

June 10, 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 Q4 and FY24 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 Q4 and FY24 Earnings Webinar held on Thursday, June 06, 2024.

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

[https://www.blackrosechemicals.com/api/uploads/investor_pdf/2J6J5_1718025109Q4 & FY2024 Earning_Call.pdf](https://www.blackrosechemicals.com/api/uploads/investor_pdf/2J6J5_1718025109Q4_%20FY2024_Earning_Call.pdf)

We request you to take note of the same.

Thanking you,
For **Black Rose Industries Limited**

Ankit Kumar Jain
Company Secretary & Compliance Officer

Encl- as above

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Cordially invites you to

**Q4 FY24 Earnings Webinar of
Black Rose Industries Limited**



Represented by-

Mr. Ambarish Daga - Director, Joint CFO and IR Officer

Mr. Bhavesh Shah - General Manager Sales

on Thursday, June 06, 2024

We look forward to your participation.

For further information, please contact-

NAVIN B. AGRAWAL | +91 98200 27446 | navin.agrawal@skpsecurities.com

- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Good afternoon, ladies and gentlemen, and 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 FY24 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 reason and during the discussion there may be some forward-looking statements and 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 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, and a very warm welcome to everyone. Now that the temperatures are cooling down in India, both in terms of the weather as well as the temperature which had gone up due to the elections, let us start and concentrate on the presentation and the webinar.
- Navin ji, may I request you to kindly put on the slides.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Yeah, I'll just start the presentation. Give me a minute, please.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- While the presentation is uploaded, I'll just once again reiterate what Navin ji mentioned regarding the forward-looking statements, which should be viewed in conjunction with the risk that the company faces. Do you want to...Yeah.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Is it visible?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- It's visible to me, yeah.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Okay.

- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So, we can move on to the first slide. Yeah, next one. So, this is basically the business presence of Black Rose. As many of you who have attended our webinars earlier are aware that Black Rose started its venture into Chemicals as a distributor having key partners in terms of principals from various countries across the globe, especially from Japan, Germany and Thailand. From the Distribution business, which even now caters to about two-thirds of our revenue, the company graduated into the Chemical manufacturing. Well in '2013 we set up South Asia's first Acrylamide Liquid Manufacturing plant with technical collaboration from the Mitsui Chemicals of Japan. We started initially with a capacity of 10,000 metric tons per annum which is now ramped up to 32,000 metric tons out of which 20,000 are earmarked for merchant sales and the balance for our captive requirement.
- Next, the company also ventured into the downstream Acrylamide Chemistry where we started the Polyacrylamide Liquids with an installed capacity of 40,000 metric tons. This product basically caters to the ceramic tiles market in Maldives where we supply our ceramic binders.
- The company also started manufacturing the N-Methylol Acrylamide with a capacity of 2000 metric tons per annum as well as the Acrylamide Solids with an initial capacity of 3600 metro tons per annum. Thus, becoming the only company outside of China to produce this product. Polyacrylamide Solid product is also something in which our R&D activity is currently going on and we expect to finalize the product by end of this year.
- B.R. Chemicals Company Limited is a 100% subsidiary of Black Rose. It is based in Japan and is engaged in the local distribution as well as the export of chemicals. The other legacy businesses of the company contribute to less than 1% of the total revenue.
- Moving on to the next slide. If you could just move it forward. We have a snapshot of the Balance Sheet for both the standalone and the consolidated financials for the FY24 where we see that there is an increase in the inventories and debtors in line with the increase in the top line. The company continues to be long-term debt-free and that is reflected in the very negligible Total Debt/Equity Ratio. The effect of the good performance of the company in the financial year is reflected in the much higher Return on Equity as well as the Return on Capital Employed.
- Moving on to the snapshot of the Profit and Loss account. We see that the Revenue from Operations, even though it is maintained at a steady rate, but in effect in spite of the global meltdown in the chemical prices the company is able to ramp up its sales quantities which purely reflects on the same steady Revenue from Operations in the top line. The company's inventory management as well as good support from the principals has helped in increasing the EBITDA substantially by about 125% on the standalone basis. The same is also reflected in the much higher EBITDA margins which saw more

than a twofold increase and higher PAT margins. The EPS of the company for year stood at ₹4.01.

