

13th February 2025

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

Scrip Code: 514183
ISIN: INE761G01016

Dear Sir/Madam,

Sub: Transcript of Q3 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 Q3 FY25 Earnings Webinar held on Friday, 7th February 2025.

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

[https://www.blackrosechemicals.com/api/uploads/inverstor_pdf/HW45N_1739439305Q3_FY25 -
_Transcript.pdf](https://www.blackrosechemicals.com/api/uploads/inverstor_pdf/HW45N_1739439305Q3_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

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Q3 FY25 EARNINGS WEBINAR OF BLACK ROSE INDUSTRIES LIMITED HELD ON 7TH JANUARY 2025
HOSTED BY SKP SECURITIES

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

- Ladies and gentlemen, thank you for attending this virtual meeting. It's my pleasure to welcome you on behalf of Black Rose Industries Limited and SKP securities to this Q3FY25 financial result 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 reason and during the discussion there may be certain forward looking statements. These must be viewed in conjunction with the risk that the company faces. We'll have the opening remarks and a presentation by Mr. Daga followed by the Q and A session. Thank you and over to you Mr. Ambarish.

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

- Thank you Navin Ji and a very warm welcome to one and all who has taken out the time to join us for this webinar. While Navin Ji just puts on the presentation. It's been exciting times last couple of weeks since Mr. Trump has taken over as the U S president. He's keeping us all engaged with his new policy decisions every day. On that note, let us start with the presentation. Yes. So as usual, we start off with the business presence of Black Rose. Black Rose started off with its chemical distribution business more than two decades ago and we are in partnership with many leading chemical manufacturing companies, especially based out of Japan and also from Germany, Thailand and other countries. This strong relationship with these principles helped us to venture into chemical manufacturing when we started South Asia's pioneering Acrylamide manufacturing plant in 2013 in technical collaboration with Mitsui Chemicals. The current capacity for that plant stands at 32,000 metric tons per annum, out of which 20,000 are here marked for merchant sales and the balance is for our captive consumption. Next, we started manufacturing polyacrylamide liquids with a capacity of 40,000 metric tons per annum. Further, we added the Acrylamide solids with a capacity of 3,600 metric tons per annum, thus becoming the only global manufacturer of this product outside of China. And we also manufacture N- methylol acrylamide (NMA) with the current capacity being 2000 metric tons per annum.
- Apart from this, the company's subsidiary B.R. Chemicals Co. Ltd., was formed to develop closer relationships with the Japanese vendors as well as customers to and to engage in the domestic trade in Japan. With a comprehensive review of the performance, the Board of Directors of the subsidiary concluded that the primary objective of the company was already fulfilled and even though it was adding to our profits and top line, the primary objective being fulfilled, it was decided by the board to close the operations of the company with effect from the 30th January of this year. This has led to improved cash flow on a consolidated basis and also increase the profitability for the company as a whole. The other legacy businesses of our company bring less than 1% of the total revenue for the company.
- Moving on to the next slide, we talk about the profit and loss statements for the current quarter, the corresponding quarter of the previous financial year, as well as the previous quarter. Overall, we see that the revenue from operations of the company has actually increased by about 48% from the corresponding quarter of the previous year and there is a minor dip in revenue from operations compared to the previous quarter. The EBITDA also on the other hand, has increased substantially from about 8% to about 10% in the quarter gone by, which is a healthy sign of the company's growth and strategic planning and execution. In terms of the PAT margins also we see a healthy growth.
- Moving on to the snapshot of the balance sheet, so again we see that the company continues to remain long term debt free. As far as the balance sheet goes, there is a buildup of inventory which is strategically planned, keeping in mind the stock and sale model that the company follows in order to

continue as a reliable partner for the local distribution business. Overall, the company's debt equity ratio is still negligible. The return on capital employed is a very healthy 19% for this quarter as is the return on equity as well.

