June 05, 2024

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

**Scrip Code: 514183**
**ISIN: INE761G01016**

Dear Sir/Madam,

**Sub: Annual Performance Review FY24**

Please find enclosed Annual Performance Review of the company for FY24 for the information of all the stakeholders of the Company.

Thanking you,
For **Black Rose Industries Limited**
ANKIT KUMAR JAIN
Digitally signed by ANKIT KUMAR JAIN
Date: 2024.06.05 16:44:41 +05'30'
**Ankit Kumar Jain**
**Company Secretary and Compliance Officer**

BLACK ROSE

# ANNUAL PERFORMANCE REVIEW
# Financial Year 2023 – 2024

**Performance Review**

In the 2023-24 financial year, the company managed to increase its sales volume by almost 20% by expanding its customer and geographical base, despite the prevailing headwinds such as fluctuating demand and the economic slowdown in key markets. Our adept management of the impact of higher international freight costs and longer transit times, our strategic management of raw materials and inventory, and our focus on exports resulted in an impressive overall EBITDA of Rs. 31.5 crores on a standalone basis. This underlines our robust understanding of the market, good cost management, and diversified product portfolio.

During the year, we further consolidated our position as the domestic market leader in our key distribution products and acrylamide. Sales of the latest additions to our product portfolio, such as acrylamide solids and n-methylol acrylamide (NMA) in the second half of the year, together with our strong R&D capabilities and imminent projects, augur well for sustained financial growth in the next fiscal.

The standalone and consolidated revenue and profits for FY 24 vis-à-vis FY23 are as follows:

| | **FY 24** | | **FY 23** | | **Change** | |
|---|---|---|---|---|---|---|
| | Standalone | Consol. | Standalone | Consol. | Standalone | Consol. |
| **Revenue** | 285.07 | 385.04 | 279.54 | 432.48 | +2% | -11% |
| **EBITDA** | 31.55 | 32.65 | 13.91 | 15.82 | +127% | +106% |
| **PBT** | 27.49 | 28.58 | 9.04 | 10.95 | +204% | +161% |
| **PAT** | 20.43 | 21.23 | 6.58 | 7.92 | +210% | +168% |

all numbers in Rs. crores

The standalone segment-wise results for the financial year 2023-2024 are as follows:

| **Year** | **Distribution** | | **Manufacturing** | | **Unallocated*** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | Sales | EBITDA | Sales | EBITDA | Sales | EBITDA | Revenue | EBITDA |
| **FY24** | 189.73 | 14.16 | 91.68 | 20.68 | 3.66 | (3.29) | 285.07 | 31.55 |
| **FY23** | 196.54 | 9.28 | 81.16 | 11.01 | 1.84 | (6.38) | 279.54 | 13.91 |

*Includes administrative and CSR expenses

all numbers in Rs. crores, standalone

Key financial indicators (standalone) during the period are as below:

| Parameter | Year Ending, FY24 | Year Ending, FY23 |
|---|---|---|
| Distribution: Manufacturing Revenue | 2.1:1 | 2.4:1 |
| Debt: Equity Ratio | 0.01 | 0.02 |
| Cash Flow from Operations (in Rs. crores) | 13.95 | 22.5 |
| Current Ratio | 3.4 | 3.8 |
| Quick Ratio | 2.3 | 2.6 |
| EBITDA Margin | 11.2% | 5.0% |
| Net Profit Margin | 7.3% | 2.4% |

***BUSINESS PERFORMANCE UPDATE***

***Manufacturing Division:***

The manufacturing division experienced significant revenue growth during FY24, primarily driven by increased sales volumes of acrylamide. Despite a decline in sales within the Morbi market, this was effectively balanced by sales of acrylamide powder and n-methylol acrylamide (NMA).

Acrylamide liquid:

Sales volumes of acrylamide liquid increased during the fiscal year, driven by strong demand and a strategic focus on export markets facilitated by EU REACH registration and Turkey REACH (KKDIK) pre-registration, resulting in acquisition of new customers. The CIF India price of acrylonitrile, after an initial dip to $900/MT in Q1, stabilized within the range of $1,200/MT to $1,300/MT for the remainder of the year. Strategic raw material management and selective market participation contributed to sustained growth in profits.

Acrylamide solid:

As the exclusive producer of acrylamide powder outside China, the company faced challenges from the influx of Chinese acrylamide powder. Despite price pressures, the company maintained its presence in both domestic and international markets, prioritizing exports for enhanced price realizations. This strategic approach underscores the company's dedication to upholding its competitive edge and profitability amid global market dynamics.

Polyacrylamide liquid:

Throughout the fiscal year, the ceramic tile industry in Morbi experienced a slowdown in production due to high gas prices and surplus inventory. Consequently, sales of the company's ceramic binder, BRILBIND CE01, declined, compounded by the emergence of small, unorganized binder production units.

N-Methylol Acrylamide (NMA):

The company manufactures two variants of NMA, namely NMA 48% and NMA LF. Successful product validations from key domestic and international clients during the year fuelled a notable surge in sales in the latter part of FY24.

***Distribution Division:***
Despite a weak first quarter attributed to subdued chemical prices and reduced demand, subsequent quarters witnessed an improvement in sales volumes for key products, supported by steady local demand and strong backing from our principals. Margins saw an increase across the product range. Despite a significant rise in annual sales volumes, overall revenue declined due to lower price realization.

Local Sales:
Sales volumes of distribution products in the local market exhibited continuous improvement as the year progressed facilitated by robust support and increased allocation from our principals, coupled with a resurgence in demand for key products such as ethanolamines, purified isophthalic acid, acrylonitrile, and resorcinol.

Merchant Exports:
Merchant export volumes experienced a reduction during the year due to subdued demand from the U.S. oil and gas sector persisting throughout most of the year. However, demand gradually picked up towards the end of the fiscal period resulting in increased volumes in the last quarter.

***BUSINESS OUTLOOK***

***Manufacturing Division:***
The company anticipates robust growth in various manufactured products in the coming year. In the acrylamide segment, both liquid and solid forms are expected to see an increase in demand, which will lead to significant growth in sales volume and profitability. Despite potential disruptions in logistics and higher freight costs, the company's extensive market outreach is expected to enable strong international sales. In addition, the R&D team's efforts on developing more robust grades of the ceramic binder and the introduction of the polyacrylate-based dispersant aims to improve the product range to meet the needs of a growing customer base. Expectations also point to significant growth in sales volumes for NMA, further underpinning the company's optimistic outlook for overall performance in this segment.

***Distribution Division:***
The company anticipates significant sales volume growth for the current year, driven by increased supplies from principals to meet domestic demand, new product and customer development, as well as expected expansion in exports to the US oil and gas sector. While acknowledging ongoing challenges in international logistics, the company is mindful of potential disruptions that could impact operations.

***PROJECTS AND EXPANSIONS***
Throughout the year, the company has intensified its efforts to advance the development of polyacrylamide solids technology, with the primary focus of the R&D team dedicated to this project. The company aims to finalize this process within the current fiscal year.

In addition, the company has secured space for a new R&D facility in Navi Mumbai and is actively pursuing the acquisition of a 20-acre land parcel for future projects.

Moreover, the company has submitted its application for Environmental Clearance for a specialty chemicals project in collaboration with a Japanese partner at its existing site in Jhagadia. The company continues to explore other opportunities to expand its presence both in the distribution and manufacturing divisions. Additional details will be provided by the company as they become available.

For Black Rose Industries Ltd.
Ambarish Daga
Director, Joint CFO and Investor Relations Officer
Date: June 5, 2024