

November 14, 2024

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code: 514183
ISIN: INE761G01016

Dear Sir/Madam,

Sub: Transcript of Q2 FY25 Earnings Webinar

Pursuant to Regulation 30 and 46 read with Clause 15 of Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith transcript of Q2 FY25 Earnings Webinar held on Monday, November 11, 2024.

Please find link of transcript of the proceedings of above-mentioned webinar:

[https://www.blackrosechemicals.com/api/uploads/inverstor_pdf/56J5W_1731506357Q2_FY25 -
_Transcript.pdf](https://www.blackrosechemicals.com/api/uploads/inverstor_pdf/56J5W_1731506357Q2_FY25_-_Transcript.pdf)

We request you to take note of the same.

Thanking you,

Yours Faithfully,
For **Black Rose Industries Limited**

Ankit Kumar Jain
Company Secretary & Compliance Officer

Encl- as above

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: investor@blackrosechemicals.com | Website: www.blackrosechemicals.com

CIN No.: L17120MH1990PLC054828

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

**Q2 FY25 EARNINGS WEBINAR OF BLACK ROSE INDUSTRIES LIMITED HELD ON
NOVEMBER 11, 2024 HOSTED BY SKP SECURITIES**

- **Mr. Navin Agrawal – Head, Institutional Equities, SKP Securities Limited:**
- Good afternoon, ladies and gentlemen, and thank you for attending this virtual meeting. It is a pleasure to welcome you on behalf of Black Rose Industries Limited and SKP Securities to this Q2 FY24-25 financial results webinar. We have with us Mr. Ambarish Daga, Director, Joint CFO and IR Officer and Mr. Bhavesh Shah, General Manager Sales.
- This webinar is being recorded for compliance reasons and during the discussions there may be certain forward-looking statements. These must be viewed in conjunction with the risks that the company faces.
- We will have the opening remarks and a presentation by Mr. Daga followed by a Q&A session.
- Thank you and over to you, Ambarish.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Thank you, Navin ji.
- I extend a very warm welcome to one and all who have taken out time to attend this webinar. First of all, let me wish you all a very Happy Diwali and prosperous New Year ahead.
- Now if we can just start the presentation, Navin ji. While the presentation is being uploaded, I would just like to put in a word of caution that there might be certain forward-looking statements in this presentation and those may be viewed in conjunction with the risks the company faces.
- If you can just make it full screen, Navin ji.
- As usual we start off with the business presence of Black Rose. Black Rose started its journey into chemicals with the distribution of specialty and performance chemicals on the back of its strong relationships with its principals which are based out of Japan, Germany and Thailand. This strong relationship helped us to graduate from being a chemical distributor and we started manufacturing of chemicals when we set up South Asia’s first Acrylamide Liquid plant back in 2013 in technical collaboration with Mitsui Chemicals of Japan. The initial capacity was 10,000 MT whereas the current capacity stands at 32,000 MT per annum, of which 20,000 is marked for merchant sales and the balance is for our captive requirements.
- Going further down in the same chemistry we also started manufacturing Polyacrylamide Liquids with a capacity of 40,000 MT and currently this product goes into the binder application in the tile

industry.

- Next, we also started with manufacturing with N-methylol Acrylamide with a capacity of 2000 MT per annum and currently we are doing quite well in this particular product.
- Acrylamide Solids was also started which made us the only company outside of China to have the technology and to manufacture the Acrylamide Solids, and its currently installed capacity is 3600 MT per annum.
- We are progressing well with the development of Polyacrylamide Solid technology by our inhouse R&D team. And we are hopeful that by the end of this fiscal as we mentioned earlier we will be able to complete the R&D and start the onward process. The initial planned capacity for this product is 10,000 MT per annum and it should add substantially to our top line once it commercializes.
- B.R. Chemicals Company is the 100% subsidiary based in Japan and is engaged in the local as well as export of chemicals.
- The other legacy businesses add upto less than 1% of the total revenue for the company.
- Moving onto the next slide, we look at the snapshot of the financials. When we look at the profit and loss, we see that overall there has been growth in the revenue from operations on standalone basis as well as on consolidated basis. This has been on the back of a very good performance in the distribution segment. You will see there's a dip shown in the consolidated figures but I would like to highlight that this is only on account of the exclusion of 56 million of dividend distributed by the subsidiary and it is as per Accounting Standards. Overall, there has been steady progress in the EBITDA margin, the PAT margin as well as the EPS.
- Now moving to the snapshot of the balance sheet. The company being in a stock and sales model in the distribution business, we have strategically increased our inventory which has helped in the performance of the company. This is also reflected in the balance sheet snapshot. However, the company continues to remain zero long term debt company which is truly reflected in the very low debt equity ratio and a healthy return on equity and capital employed.
- Now we will move onto the next slide where we talk about the segment-wise distribution of the financials for the previous quarter. So, when we look at the segment-wise performance the chemical distribution business has grown on the top line by about 23% while the chemical manufacturing business has grown by 32%. The higher sales volume and realization for key distribution products such as Resorcinol, Ethanolamine's and Meta Cresol are reflective of the higher turnover.
- In the manufacturing segment we have picked up the market share in the local domestic market which has led to the increase in the overall top line. This has been possible despite certain exports being unviable because of the logistics issues. Otherwise, the turnover would have actually been higher even in the manufacturing segment. Overall, we see there is a dip in the manufacturing segment margin mainly because of the falling raw material prices and in certain products due to the dumping from China. This will be elaborated in the subsequent slides.

