

SKP BRIL Q2FY23 Result Webinar Video

- **Moderator:**
- 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 Q2 FY23 Financial Results Webinar. We have with us, Mr. Anup Jatia, Executive Director along with Mr. Ambarish Daga, Joint CFO and Investor Relations Officer. During the discussion, there may be certain forward-looking numbers or statements and these may be viewed in conjunction with the risk that the company faces. All participant lines are on mute and this Webinar is being recorded for compliance reasons. We'll have the opening remarks from Mr. Anup Jatia followed by a Q&A session. Thank you and over to you Anupji.
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Thank you, Navinji and good afternoon everyone. I hope everybody is doing fine and being well. Today we've got some interesting international news that Donald Trump is going to be running again for President. Let's see what that brings to the world in the coming years. Otherwise, I would now like to pass the mic to Mr. Ambarish Daga our Joint CFO, so that he can begin with the presentation.
- **Mr. Ambarish Daga – Joint CFO & Investor Relations Officer, Black Rose Industries Limited:**
- Thank you, Anupji and very warm welcome to everyone who's taken time out to join us for this Webinar. I'll quickly start off with the presentation, which we prepared for you. Just give me a moment. As mentioned by Navinji there would be certain forward-looking statements as part of the presentation for which there are inherent risks and they must be taken in that respect. Just give me a moment while I run through the presentation. So, let's start with a brief note on our business presence. So, Black Rose is a -- people who just joined us I will just update, has two business segments. Two main business segments being chemical distribution and manufacturing. The chemical distribution segment is involved in the import and distribution of specialty and performance chemicals from leading manufacturers of chemicals across the world who work as our principles. We have very strong direct relationship with the companies based in Japan and also with some companies in Germany Thailand, etc. In 2013, we moved from only a distribution company to also a chemical manufacturing company at our plant at Jhagadia. We started off with the manufacturing the setup of the first manufacturing unit of acrylamide liquid in South Asia with an initial capacity of 10,000 metric tons, after that the plant has gone multiple expansions and the current installed capacity for acrylamide liquids is 32,000 tons per annum out of which 20,000 have been earmarked for merchant sales and the balance for our captive consumption.

- Next, we started with the downstream polyacrylamide liquid plant at the same facility and the current installed capacity for that plant is 40,000 metric tons where we make the ceramic binders, which goes mainly into the Morbi Tile manufacturing industry. Also, in this current calendar year, we were launched 2 new products in the same acrylamide chemistry. First, the Nmethylol acrylamide, which was started in February with an installed capacity of 2,000 metric tons and in June we started with the acrylamide solid plant as well. It has got an installed capacity currently of 3,600 metric tons. The other product which is currently in the R&D stage and product development is polyacrylamide solid, which again has huge potential to add to the company's revenue. We are looking at setting up a 10,000 metric ton plant for that. B.R. Chemical company is our fully owned subsidiary based in Japan, which is engaged in local as well as export distribution of chemicals. The other legacy businesses for the company add to about less than 1% of our total revenue.
- Moving on to the performance for the Q2. We first look at the highlights of the financials due to the various market conditions and challenges, you see that there is a slight dip in the total revenue and the profitability. The revenues fell by about 16% on standalone basis and 15% on consolidated basis. The reasons for this will be explained in subsequent slides. Also, in line with the lower revenue and the challenges faced and the stress on the margins, we see that there is a somewhat of a dip in the EBITDA margin as well as the earning per share, which stood at 0.22 for the quarter gone by.
- Next, we move on to some of the highlights of the balance sheet where we see that the company still continues to have 0 long-term debts, however, as on the 30th of September, we had increased somewhat of the short-term liabilities, which were mostly utilized in meeting the requirements of settling the creditors. The return on equity though it is lower than the previous quarter, but it is still positive and the debt equity ratio is again very much under control.
- Now looking at the total revenue and the EBITDA, we see that the chemical distribution business continues to still provide the larger portion of the total revenue. The fall in the total revenue can mainly be attributed to the lack of demand in the domestic industry coupled with both over supply as well as delayed supplies of certain key products in the distribution segment. The lockdown owing to the pandemic in China also led to an oversupply situation in the Chinese markets and in turn dumping of Chinese material into India, which impacted both the profitability as well as the total revenue during this quarter.
- Moving on to the next slide, where we look at the revenue generation and the geographical mix between the different segments. Owing to the depression in the freight cost, we were able to generate much higher volume in the export business in both the manufacturing as well as the distribution segment and this fogger is well for the company going forward. Hence, we see the total exports as a percentage of revenue is now at 19% for this quarter. The mix between the distribution and the manufacturing segment in terms of total revenue is 2/3:1/3.