- Now looking at the highlights of the standalone financials, First I would like to talk about the distribution between the distribution business as well as the manufacturing business. Overall, the distribution business remains steady with the top line remaining in the same region. The operational margins however, improved with better planning and better strategic decisions. There was a significant boost from the exports in the US Oil and gas sector, having rebounded, helped us with that.
- The newer binder version which the company had introduced towards the end of the previous quarter, significantly boosted the sales of the binder in the current quarter and the outlook for that is that also very positive going forward. The margin overall also improved in the manufacturing sector. Despite the raw material prices increasing, the company was able to get much better margins and realization overall. Next we move to the geographic distribution. Overall the exports contributed 30% to the revenue during this quarter, up from 18% in the last quarter as the merchant exports increased, contributing handsomely to the overall business. The district bifurcation between distribution and manufacturing continued to be around 2/3 for distribution as the distribution business continued to grow during the quarter. Now, I will hand over to 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, Good afternoon everybody. We'll talk about the financials for the distribution sector. So the distribution business delivered stable volume during the quarter with more than double exports. And our key products also contributed significantly to both the revenue and the profits. Our main highlights being the doubling of merchant exports due to a rebound in the oil and gas industry. The volumes remain stable but were able to achieve a higher EBITDA margin in the last quarter. Our company's leadership in the distribution company in soon business continues to be well positioned to take it forward. For our product resorcinol, the sales fell in the quarter due a price cutting undercutting by the sole local producer. However, the volumes are expected to increase in the current quarter with demand coming back from key customers. The top five products of our distribution business contributed 93% of the top line and 85% of the distribution.
- We come to the financials for the manufacturing division. The demand for our manufacturing products also remain stable during the year, there was steady performance but with improved margins. Our acrylamide liquid margins have improved due to mainly two reasons due to strategic procurement of raw materials and efficient logistics management. We could have better sales of Acrylamide M solid Eclipse powder because of the rising ex-China prices. Because of the increasing prices in Chinese market the import prices also went up which helped us to cater to the AAM solid market to the Indian customers. Our PAM liquid market share also increased with the introduction of the new robust ceramic binder. It has been well accepted and expected to contribute more significantly in the next quarter.
- NMA, our domestic demand slightly declined but that was due to the rollover of orders by one of our key customers. However, we are adding new export customers for NMA which is helping us enhance this business. And now I hand over to Ambarish Ji for further presentation.

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

- Thank you, Bhavesh Ji. Going forward, this is the trend for our key raw material acrylonitrile and we see that even though it started the quarter at around \$1200 during the quarter it has gradually

increased and as a matter of fact in the current month the prices have gone up by another \$100 for the raw material. Similarly, we were able to get increase in our realization for acrylamide during the quarter and especially towards the end of the quarter as the export business again picked up. This augurs well for us going forward. Now shifting on to the outlook for the current quarter.

