

June 28, 2020

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

Dear Sir,

**Sub: Performance Review FY20 and Update on Business**

Please find enclosed Performance Review of the company for the year 2019 - 2020 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 blue ink, appearing to read "Nevil Avlani".

**Nevil Avlani**  
**Company Secretary and Compliance Officer**

**Black Rose Industries Ltd.**

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## PERFORMANCE REVIEW FY20 AND BUSINESS UPDATE

### ***Performance Review***

The otherwise strong Q4 sales performance was marred by the COVID-induced lockdown towards the end of March '20. Nearly 25% of the projected sales during March was affected due to the loss of sale during the crucially important last ten working days of the month. The global pandemic also led to a crash in the Indian rupee which depreciated to near Rs.76 per US Dollar levels as against Rs.71 levels earlier, adversely affecting the bottom line by nearly Rs.1.30 crore. On the positive side, lower Chinese imports during the period allowed the company to increase market share.

Despite a lower than expected Q4 performance, the company ended the year 2019 - 2020 with a very strong performance:

	<b>FY 20</b>	<b>FY 19</b>	<b>Increase (%)</b>
<b>Revenue</b>	253.14	214.24	18.2%
<b>EBITDAE</b>	32.52	23.82	36.5%
<b>EBITDA</b>	31.29	23.82	31.4%
<b>PBT</b>	26.41	18.58	42.1%
<b>PAT</b>	19.95	13.29	50.1%

*all numbers in Rs. crores, standalone*

The chemical distribution business registered a growth of over 30% riding on higher volumes of products like ethanolamines, isophthalic acid and meta xylene. Volume of acrylamide sale was also higher by approximately 15% as compared to the previous year.

### ***Business Update***

#### *Acrylamide Plant*

The company successfully completed the expansion of its acrylamide plant during Q4, allowing for merchant sales of 20,000 MT of acrylamide in addition to its use as captive intermediate monomer for downstream products. Global raw material prices started coming down during the start of Q4 as a result of the falling demand in China due to their lockdown. The sharp fall in crude prices and that of other feedstock consequently also supported this price fall. However the company had sufficient stock of raw material available during this period due to which the effect of lower raw material price will be





seen in subsequent quarters. Selling price of acrylamide remained mostly unchanged throughout the quarter.

During the year, the plant utilization averaged at approximately 90% of the total pre-expansion capacity. With the additional capacity, the company plans to expand its footprint in the export as well as domestic markets. A total of 7,000MT of acrylamide is currently imported into India from China and the company is targeting to replace this demand with its product.

### *Distribution*

The lockdown in China during Q4 led to disturbances in material availability of many products in the market. The company, on its strength of uninterrupted supplies from Japan and other countries, was well-placed to take advantage of this situation and continued to cater to customer requirements.

There is a lot of discussion around the government's plans to impose restrictions on imports from China. This may affect supply chains of many chemical end users as well as distributors. As mentioned in a previous press release, the only products imported by the company from China are CTPI (a rubber chemical) and ethyl cyanoacetate, together forming less than 1% of the company's distribution business. At the same time, many of the chemicals imported by the company directly compete with Chinese products and we are targeting to further increase our market share in these areas.

### *Polyacrylamide Liquid*

The capacity of the polyacrylamide liquid plant was increased to 6,600MT on January 30, 2020. The company has launched its ceramic binder product, BRILBIND CE01, in the ceramic tile industry of Morbi and trials being conducted with several end customers have progressed well. Being a performance chemical such products require a longer period for being approved and sold commercially to the client. The lockdown in Q4 and subsequent closure of the units in Morbi meant a further delay in commercialization. With the units in Morbi now opening up, the company is well on its way to establish the product and gain market share in this competitive market.

The plant expansion to 40,000MT which had been planned for completion in February 2020 is now slated for commissioning before the end of Q1 FY21. Plant level trials at various units are in full swing and we expect sales to rapidly accrue in subsequent



quarters. This is however subject to markets recovering adequately from the overall COVID-induced slowdown.

***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: June 28, 2020**