- Now, highlights of the financials related to distribution. Overall, there was a slight dip in the distribution revenue mainly because of the lack of demand in the domestic market, however, a lot of this gap was made-up due to the pickup of the volume in the exports especially from the additional demand in the robust US Oil and Gas Sector. The margin for certain key distribution products such as isophthalic acid resorcinol continued to remain under pressure especially from the dumping by the Chinese suppliers because of the prevalent market conditions over there. The top five products continue to generate about 80% of the revenue for the company and they added about 62% to the total profits from the distribution segment.
- Moving on to the financial highlights related to manufacturing. We see that the overall revenue dipped by about 30%. This is mainly due to the overall demand situation in the Morbi Tile market as was highlighted during the previous Webinar. The entire tile manufacturing units of Morbi had taken a shutdown of over a month during this quarter gone by, which impacted the sales of both acrylamide as well as polyacrylamides for the company. This resulted in overall decline in the revenue, however, the margins for the quarter remain constant as the lower price of raw material, the benefit of that was passed on to the customers and we maintained similar spread in our sales. The exports helped us in alleviating some of the loss in sales and future after the REACH registration, we expect the export market to pick up even further and help in the growth in the manufacturing segment.
- Next, we look at the price range of our key manufacturing product acrylamide and the spread that we are able to get with our raw material. We see that the raw material prices have largely continued to dip during the quarter gone by, which has also put pressure on our price realizations, however, until August we were able to maintain a pretty decent price realization and the benefits were passed on towards the end of the quarter.
- Now, moving forward, we take a look at the outlook and I will request Anupji to take it forward from there.
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Thank you, Ambarish. So, talking about the outlook for the current quarter. On the distribution side as we also mentioned in the last Webinar, we were expecting the business to remain slow during Q2 and to start to pick up in Q3 and that's exactly what we have been seeing now. demand for isophthalic acid, ethanolamine's, other products has started to pick up during the current quarter. This is largely due to a lot of excess stocks, which were in the market with our competitors, with the traders having been liquidated and the end user demand is now starting to pick up from this quarter. Also, a lot of supply chain issues, which we faced in the last two quarters especially with related to meta cresol, which ended up, which resulted in us losing a lot of sales volume in the first two quarters, those supply chain issues have also now been eased more or less resolved and those sales are also returning now in this quarter.

- The export distribution business, this has been growing in this quarter from the end of Q2, we started seeing some significant revenues coming in especially from the US oil and gas sector and this is an area which we expect will be growing going further in the this quarter as well as the following quarter and on that basis we expect to improve our distribution EBITDA margins this quarter. On the acrylamide liquid and solid, domestic demand has been returning now, thanks to the restart of the Morbi Ceramic Tile industry. There are a lot of new players who have also entered this sector and the demand from them for acrylamide has also been growing.
- The prices as Ambarish had mentioned, the prices were of course subdued, but now with the increase in acrylamide prices coming out of China, the acrylamide powder prices have also started to go up and due to this both the acrylamide liquid prices and the acrylamide powder prices will become better. In fact, we have started earlier we were if you if you recall in the last Webinar I mentioned that we were not selling our acrylamide powder in the Indian domestic market at the time due to the seriously depressed prices due to the dumping from China, but in this quarter, we have started sales of acrylamide powder as the prices have started to improve.
- Exports of acrylamide liquid are continuing to increase. In the last quarter also, we had an increase over the previous quarter and in this quarter also we are seeing an increase. Freight costs have significantly reduced and this is helping our export business very much. So, this is another area which we are focusing on. The EU REACH registration, which also has come through in August is now allowed us to start exporting product into Europe. We have already started exports into Europe in the nature of trial shipments to various very large customers over there. Once those supplies are reaching them, they will test them and we are expecting the volumes to increase from there.
- So, the European Union, that region is going to be another area of significant interest for us. At the same time, we are compiling data currently to study the possibility of applying for an antidumping duty on Chinese acrylamide because what has happened during the last two quarters, three quarters in India is that due to the low domestic demand in China, they have been dumping their product into India as well as into other markets, which has basically caused us not to be able to export our product also into some of these spot markets.
- So, we have already started exporting acrylamide powder into the US, we've exported into Europe, we've exported (16:54 to 17:06 No Voice) acrylamide liquid, the demand for ceramic binder is now again moving towards normalization. There was, as Ambarish mentioned, the last quarter was that, we had mentioned that also in our last Webinar that due to the Morbi shutdowns, there would be slowdowns in the market. This we expect now by the end of this year to be able to grow our current volumes by two times. We are working on that, we've added more sales people in our Morbi team, and we continue to improve our process and our product to further strengthen our competitiveness there.

