.92
- Excise Duty	-	68.33	68.33
- Employee benefits expense	112.01	(0.16)	111.85
- Other expenses	148.47	1.86	150.33
Profit before other income, finance cost and exceptional items	154.87	(5.11)	149.76
Other Income	9.56	0.89	10.45
EBITDA	164.43	(4.22)	160.21
EBITDA margin (%)	17.75%		16.13%
Finance Costs			
- Imputed interest on PE Investment		4.80	4.80
- Others	14.38	0.85	15.23
Depreciation and Amortisation	29.41	0.29	29.70
PBT	120.64	(10.15)	110.49
Tax expense	(40.43)	2.87	(37.55)
PAT	80.21	(7.28)	72.93
PAT Margin (%)	8.66%		7.34%

P&L reconciliation

(Rs. crore)	Profit reconciliation			
Particulars	**Impact Area in PL**	**Quarter ended Sept. 30, 2015**	**Half year ended Sept. 30, 2015**	**Year ended March 31, 2016**
Consolidated Net profit as per IGAAP		**9.95**	**30.73**	**80.21**
Ind AS adjustments				
1. Imputed Interest cost on committed returns to the investor shareholder	**Finance Costs**	(1.96)	(3.85)	(4.80)
2. Amortization of Upfront Fees	**Finance Costs**	(0.32)	(0.64)	(0.83)
3. Restatement of past business combinations	**Depreciation**	(0.07)	(0.14)	(0.29)
4. Debtors provisioning based on Expected loss model	**Other Expenses**	(1.26)	0.44	(3.41)
5.a. MTM on financial instruments	**Other Expenses**	(0.76)	(1.01)	(0.13)
5.b. MTM on financial instruments	**Other Income**	-	-	0.88
6. Restatement of prior period errors	**COGS**	-	-	(1.71)
7. Deferred tax on GAAP adjustments and consolidation adjustments	**Tax Expense**	1.40	0.73	2.87
8.a. Reclassification of finance cost on defined benefit plan	**Finance Costs**	-	(0.15)	(0.02)
8.b. Finance cost re-class from employee benefits	**Employee Benefit Expense**	-	0.15	0.02
8.c. Actuarial gain/loss reclassified to OCI	**Employee Benefit Expense**	0.03	0.24	0.14
8.d. Trade discounts net off	**Sales**	(0.43)	(1.19)	(1.69)
8.e. Trade discounts net off	**Other Expenses**	0.43	1.19	1.69
8.f. Excise Duty on Sales	**Sales**	15.25	32.00	68.33
8.g. Excise Duty on Sales	**Excise Duty**	(15.25)	(32.00)	(68.33)
Consolidated Net profit as per Ind AS		**7.01**	**26.50**	**72.93**

Net worth reconciliation

(Rs. crore)	Net worth reconciliation	
Particulars	**As at March 31, 2016**	**As at March 31, 2015**
Consolidated Net worth as per IGAAP	**762.83**	**509.70**
Ind AS adjustments		
1. Reclassification of PE Investment into liability under Ind AS	-	(53.34)
2. Imputed Interest Cost on PE Investment	(13.72)	(8.92)
3. Reclassification of imputed interest to equity	13.72	-
4. Reversal of proposed equity and preference dividend	-	18.00
5. Debtors provisioning based on Expected loss model	(5.12)	(1.71)
6. Restatement of past business combinations	(40.88)	(39.76)
7. Restatement of prior period errors	(1.71)	-
8. Other Ind AS adjustments	1.54	1.61
9. Deferred tax on GAAP adjustments and consolidation adjustments	3.64	0.85
Consolidated Net worth as per Ind AS	**720.30**	**426.43**

Our Business

Keva

Who We Are

- *Established 90 years back by SH Kelkar and VG Vaze*
- *Leading Fragrance & Flavour company in India exporting to 52 countries*

Legacy

- *One of the largest Indian F&F companies by sales, with ~12% market share (2013)*
- *Largest domestic fragrance producer in India with a ~20.5% market share*