- So first talking about the chemical distribution business we expect the merchant sales volume to remain steady in light of the U S Tariffs war going on for Chinese goods and China not willing to back down, we see the situation helping us in this. The demand from the oil and gas sector remains quite robust in terms of the other distribution products locally, even though there is a supply constraint for one of the products. The rest we are getting strong support and we are expanding our market base as well as continuing to lead the market in most of our key products. Our focus of being a reliable source for all these specialty products continues to help us in our growth path. Overall, we expect the sales and profitability to remain stable during this quarter.
- Moving on to the outlook for the manufacturing side, first we talk about acrylamide liquid as well as solid. So, as I mentioned in one of the earlier slides, the raw material prices are rising further during this quarter. However, our strategic planning for raw material has always helped us in maintaining good spread and margins. Overall, the international logistics situation is improving, and the freight rates are going down. This will help us substantially increase our export orders during this quarter and we expect this volume to keep growing over the next few quarters. For acrylamide solid or powder due to the rising prices from China, we are able to compete in a fair pricing policy and we also expect the exports from acrylamide solid to pick up during this quarter. So overall there is substantial growth forecasted for this product during the current quarter.
- Next, we move on to the PAM liquid. So, as we mentioned, our new binder product has been very well accepted by the market, and it is actually outperforming the incumbent leader for this product. This serves us very well for our growth prospects. Already in the previous month we have been able to increase our sales by more than 50% from the average monthly sales of the previous quarter. In N-methylol acrylamide again the orders are steady and we are able to maintain our leadership in the local market. The team is also focusing on bringing in new customers from the international market which will help us increasing our sales for this product. Finally moving on to the last slide on the upcoming and ongoing projects. So, in the previous webinar as well we had talked about concentration or focus on key manpower requirements.
- So we have appointed a Vice President for Innovation to help the entire R & D capabilities. This will help us in our R&D endeavors. The new R & D center also is going to be completed by the end of this quarter, which will help us further augment our R& D efforts. The polyacrylamide solids technology which has been under the works for some time is also expected to be completed by the end of the year. And we are hopeful that we will be able to take the next steps forward on this in the upcoming quarters. The final application for the environment clearance for a new brownfield specialty chemical project also being completed within this week. So that is progressing quite smoothly.
- Finally we have also finalized the land and the process of securing the land near the Dahej is also underway for creating the new land bank for future and upcoming projects. That is all from me for the presentation. Back to you Navin.

Q & A Session:

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

Thank you Ambarish Ji. Friends, we now open the floor for the Q & A session. Anyone wishing to ask a question, request to raise your hand and we'll take it up. We'll take the first question from Hussain Tambawala. Please go ahead.

Hussain Tambawala- Shareholder:

Yeah, hello. I just had a few questions. The investor notes indicate that the PAM solids R and D will be completed by year end. I'm assuming you mean by the financial year end and not the calendar year.

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

Yeah. Thank you, Mr. Hussain. Yes, we mean by the financial year end the initial technology is expected to be completed and then there are further steps which need to be taken before the product is commercialized. So yeah, one part of the technology development is going to be completed by the year.

Hussain Tambawala- Shareholder:

So what would be the remainder of the steps for this? Is EC part of that?

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

We already have. The EC is not part of that. This is more about technology development. So like I also explained in the previous webinars, there's a soft side where the process is finalized and there's an equipment finalization. And once the lab stage is crossed then we go to piloting and then we go to the actual plant building. So, we are moving sequentially step by step in this direction and things are going on quite smoothly. The R&D team with the new recruits as well as the consultants we have from overseas is helping us to fast track this whole process. And the team is completely focused on developing this product as fast as we can.

Hussain Tambawala- Shareholder:

But what would be the expected timeline for commercialization?

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

So currently we are expecting this to get commercialized towards the end of the upcoming financial year. And we'll keep you updated on the progress we make at the end of every quarter.

Hussain Tambawala- Shareholder:

Right. I have a few questions on acrylonitrile. So just if you could explain how much of this is procured locally because I do believe you know there are some, production happening locally now as well India.

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

Okay. In July, last year, Reliance started their old plant for acrylonitrile. However, their plant has been shut more often than it has actually been online. So, there is no local option as such which is reliable source. And also the capacity of Reliance is quite small compared to the Indian market size. So almost the entire requirement for the Indian market is still dependent on the imports. Most of the imports are also now only coming in from the rest of Asia. A few years ago a lot of imports were coming in from the US and other regions. However, for the last year or two, most of the imports are coming in from Asia Far East.

Hussain Tambawala- Shareholder:

So you know, with refining capacities, you know, under strain, I'm wondering whether this raw material supply is secure for the next however many years.

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

Sorry, I didn't get your question. Could you just repeat?

Hussain Tambawala- Shareholder:

No, I meant is this going to be a challenge in procuring this in the future?