- Next, moving on to the standalone financials, the revenue and EBITDA. As I mentioned, the EBITDA percentage more than doubled to ₹315 million for the financial year. This was on the back of a much better performance in terms of volumes for both the Distribution as well as the Manufacturing business. The Manufacturing business, where we focus more on exports, helped in better realization as well as much higher export quantities and total volumes for the manufacturing business. The total sales volume for the year increased by about 20% and in spite of the marginal dip in revenue in the Distribution business on account of the lower prices, as I mentioned, the company was able to maintain good top line as well as much higher profitability.
- Next, we look at the geographical mix and the revenue mix between distribution and manufacturing. So, the Distribution business continues to contribute about 68% of the total top line for the company and the Manufacturing revenue is picking up with the addition of commercial sales for the new products in this year, namely the Acrylamide Solid as well as the NMA.
- Overall, the export volumes increased. The exports for the Manufacturing side, especially in the fourth quarter was much higher and currently the company is exporting about 65% of its Acrylamide compared to the local.
- Now, I will hand over to Mr. Bhavesh for the next few slides.
- **Mr. Bhavesh Shah – General Manager Sales, Black Rose Industries Limited:**
- Good afternoon, everyone. We'll talk about the financials for the Distribution segment. We can see that there has been an increase in our Distribution margin of around more than 60% on a year-to-year basis. In spite of the meltdown in the chemical prices, we have been able to have good margins on our distribution products. Our exports mainly to U.S. in the Oil & Gas sector. There was subdued demand during the year. The demand has started getting stabilized from January'24 onwards. So, in that quarter we had a much better sales against the previous quarter. There has been consistent support in allocations of volumes along with timely shipments from our principals for our key products, mainly like Resorcinol, Isophthalic Acid, Ethylamine which has helped us in good serving our customers and also having a good margin.
- Our top five products, they contribute to around 77% of the top line. And, similarly, 71% of our bottom line. The top products also are – main is Resorcinol, Ethylamine, Isophthalic Acid. Yeah, those three.
- We move to the next, our financials for the Manufacturing segment. In Manufacturing segment also our EBITDA has improved substantially. Our Acrylamide sales volume has

increased mainly because of our better concentration for the exports market where we have been able to increase the volumes having added new customers and which has also helped us because we have got European reach and, also, we have preregistered with Turkey reach. Our EBITDA has been increasing. In fact, this year it has increased from 70% on a year-to-year basis.

- For Acrylamide Solid, sales have started gradually picking up from January'24 as the prices from China have now been started exporting on the realistic basis instead of earlier the Chinese prices were being dumped in the market; Acrylamide Solid pricing by China. But now it has slowly started improving, which has also helped us to cater to the Indian market.
- Our NMA sales have improved considerably because of the validation and the commercial orders which we have received from our key customers.
- Our Morbi Ceramic market continues to remain subdued throughout the last year. The main reason being the higher gas prices, the subdued export demand, logistic issues faced by them due to Red Sea because Middle East being the major market the shipments are not being done on time. And, plus, the MSME factor which came into picture because of which the Morbi Ceramic market it remained subtle.
- We will move on to the next Acrylonitrile and I'll hand over to Ambarish to continue the webinar.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Thank you, Bhavesh. Now, we look at the price trend of our key raw material in the Manufacturing business, which is the Acrylonitrile. So, we see that the year started with Acrylonitrile at about \$1400 and during the first quarter it came down rapidly and bottomed out at around \$950-\$1000 per metric ton in the month of July. Ever since, it has steadily gone up. And then in the second half of the year the Acrylonitrile was range bound between \$1200-\$1300 per metric ton, which helped us in planning our raw material procurement accordingly. And, thus, we were able to increase both our sales volume as well as our profitability on the manufactured products.
- Next, we move on to the outlook for the current year. So, the Chemical Distribution business is poised to perform much better. We are getting excellent support from our suppliers both in terms of availability of material and in terms of price. Moreover, the international logistics situation, which remains tight with delayed shipments and longer transit times, is seen by us as an opportunity where with our stock and sales model we are able to create these stocks and service the customers where even the end users are struggling to get their import material on time. This should help us in getting much higher sales volumes during this year along with good margins.

- The focus also is on greater market outreach by the sales team which we are expanding and we are also looking at adding new products to our Distribution portfolio all along. This, augers well for the upcoming quarters and the FY25. The domestic demand after a long period of remaining subdued is now picking up and this should help in increasing our sales which is also something which our principals look at. So, products such as Ethylamine, Isophthalic Acid and Resorcinol, which Mr. Bhavesh also mentioned earlier, these are products we are looking at to give us the additional volumes.
- The U.S. Oil & Gas sector is now much steadier than this beginning of last year which would help in giving us consistent volumes in our export business for Distribution. Overall, we see the Distribution sector doing well in this current year and we will keep updating on this during the course of the year.
- Next, moving on to the Manufactured products. Firstly, the Acrylamide liquid and solid. So, Acrylamide Liquid pricing is very much dependent on the key raw material Acrylonitrile and we see the prices being moderate during the first half of the year as China continues to be in an oversupply position with weak demand. This would help us in maintaining good margins and then being quite competitive in the international market. Our concentration on Acrylamide Liquid, as we mentioned earlier, will help us in getting much higher realization as well as good volume during the year. The sales of Acrylamide Solid have also picked up significantly especially in the domestic market compared to the previous year and this augurs well for our manufacturing setup. There are certain export markets in the Acrylamide Liquid which may get impacted due to the continuing international logistics issues but we are hopeful that with addition of new customers and new markets we will be able to overcome this challenge effectively.
- Next, moving on to the outlook for Polyacrylamide Liquids where our current product range is basically the Ceramic Binders. So, as we mentioned, the Ceramic Binder industry continues to struggle with high inventory, low export orders as well as gas pricing which is still not favorable. But in the meantime, we continue to work on our newer versions with a more robust binder which will help us in further penetrating the market. The Polyacrylamide based dispersing, which we have been working on earlier, is now ready and it has already been sent for plant trials to various customers. This will help us in pushing the sales in this segment when we will be able to offer a basket of products.
- Regarding N-Methylol Acrylamide, we are happy to share that we are now getting regular commercial orders and we have a majority share of the volume from the leading key customers in the domestic market and we see a much higher sales for the current year for this product.
- Next, we go to the ongoing and upcoming projects. So, we have mentioned that the R&D team has been working diligently and which will focus on completing the Polyacrylamide Solids and we have made very good progress in this regard. We are very