- Next, we move onto the financials in terms of the revenue distribution and the domestic and export sales.
- So overall because of the increase in the local share we see that the percentage of exports has actually reduced from the previous quarter. However overall, in terms of the volume the exports were higher. That is how it is reflecting at 18% currently. In terms of the mix between manufacturing and distribution, again in absolute terms there is an increase in both the manufacturing as well as distribution. However, since the jump is much higher in the distribution business that is reflective of the overall higher percentage of about 70% which is coming from distribution.
- Now I will request Mr. Bhavesh to take you through the next couple of slides.
- **Mr. Bhavesh Shah – General Manager-Sales, Black Rose Industries Limited:**
- Thank you, Ambarish ji.
- Welcome, everybody, wishing everyone Happy Diwali.
- Coming to the slide on our financials on the distribution segment we can see for this quarter in distribution we have a very strong support from our principals which helped us in retaining stock levels and which helped us penetrate local market with the demand and we could supply to all the existing levels of demand. Due to which our key products they also added significantly to our top line along with the revenue. Volume also went up and revenue also went up.
- Our demand from the US oil & gas sector for merchant exports remained stable for the last quarter. And for current quarter also we expect slight improvement in that.
- The top 5 products of our company last quarter contributed to around 88% to the top line and it contributed to 86% of the profit.
- Next slide please.
- We talk about the financials for manufacturing. You can see in manufacturing there has been an increase in sales for the manufacturing sector. Our local sales for AAM Liquid and NMA both are up. However, the realization for AAM Liquid were basically down due to the decline in the raw material pricing. AAM Solid Acrylamide Powder again being impacted by the dumping from China due to which there is volatile pricing which is not helping the market. But we are trying to see how for the current quarter with some normalization in the prices, we could achieve better sales. Our NMA sales are picking up significantly well because of higher lifting from our key customers.
- Our binder market in Morbi remained subdued mainly due to 3 reasons. First of all there was increase in gas prices twice in the first quarter. They had longer holiday period from after Janmashtami due to which a lot of factories reopened after mid-September. And thirdly because of the subdued export market. Towards the end of the last quarter we have introduced a new robust version of binder for which we have received positive results till now. We expect this to increase

our sales in the coming quarter.

- Now I again hand it over to Ambarish ji to take it forward.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Thank you, Bhavesh ji.
- Now we look at the price trend of the key raw materials and the realization from our Acrylamide Liquid. As we see during the quarter as Bhavesh ji also mentioned earlier, the raw material prices have been falling which has put pressure on our product realization and also squeezed the total spread that we are able to achieve which is also reflected in the slightly lower margin during this quarter. However, the prices have now stabilized and in fact if anything it has slightly gone up which should help us in regaining these loss margins and also help in better realization going forward.
- Moving onto the next slide.
- Now we look at the outlook for the current quarter. First regarding the chemical distribution as we mentioned we are having stock and sales kind of model in the distribution business. And we are getting very strong support both in terms of material availability and pricing from our key principals. This is helping us in maintaining adequate stocks in serving the market's requirements and continuously gaining market share. It is going to continue this way where we hope to have stable sales during this quarter as well.
- The domestic volumes as I mentioned will remain largely in the same direction.
- The merchant exports also seem to be picking up with the US oil & gas demand coming back, which is also going to help us in increasing our sales volumes during this current quarter. The sales team is truly working on expanding its market share and we expect to introduce some new products also during this quarter and the upcoming quarters, this will all help in overall increasing our distribution portfolio going forward.
- Moving onto the manufacturing side, first we talk about the Acrylamide Liquid and Solids. As I mentioned the prices of raw materials have now stabilized this will help us in increasing our market share further in the local market with the demand also stabilizing. At the same time the international logistics situation seems to be improving during this quarter. And it will help us in expediting further exports and to increase our export volumes during this quarter. The Acrylamide Solid is likely to remain stable with the Chinese dumping being an inconsistent factor. And the company is not very inclined to enter into an unfair pricing war as per its policy.
- Moving on to the Polyacrylamide Liquid as we mentioned that despite the market remaining subdued our new robust binder is getting a very good traction in the market, we are getting a very good response. And this is expected to help us in improving our sales volume for the ongoing quarter. At the same time in N-methylol acrylamide the consistency of the orders from key customers is going to make it a steady quarter for us and this is a product that we are concentrating on to increase our market as it also comes with very good margins for us.

