

August 10, 2023

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

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

Dear Sir/Madam,

**Sub: Performance Review Q1FY24 and Update on Business**

Please find enclosed Performance Review of the company for Q1FY24 for the information of all the stakeholders of the Company.

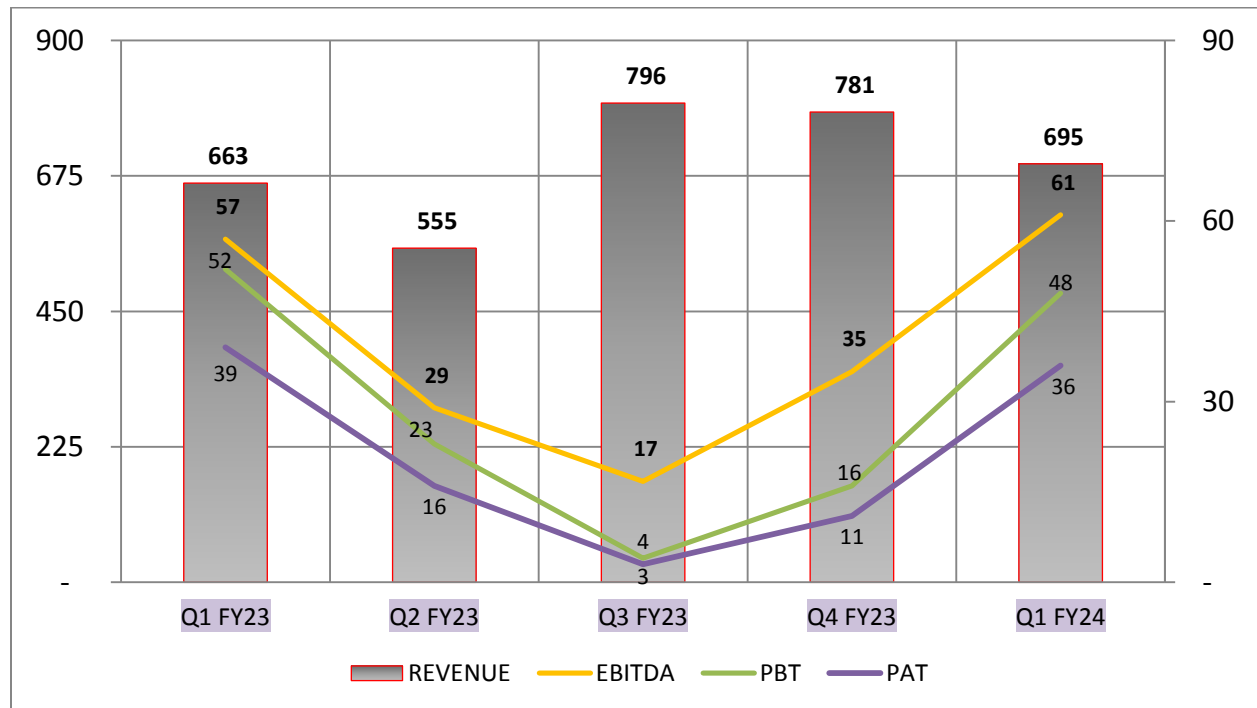
Thanking you,  
For **Black Rose Industries Limited**

**Harshita Shetty**  
**Company Secretary and Compliance Officer**

## PERFORMANCE REVIEW Q1FY24 AND BUSINESS UPDATE

### PERFORMANCE REVIEW

Sales of manufacturing segment improved with growth in exports with the addition of new customers and markets in Q1FY24. Total distribution revenues decreased due to a reduction in merchant exports and because of reducing prices of key distribution products. However, purchasing costs also reduced sharply resulting in a strong improvement in overall margins.



*all numbers in INR millions, standalone*

The key standalone financial indicators during the period are as below. The export turnover of the company was 46% of its standalone revenue.