Market Leadership

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

Excellent Infrastructure

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

Strong Management

At a Glance

758
Employees

9,700+
Products

4,100+
Customers

12|2|18
Perfumers / Flavourists / Scientists

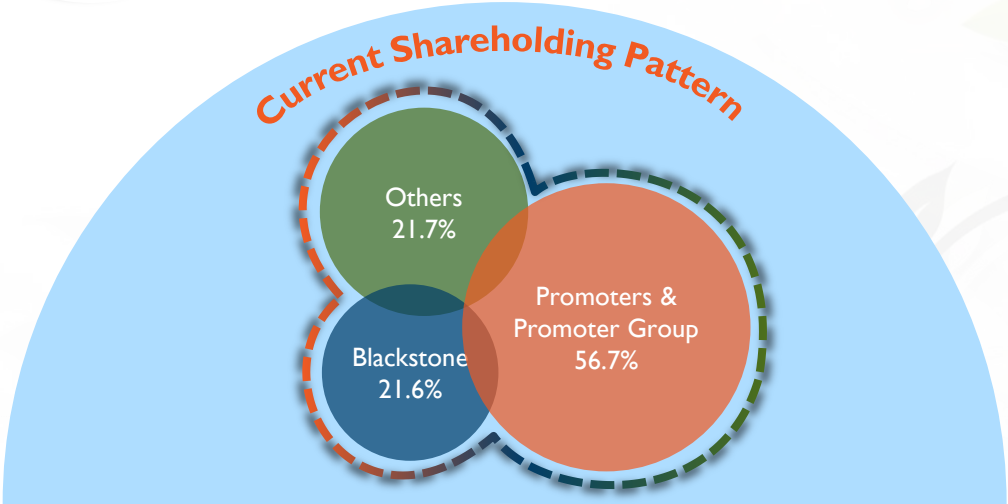
~13%
Sales CAGR (2012-16)

₹927 cr
Turnover – FY16

4
Manufacturing Locations

CRISIL A+
Credit Rating

5
Creation & Development Centres



As on 31st March 2016

Global F&F Market & Key Characteristics

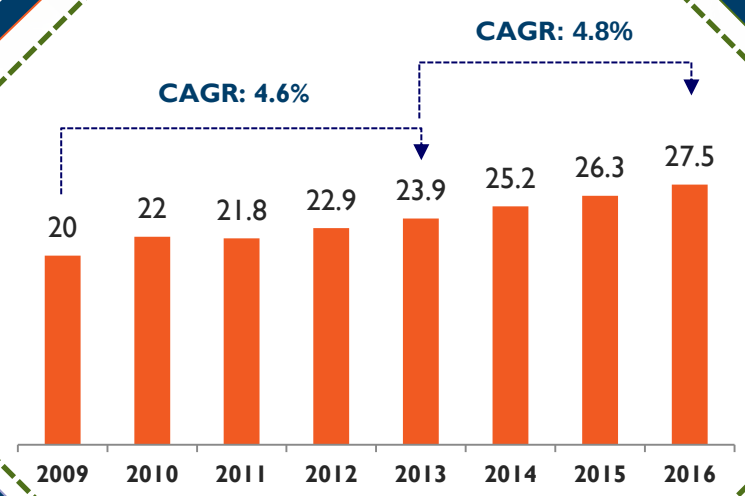
Keva

Concentrated market

- Consolidated Industry globally, with 12 players controlling 83% of market share and Top 4 controlling 57% of the market in CY13

Increasing consolidation

- Large players continue to consolidate, for scale and differentiated product portfolio
- Top 10 companies in the industry together accounted for nearly 80% of the industry sales in 2013, as compared to 64% in 2000



FMCG & Innovation play

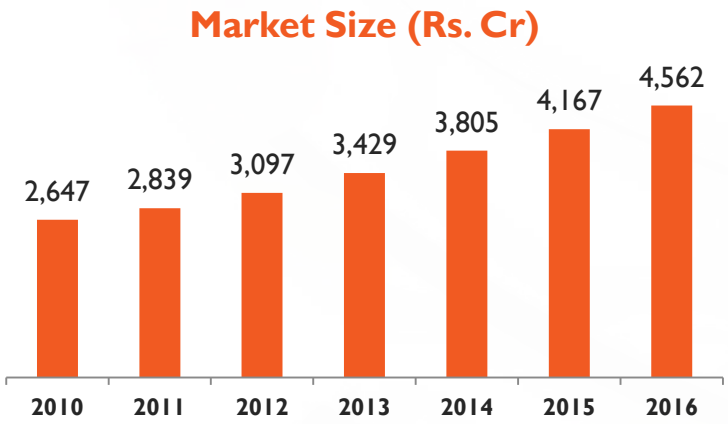
- FMCG companies greatly depend on the reliability, quality of service and the F&F company's technical know-how
- FMCG companies typically have long term supply relationships with F&F partner

