BLACK ROSE

PERFORMANCE REVIEW AND UPDATE ON MONOMER PLANT

FOR RELEASE AT 3:00PM IST ON AUGUST 10, 2012:

Q1 PERFORMANCE REVIEW

The volatility in foreign exchange markets, uncertainties in overseas economies, and lack of political decision-making at home all contributed negatively to the Indian economy and to the company's results during the second half of FY2012. This resulted in lower than expected FY2012 results.

The company is glad to announce that FY2013 has started on a strong positive note. The first quarter of the fiscal year saw a strong return in product sales and demand.

Even though there were no signifcant reductions in the generalised problems plaguing the world's and our economy during Q1 of FY2013, the company was able to post good results due to the following reasons:

1) Improved currency hedging strategies
2) Correction in price realisation due to customers' acceptance of changed INR / USD scenario
3) Increase in sales of two key speciality chemicals
4) Higher power generation at the company's two windmills
5) Reduction in finance costs

All the revenue segments contributed positively to EBITDA which increased by 19% to Rs. 209 lacs from the previous year's Q1 EBITDA of Rs.176 lacs. The EBITDA of the previous quarter was only Rs. 20 lacs because of the provisioning of year-end foreign exchange losses from FY2012.

Quarterly Segment EBITDA for Last 4 Quarters (in Rs. lacs)

	FY2012			FY2013
Segment	**2Q**	**3Q**	**4Q**	**1Q**
Chemicals	126	(46)	19	188
Textiles	(6)	1	8	10
Renewable Energy	35	8	28	41
Others	0	0	(7)	0
Total (net of unallocable expenses)	**123**	**(66)**	**20**	**209**

Quarterly Segment Revenue for Last 4 Quarters (in Rs. lacs)

	FY2012			FY2013
Segment	**2Q**	**3Q**	**4Q**	**1Q**
Chemicals	2005	1185	2129	2493
Textiles	27	32	29	46
Renewable Energy	36	9	30	45
Total	**2068**	**1226**	**2188**	**2584**

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Chemical Division

The chemical division showed top-line growth of 41% and EBITDA growth of 470% as compared to the corresponding average during the previous 3 quarters. The speciality chemicals team saw strong sales of ethanolamines despite the entry of a new competitor, and resorcinol and cresol sales increased. The performance chemicals team increased its market share in the cyanocrylate adhesive field while sales of rubber chemicals also improved.

Approximately 75% of the company's sales are direct to end-users. The company does not deal in bulk commodity chemicals of high price volatility.

The company had projected consolidated sales of the chemical division to cross Rs. 100 crores during FY2012 despite the reduction in business in Q3. The company fell short of this target by 9 crores. In the current fiscal, the company has projected consolidated sales of this division at Rs.140 crores.

Textile Division

The textile division showed top-line growth of 57% and EBITDA growth of 900% as compared to the corresponding average during the previous 3 quarters. The textile division, which saw a slowdown in the past due to diminished buyer confidence caused by frequently changing government policy, witnessed a renewed interest in Indian textile products from its Japanese buyers, thanks to the India Japan Comprehensive Economic Partnership Agreement implemented last year. With the continuing strong Japanese yen and weak INR, further growth is expected in this division.

Renewable Energy Division

The renewable energy division showed top-line growth of 80% and EBITDA growth of 73% as compared to the corresponding average during the previous 3 quarters. With the delayed / weak monsoons in western India where our windmills are located, the generation outlook during this season positive. The company's windmills are still under the final stages of validation by the UNFCCC, a necessary step for obtaining VERs and CERs (carbon credits). This is expected to be received by September 2012.

B.R. Chemicals Co., Ltd., Japan

The company's wholly owned subsidiary in Japan was formed to promote the development of chemical business between India and Japan. Sales which clocked Rs.12 crores during its first year of operation in FY2012 have already exceeed Rs.11 crores during Q1 FY2013. Significant developments in the electronic chemicals sector will help boost sales even further. The subsidiary accounts will be consolidated at the end of the year.

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UPDATE ON SPECIALITY MONOMER PLANT

The company is setting up a plant to manufacture 10,000MT of acrylamide, and information and updates regarding this project have been advised to our shareholders and to the investor community through various press releases from time to time.

Despite the company's best efforts, there was a delay in receipt of Environmental Clearance. This clearance was finally received on August 7, 2012. With this clearance, the company is now able obtain requisite approvals from the Gujarat Pollution Control Board and others for establishment of the plant.

As informed earlier, the basic and detailed engineering has been completed many months ago and orders for plant equipment, PEB structures, and key instrumentation have been placed in the year 2011. The company has already recruited plant staff who will be deputed for operational training at the foreign technology licensor's (Mitsui Chemical) production site in Japan in the coming months. We expect to begin full-fledged plant construction activities immediately after the monsoon season is over.

The company plans to start commercial production at the plant by the end of the 4Q FY2013, a year delayed from the original estimate of 4Q FY2012.

During FY2012, the company had received sanctions from three different banks for rupee term loans (12 crores) and External Commerical Borrowings (US$3 million) for project finance. These sanctions have since lapsed due to exceeding the time limit for obtaining environmental clearances. Now that the clearance has been received, the company will enter into discussions with the banks to renew these sanctions.

Due to changes in market prices and currency, our annual sales estimate for the acrylamide plant has been revised upwards to Rs.75 crores under full operation, increasing to Rs. 300 crores in the years ahead with expansion to a plant capacity of 40,000MT.

FOR BLACK ROSE INDUSTRIES LTD.

C.P. VYAS
COMPANY SECRETARY