Parameter	Q3 FY23	Q4 FY23	Q1 FY24
Distribution : Manufacturing Revenue	3.6 : 1	3 : 1	2.1 : 1
Debt : Equity Ratio	0.10	0.02	0.01
Quarterly Interest Coverage Ratio (times)	1.8	5.8	29.1
Quarterly Inventory Turnover Ratio (times)	1.2	1.74	2.17
Quarterly Return on Equity	1%	5%	12%
Current Ratio (as at end of quarter)	3.48	3.79	4.39
Quick Ratio (as at end of quarter)	1.73	2.59	3.30
EBITDA Margin	2.1%	4.5%	8.8%
Net Profit Margin	0.3%	2.1%	5.7%



## **BUSINESS UPDATE**

### **1) Acrylamide**

#### *Liquid*

Sales of acrylamide liquid increased in both volume and value. The CIF India price of acrylonitrile continued to fall during the quarter, dropping to \$910/ MT before stabilizing towards the end of the quarter. Stable freight rates along with EU REACH registration helped boost exports.

Exports of acrylamide liquid increased 46% from the previous quarter as repeat orders were received from regular customers and new customers were added. Price realization in the international market continued to be higher than in the domestic market.

#### *Solid*

The company is the only producer of acrylamide powder outside China. The continued decline in Chinese domestic demand has led to dumping prices for Chinese acrylamide powder in India and other countries. Despite pricing concerns, the company has continued to sell volumes in the Indian and overseas markets.

#### *Outlook – Acrylamide Liquid and Solid*

Prices of acrylonitrile have finally started to move upwards and have risen to \$1050/ MT CIF India. We expect international acrylamide prices to also move upwards in line with this.

Domestic demand for acrylamide liquid has picked up for the company as the ceramic binder market has improved. Re-orders have been received from international buyers for both liquid and solid acrylamide. Samples of acrylamide powder have been sent to customers in the USA and Japan and we are awaiting their approval.

### **2) Polyacrylamide Liquid**

#### *Ceramic Binder*

Sales of the company's ceramic binder, BRILBIND CE01, remained stable in terms of volume as the ceramic tiles manufacturing units in Morbi gradually ramped up production. Selling prices were further reduced this quarter as the benefits of lower raw material costs were passed on to customers. Despite the price reduction, margins have improved overall.

#### *Outlook*

Demand for ceramic binders has increased and the company expects higher sales volumes in the current quarter. The R&D team is also working on newer versions covering all types of production patterns to serve a wider market.



### **3) N-Methylol Acrylamide**

The company produces two variants - NMA 48% and NMA LF. The products were launched at the end of the last fiscal year, and since they are specialty monomers, customer approvals are required in several stages. Approvals have already been received from several domestic customers, which is reflected in a 125% increase in sales volumes during the quarter.

#### *Outlook*

The company has received an order from a foreign multinational and expects commercial approval from a major domestic customer in the second quarter of FY24. The company expects sales of NMA to increase in the current and upcoming quarters.

### **4. Distribution**

Total distribution revenues decreased 20% from the previous quarter as chemical prices remained subdued during the quarter and demand from the U.S. oil and gas sector declined. Sales volumes improved for several key products thanks to strong support from our principals and would have been higher had it not been for supply shortages for ethanolamines and pyridine. Margins improved across products.

#### *Outlook*

The company expects sales volumes and revenues to increase as supply constraints have eased significantly. Domestic demand is stable and prices have started to increase, which will have a positive impact in the current quarter. Demand for speciality monomers, which the company exports, is expected to decline further in the second quarter of FY24 with demand from the US oil and gas sector coming down. With the increase in acrylonitrile prices, the distribution team expects sales of the product to pick up.

### **5. Projects and Expansions**

Work on technology development of polyacrylamide solids has been accelerated in the current quarter with additional investments being made in equipment and manpower. The company has set a target of Q3 FY25 as a commercial launch date.

The company is in advanced stages of discussion for setting up a specialty chemicals project in collaboration with a Japanese company at its existing site in Jhagadia. Discussions are also on with a U.S. and European company for two toll-manufacturing projects. The company will provide further details as they become available.

#### **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 Ltd.**

**Ambarish Daga**

Director, Joint CFO and Investor Relations Officer

Date: August 10, 2023