

BLACK ROSE

PERFORMANCE REVIEW 1Q FY2018 – 19 AND UPDATE ON BUSINESS

Overview

The first quarter of FY2018-2019 saw a reduction in sales and overall profit due to temporary demand slowdown caused by rising prices. The company's acrylamide plant is operating well. The company's polyacrylamide project is awaiting Environmental Clearance (expected during the current quarter). The polyacrylamide liquids plant (capacity 40,000MT) is planned for commercial operation within 4 months after receipt of Environment Clearance and the company's polyacrylamide solids plant (capacity 10,000MT) is expected to begin commercial operation within 15 months after receipt of Environment Clearance.

Acrylamide Plant

Domestic sales of acrylamide during the first quarter of FY2018-19 was somewhat lower than the previous quarter due to a steep increase in raw material costs which led to a temporary slowdown in consumption of acrylamide at the end user level. International demand for acrylamide is very strong especially for applications related to mining, enhanced oil recovery and fracking.

The price of acrylonitrile (raw material for acrylamide) has continued to increase because of plant shutdowns in China and Europe leading to a global shortage. Reflecting this, the price of acrylamide powder from China has also increased.

The company's plant has been operating well and at a high rate of efficiency. The current capacity is 14,000MT.

Chemical Distribution

Sales of some key distribution products were reduced due to temporary supply shortages caused due to plant maintenance / debottlenecking operations at the company's suppliers' end. Also, the sudden increase in INR / USD exchange rate during the quarter resulted in an increase in selling prices to the end users, and this consequently led to a temporary slowdown in demand as customers were unable to absorb higher costs immediately.

Textiles

The textile division showed a slight increase in sales. The division carried on its usual activities, supported by the India Japan Comprehensive Economic Partnership Agreement.



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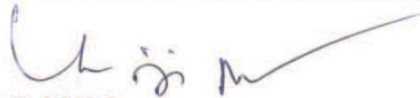
Renewable Energy Division

The renewable energy division operating the company's two windmills witnessed a growth over the last quarter but a reduction over the same quarter of the previous year. Performance of the windmills is seasonal and based on natural conditions over which the company does not have control.

Polyacrylamide Plant

The company has completed all necessary submissions for its Environment Clearance application and is awaiting the final permission from the Ministry of Environment and Forests (MOEF). The same is expected during the current quarter. A pilot plant has already been installed and various product trials are taking place. The company is in active negotiations with overseas collaborators for the project and an announcement will be made once negotiations are concluded. The company plans to start commercial operation of its 40,000MT polyacrylamide liquids plant within the calendar year and its 10,000MT polyacrylamide solids plant within 2019.

FOR BLACK ROSE INDUSTRIES LTD.



C.P. VYAS
COMPANY SECRETARY

Date: August 13, 2018

