

August 08, 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 Q1FY25 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 Q1 FY25 Earnings Webinar held on Tuesday, August 06, 2024.

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

[https://www.blackrosechemicals.com/api/uploads/inverstor\\_pdf/VW63V\\_1723096001Q1\\_FY25\\_-\\_Transcript.pdf](https://www.blackrosechemicals.com/api/uploads/inverstor_pdf/VW63V_1723096001Q1_FY25_-_Transcript.pdf)

We request you to take note of the same.

Thanking you,

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

**Ankit Kumar Jain**  
**Company Secretary & Compliance Officer**

Encl- as above

**Black Rose Industries Ltd.**

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**Black Rose Industries Limited – Q1FY25 Earnings Webinar**  
**06<sup>th</sup> August, 2024**

- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- 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 and SKP securities to this Q1, FY25 Financial results webinar. We have with us Mr. Ambarish Daga, Director, Joint CFO and IR Officer and Mr. Bhavesh Shah, General Manager - Sales. This webinar is being recorded for compliance reasons and during the discussion there may be certain forward-looking statements. These must be viewed in conjunction with the risks 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. Thank you.
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Thank you, Navin ji and a very warm welcome to one and all, who has taken out time to attend our webinar. Can I request Navin ji to open the presentation, please? While the presentation gets loaded, just a word of caution that there might be certain forward-looking statements in the presentation, and they must be viewed in conjunction with the risk which the company faces.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Ambarish, can you see this, see the presentation?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Yes. Can you please take it forward? Yeah. So, we start off with the business presence of Black Rose. Black Rose started off as a chemical distribution company partnering with international chemical manufacturers from across the globe, especially from Japan. Our company deals directly with these Japanese chemical manufacturing companies who are our principals, and we have other principals based in Germany, Thailand and so on. From the relationships that we grew during our chemical distribution phase, we migrated into chemical manufacturing when we started our Acrylamide liquid plant in 2013, in technical collaboration with Mitsui Chemicals of Japan. The plant, which was initially set up at a capacity of 10,000 metric tons per annum, is currently having an installed capacity of 32,000 metric tons, out of which 20,000 metric tons per annum is earmarked for merchant sales and the balance is for our captive requirement. We also added downstream products for the Acrylamide chemistry in our manufacturing unit. The first one being Polyacrylamide liquid, which caters to the Morbi tile market in terms of binder, it has a capacity of 40,000 metric tons per annum as of now. Further Acrylamide solid, which we started 2 years back, made us the only global producer of the product outside of China. The installed capacity for this product right now is 3600 metric tons per annum. We also added the N-methylol Acrylamide, which has a capacity of 2000 metric tons per annum. And work is currently ongoing for the Polyacrylamide solid plant in terms of its R&D. The company has a 100% subsidiary based in Japan, which is engaged in the local distribution and export of chemicals and the other legacy businesses add about 1% to the company's revenues.

