

May 30, 2021

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

Dear Sir/Madam,

Sub: Performance Review Q4FY21 and Update on Business

Please find enclosed Performance Review of the company for Q4FY21 and Update on Business 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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PERFORMANCE REVIEW Q4FY21 AND BUSINESS UPDATE

Performance Review

Domestic chemical product prices increased during the fourth quarter of FY21 on the back of rising international prices caused by logistics issues as well as sudden climate-based disruptions in the US chemical industry. In certain sectors, the sudden and sharp increases affected sales as customers preferred to take a wait and see approach as they were unable to pass on the sharp price increases to their end customers. At the same time, with the onset of the second wave of COVID, certain market players chose to offload stocks at prices below market rates. The company chose not to participate in such market-negative exercises and focused on profitable sales. This resulted in a reduction in sales revenue during the quarter but allowed the company to maintain good profitability. Also, shortages caused by shipment delays of imported products affected volume growth during the quarter.

	Q3 FY21	Q4 FY21	Change (%)
Revenue	74.54	67.95	-8.8%
EBITDA	13.94	12.64	-9.3%
PBT	13.03	11.94	-8.4%
PAT	9.70	9.01	-7.1%

all numbers in Rs. crores, standalone

Key financial indicators during the period are as below. Net profit margin increased to 13.3% from 13.0% and EBITDA margins remained similar.

Parameter	Q2 FY21	Q3 FY21	Q4 FY21
Distribution : Manufacturing Revenue	2.5 : 1	1.7 : 1	2.6 : 1
Debt : Equity Ratio	0.30	0.28	0.15
Interest Coverage Ratio (times)	19.4	62.7	81.5
Current Ratio	1.72	2.03	2.12
Quick Ratio	1.14	1.35	1.05
EBITDA Margin	13.6%	18.7%	18.6%
Net Profit Margin	8.9%	13.0%	13.3%

Business Update

Acrylamide Liquid Plant

Acrylamide prices increased along with global acrylonitrile (raw material) prices which touched \$3200/MT in the end of March. Sales were stable to customers in the paint emulsion and ceramic tiles industry but there was a reduction in the short-term demand seen in Q3 from the oil and gas sector. Logistics costs continued to effect export volumes although they picked up in comparison to Q3 FY21.

The situation in Q1 FY22 has further improved on the export front with buyers now accepting the inevitable logistics costs and countries moving back to their normal demand cycles.



Domestically, prices have moved up but sales to sectors such as textiles, ceramics and paints have reduced due to the second wave of COVID hitting most areas.

Distribution

Prices of resorcinol reduced marginally due to the softening of Chinese domestic prices caused by the entry of a small but new producer. Prices of performance chemicals increased on the back of rising raw material prices as did prices of ethanolamines, hydroquinone, benzylamine, and many other products sold by the company. Material shortages due to shipping disruptions continued to affect the distribution business – positively in terms of price increases and negatively in terms of volume availability.

Demand during Q1 FY22 remains strong in certain products like ethanolamines but has weakened in products such as isophthalic acid and resorcinol due to the regional lockdowns during the second wave of COVID which has affected end users. Due to the COVID lockdown, prices in India of some products are currently lower than in overseas markets as those markets are not seeing the same COVID caseloads and restrictions as India. The price disparity is leading to a reduction in import volumes during the quarter and this may result in shortages in the domestic market as was seen in Q3 FY21.

Polyacrylamide Liquid

The company's ceramic binder product, BRILBIND CE01, was launched in Morbi in 2020. Morbi's close to 1000 ceramic tile factories run by local entrepreneurs produce 80% of the nation's ceramic tiles. Morbi is also a major exporter of tiles, being the second largest production hub in the world after Guangdong in China. Morbi is an outsourcing hub for India's well-known ceramic tile brands.

BRILBIND CE01 is used in the production of vitrified tiles. The company has increased its presence and share in the Morbi market during Q4 and supplies its product across different units and tile-making methods. The company's warehousing and logistics operations are firmly in place, focusing on maintaining a reliable supply partnership. Prices of ceramic binders have increased across the board with the increase in acrylamide and acrylic acid prices.

The COVID explosion has hit Morbi in Q1 FY22 with many local cases and many migrant workers returning to their homes, causing a reduction in tile production. At the same time, the general slowdown in the economy has resulted in a fall in demand for tiles. It is expected that the situation will bounce back during Q2 FY22.

Projects and Expansions

As updated in the previous press release, the company plans to manufacture acrylamide powder at its Jhagadia plant. The expected capacity of the plant would be 3,600MT, the required investment outlay would be Rs.8 crores, and potential additional revenue would be Rs.65 crores (at current market prices). The initial capacity would be aimed at replacing 100% of India's imports while further capacities could be added to serve larger global



requirements. The company has entered into a technical services agreement with Mitsui Chemicals, Inc., Japan, for this project. The company is currently in the piloting stage.

The company's R&D department has developed a process for the manufacture of n-methylol acrylamide (NMA), a specialty monomer which has a market both domestically and internationally. The company has already obtained Environmental Clearance for the production of 2,000MT per annum of this chemical which is used in the textiles and coatings industry. India currently imports approximately 1,000MT per year of NMA 48% in solution form from Europe at a price of approximately US\$1800/MT and the product also has a good export demand. The company will shortly move to the piloting stage.

R&D work on the 10,000MT polyacrylamide solid plant continues. However, the company has prioritized work on further development of polyacrylamide liquids, acrylamide powder expansion, and n-methylol acrylamide at this time.

As always, while work on the projects and expansions continue, the company will continue to concentrate on and grow its existing businesses while looking for new projects in the areas in which it operates.

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