certain that we will be able to complete the R&D activity for this product within this Fiscal and we hope to commercialize this within the next financial year. The new R&D facility has already been finalized. This is again something we have been working on, so it has been finalized in New Bombay and we are geared up to strengthen our R&D team for various R&D activities which are currently going on. Also, regarding the Specialty Chemicals project which we are working on with Japanese collaboration, we have shared earlier in our press release that we have filed the environment clearance application already and it is progressing smoothly as of now. We are hopeful to complete the formalities and then move this project forward. Also, we have shortlisted some land parcels already for acquiring this 20-acre land and it will be earmarked only for our future projects. The projects which we are currently working on are all possible to be implemented within our existing premises. So, this is an additional for future prospective products.

- That is all from us for the presentation. I hand over back to you, Navin.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Thank you, Ambarish and Bhavesh. Friends, we now open the floor for the Q&A session. Anyone wishing to ask a question, please raise your hand. We'll unmute you and take your question.
- We take the first question from Pradeep Rawat. Pradeep, please go ahead.
- **Mr. Pradeep Rawat - Participant:**
- Yeah. Good morning and thank you for the opportunity. So, I am new to the company and I was unable to understand our Distribution business. So, what I understood is that we are importing Specialty chemicals and selling those chemicals here. So, why don't these manufacturers set up their own distribution facilities here?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Yeah. Thank you, Pradeep, for the question. So, as I mentioned, we have been Chemical Distributors for almost three decades now and it is difficult for companies, especially based in Japan, to work directly and seed the market. The role of a distributor is quite different from that, you know, of a trader which normally people are in the industry. As distributors, we are product specialists. We seed the market with the products, we educate the customers, we also provide the valuable feedback to these manufacturers giving the perspective of the product and how much is the quantity, et cetera for the various products that we deal in. So, that is why we are able to provide a lot of value addition to our principals as well as the customers and we act as a bridge between both these sides which gives us an advantage and that's how we play a role.

- Also, we have a stock and sell model, as I mentioned. So, the products are available at very low lead times with us, which helps our customers in planning their procurement accordingly. So, that is how this distribution model works.
- **Mr. Pradeep Rawat - Participant:**
- Okay-okay, that's helpful. So, I presume that our customers are very small in bits and pieces. So, can you specify the percentage of revenue contribution from the largest customer in this segment?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So, we cater to a lot of big multinational companies who are our customers. These are not only small and bits of customers, even the largest of customers buy products through the distribution channel because of two reasons, as I mentioned earlier in my answer to the first question. One is, the principal's willingness to work through channels. That is how typically the Japanese companies work. They don't work directly with the end users that often. It is mostly routed through the distribution network. And, secondly, we are able to maintain adequate stocks which help these customers in meeting their procurement requirements because the requirements are quite erratic in nature. So, that is where our role comes in.
- In terms of the largest customer, we will not be able to share any specific details over the call because even our competitors look at these webinars. So, we won't be able to give you any specific details in that regard.
- **Mr. Pradeep Rawat - Participant:**
- Yeah, understood. And can you please specify the utilization rate at our current manufacturing plants?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So, again, before I answer the capacity utilization, I will just want to emphasize that our technology is very robust and the CapEx required for any incremental addition to the production capacity is quite low. Given that background, we don't really monitor the capacity utilization with any great significance. Having said that, the Acrylamide Liquids, we were able to have about 70%-80% capacity utilization in the previous quarter. The capacity utilization for the other products is much lower than that at present. But we are still running those businesses very much profitably as is clearly evident from our EBITDA margins.
- **Mr. Pradeep Rawat - Participant:**