Emerging market focus

- Emerging markets continuing to grow with premiumisation & broadening of product offerings
- Increasing disposable income in world's emerging markets

Source : Nielsen Market Study on Fragrances and Flavours, March 2015

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



F&F Market Size

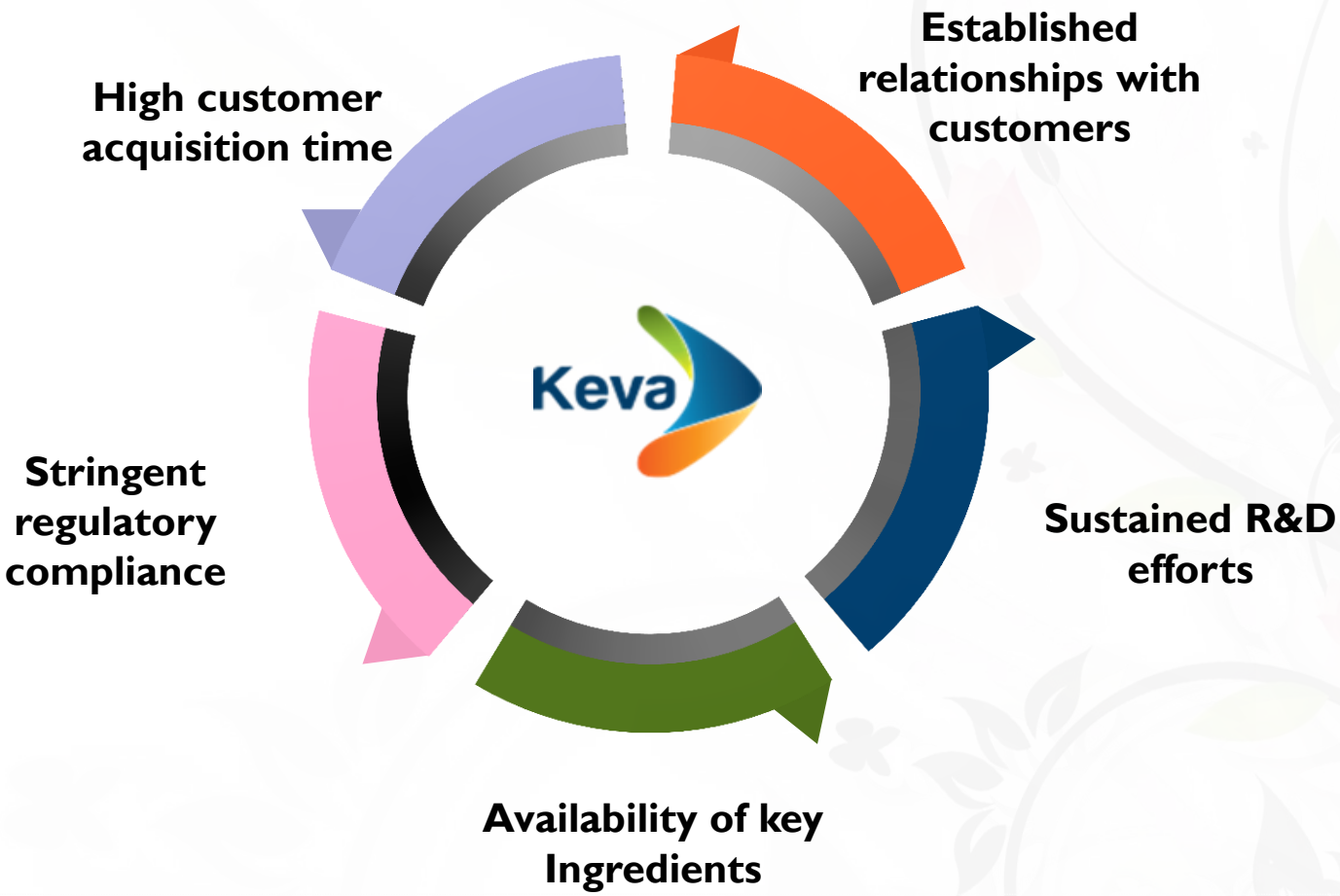
Fragrance (including Blend)