- On the NMA side, this is like we mentioned in the past this is a product, which requires trials, requires approvals. We have supplied samples and commercial lots to customers in India as well as overseas. We are waiting for these product approvals to come through, so that larger volumes can start being sold both domestically and internationally.
- On the polyacrylamide solid side, we're at the same path that we have been following since the last few quarters. The R&D team is actively working on it and we are expecting to complete this project and the CapEx by the second-half of FY24. On the polycarboxylic acid side, this is another product which flows into the ceramic tile industry. These are used largely as dispersants for the ceramic studies and the R&D is going on, which we are expecting to complete by this quarter. Our focus remains also on R&D like we've said earlier. There are a lot of new technologies being talked about especially on the bio-renewables, sustainable chemistries, and these are areas which we as a company are very much interested in. We are in talks with other organizations, technology owners, and companies which have similar interests as we do to see the possibilities of working together in bringing some of these technologies to India.
- This is our capacities and CapEx chart, which we have been sharing also in the previous quarters. There is no change in the in the chart and the information over here except the CapEx incurred has increased slightly over the last quarter. All the other information is pretty much the same. Our capacities have already been shared by Ambarish, so I don't think I need to repeat that and the last column, which shows the further possibility, these are the additional capacities which we can add at our existing site when the demand requires. Thank you.
- **Moderator:**
- Thank you, Anupji. Thank you, Ambarish. We will be open the Q&A session. We will wait for a couple of minutes for some questions to line up. Anyone wishing to ask a question request you to raise your hand and we'll unmute you to take your question. The first question is from Yog Rajni. Yog, please go ahead.
- **Mr. Yog Rajni – Shareholder:**
- Hi. Thank you for taking my question. My first question is actually a clarification about the PAM solid plant. When do we expect the commencement of the project in terms of construction and when do we expect it to end and start production?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- So, we expect the CapEx to be completed by the second-half of FY24 and revenues to start coming in from FY25.
- **Mr. Yog Rajni – Shareholder:**

- Okay. Another question regarding the ceramic binder business, you mentioned that since raw material prices have come down, smaller new players have entered the market. Do we see that the short-term threat or a long-term threat?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- I think it's more of a short-term threat. This does happen every now and then when raw material prices come down and right now that's the situation, but these are also the first to exit the market the moment raw material prices move up. So, and even the customers pretty much know that, so we don't consider these threats very seriously. We are working together with our customers to basically relook at some of the pricing of our product and things like this, so it's more of a commercial negotiation more than anything else, but the smaller companies come and go, this is something that we've seen in the past as well.
- **Mr. Yog Rajni – Shareholder:**
- My next question is regarding the antidumping duty measures that you highlighted in the press release, could you give us some more information in terms of a timeline or what we genuinely expect with regards to the measures?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Yeah. So, normally in an antidumping duty investigation you need to first fix the period of investigation, which is usually a period of one year. So, we are basically our plan is that basically we will consider 2022 as the period of investigation January to December as the period of investigation. So, during this period, we will be collecting data. Once the data is collected then using that we will apply, we will approach the authorities to apply for ended up in duty investigation on the product. That should take I don't know how long that would take, it would really depend on how many other investigations the department is currently saddled with. So, I'm not very sure on the timelines, but I would expect it to take about one year from there.
- **Mr. Yog Rajni – Shareholder:**
- What benefits do we expect, like is it just a year after the investigation ends that we will not see any dumping or are there any other benefits that we would see from the antidumping measures?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- So, the benefits that you get in an antidumping is that you are able to generally have the pricing of the product coming in from China to be a fair price. Currently, when they're selling the antidumping duty basically means that the product is being sold into India at an unfair price. Now, what is a fair price, what is not the fair price that is something that the authorities finally calculate and decide and once that fair price is determined, then the product has to basically come into India at a price which is

considered fair and in a fair competition, we are very confident of winning any kind of a fair competition.