- Yeah. And the Specialty chemical plant that we are going to inaugurate, so how much investment are we putting in this plant?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So, Mr. Pradeep, currently it is in the pipeline. The final details have not been worked out as such because still the environment clearance is happening. But it should be in the tune of about 20-30 crores is what we are looking at as a rough estimate.
- **Mr. Pradeep Rawat - Participant:**
- Yeah. And how much top line can we generate from this plant? Any ballpark number?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So, basically, I will not be able to divulge too much details but what I can say is, you know, it depends totally on the product mix. It is, I mean, depending on the product mix we will then be able to understand the final top line figures. So, at this stage I will not be able to share too many details with you because of the Secrecy Agreement section.
- **Mr. Pradeep Rawat - Participant:**
- Yeah-yeah, sure. Thank you. I will join back the queue.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Thank you, Pradeep. We take the next question from Damodar Baliga. Damodar, please go ahead.
- **Mr. Damodar Baliga - Participant:**
- Good afternoon. Am I audible?
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Yes, loud and clear. Please, go ahead.
- **Mr. Damodar Baliga - Participant:**
- Good afternoon, gentlemen. Congratulations on a good set of numbers. Sir, I have few basic questions, please, because I have gone through your last few con-calls, some things were not clear for me. So, the first was, as I understood other than our company there is only another MNC competitor who has the technology to manufacture

Acrylamides and the rest of the customers who make Polyacrylamides they buy Acrylamides either from us or from the competitor. Is this understanding correct?

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

- So, Mr. Damodar, thank you very much for the compliment. We continue to work towards improving our performance. Now coming to your question regarding producers of Acrylamide, so, yes, currently there are only two producers of Acrylamide in India. and they are our only competitors. The other companies who manufacture Polyacrylamide have to buy Acrylamide either from us or from the other competitor. Also, some people use Acrylamide powder for their Polyacrylamide production. And for them, China is another source because China also exports a lot of Acrylamide powder into India. So, that is the third source.
- Yeah, but in when it comes to Acrylamide Liquid, there are only two players right now in India, which is us and the other MNC company.

- **Mr. Pradeep Rawat - Participant:**

- Sir, thank you for that clarity. So, that's what I was wondering if they are buying Acrylamide Liquid from us then how come they are giving so much competition in the, you know, Polyacrylamide Liquid used in the Tile industry. So, you have mentioned, I know the Tile market at Morbi is not doing well. One is that and another is the increased competition, price competition, is mentioned in your, I think, presentation or the press release. So, these smaller players in spite of buying the Acrylamide Liquid from any of these two companies are importing this solid powder. They're still able to offer to our customers at a very competitive price?

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

- So, I'll just try to explain this point. It is a good question, so let me try to put some light on this. Firstly, there are a lot of, as we mentioned in our press release also like you said, that there's a lot of small-small units having very small capacity of 5200 metric tons, which are mushrooming in Morbi area. So, they are producing locally in very small setups over there. So, that is one aspect.
- Secondly, our company does not really get involved in any, you know, unfair price battles. We are very competitive; competitive in terms of our product quality, our product pricing. But we don't like to get involved in any unfair price policies or wars, as I mentioned. So, these are suppliers which keep mushrooming from time to time when the raw material cost is decreasing because there are other raw materials also and then they just come out of business very soon once the market stabilizes. So, it's more of a temporary phenomenon.

- **Mr. Damodar Baliga - Participant:**

- No, Sir, these companies coming up is fine but what I wanted to know is maybe because of their lower overheads and buying from Chinese, so they're able to offer at a lower competitive price to our customers? That is what you're saying?

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

- Yeah. So, Acrylamide, as we mentioned, has also been done by (Audio cracked 31.09) like you also just now mentioned. So, then the pricing becomes quite competitive for everyone. But as far as pricing goes, we are able to compete in terms of pricing. We just choose our customers accordingly where we get consistent supplies and people who are loyal. We don't go out and chase the price buyers all the time. So, it's the way our business strategies are designed. So, we choose whether to compete in a particular customer or a market.

- **Mr. Damodar Baliga - Participant:**

- Okay, fair enough, Sir. Sir, my second question is, you have mentioned that we are exporting both Acrylamide Liquid as well as Solid to various European and other countries. So, my doubt is somewhere it was mentioned that exporting liquid doesn't make sense due to the logistic cost, so how come we are able to export both Acrylamide Solid as well as Acrylamide Liquid?

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

- So, I will just try to address that because that has been asked earlier also. So, what we have maintained is exporting Polyacrylamide Liquid is not viable due to the logistics cost and the low price of the product. When it comes to exporting Acrylamide, it is very much viable and we are very competitive. So, there is no issue in terms of Acrylamide Liquid exports other than for certain mar markets where there are local producers of the product. There at times when the logistics cost is very high then it becomes unviable. But, in general, we are able to compete quite effectively.

- **Mr. Damodar Baliga - Participant:**

- Okay, that is very helpful, Sir. Sir, both for this NMA and Acrylamide Solid we have very small capacities and you've also mentioned you don't require much CapEx to increase their capacity. With the forecast given for the current year for increase the sales of these two products, do we have any plan for increasing their capacities, either in this year or maybe next year?