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

So we don't see any challenge because as it is, acrylonitrile is a product where there is over capacity. If you look at the overall supply side, China has continued to open new sites, new manufacturing capacities. It is adding much more manufacturing capacity compared to the overall demand growth. The growth in demand is not really increasing in that sense. So, we don't see any challenge in securing raw material going forward for the next foreseeable future.

Hussain Tambawala- Shareholder:

So in terms of Chinese dumping, which is a global phenomena, given the US is stand on increasing duties, they've announced a 10% duty so far. Is this enough of an equalizer in your opinion?

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

So actually US is quite self sufficient in meeting most of its demand for acrylamide .

Hussain Tambawala- Shareholder:

No, I'm sorry, I meant in terms of the acrylamide powder for oil company.

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

Sorry, I. Could you just rephrase your question?

Hussain Tambawala- Shareholder:

I was asking in terms of the exports of our final products to the US is enough of our duty is in place so that we can compete.

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

So the duty will definitely help and we see that as a big opportunity for not just our manufactured business, but also for our distribution business. So a lot of possibilities will open up not just for us, but for Indian chemical companies in general. But we'll have to see how it finally plays out. Currently it's just been announced so it is difficult to gauge the actual impact. But in the next couple of months I think we'll have much more clarity on this and I'll be in a better position to answer this question.

Hussain Tambawala- Shareholder:

Right. My next question is on the state run oil companies India in general have given a lot of positive commentary on collaborating with global oil majors for enhanced oil recovery. In India in their existing sites. But you know, we've sort of said in the past that we are staying away from this sector India. So I'm not quite sure if those comments need to be revised or. What are your thoughts on this?

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

Sure. This is, I believe is about polyacrylamides that you're asking. So yes polyacrylamides solids,

there are two segments India. Clearly oil and gas has majority of the requirement. That's about 1 lakh tons. However, that is for a single source. Right now, as you are aware, the rest of the market is about 10,000 metric tons per annum. And that is where our concentration is mainly because of two reasons one is the initial capacity planned by us is only about 10,000 tons, which is quite a small capacity. And secondly, currently there's only one buyer going forward if the dynamics of the market change, we are very much open to, you know, we are quite proactive in our business strategies.

So depending on the change in market situation, we will definitely look at that possibility as well.

Hussain Tambawala- Shareholder:

And in terms of the Japanese brownfield collaboration, I mean, I would like for you to elaborate on that a little bit in terms of what we are planning there.

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

So in all such collaborations, basically there are secrecy agreements which bars us from mentioning too much details. So, what I can say is it also stems from our distribution business and our relationships created over the years from the distribution business. And currently, like I mentioned, the EC application, the final application has been, is being submitted. So going forward we'll be able to give you much more information as things progress. Right now it is under the environment clearance stage.

Hussain Tambawala- Shareholder:

All right, that's it from me for now. Thank you so much.

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

Thank you, Hussain. We'll take the next question from Dhaval Shah. Dhaval, please go ahead. Please unmute yourself and go ahead. I guess there's some issue.

Dhaval Shah- Shareholder:

Okay. Yeah. Good afternoon guys. Okay, I would just like to continue what my colleague told just few minutes ago. One is the new EC application for the Jhagadia plant expansion. Second is the land proposed to be acquired for the Dahej for another expansion for the same chemical or few other JVs with Japanese or whosoever it is. Okay. So I would like the company being a public limited company listed company, I understand the confidentiality clause between you and your partners. Okay. In Japan, however. However, okay. The shareholders should at least know what chemical, what partner. Okay? I don't think so. The confidentiality clause prohibits. Okay. From what chemical you are doing, who is the JV partner? It cannot be so secretive, right? To telling us as a share. I'm a shareholder. Okay.

So I would like to know one what kind of JV is proposed, what kind of speciality chemical at Jagadia and the hedge is proposed and who is the joint venture partner? Because you are a public limited company, if there is a material information, okay, I understand the confidentiality close but you are supposed to disclose. I mean what is harm in telling us who is your JV partner and what chemical you are planning? Because the moment you file your EC application the whole world will know except us. Please clarify on this.