- **Mr. Yog Rajni – Shareholder:**

- Can I ask one more question if you have time right now?

- **Moderator:**

- Yes, Yog please go ahead.

- **Mr. Yog Rajni – Shareholder:**

- Since our manufacturing revenue has been roughly 35% of our total revenue, do we expect it to come to 50% anytime soon and if so, is there any timeline for that?

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- So, we don't we don't really have a target on that basis. We look at each individual business and try to maximize revenue from each individual business. So, we don't we don't plan it that way that we should have a manufacturing revenue should be such this percentage of our corporate revenue, we don't have any such a real targets in place, but I believe as the manufacturing activities increase, as the products increase, there will be you know, we basically try to maximize each of the revenues whether it's distribution or manufacturing.

- **Mr. Yog Rajni – Shareholder:**

- Okay. I'll add myself back to the queue. Thank you.

- **Moderator:**

- Yog, please go ahead.

- **Mr. Yog Rajni – Shareholder:**

- Okay. I can ask more questions now, that's fine, right?

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- Yeah, yeah, please. I'll interrupt you when we need.

- **Mr. Yog Rajni – Shareholder:**

- Okay. The next question is regarding the distribution business. So, you mentioned that we will expect the sales from BRIL Flock range of polyacrylamides to double what you say this quarter, since we already produce acrylamides – polyacrylamide, why don't we manufacture this product and is there any plan to manufacture this product as well?

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Yeah. So, the BRIL Flock range is basically the polyacrylamide solids that is what that is. So, what we make now is the polyacrylamide liquids and the BRIL Flock range is the polyacrylamide solid range, which we currently import.
- **Mr. Yog Rajni – Shareholder:**
- Okay and just one last question regarding NMA, when do we expect the capacity to reach optimum utilization levels and what would it be around 80% or would you give us a number of what optimum utilization level for the product would be?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- So, we are really just waiting for approvals. The moment approvals come through; we should be able to sell at the basis of around 600 tons per year just with the one particular customer would be buying around that volume. So, we are really waiting just for the approvals. The approvals are moving smoothly. We do get regular updates from the client, so we're just waiting really for the approvals to come through from this particular client, that single client will bring about 600 tons of volume to us. And then there is another large client, which we are also in talks with in the US. That client is also in the approval stage. We have sent samples and pricing and all of that, they have also communicated to us in the last week that the approval seems to be going in the right direction. So, we're really just waiting for the news from them.
- **Mr. Yog Rajni – Shareholder:**
- Okay. And with regards to demand from EU and the US for our products, what demand are we seeing especially given the changing macroeconomics of this situation over there with regards to inflation and the geopolitics?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Yeah. So, I think the geopolitical situation has been kind of helping our entry into Europe largely because a lot of the European customers are feeling the necessity to start diversifying their procurement from non-EU sources. Currently, you know the REACH is an entry barrier into Europe and because of the REACH registrations, a lot of companies do not import products and they generally buy -- sorry import their raw materials and they generally buy it locally within Europe, but because of this energy crisis and the other political issues and all of this that's happening, they are now looking at alternate sources, which include us.
- **Mr. Yog Rajni – Shareholder:**
- So, in this market, we will mainly be substituting European players is that a fair analysis?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- Okay. Alright. Thank you for answering my questions.
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Thank you.
- **Moderator:**
- Thank you. Anyone with a question request you to raise your hand and we love you to take it. The next question is from Vineet Agrawal. Vineet, please go ahead.
- **Mr. Vineet Agrawal – Shareholder:**
- Yeah. Hello Sir. Sir, I just wanted to understand, can you provide us any flavor on the realization for acrylamide liquid during the quarter as well as the recently launched acrylamide powder, as well as NMA?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Yeah, okay. So, I believe Ambarish had shared that on the presentation. If you can just share that screen again.
- **Mr. Ambarish Daga – Joint CFO & Investor Relations Officer, Black Rose Industries Limited:**
- One second, I'll just share it.
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- Yeah, just share that screen. So, just to let you know if you look at the September quarter - September month sorry - the September month the average realization was approximately ₹80 on the acrylamide liquid. Now, the realization again depends on the ratio between exports and domestic because the export realizations are somewhat sometimes higher than the domestic realizations. So, if you see for example in August you see a rise in the realization, the August bar chart shows you a rise that is mainly because there were more exports in that month or it would be because there were more contractual buyers whose material was shipped out during that month. So, the contract pricing of acrylamide is currently higher than the spot prices. So, again it depends on the balance between the two in that particular month, but our average price realization for this quarter will be lower than the average price realization in the previous quarter, but that's generally because of the fall in the raw material prices.
- **Mr. Vineet Agrawal – Shareholder:**
- Okay. And Sir in your presentation you have you have said that acrylonitrile prices are down to US dollars, \$1,480 per metric tons during Q2, so how is the scenario right now, is it still falling? How much it is now?

