

November 1, 2021

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

Dear Sir/Madam,

Sub: Performance Review Q2FY22 and Update on Business

Please find enclosed Performance Review of the company for Q2FY22 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 Q2FY22 AND BUSINESS UPDATE

Performance Review

As expected, the quarter saw shortages of various chemicals caused by the reduced imports by several market players during Q1 FY22. In such a scenario, the company's strong inventory position helped the company boost its revenue as well as market share in chemicals such as acrylonitrile, isophthalic acid, ethanolamines and acrylamide. Higher sales translated into higher profits, and reduced margins in the distribution business were compensated by better margins in the manufacturing business.

	Q1 FY21	Q2 FY22	Change (%)
Revenue	60.67	102.11	68%
EBITDA	10.65	12.92	21%
PBT	9.71	12.00	24%
PAT	7.23	9.02	25%

all numbers in Rs. crores, standalone

The key financial indicators during the period are as below:

Parameter	Q4 FY21	Q1 FY22	Q2 FY22
Distribution : Manufacturing Revenue	2.6 : 1	2.0 : 1	3.0 : 1
Debt : Equity Ratio	0.15	0.11	0.15
Interest Coverage Ratio (times)	81.5	35.3	45.4
Inventory Turnover Ratio (times)	1.36	0.99	2.52
Return on Equity	40%	30%	34%
Current Ratio	2.12	2.48	2.93
Quick Ratio	1.05	1.27	2.18
EBITDA Margin	18.6%	17.6%	12.7%
Net Profit Margin	13.3%	11.9%	8.8%

Business Update

Acrylamide Liquid

Sales of acrylamide increased by 27% over the previous quarter and prices continued to rise on the back of tight domestic supply. The international price of acrylonitrile was rangebound within \$2200 - \$2400/MT during the quarter. While export freight costs remained high and limited loading space was available on outbound vessels, exports formed 35% of total acrylamide sales for the quarter. We expect both sales and exports to be significantly higher when these logistics issues are eventually resolved.



The beginning of Q3 FY22 has seen a further rise in acrylamide prices as the shortage of acrylamide solid from China continues and supplies are constrained. At the same time, acrylonitrile prices are on the decline due to falling propylene prices in the US and lower demand in Asia caused by the economic slowdown in China.

Distribution

With the economic effects of COVID waning and the continuing delays in the arrival of imported products, the distribution business witnessed a surge in sales of 97% over the previous quarter. On a QoQ basis, sales of acrylonitrile and isophthalic acid both grew by 300% while sales of resorcinol fell by 40% due to slow demand and oversupply. Although margins remained healthy across the product range, overall percentage margin in the distribution business came down because of a significant increase in the sale of meta cresol where the company works on a low spread with its principal, Lanxess AG.

Demand during Q3 FY22 remains strong. Although market demand of acrylonitrile and isophthalic have reduced, the requirement for products such as ethanolamines, resorcinol, ethyl cyanoacetate, and 1,3 bromochloropropane is getting stronger.

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. BRILBIND CE01 is used in the production of vitrified tiles.

The Morbi market witnessed a transport strike and increased gas prices during the quarter which resulted in a reduction in tile production. However, export demand remained robust and the company was able to increase its sale of BRILBIND CE01 by 17%.

The market situation in Q3 FY22 is very encouraging. Supply disruptions from the dominant market player have resulted in record customer additions and monthly sales have increased by 70% in October. We expect volumes to grow further during the quarter.

Projects and Expansions

Acrylamide Powder

The company will manufacture 3,600MT per annum of acrylamide powder at its Jhagadia plant with an investment of Rs.8 crores. At the latest market price, the additional annual revenue is expected to be Rs.85 crores. The company is dedicated to replacing 100% of India's imports and to further add capacity to serve even larger global requirements. Pilot and marketing trials have been completed and the company plans to start commercial production during Q3 FY22.



N-Methylol Acrylamide (NMA)

The company will start producing NMA, a specialty monomer used globally in the textile and coatings industry, at its Jhagadia plant. Environmental Clearance has already been obtained and pilot trials have also been completed. Customer trials are currently in progress and commercial production is expected during Q3 FY22. Potential additional revenue from this product is Rs.35 crores per annum.

Polyacrylamide Liquids

The company is in the process of developing an improved and more robust ceramic binder, BRILBIND CE02, that will further increase market penetration. The company will also shortly start work on a textile printing ink binder.

Polyacrylamide Solid

Demand for polyacrylamide solids continues to grow both domestically and internationally. This product segment remains the prime focus of the company. The R&D team is working tirelessly to complete all its other ongoing activities within this quarter and fully dedicate itself to the polyacrylamide solid project starting in early Q4 FY22.

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

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: NOVEMBER 1, 2021