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

- So, as I mentioned, these are only the initial capacities which we have set up and you rightly pointed out that the cost of increasing the capacities is quite low given our very robust technology. So, we keep monitoring the capacity utilizations and when we reach a particular threshold which we have said of sales consistently, then at the appropriate time, we will definitely take a call to increase the capacities for both these products.
- **Mr. Damodar Baliga - Participant:**
- Sir, since the capex amount is less, normally how much time you will require to either increase the capacity by 50pc or 100pc?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- There are 2 aspects to this capacity addition. One is the various statutory clearances and the other is the plant set-up. The plant set-up is not something that will take too much time, so it depends purely on the statutory requirements.
- **Mr. Damodar Baliga - Participant:**
- So that means minimum 6-12 months?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- It depends but that you can take as a.....the additional, the application for additional capacity does not take as much time as the fresh application will take.
- **Mr. Damodar Baliga - Participant:**
- But Sir, somewhere in the call it was mentioned that we have approval for higher capacities than what we are actually running. So don't we have approval already for a higher capacity for these products?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Wherever and in whatever products we have a higher capacity, I don't have the exact figures of the approved quantity right now but wherever we already have the approvals in place, then the addition for further capacity is going to be much much faster.
- **Mr. Damodar Baliga - Participant:**
- Navinji, can I go ahead or shall I come back in the queue?
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**

- No, please go ahead Damodar.
- **Mr. Damodar Baliga - Participant:**
- Ok, thank you very much. Sir, my next question is about the Polyacrylamide Solid Project. It was earlier mentioned that we would be commissioning the whole project by Q3 or so of this financial year but now you are mentioning that the R&D work would be over by year end. Is there any delay?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Mr. Damodar, I agree that earlier this was mentioned. Now R&D, if you understand does take a long time and one part of the R&D is to manufacture the product. The other part is to actually manufacture it in the most efficient way so that you know, we are very competitive globally for this product. So that is what we are striving for, to achieve the optimum efficiency levels and as soon as we are certain about that, we will definitely start with the next steps in this direction. So as and when, there are further updates, we will keep coming back with various announcements. That is all I can enlighten you about this right now.
- **Mr. Damodar Baliga - Participant:**
- Fine Sir. just a small clarification – assuming that you will finalize on the technology by December of this year, how much time would it take to put up a plant for manufacturing, that is one. And 2nd, will it come in the existing Jhagadia plant only?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Ya, the space is already earmarked in the existing plant at Jhagadia for this product as well. So it will come up in the same premises. In terms of the timeline, we start the plant setup process. It should take anywhere between 6 months to 9 months minimum to set-up, around 9 months. The building is already ready so that will make it much faster compared to setting up everything from raw.
- **Mr. Damodar Baliga - Participant:**
- I think in one of the earlier calls you had mentioned that the technology is ready. Only thing is that you are finalizing on the equipments. So is that taking more time?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Correct! Like we mentioned, our soft side of the technology which is basically the recipe and the process that is very much finalized and we are currently working on the equipment, like last time also we mentioned that there are various options, basically

domestic options as well as the imports. So we are looking at finalizing the equipment right now which is basically the hard technology and as soon as we are able to finalize it, we should be in a position to move forward quickly.

- **Mr. Damodar Baliga - Participant:**

- That means the revenues from this product would come only in FY27 or so?

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

- 39.18-39.26 muted

- **Mr. Damodar Baliga - Participant:**

- Hello?

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

- Ya, sorry. It was on mute. We are hopeful that in the next financial year, we should be able to start generating revenue in FY26.

- **Mr. Damodar Baliga - Participant:**

- Sir, any ballpark figure on the capacity or the revenue that we can expect?

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

- So again, revenue is always dependent on the market conditions prevailing at the time. Looking at the initial capacity of 10,000 metric tonnes which is to be set-up initially and the current market price, we should be getting about 250cr. at full capacity utilization as per the prevailing conditions.

- **Mr. Damodar Baliga - Participant:**

- Any info on the competitor and what is the current demand in the Indian market Sir?

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

- This is again regarding polyacrylamide solid, right?

- **Mr. Damodar Baliga - Participant:**

- Yes Sir, yes.

- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So polyacrylamide solid is a product which can be segregated into 2 divisions. One is the demand for the oil and gas sector and the other is for the rest of the applications such as water treatment etc. So we are concentrating more on the other side only, not on oil and gas. The demand for the other applications in India is about 10,000 metric tonnes per annum but we also plan to export this product and the demand for export is very very huge compared to our initial plant size. So there is enough demand and we have already distributed these products in India. So 41.21-41.37 audio video stuck.
- **Mr. Damodar Baliga - Participant:**
- Hello?
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Damodar, just 1 sec., there is some network issue at their end.
- **Mr. Damodar Baliga - Participant:**
- Ya, no problem.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- 41.43-42.00 audio video stuck
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Ambarish, I think there is some network....Friends, just hold on for a minute. I think the connectivity with the management is lost. Just hold on please. Ambarish, we lost you for a couple of minutes.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Ok, can you hear us now?
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Yes, now we can hear you.
- **Mr. Damodar Baliga - Participant:**
- Sir, we couldn't hear you after you said, "You are already a distributor for this polyacrylamide solid." Thereafter, whatever you said, if you can repeat again.

- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Ya, basically what I mentioned was, we are already distributor. We have very good knowledge of the product and the market and once we launch our product, we are hopeful that we will be able to gain good market traction very quickly for this because typically this is a performance chemical and the approvals take a very long time but we will have that advantage of being an entrant in the market already. That's what I was trying to say.
- **Mr. Damodar Baliga - Participant:**
- But Sir, as of now, you are importing the product but when you start making this product in India, you may have to take the approval again from your customers?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Ya definitely the approval process will be there but being already there in the market and having an approach to customers, makes it much easier for us to expedite the whole process. That's why we are hopeful that we will be able to gain good market share very quickly.
- **Mr. Damodar Baliga - Participant:**
- The way you are talking and looking very confident, can we expect that by FY27 itself, you may run full capacity for this product?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- I think it's quite difficult to give you such definite answers
- **Mr. Damodar Baliga - Participant:**
- Sir, the way.....
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- The way you expect that you had mentioned this kind of a forecast, so I would avoid giving us definite answers but we always try to maximize our sales and our profits for all the products that we handle.
- **Mr. Damodar Baliga - Participant:**

- Ok no problem. But since it is a performance product, the margins are better like 44.40 Sir?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- I would not like to make comparisons but the margins are very healthy as it should be in a manufactured product.
- **Mr. Damodar Baliga - Participant:**
- Next one is Sir, you had announced earlier some toll manufacturing projects with the US and European customers. Any progress or latest update on that?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So as I had mentioned towards the end of the last webinar that this toll manufacturing agreements follow a very lengthy process where there is an intention of entering into an agreement, then there is are technology discussions, then the capability of the manufacturer to set-up the facility, the availability of raw materials etc.. so while the discussions are on and we are moving in the right direction, we don't have any major update to give at this stage because of various secrecy clauses in our agreement with these partners. So we are still working on those projects and as and when we have any update, we will definitely share that with you.
- **Mr. Damodar Baliga - Participant:**
- Ok, no problem Sir. Lastly on the capex, now you said, you would be putting up in your R&D facility and then this collaboration with the Japanese company plus the land parcel that you are planning to buy. So what is the capex planned for the current year as well as the next year Sir?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- So basically, as you mentioned, we are having the project as well as the acquisition of land. The company currently has substantial results in its accounts and whether we require any further fund raising or any kind of other capital involvement, that will be decided at a later date, as and when these projects come up. As of now, we don't see any major requirement for any fund raise. The land acquisition and the project, I have already mentioned the rough estimates for the project, so that is what we are looking at SD capital expenditure.
- **Mr. Damodar Baliga - Participant:**

- No Sir, my question was not related to how you are going to fund them. My question was, how much you would be spending total on all these 3 projects put together, like let's say, the R&D, the Japanese companies' collaboration plus the land 47.27. So what is the total capex you have in mind?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Ok. So the entire capex may not be required in this coming year. It depends on how the clearances and how the other activities go but we can look at something around the 35-40cr. in all of this put together or the capex requirement.
- **Mr. Damodar Baliga - Participant:**
- So all the 3 excluding the polyacrylamide solid.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Absolutely! That's correct.
- **Mr. Damodar Baliga - Participant:**
- Ok, fair enough. Lastly, I know you have already mentioned to the earlier speaker regarding the specialty chemicals' project details. I know, you will not be able to give us more idea. Just wanted to know whether it is an import substituted products? Whether we will be selling here or export? Any other information you feel comfortable sharing at this point in time?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- I would just want to say that, you know, a lot of these manufacturing activities which we have entered into earlier also, stems from our relationship from the distribution business and we are looking at products where we can add a lot of value and the products have a very good market. So we have considered all of that when we have decided to make this application. So that is all the information that I can share at this point of time.
- **Mr. Damodar Baliga - Participant:**
- Fine Sir. Both this, as well as the toll, toll also it was mentioned in the earlier call that it would be better than the distribution margins. So I presume that the margins for all these would be somewhere closer to our existing manufacturing margins, manufacturing products' margins.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**

