



July 18, 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: Disclosure pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the above mentioned regulation, please find enclosed herewith business update as on July 18, 2018.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited


Deepti Chandratre
Company Secretary & Compliance Officer



S H Kelkar And Company Limited
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Business Update as on July 18, 2018

S H Kelkar and Company Limited ('SHK') would like to inform the stock exchanges with regards to the following business updates:

1) **FY2019 Performance Outlook**

SHK expects revenue growth in H1FY2019 to moderate mainly due to supply side disruptions caused by significantly lower availability and unprecedented price surge in key raw materials. Consequently, earnings are also expected to moderate in H1 FY2019. Encouragingly, the revenue and volume growth in the core Fragrance division continues to remain positive. While the Company has taken measures to mitigate cost pressure through price increase and plans to take further such steps, the pass through of the same to margins is expected to start reflecting over the next few quarters. By this time the Company also expects the raw material availability situation to be restored to more normal level.

The underlying fundamentals of the Company's business remain robust and customer engagement continues to be solid. Demand in the domestic FMCG industry is witnessing healthy traction. The Company firmly believes the muted performance expected for H1 FY2019 to be transient in nature and the medium to long-term outlook remains positive. The Company continues to deepen its customer engagements and its operations are geared to deliver revenue growth and robust margins in the future.

2) **Update on acquisition of Creative Flavours & Fragrances ('CFF')**

In Q2 CY2018*, CFF reported healthy top-line performance in its core Fragrance division owing to double-digit price increases combined with steady volume growth. However, CFF witnessed major supply side headwinds, which impacted its gross margin performance. CFF is planning to take further price increases to cover raw material increases. SHK is actively pursuing prospects to cross-sell technology from CFF to launch innovative products in the Indian market and is assisting CFF to tide over raw material shortages.

**CFF follows calendar year ('CY') as its financial year as per law in Italy.*