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- So, right now it's around the same range. There is the -- what we have mentioned is the current scenario only. So, the current scenario is at \$1,480 approximate levels. The Chinese prices are higher by about \$100 per ton, so currently the Indian market price of acrylonitrile would be the lowest in the world right now.
- **Mr. Vineet Agrawal – Shareholder:**
- Sir, how much was it in Q2, average price?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- As you see on the screen, see there are two indexes for acrylonitrile. There is one index known as the IHS index and the other index known as ICIS index. So, typically there's a difference between the two, so you can see that the range in July was between 1,650 to 1,750. Then in August was between 1,475 to 1,655. Then in September was between basically around \$1,500. So, that's been the trend of the acrylonitrile international prices.
- **Mr. Vineet Agrawal – Shareholder:**
- Sir, could you please explain I mean what is IHS acrylonitrile and ICIS acrylonitrile that I could not understand?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- These are different indexes. There are different publications, different companies, which monitor the prices of acrylonitrile, global prices of acrylonitrile, so these are different indexes which are generally used in our industry. IHS is a particular agency, ICIS is another agency.
- **Mr. Vineet Agrawal – Shareholder:**
- Okay. Sir, how was the trend in NMA?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- NMA, the product prices do not vary much. They are generally constant. There is no change in the prices of NMA. NMA is not -- NMA prices do not move with the raw material prices very much. They're quite -- they're a very specialty product made by very few companies in the world.
- **Mr. Vineet Agrawal – Shareholder:**
- Okay and Sir you are saying that business scenario has started improving, so do we expect to beat this H2 vis-à-vis last H2?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- I don't have the H1, I don't have the total H2 figure right in front of me right now, but I can tell you that yes quarter-on-quarter definitely we will be beating the last quarter figures and we will be beating the first quarter figures as well in this quarter. So, Q3 will be higher than Q1 and Q2.
- **Mr. Vineet Agrawal – Shareholder:**
- Okay Sir. And Sir, coming to the margins front, we have taken a big hit in margin roughly around EBITDA margin is to the tune of 5%, so which was the segment which has taken the most hit in manufacturing, I mean if I divide it in acrylamide, PAM, and acrylamide also into liquid and solid?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- I don't have it with so much detail, but the hit was felt across the entire segment. I don't have it in front of me right now divided in that session.
- **Mr. Vineet Agrawal – Shareholder:**
- okay and Sir, generally overall EBITDA margin, which we are doing is around 11% to 12%, so do you see it achieving in H2 again or we will fall short of that?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- So, if you see in my last Webinar, I had forecasted the EBITDA margin to be between 5% to 7% for Q2 and we were at around 5%. In Q3, I'm expecting these numbers to improve, but I don't have an exact number that I can give you.
- **Mr. Vineet Agrawal – Shareholder:**
- Okay, okay, and Sir my last question, you said you are interested in something bio-renewables, can you please throw some more light on that?
- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**
- So, bio-renewables are basically -- bio-renewable technologies are basically technologies where the raw materials that you use are renewable in nature. So, for example, if you are making product X and the product X is currently made with certain petrochemical feedstocks, now petrochemicals are not considered renewable, there is a finite quantity of petrochemicals available in the world. Now, instead of using a petrochemical feedstock, if you're able to use let's say a plant-based feedstock, that plant is a renewable thing. You can always plant that plant again and it will grow okay so that is what we call as a bio-renewable feedstock. So, there are a lot of chemistries which are now being developed globally, which are trying to replace petrochemical feedstocks with such type of bio-renewable feedstocks. What that does is, #1, it helps to reduce the carbon footprint, it helps to make the product more sustainable, and a lot of companies globally especially with countries all having you know signed up for this zero net carbon and various other types of what do you call them targets, a lot of the companies are now seriously

looking at how they can reduce their dependency on such type of petrochemical feedstocks. So, this is a very fast moving and a very exciting field and India being also very large agricultural base, there is a lot of potential for some of these technologies to actually be brought to India, where the feedstocks can also be grown in India and utilized to make various types of finished products. So, that's what we call bio-renewable technologies.

