



PERFORMANCE REVIEW 1H FY2020 AND BUSINESS UPDATE

Overview

The company ended the first half of year FY2020 with a strong improvement in performance over the previous half year, i.e. 2H FY2019:

	2H FY19	1H FY20	Increase (%)
Revenue	115.70	120.26	3.9%
EBITDA	13.72	15.92	16.0%
PBT	11.14	13.57	21.8%
PAT	8.03	10.56	31.5%

all numbers in Rs. crores, standalone

Profitability remained strong as operating rate and volumes increased. Raw material prices for acrylamide were volatile with Q2 witnessing a sharp rise followed by a sharp reduction. Despite increasing volumes, revenue growth was muted as selling prices of some products fell. However, the effect on profitability was positive as their respective purchase costs also reduced. The generally slow economy did not stop the company from delivering a good performance thanks to its wide product portfolio which provides a diversified user base.

Acrylamide Plant

Domestic sales of acrylamide remained strong despite the slowdown in some of the key user sectors. International demand for acrylamide remained very robust, especially for applications related to mining, enhanced oil recovery and friction reducers (fracking), and the company's export volumes have continued to grow. Global acrylamide demand which was at approximately 550,000MT in 2010 is expected to reach 990,000MT in 2020. Orders have been placed for equipment related to the acrylamide capacity expansion and additional capacity is expected to be commissioned by the end of Q3 FY2020.

Chemical Distribution

Sales of the company's key distribution products remained strong despite the overall slowdown in the economy. Shortages that were evident in certain products during FY2019 are getting alleviated and larger volumes are now available. The rupee weakened in the end July / early August period and continues to trade in a weaker band as compared to the start of this fiscal year. The first half of FY2020 saw the company increase its volumes in products such as ethanolamines and isophthalic acid, while sales of meta cresol fell during the period due to a shortage of supply caused by the manufacturer's delay in shipping out contracted volumes.



Polyacrylamide Plant

Construction of the polyacrylamide plant continues. Building construction which began in June has taken longer than expected due to the heavy rains in Gujarat during this year's monsoons. In the meantime, the company has started commercial production of its polyacrylamide liquid using existing facilities to kick off marketing efforts and begin customer trials and acquisition. Full capacity of the 40,000MT polyacrylamide liquids plant is expected to be available during FY2020, followed by the 10,000MT polyacrylamide solids plant.

FOR BLACK ROSE INDUSTRIES LTD.

NEVIL AVLANI

COMPANY SECRETARY

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