- Moving onto the outlook for the ongoing and upcoming projects, so our R&D team has been strengthened over the time period where we have mentioned earlier as well that we are having now one Japanese national who is already based in India in our R&D facility, and we have also our Japanese R&D consultants who are continuously coordinating with our team over here. This is helping us in moving fast towards the finalization of the Polyacrylamide Solid. The new R&D facility work is already underway and we hope to complete the work by the end of this calendar year on the set up.
- We have also already identified the new land which we will be earmarking for future projects keeping in mind that from our strong distribution relationships we are actively seeking new opportunities to set up manufacturing capacities for different products. In the same way in the EC application for the new specialty chemicals project is also progressing well and we hope to get the clearances in place at the earliest possible.
- I think that is all from me, Navin ji, and now you can please take it forward.
- **Q&A Session:**
- **Mr. Navin Agrawal – Head, Institutional Equities, SKP Securities Limited:**
- Yes, Ambarish, thank you, Bhavesh.
- Friends, we now open the floor for the Q&A session. Anyone wishing to ask a question, requesting you to raise your hand, we will unmute you and take your question. Friends, anyone with a question please raise your hand. Is anyone wishing to ask a question, request you to raise your hand.
- We have a question from Shweta Agarwal. Shweta, please unmute yourself and go ahead.
- **Ms. Shweta Agarwal – Analyst:**
- Good evening. This is Shweta from Triumph Worldwide Limited.
- I have a question, Ambarish ji said that on the ongoing projects land of 20 acres is for the future projects. Can you please elaborate more like this has been earmarked, like it is already there or you are going to purchase it, how does it go about?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Sure, thank you for the question, Shweta.
- I will just explain in detail. As I mentioned the company has very strong relationships in its distribution business and there are a lot of companies which are keen to set up manufacturing facilities in India, and they look at Black Rose as one of the options because of our strong relationships. Now, land prices and availability of land is typically a challenge and it often leads to delays in project viability and set up. So, at this point of time Black Rose is looking at acquiring land and keeping the land ready so that whenever the right opportunity comes for setting up a manufacturing unit, land availability is not going to be a challenge. So, we don't have any project

already identified for which this land parcel is being acquired. It is more like creating a land bank so that future projects become more viable and are able to be implemented much faster. I hope that answers your question.

– **Ms. Shweta Agarwal – Analyst:**

– Thank you so much.

– **Mr. Navin Agrawal – Head, Institutional Equities, SKP Securities Limited:**

– Thank you, Shweta.

– Friends, anyone with a question request you to raise your hand and we will take it up. Friends, anyone wishing to ask a question requesting you to raise your hand. Anyone with a question?

– Since there are no further questions, I hand over the webinar to Ambarish for his closing remarks.

– Friends, in case you do have some questions later on my email id is there on the invite, request you to forward them and we will pick it up with the management.

– Thank you and over to Ambarish.

– **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**

– Thank you, Navin ji. I would just like to conclude the webinar by saying that the company is progressing well and we are looking to maximize our sales as well as our profits in both the distribution as well as the manufacturing setup. Currently, our company is also looking at retaining its talent pool as well as acquiring new talent in order to further strengthen the company's efficiency and operations. So, that is all from my side. I hope to see you all soon in the next webinar at the end of the next quarter.

– Thank you very much.

– **Mr. Navin Agrawal – Head, Institutional Equities, SKP Securities Limited:**

– That is all from SKP Securities. Thank you very much, Ambarish and Bhavesh, for taking time out to interact with the investors. We look forward to hosting you again in the next quarter. Thank you and have a wonderful day.

– **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**

– Thank you.

End of transcript