

May 30, 2021

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

Dear Sir/Madam,

Sub: Annual Performance Review FY21

Please find enclosed Annual Performance Review of the company for FY21 for the information of all the stakeholders of the Company.

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



Nevil Avlani
Company Secretary and Compliance Officer

Black Rose Industries Ltd.

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ANNUAL PERFORMANCE REVIEW FY21

Performance Review

The financial year 2020-2021 ended with a substantial increase in profit over the previous year despite the 6.9% reduction in sales caused by COVID-induced factors in India at the start of the year and in overseas markets in subsequent quarters. The Indian rupee which started the year weak at Rs.76 per US Dollar strengthened to Rs.73 levels during the year, fueled by solid overseas fund inflows. The first two quarters of the year saw reduced international demand for chemicals resulting in low import pricing but the situation reversed in the third and fourth quarters with shortages caused by logistics problems as well as natural events in Texas, USA.

Although sales revenues were affected in Q1 by the COVID-related lockdown, the company ended the year 2020 - 2021 with a very strong growth in profit:

	FY 21	FY 20	Change (%)
Revenue	235.68	253.14	-6.9%
EBITDAE	39.60	32.52	21.8%
EBITDA	39.60	31.29	26.6%
PBT	35.82	26.41	35.6%
PAT	26.75	19.95	34.1%

all numbers in Rs. crores, standalone

On an annual basis, the chemical distribution business registered a reduction of 9% and the manufacturing sales reduced by 1.5%. However, we can see that both businesses grew during the year if Q1 numbers are excluded in both years as they are not comparable due to the effects of COVID.

	Q2-Q4 FY21	Q2-Q4 FY20	Increase (%)
Distribution	142.9	134.4	6.3%
Manufacturing	65.3	62.5	4.5%
PAT	24.7	15.3	61.4%

all numbers in Rs. crores, standalone

Business Update

Acrylamide Plant

The company successfully completed the expansion of its acrylamide plant in Q4 FY20 providing the company with a capacity of 20,000 MT of acrylamide for merchant sales in addition to another 12,000MT for its captive usage as intermediate monomer for downstream products during FY21. Although sales and production in Q1 FY21 was hit by the COVID lockdown, improvements were seen during Q2 and especially in Q3 when the company was running at close to 100% of its merchant sales capacity thanks to a large short-term order received from the oil and gas sector. Raw material (acrylonitrile) prices started the year at below \$900/MT and gradually increased until October 2020, after which the increases



became more rapid and prices finally touched a peak of US\$3,200/MT in March 2021. The company was able to improve profitability due to better operating efficiencies and because it stayed largely insulated from these sudden raw material price shocks as it maintained sufficient stocks of raw material. Sales would have been higher if it were not for the significant reduction in export volumes caused initially by the COVID-related overseas demand reduction and later by the multifold increase in overseas freight costs which caught global customers initially by surprise. With end product prices now globally reflecting these costs, export volumes have started to return to normal.

Plant production during FY20 and FY21 was largely unchanged. With the return to normalcy in overseas markets, the company plans to expand its footprint in the export markets while waiting for the domestic market to recover from the latest lockdown. With the start of the acrylamide powder plant during FY22, the company expects to garner an even larger market share by replacing Chinese powder imports with its product.

Distribution

At the start of the year, the company benefited due to its position as a distributor in obtaining uninterrupted supplies from its principals while other importers dependent on China were affected by the lockdowns there during Q4 FY20 and the subsequent political disturbances due to border tensions. Although availability remained robust for most products, supplies of ethanolamines from Thailand and meta cresol from Germany remained very tight during the year and the company lost more than 17 crores of sales due to these shortfalls. Gross distribution margins increased by 7.4% during the year and are expected to remain healthy for some time as logistics delays and high raw material costs keep market prices elevated.

Polyacrylamide Liquid

The company launched its ceramic binder product, BRILBIND CE01, in the ceramic tile industry of Morbi. Being a performance chemical, the product requires testing and validation before clients begin full scale procurement of the same. The year started slowly with the lockdown during Q1 FY20 but sales picked every quarter as the product continued to gain acceptance in the market. The company is continuously increasing its market share and continues to conduct more R&D to further improve the performance and add additional grades to the range. The plant expansion to 40,000 MT was completed during the year and the company is in a strong position to deliver larger volumes whenever required.

DISCLAIMER for forward looking statements, etc.

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: MAY 30, 2021