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

All right Mr. Dhaval, thank you for your question. I will take one part of the question first regarding the land at the Dahej and the existing brownfield project. So as we mentioned earlier as well, the land that we are buying in the Dahej is not earmarked for any finalized upcoming project as yet.

Dhaval Shah- Shareholder:

Okay.

Mr. Ambarish Daga- Director, Joint CFO & IR Officer, Black Rose Industries Limited: Is being bought specifically to create a land bank in the company. So that going forward whenever any new project is worked on, land being one of the key criteria of having any project in place that does not become an impediment or something which delays the entire process.

Dhaval Shah- Shareholder:

Understood.

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

So that is regarding the land at the Dahej it has no correlation with any of the upcoming projects which are already finalized or in the pipeline in that sense.

Dhaval Shah- Shareholder:

Okay.

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

Now regarding your second question about why further details are not being informed by us right now. So two things. One is when it comes to what you mentioned about the EC application and other the world knowing. So the EC application once it is approved, that is the right time to disclose the name of the product or the class of the product and you would also come to know a lot more details. The agreements are there in place with certain pre-condition set which currently doesn't allow us to elaborate too much about the actual name of the partner collaborating with us or the actual definition of the product. So that is why we have given the product segment in our briefing.

So unfortunately I won't be able to elaborate at this stage but we are hopeful that very soon we will cross that bridge where we are able to disclose much more information publicly as well as to you as a valued shareholder of our company.

Dhaval Shah- Shareholder:

Okay. Okay. Now I would just like to ask a followon question. I remember probably 3 or 4 or 5/4 quarters ago, you guys had indicated that the company proposed toll manufacturing for some US companies. One European and one US company. So, we have not heard any Update since last 3/4. Because what I remember or what I recollect, please correct it. You guys had applied for something or you were in a process of applying EC. So, can you just share your thoughts? What is the status update for that?

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

All right, so you are correct. Last three quarters. We have not really spoken about the toll manufacturing projects. The quarter before that, when we had last spoken, we had mentioned that there are two toll manufacturing agreements which we are working on. And we had also explained the entire process of the toll manufacturing. Where first there is a proposal which comes in. There is then a study of the feasibility, the capability of the company to carry out that particular toll manufacturing arrangement. And that also takes substantial time. So while the toll manufacturing arrangement is being worked on, it has not progressed as fast as, you know, we had thought. So it is taking a little bit of time for us to finalize or concretize anything. So once there is any substantial update available, we will definitely get back to you.

Dhaval Shah- Shareholder:

Okay. Okay.

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

It is currently being discussed and we are looking at the feasibility and other things in order to give an update.

Dhaval Shah- Shareholder:

Okay.

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

Just one final point on that. There's no EC currently already filed for that.

Dhaval Shah- Shareholder:

Understood, Understood. Okay. So things are just at a very nascent stage. Probably.

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

I would not say nascent stage. They are progressing but they are still not at a stage where we can give you further updates.

Dhaval Shah- Shareholder:

Understood. So I have another commercial question. Okay. It's a very peculiar question. I don't know whether this is a correct forum because I have not been able to attend the AGM. So I am also a shareholder of other chemical. Specialty chemical companies. Okay. So it's just a thought. Okay. It's a positive thought. The, net profit margin of Black Rose are very poor. Visible is comparing to the other chemical manufacturing companies. So you know, if there is an X company which has a manufacturing or probably a net profit margin at 20%. So why is it that we are unable to make that 10% or 15% benchmark in terms of net profit margin? Because we do have X amount or Y amount of sales but the net profit margin are like just surviving 5% or 6%.