- Typically, we would enter into any manufacturing activity and invest in the plant only when the margins are higher than what we get in the distribution of this product. So you can take that as an assumption that there are certain ballpark figures which anyone looks at when they set-up a manufacturing unit.
- **Mr. Damodar Baliga - Participant:**
- Since you are waiting for the approval, the environmental approval which normally takes more than 8-12 months, so for the current year growth, it has to be from the existing products' basket where as next year, it could be both the, polyacrylamide solid as well as this new venture which can add more to the topline? Is this understanding correct?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Ya, looking at the current scenario, I think most of the growth in terms of revenue from these products will crystallize only in the next year and not this year. So this year, most of the growth is expected to come from our existing business in the manufacturing side but in the distribution side, like I mentioned even in our presentation, we are looking at, consciously looking at adding new products as well as new customer base. So the growth is going to come from both, product addition in the distribution portfolio as well as new geographic spread as well as new markets in the manufacturing as well as the distribution side.
- **Mr. Damodar Baliga - Participant:**
- Sir, with all these upheaval happening in the chemical and agro-chemical segment and now you said that the raw material prices have stabilized, have come back to the original price and dumping from Chinese have, you know, our lawyer prices have come down. So can we expect some decent growth going forward?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- We are quite hopeful that the chemical prices have bottomed out already and now they are quite stable and forming up. We hope that even the Chinese economy picks up like it is showing some signs over the last one month or so. So once the demand picks up over there, China is one of the major producers as well as major consumer of chemicals, so we see the prices going up again, as and when things pick up over there. That is what we expect and that is what we are hoping for and that should have quite a positive effect on the total overall chemical sector globally as well as in India.
- **Mr. Damodar Baliga - Participant:**

- Ok. thank you very much Sir for patiently answering all my questions and wish you all the best.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Thank you very much.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Thank you very much Damodar. Pradeep, do you have some follow-up questions. Please go ahead.
- **Mr. Pradeep Rawat - Participant:**
- So thank you for the opportunity again. I have 2 questions. Sir, as you mentioned that we do not have to invest much in capex due to our technology dominance. Can you give an average ROIC figure on these capexes that we envisage?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- ROIC will depend on the total capacity that we set-up when we look at these expansions. So since the total capital investment is quite low for our products, we do not really, as a typical industry where the capital expenditure is very high, the ROIC plays a very important role. But here, it is not so significant in terms of what you know, it depicts. But the ROIC will be quite healthy for us looking at the low capital expenditure.
- **Mr. Pradeep Rawat - Participant:**
- So can we say that it must be higher than 50pc or so?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- I don't have the figure right now in front of me to come and tell exactly on a particular number. 54.05-54.39 audio video stuck, voice breaking.
- **Mr. Pradeep Rawat - Participant:**
- Ok, thank you, understood. Sorry, are you saying something?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- No, no, I am done with saying.

- **Mr. Pradeep Rawat - Participant:**

- Ok. So my next question is regarding, what is our future growth guidance for this year like how much revenue growth we can clog in or volume growth?

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

- Again, Mr. Pradeep Rawat - Participant, the answer to this remains the same. We keep giving an update of the next upcoming quarter or maybe 2, based on the vision because I can throw in any number right now for the entire year but there are too many variables. What we learnt over the last few years is that uncertainty is the only thing which is certain. So it totally depends on the prevailing prices and how the price stands and how the demand and other situations happens. So it is extremely difficult to quote any number but from what we see at present, we see the demand picking up, the support coming from our suppliers which is helping us in increasing our volumes and we have quite healthy margins like you see, we have had a more than a 2 fold increase in the margins. So we strive to maximize our margins on our products.

- **Mr. Pradeep Rawat - Participant:**

- Do we have any headroom remaining for the margin expansion or is it like sustainable margin beyond which we could not expand much?

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

- Again you know, these are not factors which we can so much predict but there is enough headroom as I mentioned. The Chinese market is still quite stagnant and difficult and as and when it picks up, then we see the margins also improving overall. Also like I mentioned briefly in the presentation, we see the logistics lock jam as one of the opportunities which we have, which would also help us in getting better margin based on the market conditions. So there is enough scope for much higher volumes as well as good margins and sustainable margins.

- **Mr. Pradeep Rawat - Participant:**

- Ok, thank you for patiently answering my questions. that's all from my side. Thank you and all the best.

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

- Thank you Pradeep. We have a question from Imran Khan. Imran, please go ahead.