Flavour

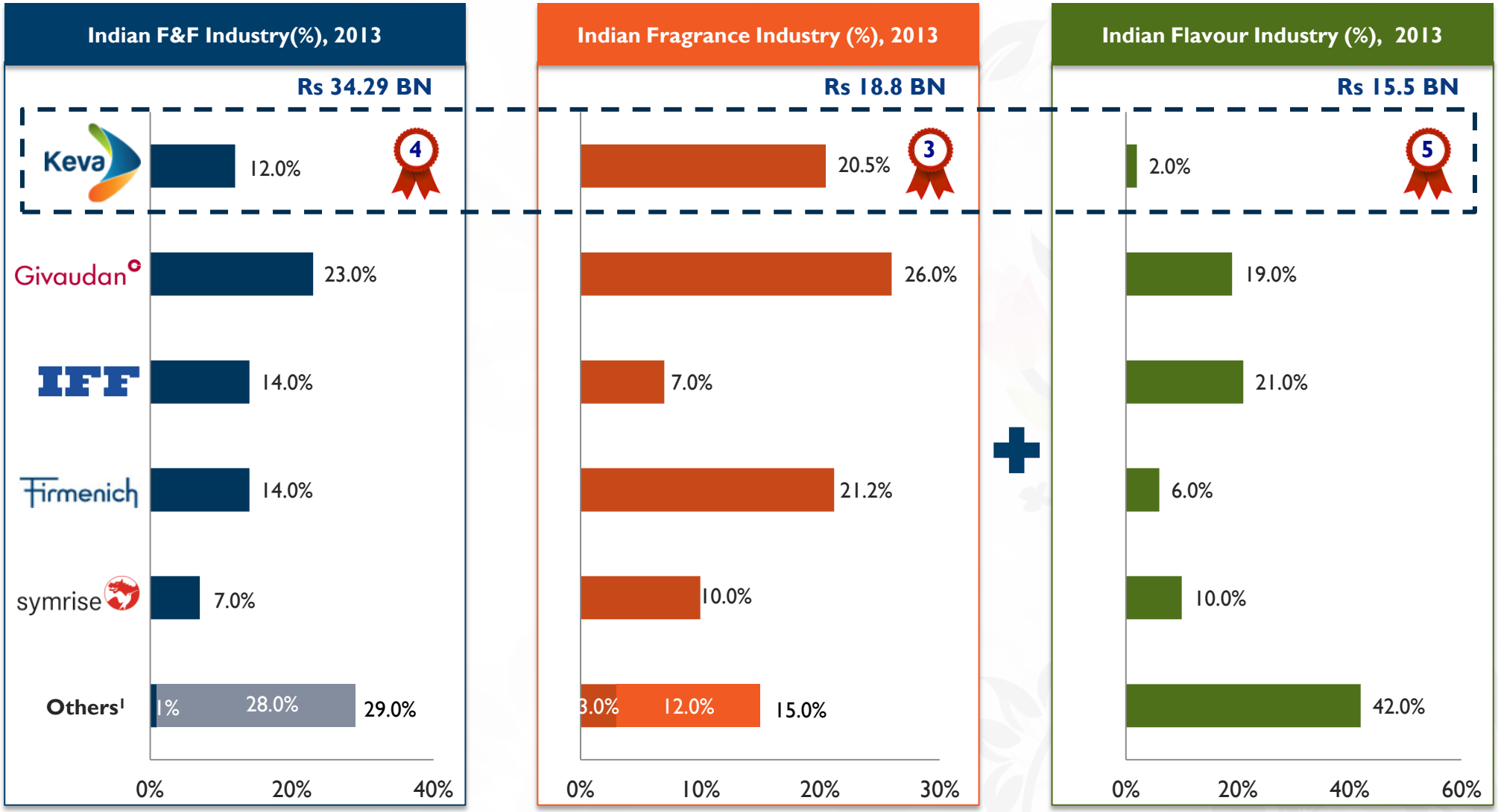
- Indian F&F market to grow at ~10% vs ~5% of global market (2013-16)
- Indian market comprises of more than 1,000 players
- Top 5 players control ~70% of Indian F&F industry
- Global MNC F&F houses have a market share of ~60%
- SHK is the largest Indian player and closely competes with Global MNCs
- Numerous small firms mostly cater to the unorganised market