- Moving on to the next slide, we present a snapshot of the financials in terms of the numbers. Here we see that the company has increased its total revenue from operations on the back of very good contributions from the distribution segment, with an overall increase in revenues by about 8% compared to the corresponding quarter of the previous financial year. The profitability also has increased substantially, and it is 17% growth in absolute terms for the EBITDA. The company's PAT margins and the earnings per share also has grown in line with the business progression during the year.
- Moving on to the snapshot of the balance sheet. This shows the sources and the application of funds. We have been able to rationalize our inventories and are also based on the high profitability the company is 100% long term, debt free as well as we have sufficient reserves in the company to take care of future requirements.
- Moving on quickly to the standalone financials. This particular slide represents the segment wise distribution of our revenue and EBITDA. As we see, the chemical distribution business has outperformed the manufacturing division for this quarter clocking in revenue of close to 558 million. The EBITDA also shows a healthy growth for this on the back of higher sales volume and better realizations for our distribution products. The sales for the manufacturing segment also were quite steady in the current quarter in the local market. However, overcoming the logistics issues has been a big challenge. The company, with its stock and sale model, was able to manage this very efficiently in the distribution business but the export business in the Acrylamide liquid witnessed some rollovers of the orders because of the logistics problems. This will be explained in more detail in the subsequent slides.
- Now, moving on to distribution between the geographical locations, the company's distribution business, if you see, has contributed 3/4<sup>th</sup>s of the revenue. This is mainly due to the expansion in the distribution business even though the manufacturing business also stood up in the challenging times for exports. Overall, we see the export business contributed about 21%, compared to 45% in the corresponding quarter. The reasons for this will also be explained subsequently.
- Now I hand it over to Mr. Bhavesh to take us through the financials for distribution segment.
- **Mr. Bhavesh Shah – General Manager – Sales, Black Rose Industries Ltd.:**
- Hello, welcome everybody for the meet. Regarding our financials for the distribution sector, the volume and realization have gone up from compared to the last quarter of the corresponding period, mainly because some of our distribution products like Resorcinol, Isophthalic acid, and Meta Cresol, we achieved better volumes along with better realizations, which helped us in ramping up our margins also. The demand from US oil and gas sector remains stable, we expect the same for the current quarter also. There was a demand improvement in the 1<sup>st</sup> quarter in the distribution segment, but there were also logistic issues. But however, we have a strong stock and sale model, along with good support from our principals, which ensured that we had enough stocks to cater to our end users, due to which we were able to supply to our regular end users and also capture new clients because of our stock and sale policy. Our strong support from the principals also helped us in getting our allocations and shipments on time. Our top 5 products regularly contribute to a major share in the revenue.

- The next slide is about our financials for the manufacturing sector. Our company remains the only Acrylamide powder manufacturer in the world outside China. During this period, we have been able to increase our Acrylamide powder sales in the local market along with the addition of new customers. Our NMA business also is picking up, and we have been able to capture a major part of the demand from our key customers. However, the export of Acrylamide liquid, we could see there was a decline in sales which was due to the rollover and also due to the shipping issues, which led to high freight costs impacting sales to certain markets. The Morbi market, which is our primary market for ceramic binders, it remains subdued. That was mainly two reasons. Because first of all, there was an increase in the gas prices during the quarter and because of the shipping issues there was an increase in freight rates which hampered the exports of the tile manufacturers using our ceramic binder. However, we have been able to achieve our usual sales for ceramic binder during the quarter.
- I now hand over again to Mr. Ambarish to continue forward the presentation.
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Thank you, Bhavesh. Now we look at the key raw material price trend and the realization for our Acrylamide. We see that the price trend has been rather stable and the raw material has been confined in a tight range between 1200 and 1300 dollars during this quarter. However with our good market reach and our marketing efforts, we have been able to improve our net realization for Acrylamide which is also reflected in the good performance.
- Moving on next to the outlook for this current quarter, we start off with the chemical distribution business. So, as Mr. Bhavesh also pointed out, we are having very strong support and good allocation from our principles which is helping us in catering to the higher demand in the domestic market. It is also expected to bring additional sales volume and increased our profitability and margins substantially during this ongoing quarter. Regarding the export business, we are having steady business from the US oil and gas sector, which is helping us with the export volumes. And we are further trying to expand our product portfolio in both the export and domestic markets and at the same time adding new customers which will be reflecting in the better performance during the ongoing quarter.
- Moving on to the manufacturing side. First, we start off with the Acrylamide liquid and solid. Here we see the trend for the raw material. Sorry, could you move on to the previous slide, please? Yeah. So, the raw material price has weakened during the current quarter which will help us in maintaining good margins and profitability during the quarter. At the same time, we expect to increase our market share, both in the local market and in exports. The international logistics situation is improving slightly in terms of vessel availability which will help us in achieving a much higher export volume for our Acrylamide liquid business in the ongoing quarter.
- Now, moving on to the Polyacrylamide liquid. Here, the demand for the binders overall remains subdued due to the higher gas prices and dip in export volumes. However, we are now ready to introduce our newer, more robust versions of the binder during the course of this quarter which will help us in achieving better acceptance and higher volumes by increasing our customer base. The Polyacrylate based dispersant is also undergoing trials at various plants which will further augment our sales for this segment. Regarding the N-methylol acrylamide, as Mr. Bhavesh also mentioned, we are now having majority share of the business from the key customer and principal users of these products in India and the

efforts are also on to increase our export volume. We overall expect substantial growth in the sales during this quarter for this product.