So can you highlight or can you share something on this that why are we not able to get that kind of margins? What other specialty manufacturing companies are able to do it? Because we are a very small capital based company of 5 crore and 10 lakhs or 20 lakhs of paid up capital. Okay. But still we are like earning only 5, 6% of the net profit margin. Can you please share your thoughts on this?

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

Sure. So I'll just mention two things on this net profit margin while you point out the net profit margin, we as a company have always strive to increase our sales volume, grow our sales volume effectively, as well as, you know, maximize our profits for our shareholders and other stakeholders. Having said that, our company, if you look at it, is still also having, you know, 75% of its business coming in from the distribution segment.

Dhaval Shah- Shareholder:

Okay.

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

And many of these large companies have two differentiating factors, I would say. One is that their contribution from distribution if they are into that in the first place is lower. And secondly, their scale of operations is much higher compared to what we are at, like you also mentioned. So in the future we are projecting that, as, you know, the manufacturing activity picks up and we are able to

bring all these projects which are in the pipeline into the commercial stage. Our contribution from the manufacturing which enjoys a much healthier margin will actually go up substantially and then we will reach that comparable stage where we are also able to give much higher net profit margins to, you know, for the company.

Dhaval Shah- Shareholder:

Understood. Yeah. Thank you very much, sir. Thank you. Have a great day.

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

Thank you.

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

We'll take the next question from Druvin Karakia. Please go ahead.

Druvin Karakia- Shareholder:

Yeah. Hello sir. My first question was regarding the NMA. So one of our documents we mentioned that we are looking forward to expand our export footprints for NMA. So I to understand what are the progress we are making with respect to NMA exports. Like what are the target markets, what we've identified and how are we doing on that front?

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

Sure. Thank you, Druvin, for the question. So I answer your question in two parts. One is we have developed a technology for NMA in house and NMA is typically very difficult and unstable product and so there's very little exports for NMA. However, our product is quite robust in that sense and we are able to have a much more stable product which can be exported. Having said that, I would not like to disclose any market locations, but we are trying our best to increase our footprint in the export market. The export market is much larger than the Indian market for sure. And we are also getting success introducing our products into the international market going forward. The sales team as a whole is for, you know, focused fully on increasing our export footprint for all our manufactured products.

And we see NMA also following the same pattern of getting in more and more revenue from Exports, we already have a very significant share of the Indian local market. So the main growth in NMA is going to come from the export markets.

Druvin Karakia- Shareholder:

Okay sir, thank you for that. And my another question was regarding this BIS registration policies. So, just wanted to understand the impact that you think it might have on our company.

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

Okay, so you're talking about BIS for products which we deal in or in general BIS applicability. If you could just clarify that will help me answer.

Druvin Karakia- Shareholder:

I would be more interested in our product, sir.

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

Sure. So see currently BIS is there for one of our key raw materials also acrylonitrile but it has not been implemented. We have got an extension of one year already. The main idea behind this BIS is basically to discourage Chinese imports into India. It is actually a double edged sword if I can say because a lot of this BIS regulation are coming in for products which are, you know, raw materials

for other chemical producing companies India and not so much on the finished products. So, for us, I don't see any major impact in most of our distribution business. I don't see BIS having any major role. The only product is like I mentioned, acrylonitrile which also currently there are not enough producers India.

Reliance is the only one and that too is a very small capacity and really not being operational most of the time. So I don't see any big challenge related to bis. It in fact might open us, open the doors for us for some additional manufacturing possibilities in future.

Druvin Karakia- Shareholder:

Okay sir and my last question will be regarding, in one of the, in our latest annual report we mentioned that we are expecting good volume growth for this particular year going forward. So I wanted to understand, according to you, what are the key drivers for that? And based on Trump and its policies and the uncertainty that it's creating, are we still on track with that guidance or what is the status as of now?

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

Sure. So far during this year I believe we are already very close to having, you know, crossed our volume for the previous year. So, we are very much in line to have a substantial growth in volume as well as in total revenue for this current financial year. So, we are progressing well as per our guidance.

