

S H KELKAR & COMPANY

RECOMMENDATION : BUY

4/16/2019

SHKELKAR & COMPANY

RECOMMENDATION : BUY

CMP: Rs. 156.00/-

TARGET: RS. 194/-

SENSEX : 39275/-

NIFTY : 11787/-

Market Cap: Rs. 2182 Crs

Book Value: Rs. 59.23/-

Face Value: Rs. 10/-

Stock P/E: 23.72

Industry P/E: 22.20

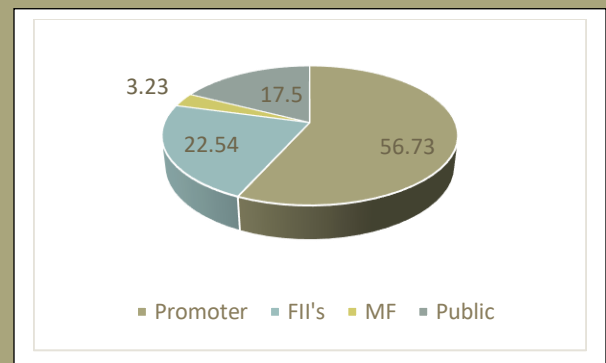
52 Week High/Low: 263.50/136.65

w

COMPANY PROFILE:

1. Established over 90 years back in 1922, SHK is one the largest India fragrance and flavor companies.
2. SHK possess state of the art manufacturing facilities for both domestic and global markets. The company manufactures and markets over 9700 products to over 4100 customers.
3. SHK's fragrance products and ingredients are used by FMCG companies in personal care, fabric care, hair care, home care, fine fragrances and blended products.
4. The company's flavors are used in baked goods, dairy products, beverages savory, snacking and pharmaceutical products.
5. The company offers products under SHK, Cobra and Keva brands.

Shareholding Pattern:



Source: Company, KFO Research

RETURNS (%):

	3Months	6Months	12Months
Security			
Sensex	-2.50	4.55	6.67
SHK	-11.64	-23.71	-41.38

Source: NSE, KFO Research

ANALYST:

Nilesh Soman

research@thekeynotes.in

SEBI NO: INH000005485

Growth Drivers:

1. The company's strategy around fine fragrances represented its strongest business investment in a long time. This segment is large and value added.
2. The company introduced the concept of 'Loyalty bonuses' for customers who had worked with them for a number of years.
3. The company commissioned studios and embarked on recruitment of professional perfumers.
4. The company filed patents for products and are optimistic that the use of these patented raw materials in fragrance formulations will only enhance our competitiveness.
5. The company strengthened our Research & Development to focus on accelerated molecular development.
6. The company is geared to strengthen its business in FY 2017-18 by commissioning new fragrance Centre in Amsterdam.

VALUATIONS:

On the basis of Discount Cash Flow Valuation Method, we are recommending 'Buy' for the stock. Since the stock offers good opportunity, we initiate a '**BUY**' signal on the stock with 12-month price target of **Rs 194/-** share an upside of 20% from current levels.

Disclaimer:

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it. This report is not to be construed as an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Keynotes Financial Opiniery (KFO). It does not constitute a personal recommendation or take into account the particular investment objective, financial situations or needs of individual clients.

Analyst Certification:

W

The view expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is or will directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists or research associates principally responsible for preparation of KFO research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.