

February 12, 2023

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

Scrip Code: 514183

Dear Sir/Madam,

Sub: Performance Review Q3FY23 and Update on Business

Please find enclosed Performance Review of the company for Q3FY23 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 Q3FY23 AND BUSINESS UPDATE

PERFORMANCE REVIEW

Pricing pressure remained strong across products during Q3FY23. Demand for acrylamide liquid from the ceramic tile industry of Morbi increased but prices fell with falling acrylonitrile and acrylamide powder prices. The distribution business booked losses on the sales of acrylonitrile and resorcinol, and gained both revenue and profit on the domestic sales of meta cresol and export of specialty monomers. The manufacturing business saw an increase in output of close to 30% but prices were lower. Exports of acrylamide saw a dip over the previous quarter as overseas customers reduced inventory during the year end. The company successfully exported acrylamide liquid to the EU under its EU REACH registration.

	Q2 FY23	Q3 FY23	Change (%)
Revenue	102.4	98.0	-4%
EBITDA	3.6	1.7	-53%
PBT	2.2	0.41	-81%
PAT	1.6	0.27	-83%

all numbers in Rs. crores, consolidated

The key standalone financial indicators during the period are as below. The export turnover of the company was 40% of its standalone revenue.

Parameter	Q1 FY23	Q2 FY23	Q3 FY23
Distribution : Manufacturing Revenue	1.5 : 1	2 : 1	3.6 : 1
Debt : Equity Ratio	0.04	0.23	0.10
Quarterly Interest Coverage Ratio (times)	23.3	3.5	1.8
Quarterly Inventory Turnover Ratio (times)	0.95	0.70	1.2
Quarterly Return on Equity	12%	4%	1%
Current Ratio (as at end of quarter)	2.89	2.78	3.48
Quick Ratio (as at end of quarter)	1.19	1.14	1.73
EBITDA Margin	8.7%	5.4%	2.1%
Net Profit Margin	5.5%	2.0%	0.3%

BUSINESS UPDATE

1) Acrylamide

Liquid

Sales of acrylamide liquid increased in quantity but reduced in value. During the quarter, the CIF India price of acrylonitrile came down to \$1310/MT levels as producers in Asia were unable to



move inventory. Domestic prices of acrylamide could have been higher if market competitors had not resorted to dumping and shortsighted pricing behavior.

Exports of acrylamide liquid fell by 16% over the previous quarter as buyers looked to reduce inventory during the year ending. Prices in the international market continued to be higher than the domestic market. Two new customers were added and product approvals were obtained.

Solid

The company commenced commercial production of acrylamide powder on June 2, 2022 and has become the only company outside of China producing acrylamide in solid form. The slowdown in Chinese domestic demand has resulted in dumping of Chinese acrylamide powder into India as well as to other countries. Despite the pricing concerns, the company continued to sell volumes in the Indian market.

Outlook – Acrylamide Liquid and Solid

With the COVID restrictions over in China, prices of acrylonitrile have increased to \$1550/MT CIF India. We expect international acrylamide prices to also move up in line with this. Overseas demand for acrylamide liquid has picked up, and repeat orders from new customers have been received. Orders have been received from the EU region for both acrylamide liquid and solid. In the domestic market, demand still remains subdued but prices have stabilized and are expected to rise in March.

The company intends to apply for anti-dumping duty on Chinese acrylamide.

2) Polyacrylamide Liquid

Ceramic Binder

Sales of the company's ceramic binder, BRILBIND CE01, grew 29% in terms of quantity and 26% in terms of revenue as ceramic tiles manufacturing units in Morbi re-opened. Selling prices were reduced by around 6% during the quarter as competition from small local producers increased. Margins improved as raw material costs came down.

Outlook

Demand for ceramic binder is still generally weak and pricing continues to be under pressure. The company is adding new customers and expects to increase volumes during the quarter. The R&D team is also working on product modifications to cater to a larger market.

3) N-Methylol Acrylamide

The company produces two variants – NMA 48% and NMA LF. The products were launched in February 2022, and being specialty monomers, customer approvals are required in multiple



stages. The technical sales team has been successful in receiving orders from new customers during the quarter.

Outlook

The company has received approval from a foreign multinational company as well as from large local users during Q4FY23. The company expects increased volumes of NMA to be sold during the current and coming quarters.

4. Distribution

Overall distribution revenue grew by 54% from the previous quarter due to the increase in export activity while domestic distribution business was largely unchanged. Sales would have been higher if not for the supply constraints in ethanolamines. As prices remained at the low end of the market, the company booked losses on higher priced inventories of neopentyl glycol, acrylonitrile, and resorcinol.

Outlook

Demand for speciality monomers exported by the company remain strong and revenue from this activity is expected to be around Rs. 25 crores during Q4FY2023. In resorcinol, the company has been receiving strong support from its principals enabling it to increase sales in the domestic market. The performance chemicals team is aggressively targeting customers for its products and we expect further growth in this sector. With the reopening of China, prices of acrylonitrile have finally started to move up.

5. Projects and Expansions

From July 2022, the company is associated with an experienced R&D advisor in Japan with relevant polymer chemistry and process engineering knowledge and experience. The advisor provides guidance to the company's R&D team on process development, product improvement, performance engineering, and troubleshooting aspects.

The company focuses on providing growth to its existing businesses through cost optimization and product improvement, while working on new products and projects in the areas in which it operates.

The company has recently entered into an NDA with a Japanese company to explore the possibility of manufacturing certain specialty chemicals at the company's site in Jhagadia. Discussions are at a preliminary stage and any relevant information will be disclosed if and when necessary.

**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

Joint CFO and Investor Relations Officer

Date: February 12, 2023