Also our aim is to maximize our volumes and revenue for both our business segments, whether it is manufacturing or distribution, with a focus primarily on exports which we believe will help us significantly regarding Trump's policy that will have an impact where we will get opportunities to export into the US but even more so, you know, this Europe plus one Policy which was introduced sometime last year that is also helping us increasing our market presence even though currently it is quite small compared to the total potential. But we are actually making good progress and adding new geographies and new customers to our entire business through our efforts during the course of this year.

Logistics again has been an issue which has, you know, had it not been for the logistics log jams and the, you know, freight rates being extremely high, I believe we would have done much better than what we have already done. So, with that easing during this quarter and expected to ease out in the next upcoming quarters, we expect the volumes to pick up even more.

Druvin Karakia- Shareholder:

All right, so last question if I could squeeze in would be what is our status with regards to our current Capex plan? Like you know, the 10,000 tonnes capacity expansion that we're doing and other Capex that we have planned so as on date, what is the status and any change in guidance with respect to that.

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

So at present there is no major change. It's the same as what we have spoken in the previous webinars. Just for your reference I'll just repeat those. The projection for the new land as well as the upcoming specialty chemicals project is between anywhere between 20 to 40 crores and the projection for the PAM solid once it kicks off is between 60 to 100 crores. So those are the two Capex which we have identified as of now.

Druvin Karakia- Shareholder:

All right, so that is all from my side. Thank you so much.

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

Thank you, thank you. We'll take a follow up question from Hussain. Hussain, please go ahead.

Hussain Tambawala- Shareholder:

Yeah, hi. I would like to know how we intend to fund these new projects.

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

So again Mr. Hussain, I would like to give reference to the previous responses. The company does have its own resources. It is also having in the sense of retained earnings and we are open to all options whether it is debt or additional equity. We will look at the options at the appropriate time and then we will take a call on how to fund these. Currently we haven't decided on any particular option which we want to follow.

Hussain Tambawala- Shareholder:

With respect to B.R. Chemicals. Are there any pending transactions or is that subsidiary completely wound up? Are there any costs to be incurred over there?

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

So as we mentioned the business operations have been bound up and there are no other costs. The company has enough funds to take care of its requirements.

Hussain Tambawala- Shareholder:

And in the investor presentation there is a unallocated revenue of 86 lakhs and a subsequent operating loss of about a crore. What is that number? Exactly?

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

So that's basically the things which are not part of the manufacturing and distribution segments. It's like your other income and other expenses category which is not allocated directly to those two divisions.

Hussain Tambawala- Shareholder:

Right. But some more details on what exactly? Substantial loss.

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

It's not a substantial loss. It is basically certain expenses. For example, if we conduct annual general meeting, there would be some expenses related to that. It is not about the loss. It is only about unallocated expenses. So those are not attributable directly to any particular group of segment.

Hussain Tambawala- Shareholder:

Right? Yeah, that's it for me.

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

Thank you, sir. Do you have any follow up questions?

Dhaval Shah- Shareholder:

Yeah, yeah, I have one follow up question. The proposed expansion at Jhagadia. Okay. And there is a likelihood of EC, I mean the environmental clearance application likely to be filed in this week, maybe today or it is done. So what kind of growth we are looking for that specific product? I don't have any detail of the product, but are we looking for something which will going to grow our company by 25%, 50%, 100%? What kind of specialty? I don't want the details of the product, but

what are we trying to achieve? Is it going to be like a 10% growth, 50% growth in next two, three, four years? What are we looking at? Thank you.

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

All right. So basically as we mentioned, it's a specialty chemical product. And the annual total turnover which we've applied for is 5,000 metric tons per annum, which is also there in the release. The overall revenue growth is very difficult to project right now because there's a product mix involved over here. It's not going to be probably a single product. So it is very difficult to give any kind of an estimate. But it will definitely add significantly to the overall revenue of the company.