Source: *Nielsen Market Study on Fragrances and Flavours, March 2015*

F&F Industry - Strong Entry Barriers



SHK is the Leading Domestic Player



Source: Nielsen Market Study on Fragrances and Flavours, March 2015

Note: 1% and 3% indicate the market share of the largest competitor among Other Players

Diverse Customer Base backed with Leading Brands

More than 3,700 Fragrance customers

+

More than 400 and increasing Flavours customers

- Over 4,100 customers including global corporates, domestic companies and trade customers
- Very low customer concentration - Largest customer contributed to 2.9% of sales in FY15
- Long term relationships with several customers spanning over 15 years

Brand

- 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 ~6% of Sales in FY15
- 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 ~14% in FY15
- 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

Winning Customers across Categories

Branded small pack customers

Products range from 25 gms. to 500 gms. to several hundred traders and re-sellers spread country-wide

Domestic FMCG players:

Includes medium and large faster-growing domestic FMCG companies

International customer base / MNC FMCG companies:

Includes Global MNCs

Factors influencing customers

- Customer centricity – a long standing reputation developed over 90 years of existence
- Strong R&D Capabilities + in-depth perfumery knowledge & capabilities
- Sustainable Raw Material Sourcing Capabilities
- Growth-ready / Manufacturing Operations / Compliant

Cost of an F&F product is less than 2-5% of overall product cost

Client-Brief / Pitch Process

Keva

Branded small pack customers

Domestic FMCG players:

International customer base / MNC FMCG companies:

Pro-active pitch

Brief from customers

Small yet potentially disruptive new players entering markets – provide comprehensive support on the back of rich experience

- **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

Decentralization of decision making among MNCs

Reducing product life-cycle leading to new briefs every 3-4 years

Key to winning: consumer insight combined with local market understanding

Strong R&D Capabilities + Creation & Development Centers

Strong R&D Capabilities

- SHK's R&D forms the technological basis for its products and solutions to focus on creative and consumer-centric research activities
- Strong and dedicated research team of 18 scientists operating in Mumbai and Barneveld
- Recognised by the Government of India's Department of Science and Industrial Research

Creation & Development Centers

- An enhanced version of in-house R&D center which works in collaboration with customers, as an extended R&D arm
- Operates 5 creation and development centers in Mumbai, Bengaluru, The Netherlands and Indonesia
- Comprises 12 perfumers and 2 flavourists, and a team of evaluators and application executives

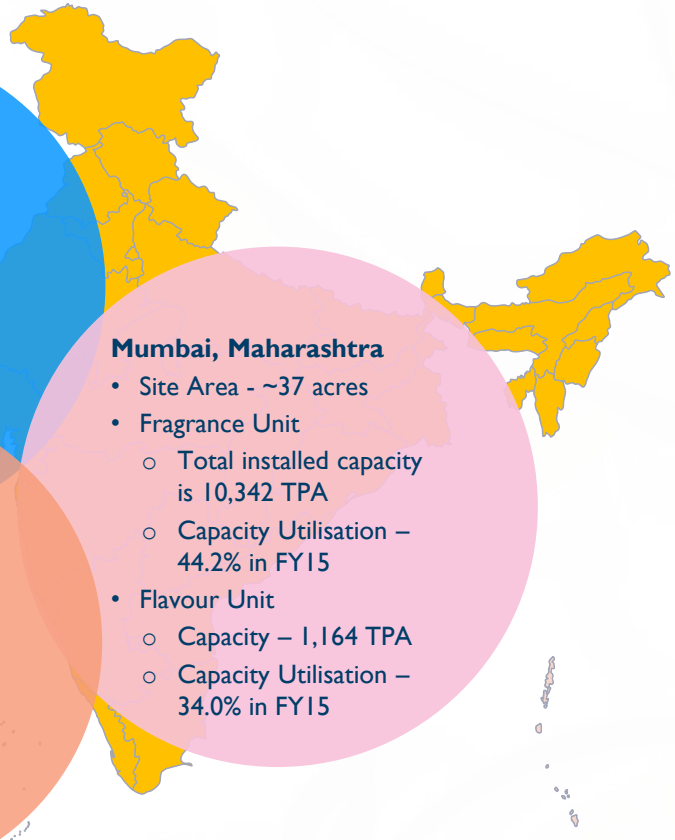
Developed over 502 new fragrance and flavours compounds in FY15 which were sold commercially

Research team has developed 12 molecules over the last three years

Only company of Indian origin to file patents in field of Fragrance and Novel Aroma Molecules

