

PERFORMANCE REVIEW FY2018 – 19 AND BUSINESS UPDATE

Overview

The company ended the year 2018-2019 with a strong performance:

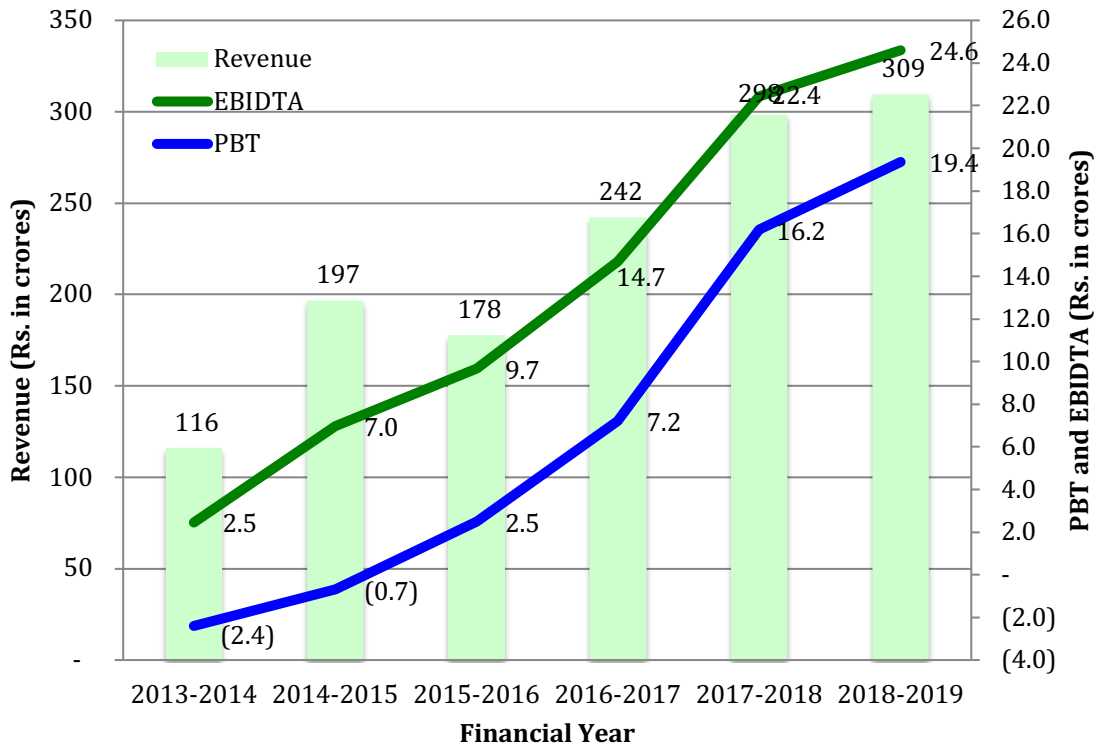
	FY19	FY18	Increase (%)
Revenue	214.24	185.45	15.5%
EBITDA	23.82	21.54	10.6%
PBT	18.58	15.31	21.4%
PAT	13.29	11.16	19.1%

all numbers in Rs. crores, standalone

The generally slow economy did not stop the company from delivering a good performance. Acrylamide sales increased both domestically and internationally with the increase in plant capacity, and sales of the chemical distribution business increased with rising demand from the Indian specialty chemical sector. Going forward, the company expects the ongoing trade friction between China and the United States, the tightening of environmental restrictions in China, the resultant increase in global attention for Indian chemicals, and of course, the inevitable growth of Indian consumption to provide a strong boost to the Indian chemical sector which the company is a part of.

Financial Performance

Consolidated



Acrylamide Plant

Domestic sales of acrylamide during the year grew despite the challenges faced from a slowdown in some of the key user sectors. The volatility in raw material prices seen from the end of Q2 to the middle of Q3 provided the company with an opportunity to increase its market share. International demand for acrylamide remained extremely strong, especially for applications related to mining, enhanced oil recovery and friction reducers (fracking). With demand increasing both at home and abroad, the company has decided to increase its acrylamide production capacity from 14,000MT to 20,000MT by Q3 FY2020.

Chemical Distribution

Sales of the company's key distribution products performed well during the year. Despite early shortages in some of the products, the company was able to recover lost sales during the remaining period. Although foreign exchange rate volatility was high - starting around Rs.66/US\$, going up to Rs.74/US\$, and finally ending the year around Rs.69/US\$ - the company managed this volatility well and did not allow it to adversely affect its performance. The company increased its market presence in products such as pyridine, isophthalic acid and meta xylene, and will be adding more products during FY2020.

Polyacrylamide Plant

The company obtained Environment Clearance for its polyacrylamide plant in October 2018. Building construction will begin in early June 2019, and plant construction is expected to be completed within FY2020. Operations of the 40,000MT polyacrylamide liquids plant will commence first, followed by the 10,000MT polyacrylamide solids plant. The 100,000MT polyacrylamide solids market in India is being catered almost entirely through imports (domestic production is less than 1000MT in a year).

FOR BLACK ROSE INDUSTRIES LTD.

C.P. VYAS

COMPANY SECRETARY

Date: May 26, 2019