Dhaval Shah- Shareholder:

Okay. So I hope there are better profit margins as I'm putting finger cross, you know.

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

So Mr. Dhaval, as a general, policy or a general framework, we would be entering into manufacturing arrangement only when there are better margins compared to the distribution business. Otherwise, it would not make any sense for manufacturing.

Dhaval Shah- Shareholder:

I would like to, I would like to reply to that. So it is probably seven, eight years ago, okay. When I used to physically attend the AGM and at that time it was told acrylamide, polyacrylamide can have a margin of net profit of 10, 15%. So I don't know whether we have been able to achieve that 10, 15% of net profit margin. This was categorically informed in the AGM in 2016, 17, 18 said that polyacrylamide can have that we can generate that kind of margins which I have not seen in last few years. That's the reason my previous question was on net profit margins.

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

So Mr. Dhaval, I don't know how you are able to take out the net profit margin on this.

Dhaval Shah- Shareholder:

No, no. So a question was asked in say six, eight years ago in the AGM.

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

I understand.

Dhaval Shah- Shareholder:

Yeah, so the question is that time it may have been projected 10, 15% margin but right now you know what margins we are growing at. Okay? I'm talking of net profit margins. Okay, Right. So every, See I'll tell you something. Okay. I, travel everywhere in the world. Okay? So there is a difference in a manufacturing margin and there is a difference in a trading margin. So I'll just give you an example. Walmart, okay, Walmart has a say 700 billion dollar sale and the net profit margins are say 4%. Okay? So they make \$30 billion as profit which is a trading margin. They are not a manufacturer, Vis-a- vis Apple. They have a 350 billion dollar sale but the profits margin are close to 20%. Okay, so it's a benchmark.

I mean I'm not comparing with Black Rose, but I'm saying a trading margin and a manufacturing margins vary substantially. Okay, so I'm unable to understand that why we are not able to make that kind of margin. Probably due to the costs involved, expansion involved, buying of land involved, whatever it can be. Okay, so that's my issue I'm unable to understand why we can't make net profits. That's the question.

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

All right, so it's basically you are just substantiating the question you had asked previously about net profit margin. And as I explained there are two, three aspects to it. One is even from our breakup, which we provide for the EBITDA, you will be able to see that the margins are much higher in manufacturing. Even when there are, there is a lower capacity utilization. We are very much profitable and our margins are quite good compared to the distribution business.

Dhaval Shah- Shareholder:

Okay? Yeah, that's correct.

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

Yeah. Number two, what happens is as the scale of operations grow, the manufacturing margin keeps on increasing. You are very well, read and you travel the world. So you would also understand that as the scale of operation will grow, as the size of the company grows, as the segment wise distribution pattern changes between the distribution business and the manufacturing business, you will see much healthier net profit margins overall for the company.

Dhaval Shah- Shareholder:

Okay. Okay.

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

And once these new products come online, what we are talking about, the manufacturing thing, then obviously the figures will change substantially.

Dhaval Shah- Shareholder:

Okay, that's nice. That's good to hear. Okay. Thank you very much. Thank you.

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

Thank You Dhaval. Friends, anyone with a question, request you to raise your hand and we'll take it up. As there are no further questions, I'd like to hand over the webinar to Ambarish Ji for the closing remarks. Ambarish Ji please.

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

Thank you, Navin and thank you to one and all who took the time out to attend the webinar. I hope we've been able to address some of your queries and we look forward to seeing you at the end of the next quarter, which is also going to be end of the financial year. So. Yeah. Stay safe and stay well.

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

Friends, anyone with a follow up question, please feel free to write to us and we'll take it to the management. On behalf of SKP securities and all of us, thank you very much, Ambarish and Bhavesh for taking time out to interact with the investors and we look forward to hosting you again in the next quarter. Thank you very much and have a wonderful day. Bye bye.

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

Thank you.