Growth-ready Manufacturing Operations

India

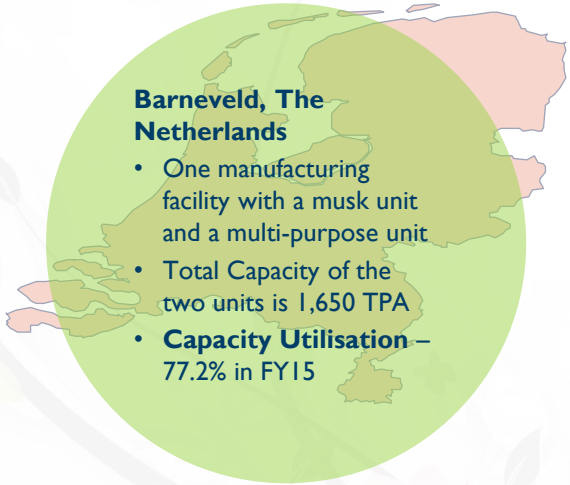


Vapi, Gujarat
- Site Area - 18 acres
- Fragrance - Total installed capacity of this manufacturing unit is 2,064 TPA
- Capacity Utilisation1 – 35.8% in FY15

Mumbai, Maharashtra
- Site Area - ~37 acres
- Fragrance Unit
  - Total installed capacity is 10,342 TPA
  - Capacity Utilisation – 44.2% in FY15
- Flavour Unit
  - Capacity – 1,164 TPA
  - Capacity Utilisation – 34.0% in FY15

Mumbai, Maharashtra
- Site Area - ~11 acres
- Fragrance - Total installed capacity of 4,599 TPA
- Capacity Utilisation – 40.5% in FY15

Netherlands



Barneveld, The Netherlands
- One manufacturing facility with a musk unit and a multi-purpose unit
- Total Capacity of the two units is 1,650 TPA
- **Capacity Utilisation** – 77.2% in FY15

- 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

Note : Company has expanded its Vapi facility and had a capacity utilisation of 88.7% represents in FY14 pre expansion

Business Strategy

Keva

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

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

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

Supply chain optimisation

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

Accelerate growth through strategic acquisitions and partnerships

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

Growth Levers

Keva

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

Key Highlights

Keva

- Largest domestic fragrance producer in India with market share of ~20.5% (CY13)
- Overall F&F market share of ~12.0% (CY13)
- Emerging flavour producer in India with exports to 15 countries
- Comprehensive Product Portfolio; diverse customer base without any concentration

Established Market Leadership

- Established long term relationships between F&F companies and their customers, especially FMCG companies
- Increasingly stringent regulatory environment with strict quality standards for large players
- New customer acquisition time is very high for organized multinational and large Indian corporate fragrance and flavour companies

Strong Entry Barriers

- Promoters - Mr. Ramesh Vaze and Mr. Kedar Vaze, have over 40 and 19 years of experience in the fragrance and flavour industry, respectively
- Highly experienced senior and mid-level management with an average work experience of over 20 years

Experienced Promoters and Management

- Total market size of the Indian fragrance and flavour industry is estimated at Rs 38.05 billion, with Indian fragrance and flavour markets having grown at a 10.1% and 10.4% CAGR respectively over the last 4 years
- Increasing population, rising literacy levels, disposable income, changing lifestyle etc. to act as major key drivers for growth of the Indian F&F industry
- Company's formulations are an integral part of FMCG's brand defining product attributes

Favorable Industry Dynamics

- Comprehensive product portfolio and an extensive library of product formulations created over 90 years
- 18 scientists strong R&D, developed 12 molecules and filed patent applications for 3 molecules
- Efficient Raw Material sourcing Capability
- Modern Manufacturing facilities with headroom for growth
- Regulatory compliant Robust Infrastructure and Compliance Systems

Growth Ready

Annexure

Conference Call Details

S H Kelkar and Company Ltd.'s Q2 & H1FY17 Earnings Conference Call

Time	• 5:00 pm IST on Tuesday, November 15th, 2016
Local dial-in numbers	• Primary number: +91 22 3938 1071 • Secondary number: +91 22 6746 8354
International Toll Free Number	• 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 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. It offers products under SHK, Cobra and Keva brands.*

The Company has a strong and dedicated team of 18 scientists, 12 perfumers, two 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