- **Mr. Imran Khan – Participant:**

- Hi Navin, thank you. I have one question. This is, largely revolves round the logistic costs or the sea freight that you have to pay when you export. Can you talk about it a little bit because in think in the last 3-4 months, there has been a lot of volatility in the ocean freights? So can you talk about that? How it has impacted your export volumes? How do you see it shaping up in this quarter we are living in? So can you talk a little bit about that?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Sure! So I will give you a little bit of background. All these logistic costs and sea freight as we all know really exploded after covid when the markets opened up. From there, last year, it continued to come down, from the start of the year upto December 2023. Before the Red Sea event finally happened, the whole disruption due to the Red Sea made the logistic costs again to go up by as much as 3 fold during the entire quarter upto March. Now we see that the prices are coming down gradually once again and we expect things to get little bit better going forward. It continues to be volatile now. Apart from the logistics freights, what is also happening is a lot of transit delays, so the whole duration of the shipment is getting delayed which is affecting the market. In terms of how it is affecting our business and how it has affected our business, so there are 2 sides to it. One is the actual cost of each shipment, so where a lot of our business is done, where we do not bear the risk of logistic costs. We are able to pass on the benefit as well as the extra burden of the logistics costs to our customers. However, the main impact is where you know, certain markets become unviable due to the higher logistics cost, when it gets added to the product cost. So that is the negative impact which we face mostly due to the logistics cost. So we are able to pass on most of the cost burden to the customers as long as the product viability doesn't get affected.
- **Mr. Imran Khan – Participant:**
- Just one more follow-up on this. I think the solid prices are much higher to the liquid price that you export. And if the freight prices, freight cost goes up, you might not be able to do a lot of export on the liquid side but solid would still be viable. Is that understanding correct because of the realization per unit maybe is higher? Right?
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- 2 aspects – one is, when it comes to export of acrylamide solid, the other source I mentioned is China. So the container freight cost is basically, it's a competition between exports from 2 different locations. So the freight cost is still going to be there irrespective of you know, whether it is supplied by us or by our competitor. When it comes to liquid, freight cost is much more important in that aspect because there are local producers in certain markets for the same product which is acrylamide liquid. So that is where the major impact comes from the freight cost. Also like you rightly mentioned, since the overall product cost for liquid is much lower, it is about half of

solid cost, so that's why as a percentage of the total product cost, it is much higher and the impact is there.

- **Mr. Imran Khan – Participant:**

- And also one last thing, I think I remember Anupji talking about exports picking up in a big way because you are this only player outside China and there was a lot of China+1 strategy talk, 6-8 quarters back. What is happening to that? Is it playing out? Is it not playing out? Are customers happy to buy it from the cheapest source? Just wanted to understand from you, how it is impacting your business?

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

- Sure! We have spoken about China + 1 or sources other than China. What we are also gaining from is Europe +1 , like you also mentioned earlier, a lot of companies in Europe are now trying to buy from another source apart from the companies within Europe. So that is also helping us in improving our sales, where even though the overall demand in Europe has not increased significantly, in fact it is sluggish but we are able to get good traction and we are able to penetrate into new customers because of the policies of these companies to basically hedge their procurement and distribute it amongst European and non-European suppliers.

- **Mr. Imran Khan – Participant:**

- Ambarish, let's say the pie is 100 in Europe for your product. What percentage you have as of now of that pie?

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

- It is a very small percentage. The European market is very very huge.

- **Mr. Imran Khan – Participant:**

- Would it be low single digits or even lower than that?

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

- I don't have the figure right now but it will be very very low. We still have a lot of scope for additional volumes in Europe and it is what our team is working on.

- **Mr. Imran Khan – Participant:**

- So Ambarish, when you say we are banking on this theme of Europe + 1 and China + 1 and you are very very small in terms of market share, so just trying to understand, let's

say the demand is not growing very fast or let's say there is a drop of 5pc or 10pc out of 100, you still have 90. Right? Why are you not gaining more of that? That's my question.

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

- So you know, how these MNCs work? We are able to add new customers with every quarter based on product validation. The whole product validation process and the ordering process and then the trial process, all this takes a lot of time and effort. That is where you know our focus has been and we are increasing our efforts in order to maximize our outreach.

- **Mr. Imran Khan – Participant:**

- Are you going for big customers? Are you going for mid-sized customers or are you going for very very small customers?

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

- We do not classify or give less importance to any small customer. We look at penetration, wherever we have people who work on the same principles and with some degree of loyalty and partnership. So that is the main criteria. It's not so much about size first. It is more about people working on the same principles which is very critical and important.

- **Mr. Imran Khan – Participant:**

- Ambarish, I am asking from an investor point of view. The reason is, let's say, if you are going for small customers for example, then if the tide turns and the demand goes up, you might not be able to gain a lot of revenue out of it but when you go for large customers, you get approved, validate it and the tide turns, then there is a chance of getting a very very high orders or whatever you call it, right?

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

- Understood! So most of our customers are very large multinationals and currently we have started with smaller allocations from them but gradually our allocations are increasing and that is where you will see a lot of growth happening in our entire acrylamide business.

- **Mr. Imran Khan – Participant:**

- Appreciated! Thank you so much.

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

- Thank you.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- Thank you Imran. Friends, anyone with a question, request you to raise your hand and we will take that. With no further questions, I hand over the webinar back to Ambarish for his closing remarks.
- **Mr. Ambarish Daga – Director, Joint CFO & IR Officer, Black Rose Industries Limited:**
- Thank you very much Navinji. Thank you everyone for your patient hearing and for taking out time to attend this webinar. I wish you all to stay safe and healthy and see you at the end of the next quarter with another series of 01.07.19. Thank you.
- **Mr. Navin B. Agrawal – Head Institutional Equities, SKP Securities Limited:**
- On behalf of SKP Securities, thank you very much Ambarish and Bhavesh for taking out to interact with the investors. We look forward to hosting you again for our next quarter webinar. Thank you very much and have a wonderful day.

END OF TRANSCRIPT