

August 13, 2021

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

Dear Sir/Madam,

Sub: Performance Review Q1FY22 and Update on Business

Please find enclosed Performance Review of the company for Q1FY22 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.

145/A, Mittal Towers, Nariman Point, Mumbai - 400 021, INDIA
Tel.: +91 22 4333 7200 / 2282 4075 • Fax : +91 22 2287 3022
E-mail: info@blackrosechemicals.com • www.blackrosechemicals.com
CIN No. : L17120MH1990PLC054828

Factory : Shree Laxmi Co-op. Industrial Estate Ltd., Hatkanangale, Dist. Kolhapur, Maharashtra, INDIA



PERFORMANCE REVIEW Q1FY22 AND BUSINESS UPDATE

Performance Review

After the steep price increases seen in Q4 FY21, domestic prices of a wide range of chemicals fell during the first quarter of FY22 due to subdued demand caused by the spread of the COVID Delta variant across India during April and May. Demand picked up during June and many companies chose to offload stocks which had built up due to the slow sales in previous months. As in the previous quarter, our company focused on profitable sales, maintaining stocks as shortages of imported products (caused by shipment delays and steep increase in logistics costs) were clearly in the horizon. Sales of acrylamide and ceramic binder increased overall and the company was able to post a strong performance despite the challenges of a generally slow market.

	Q1 FY21	Q1 FY22	Change (%)
Revenue	26.41	60.67	130%
EBITDA	3.96	10.65	169%
PBT	2.89	9.71	236%
PAT	2.06	7.23	256%

all numbers in Rs. crores, standalone

The key financial indicators during the period are as below:

Parameter	Q3 FY21	Q4 FY21	Q1 FY22
Distribution : Manufacturing Revenue	1.7 : 1	2.6 : 1	2.0 : 1
Debt : Equity Ratio	0.28	0.15	0.11
Interest Coverage Ratio (times)	62.7	81.5	35.3
Current Ratio	2.03	2.12	2.48
Quick Ratio	1.35	1.05	1.27
EBITDA Margin	18.7%	18.6%	17.6%
Net Profit Margin	13.0%	13.3%	11.9%

Business Update

Acrylamide Liquid

Acrylamide prices increased during April and May on the back of higher acrylonitrile prices and corrected slightly in June as global acrylonitrile prices which had touched a peak of \$3200/MT reduced with an increase in supply in China. Freight costs increased and exports remained challenged as limited loading space was available on outbound vessels. For the quarter, exports formed 40% of total acrylamide sales although it would have been higher if vessel availability had been better.



Acrylamide exports has improved in Q2 FY22 along with higher price realisations although vessel space availability continues to be a challenge. Domestically, spot prices have moved up due to a shortage of acrylamide solid from China.

Distribution

With the spread of the COVID Delta variant and delays in arrival of imported products, the distribution business witnessed a drop in sale of 19% over the previous quarter. The price of resorcinol remained under pressure as a price war in the Chinese domestic market spilled over into the Indian market. Sales of isophthalic acid was low (once again due to COVID disruptions) and prices were lower than import replacement cost. However, products such as ethanolamines, 1,3 bromochloropropane, ethyl cyanoacetate, hydroquinone, meta xylene and polyacrylamide flocculants did well. 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 Q2 FY22 is stronger than that seen in June 2021. Sales (and price realisation) of isophthalic acid is rapidly increasing as is the sales of meta cresol and acrylonitrile. The price disparity between import prices and domestic prices seen in Q1 FY22 led to an overall reduction in Indian imports, resulting in improved prices for our company's distribution products. We expect these shortages to continue till the end of quarter, providing a positive boost to our distribution business during Q2 FY22.

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. Our price of ceramic binders was revised upwards in April 2021 in keeping with the trend of raw material prices and competitors' movements.

Morbi saw many local cases during the quarter, causing a reduction in tile production. At the same time, the general slowdown in the economy resulted in a fall in demand for tiles. Despite these issues, the company was able to increase its sales and reach in the market.

The start of Q2 FY22 saw further improvements, but since this week a transport strike along with a shutdown of several tile producers has been in effect. Nevertheless, we expect volumes to grow during the quarter.

Projects and Expansions

As already informed, the company will manufacture acrylamide powder at its Jhagadia plant to the tune of 3,600MT per annum. At an investment of Rs.8 crores, the potential additional



revenue would be Rs.65 crores per annum. The company aims to replace 100% of India's imports while further capacities are planned to serve larger global requirements. Pilot trials have been completed and the company plans to start commercial production during Q3 FY22.

The company is also planning to start production of n-methylol acrylamide (NMA), a specialty monomer used widely in the textile and coatings industry both domestically and internationally. Environmental Clearance for a capacity of 2,000MT per annum has already been obtained. The company has started piloting trials and expects to start commercial production during Q3 FY22. Potential additional revenue from this product is Rs.35 crores per annum.

While work on the 10,000MT polyacrylamide solid plant continues, the company has decided to complete its expansions into acrylamide powder and n-methylol acrylamide at first as these can be achieved in a shorter time frame. Demand for polyacrylamide solids continues to grow both domestically and internationally and this product segment remains a prime focus of the company.

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: AUGUST 13, 2021