- Now on to the last slide, where we talk about our upcoming and ongoing projects. So like we have been updating previously, the R&D team has been fully focused on developing the Polyacrylamide solid and we are making good progress in this. And we fully expect the R&D process to be completed by the end of this fiscal. And subsequently, we expect the plant setup to start. As we have already updated earlier, the plant building is already ready so that will be a good advantage for us in this project.
- Regarding the new R&D facility, it is currently under development. We are also enhancing our R&D team in order to focus on the new product development. The EC application for our new chemicals project in collaboration with the Japanese principal is also moving forward smoothly. And we have already identified a new 20-acre land which is going to be earmarked for future projects which are yet to be finalized. So, this is a land bank which we are creating for future possibilities.
- That is all for the presentation. Thank you very much for your patient hearing and now are you ready to take questions.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Thank you, Ambarish. Friends, anyone with a question request you to raise your hand, we will unmute you and take your question. We just wait for a couple of minutes while the questions line up.
- Friends, anyone with a question request you to please raise your hand and we will take your question.
- We have a question from Pradeep Rawat. Pradeep, please unmute yourself and go ahead.
- **Mr. Pradeep Rawat – Analyst:**
- Good afternoon, thank you for the opportunity. So, I have a basic question. So how much of Acrylamide liquid is used to making one ton of Polyacrylamide? Hello?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Hello? Yeah, Pradeep? Yes.
- **Mr. Pradeep Rawat – Analyst:**
- Do you hear my question?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Your voice is cracking. Could you kindly repeat the question, please?
- **Mr. Pradeep Rawat – Analyst:**

- Yeah. I have a basic question. So how much of Acrylamide liquid is used to make one ton of Polyacrylamide?

- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**

- Okay. Thank you for the question. So, Mr. Pradeep, the actual percentage of Acrylamide depends on, you know, the application for Polyacrylamide. I hope you're talking about the Polyacrylamide liquids in this case.

- **Mr. Pradeep Rawat – Analyst:**

- Yeah.

- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**

- Okay, so, it is not a very high concentration. I would not like to give you the exact conversion. But it depends from application to application. So, there would be a different composition and a product mix for the binders which we are currently making and as the application changes then the product mix obviously changes and the percentage varies accordingly.

- **Mr. Pradeep Rawat – Analyst:**

- Yeah. If you can provide a range?

- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**

- So maybe from about 10 to 15% going up to 25%.

- **Mr. Pradeep Rawat – Analyst:**

- And our debtor days have been increased, like towards 60 days. So, why this has happened and is it sustainable?

- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**

- So, talking about debtors, see, these figures which you see are basically the figures at the end of period, so on a particular date. Having said that, typically, you know, the debtors days we consider 60 days as the target. And it depends from product to product and market to market. There is a variation, but overall, 60 days is what we target and it is more or less in line with that as of now.

- **Mr. Pradeep Rawat – Analyst:**

- Okay and another basic question. So, how much of acrylonitrile is used to manufacture one ton of Acrylamide?

- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**

- Yeah. So, typically, if you look at on 100% basis, then about 80% of it is acrylonitrile.
- **Mr. Pradeep Rawat – Analyst:**
- Yeah, understood. Thank you and all the best.
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Thank you very much.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Thank you, Pradeep. Friends, anyone with that question, please raise your hand. We have a question from Sandeep Mukherjee. Sandeep, please go ahead.
- **Mr. Sandeep Mukherjee -- Analyst:**
- Hello.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Yes, Sandeep, please go ahead.
- **Mr. Sandeep Mukherjee -- Analyst:**
- Am I audible?
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Yes, you are.
- **Mr. Sandeep Mukherjee -- Analyst:**
- Hello?
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Yes, Sandeep, please go ahead.
- **Mr. Sandeep Mukherjee -- Analyst:**
- Am I audible?
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Yes, Sandeep, we can hear you. I guess there's some problem with his line. Sandeep, can you hear us?
- **Mr. Sandeep Mukherjee -- Analyst:**
- Sir, with the rising Yen, it has moved sharply around 12% in last 2 years, 2-3 weeks. So, what can be the impact on our business?

- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Thank you, Mr. Sandeep for this question. So, basically most of our transactions are you know already hedged and also most of our transactions happen in the U.S. dollar terms, so the rising Yen does not have so much of a direct impact on us. Of course, it will have an impact on you know our principles and their working, but in general you know we have a hedging policy in place for our foreign exchange and accordingly we take informed decisions on these movements of currency.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Sandeep?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Mr. Sandeep, can you hear us?
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- I guess there's some problem with his line. Sandeep, in case there's another follow up question please raise your hand again. Friends, anyone else with a question, please raise your hand and we'll take it up. Pradeep, do you have a follow up question?
- **Mr. Pradeep Rawat – Analyst:**
- Yeah.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Please go ahead.
- **Mr. Pradeep Rawat – Analyst:**
- Yeah. So, our raw material, where do we source our raw material from?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Okay. So, our key raw material, if you're talking about just acrylonitrile, that is our key raw material for the acrylamide plant. So, currently we are sourcing most of our raw materials from within Asia because that is where all the material is coming in. Until recently, no one was producing the raw material in India. However, from June onwards, Reliance has also started the production of acrylonitrile in its earlier unit, which it had shut down in 2015, but that is a very small capacity. So, they are not significant source for our raw materials booking.
- **Mr. Pradeep Rawat – Analyst:**
- Yeah, okay. And beside our Polyacrylamide solid CapEx, do we have another other CapEx?



- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Yeah. So, in terms of CapEx, you know we have another project like we had mentioned even during our presentation which currently is the EC application has been filed and it is under process. So, that project also will have some CapEx and also the land which we are looking to acquire, so these are the 2 other CapEx, which are already identified. Apart from this, I would just like to add that you know we have very strong relationships with so many different principles and we are always on the lookout for, you know, new opportunities to set up manufacturing units as and when possible. So, as and when such opportunities arise, then we will have certain CapEx which can be allocated to that.
- **Mr. Pradeep Rawat – Analyst:**
- Yeah. And can you expand on this specialty chemical CapEx that we are doing, how much the potential is and which type of chemicals are we going to manufacture in this facility?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- So, you know, all I can say right now is that, it's a specialty chemical plant that we are setting up because of secrecy agreements, we cannot divulge too many details on the product classification, etc. at this point of time. The expected CapEx for this will be between 20 crores to 30 crores as we can see right now. And it will have a product mix, so the revenue and other things will depend on, you know finally what kind of product mix we set up.
- **Mr. Pradeep Rawat – Analyst:**
- Yeah, okay, okay. That's all from my side. Thank you.
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Thank you.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Thank you, Pradeep. Sandeep, do you have a follow up question?
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- No Navin.
- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- Friends, anyone with a question, we request you to raise your hand and we'll take it up. Anyone with a question? Yes, no more questions. Ambarish, any closing remarks?
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Yeah. So, I would just like to little bit brief apart from whatever we've said in the presentation at the company, you know we are looking to, you know, expand further and

accelerate our growth during the course of this year and we are also, you know, focusing more and more on strengthening our team within the organization. We are putting a lot of effort in acquiring and you know having a good talent pool because that we believe is one of the, you know, most important resources for an organization. We have been working on R&D, the focus is there to improve our current products and to add new products to the portfolio. In terms of distribution as well, the company is gaining market share and building on stronger relationships with our existing clients. We are constantly on the lookout to add new products and to enter into new markets and yeah, that is about it. Yeah. So, thank you everyone for attending this webinar and we hope you know, see you in the next one as well.

- **Mr. Navin Agrawal – Head – Institutional Equities, SKP Securities Ltd.:**
- On behalf of SKP Securities, thank you very much, Mr. Daga and Mr. Shah for taking time out to interact with the investors and we look forward to hosting you again for the next quarterly results. Thank you very much and have a wonderful evening.
- **Mr. Bhavesh Shah – General Manager – Sales, Black Rose Industries Ltd.:**
- Thank you.
- **Mr. Ambarish Daga – Director. Jt. CFO & Investor Relations Officer, Black Rose Industries Ltd.:**
- Thank you.

**End of Transcript**