

August 28, 2020

BSE Limited
Corporate Relationship Department
P.J. Tower, Dalal Street,
Mumbai – 400 001.

Dear Sir,

Sub: Performance Review Q1FY21 and Update on Business

Please find enclosed Performance Review of the company for Q1FY21 and Update on Business for the information of all the stakeholders of the Company.

Thanking you,
For **Black Rose Industries Limited**

A handwritten signature in black ink, appearing to read "Nevil Avlani".

Nevil Avlani
Company Secretary and Compliance Officer

Black Rose Industries Ltd.

145/A, Mittal Towers, Nariman Point, Mumbai - 400 021, INDIA
Tel.: +91 22 4333 7200 / 2282 4075 • Fax : +91 22 2287 3022
E-mail: info@blackrosechemicals.com • www.blackrosechemicals.com

Factory : Shree Laxmi Co-op. Industrial Estate Ltd., Hatkanangale, Dist. Kolhapur, Maharashtra, INDIA
CIN: L17120MH1990PLC054828



PERFORMANCE REVIEW Q1FY21 AND BUSINESS UPDATE

Performance Review

Sales during the first quarter of FY21 was subdued due to lack of demand from a majority of the company's domestic customers during the months of April and May as they were overstocked with raw materials and finished products due to reduced manufacturing operations. Demand from domestic customers picked up to approximately 70% of pre-COVID levels in June. Despite the reduction in domestic demand, the company's export volumes remained consistent. The company faced no disruptions in its ability to supply its products as adequate stocks of distribution products, raw materials, and finished products were continuously available and plant operations ran smoothly.

Despite the reduction in sales during April and May, the company succeeded in many financial improvements. The company's EBITDA margin grew by 38% over the previous quarter to 15.05%. Interest paid on borrowings for the quarter came down significantly to Rs.22.6 lacs as compared to a quarterly average of Rs.51.7 lacs in the previous year. Cash flows saw a significant increase of Rs. 563 lacs during the quarter even while the company invested a further Rs.213 lacs into its ongoing projects. The current ratio of the company improved to 1.78 from 1.55 at the end of FY20.

	Q1 FY21	Q4 FY20	Change (%)
Revenue	26.41	66.33	- 60%
EBITDA	3.96	7.20	- 45%
PBT	2.89	5.83	- 50%
PAT	2.06	4.19	- 51%

all numbers in Rs. crores, standalone

There has been a lot of discussions at the government level to impose restrictions on imports from China. Less than 1% of the company's sales are of products imported from China and acrylamide as well as many of the chemicals distributed by the company compete directly with Chinese products. This ongoing situation has been positive for the growth of our business. During the first month of Q2, the company has reached sales close to pre-COVID levels and while some demand fluctuations are expected the company expects to achieve/exceed pre-COVID level sales by Q3 FY21.

Business Update

Acrylamide Plant

Global raw material (acrylonitrile) prices came down sharply during the quarter as a result of the falling end user demand in all markets. The Indian market for acrylonitrile was especially subdued due to the steep fall in demand for acrylic fibre. Despite the fall in raw material prices,



domestic prices of acrylamide remain largely unchanged from pre-COVID levels. The company maintains sufficient stock of raw material and consumes its stock on a FIFO basis, due to which the effect of lower raw material price shall be more visible in the subsequent quarter.

After the slowdown in Q1, domestic sales of acrylamide have picked up in Q2 with revival of demand from end customers and because of increasing market share. The plant remains fully operational and continues to be run with adherence to social distancing rules. The company expects to benefit from the Atma Nirbhar Bharat policy and is working to replace the 7,000MT of acrylamide currently imported from China with its product. In the international markets, the company has extended its business to countries such as Turkey, Brazil, and Vietnam where the demand for acrylamide is growing.

Distribution

The lockdown in India led to an overall reduction in offtake of the company's products due to reduced customer activity. As the lockdown eased, demand from certain sectors picked up fast (pharmaceuticals, agrochemicals, tyres) while requirements of others continued to languish (textiles, dyes, PET). The company maintained uninterrupted supplies and focused on ensuring very high business conversion and gaining market share in all its products.

The distribution business has seen a revival of demand from its customers and business is gradually coming back to normal. The company has focused on building stocks at attractive prices and expanding its customer base during Q1 and the benefits of these efforts are expected in the coming months.

Polyacrylamide Liquid

The company launched its ceramic binder product, BRILBIND CE01, in the ceramic tile industry of Morbi during the last quarter of FY20. Trials were being conducted with several end customers during the time, but the lockdown resulted in hundreds of plant shutdowns in Morbi during April and May. Sales of ceramic binder were very low during the quarter due to this. However, plants started to gradually reopen in June and the company restarted its sales and marketing efforts at that time.

Due to the efforts made during Q4 FY20 and Q1 FY21, the company has been finding wide acceptance of its product in the Morbi market. Sales has been growing by very quickly during Q2 FY21 and the company is well on its way to establish the product and gain market share in this competitive market. The plant expansion to 40,000 MT was recently commissioned as well. Plant level trials at various units continue and we are in full swing to rapidly accrue volume in subsequent quarters.



Forward-Looking Statements Disclaimer

Some of the statements in this press release may be forward-looking statements or statements of future expectations based on currently available information. Such statements are naturally subject to risks and uncertainties. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference in the company's operations include the availability of raw material/product, cost of raw material/product, changes in demand from customers, fluctuations in exchange rates, changes in government policies and regulations, changes in tax structure, economic developments within India and the countries in which business is conducted, and various other incidental factors. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in making any assumptions. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

FOR BLACK ROSE INDUSTRIES LIMITED

NEVIL AVLANI

COMPANY SECRETARY

Date: AUGUST 28, 2020