- **Mr. Vineet Agrawal – Shareholder:**

- Okay Sir. Thank you. That's all from me.

- **Moderator:**

- Thank you, Vineet. Anyone with a question, please raise your hand. We have a question from Manish Yadav. Manish, please go ahead.

- **Mr. Manish Yadav – Shareholder:**

- Hello, hello, am I audible?

- **Moderator:**

- Yes, you are. Please go ahead.

- **Mr. Manish Yadav – Shareholder:**

- Thank you, for the opportunity. Sir, there are few questions from my side. The first one is about the Morbi cluster. Sir do you have any update about the Morbi cluster and second one is about Sir whom do we supply our BRIL bind, to the organized players or both, the unorganized and organized and third one is about Sir can you name few of the organized players whom do we supply BRIL bind, that's all Sir?

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- Your question is about BRIL bind or BRIL mild.

- **Mr. Manish Yadav – Shareholder:**

- Bind, ceramic binder Sir.

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- Okay, okay. So, the Morbi cluster, now the companies have basically started their operations from the second-half of September, most of the plants have started operating. So, the demand has started to come back as they were before the shutdown. So, we have an entire -- we have a full-fledged sales team, we have a warehouse, we have an entire infrastructure already developed in Morbi to take care of all the customer demand over there. In terms of customers, if you see Morbi, the Morbi market is largely dominated by many smaller players of ceramic tiles, who

basically work not only for their own product, but also as OEM's for various of the brands also. So, we do supply material to some of the larger brands, but we also supply -- the majority of our product goes into the customers who are manufacturing tiles on their own account or for the exports or as OEM's to other large brands.

- **Mr. Manish Yadav – Shareholder:**

- Okay, okay, got it Sir and Sir my last question is about the CapEx plan. Sir, what is the CapEx guidance for the next year?

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- So, CapEx, the major remaining CapEx that we are looking at is on the polyacrylamide solid side of the business, which we expect to complete by the second-half of FY24.

- **Mr. Manish Yadav – Shareholder:**

- Okay. Thank you, Sir. Thank you.

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- Thank you.

- **Moderator:**

- Thank you, Manish. Anyone with a question, please raise your hand, we'll unmute you take it forward. Friends anyone with a question, please go ahead. Since there are no more questions, I hand the Webinar to Mr. Jatia for his closing remarks, Sir.

- **Mr. Anup Jatia – Executive Director, Black Rose Industries Limited:**

- Yes. Thank you, Navinji. Thank you to all the attendees on today's Webinar. We understand the last quarter was not as exciting for many of our investors, but we are all working hard to make sure that things are improving in the coming quarters and we have been seeing the green shoots now. Hopefully, as a company, we are basically hoping that the Chinese COVID zero policy starts to get diluted a little bit, which will help to further increase prices in the Chinese domestic market, which then of course helps to reduce the dumping into India of a lot of their products and we are seeing this, we are seeing the Wuhan has appreciated in the last 10 days. We have also seen prices of some of the commodities in China increasing. We are seeing a lot of talk regarding easing of COVID restrictions in China, so these are all going in the right direction as far as we are concerned. Let's see of course how things finally end up with there are a lot of uncertainties today in the geopolitical scenario whether you talk about Ukraine or whether you talk about other areas as well. So, let's see how things go, but we are quite bullish on the remaining part of the year and we will of course keep updating all of you with our regular updates -- with our regular Webinars and press releases. So, thank you very much for attending today.

- **Moderator:**
- On behalf of all of us at SKP Securities, thank you very much Mr. Jatia and Mr. Daga for taking time out to interact with the investors. We conclude the Webinar out here. Thank you, ladies and gentlemen, have a lovely day. Thank you Anupji. Thank you.
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