

# **BLACK ROSE**

## **PRESS RELEASE**

### **UPDATE ON SPECIALTY MONOMER PLANT AND HALF YEARLY PERFORMANCE REVIEW**

#### **SPECIALITY MONOMER PLANT:**

The company has received numerous requests from its shareholders and the investor community in general for further information regarding its specialty monomer plant. This update is provided in response to the same.

Black Rose Industries Limited entered into a Foreign Technology License Agreement with a \$16 billion global chemical major on September 22, 2010, for its proposed plant for the manufacture of acrylamide, a specialty monomer used widely to manufacture performance polymers finding applications in fields as diverse as oil drilling, paper, mining, water treatment, and personal care.

The proposed plant shall have a capacity to manufacture 10,000MT of the product in the first phase, and a substantial expansion is planned for the second phase immediately thereafter. There are no producers of acrylamide in India and the country's total demand is being imported. Demand for acrylamide is expected to grow very sharply in the coming years due to the increased demand for acrylamide polymers used in sewage and waste water treatment, oil drilling, textile auxiliaries, mining (including coal washeries), and manufacture of recycled paper.

The technology that has been licensed to the company is an environmentally friendly biocatalyst-based technology, and is already in use in other parts of the world.

The acrylamide plant is expected to generate annual sales of Rs.200 crores in the years ahead. The initial project cost of approximately Rs.25 crores is proposed to be funded through a combination of internal accruals, term loan, and other debt instruments while other options will also be considered for funding future expansions as required.

#### **HALF YEARLY PERFORMANCE REVIEW**

All the revenue segments of the company contributed positively to EBITDA (earnings before interest, taxes, depreciation, and amortisation) which increased from Rs. 264 lacs in the first half of the last fiscal year to Rs. 287 lacs for the current half year.

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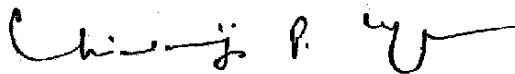
The chemical division showed top-line growth of 75% while EBITDA increased by 45% in the July to September quarter as compared to the same quarter in the previous year. The rise is a result of an expansion in the product portfolio which is a continuous process. The pharmaceutical team set up an office in Hyderabad and added a wide range of Active Pharmaceutical Ingredients (APIs), the specialty chemicals team strengthened its focus on resorcinol and acrylamide, and the performance chemicals team is now the largest supplier of cyanoacrylate adhesives in the country. Approximately 75% of the company's sales are direct to end-users. The company does not deal in bulk commodity chemicals of high price volatility. The chemical division expects to cross 85 crores in sales for this fiscal year, a growth of 80% from last year.

With regard to the proposed acrylamide plant, initial license fees have been paid to the licensor, detailed engineering contractor has been selected, and government approvals are under way. The company is on schedule for plant commissioning at the end of 2011 / early 2012.

The textile division had reduced sales in the first half of the year caused by a delay in arrival of imported raw cotton, the key raw material for the company's specialty textile products. The lost sales are taking place in the second half of this year and contributions will be seen in the results for the third quarter ending December 2010. In the previous year's half yearly results, about 33% of EBITDA came from the textile division whereas the share is only 3% in the corresponding period this year.

The Renewable Energy segment provided an EBITDA of Rs.46 lacs for the half year due to lower generation of wind energy in both Gujarat and Rajasthan. Higher rainfall in both areas was the primary reason for this. The company's windmills are under validation process by the UNFCCC, a necessary step for obtaining VERs and CERs (carbon credits).

**For Black Rose Industries Limited**



**C.P.Vyas**  
**Company Secretary**