



August 11, 2025

<b>The Manager (CRD)</b> <b>The BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400001	<b>The Manager – Listing Department</b> <b>National Stock Exchange of India Ltd</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051
<b>Scrip Code: 530117</b>	<b>Symbol: PRIVISCL</b>

Dear Sir / Madam,

**Ref: Letter dated August 05, 2025, providing Audio link of the Analyst / Investors Meet**

**Sub: Transcript of Analyst/ Investors Meet held on Tuesday, August 05, 2025**

In addition to Audio Link shared via letter dated August 05, 2025, please also find enclosed the transcript of the Analysts/Investors Call on the Audited Standalone and Consolidated Financial Results of Privi Speciality Chemicals Limited for the quarter ended June 30, 2025, held on August 05, 2025.

You are requested to kindly take the same on record.

Thanking you.

Yours Sincerely,  
For **Privi Speciality Chemicals Limited**

**Ashwini Saumil Shah**  
**Company Secretary**

**Encl: As above**



**PRIVI SPECIALITY CHEMICALS LIMITED**

(Formerly known as Fairchem Speciality Limited)

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# “Privi Speciality Chemicals Limited Q1 FY'26 Earnings Conference Call”

**August 05, 2025**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 05th August 2025 will prevail.



**MANAGEMENT: MR. MAHESH BABANI - CHAIRMAN & MANAGING DIRECTOR**  
**MR. R. S. RAJAN – PRESIDENT**  
**MR. NARAYAN S. IYER - CHIEF FINANCIAL OFFICER**  
**MR. SANJEEV PATIL - SENIOR VICE PRESIDENT, STRATEGY**  
**MS. ASHWINI S. SHAH - COMPANY SECRETARY**



*Privi Speciality Chemicals Limited*  
*August 05, 2025*

**Moderator:**

Ladies and gentlemen, good day and welcome to the Privi Speciality Chemicals Limited Q1 FY'26 Earnings Conference Call.

This conference call may contain forward-looking statements about the Company which are based on the beliefs, opinions, and expectations of the Company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this call is being recorded.

Today, from the management side, we have with us Mr. Mahesh Babani – Chairman & Managing Director; Mr. R. S. Rajan – President; Mr. Narayan S. Iyer – Chief Financial Officer; Mr. Sanjeev Patil – Senior Vice President (Strategy); Ms. Ashwini S. Shah – Company Secretary and SGA, Investor Relations Advisor.

With this, I now hand the conference over to Mr. Mahesh Babani – Chairman & Managing Director of Privi Speciality Chemicals. Thank you and over to you, sir.

**Mahesh Babani:**

Thank you. Good evening, everyone. We began the year with healthy growth reaffirming our beliefs. What a mind perceives, a man can achieve. The mindset drives our innovation, resilience and future readiness.

This quarter, we are proud to share that Privi has earned a platinum rating for EcoVadis, placing us in the top 1% globally for ESG performance. This is indeed a very big thing in this world. I think this was our dream we committed last year. This reflects our deep commitment to sustainability and ethical business practices. Thanks to our team's effort across sourcing, manufacturing and energy management. We have also proposed a scheme of amalgamation involving Privi Fine Sciences and Privi Biotechnologies and Privi Specialty Chemicals with your Company. This strategic move will simplify our structure and enhance efficiency and unlock new growth opportunities. This will enable us to achieve our 5,000-1,000 vision, that is Rs. 5,000 crores and Rs. 1,000 crore EBITDA in the next 3-5 years.

Further efforts of the last 10 years in Privi Biotechnologies has significantly intellectual property, which will also convert into a number of patents in the next couple of months. We hope that this will create a lot of intangible wealth for the Company and also pave a way for many more products in the years to come. Or we could even franchise these technologies worldwide. Our products continue to perform well with strong demand across domestic and



*Privi Speciality Chemicals Limited*  
*August 05, 2025*

global markets, reinforcing our position as a trusted partner to leading fragrance houses and FMCG brands.

Looking ahead, our strategy remains clear to continue building a world-class aroma chemical Company on number one position that grows sustainably and delivers value through innovation and precision. Thanks to our employees, customers, bankers, shareholders and stakeholders for your continued trust.

With that, I now invite Mr. Narayan to present the financial highlights of the quarter. Thank you. Narayan, please.

**Narayan S. Iyer:**

Thank you sir. That was a great beginning to this quarter and good evening to all my fellow stakeholders of the Company. It's been a great quarter for us, going ahead rolling over on a great '24-'25 year where we had an AGM just a couple of days ago and reinforcing our position on a sustained growth journey that we have started and we expect to continue this journey going forward.

The quarter gone by has really reinforced our confidence in entire Privi with a steady and sustained growth. With continued operational execution and a favorable product mix, we are confident that Privi is well positioned to sustain healthy growth and deliver robust profit margins going forward in the years to come.

A few recent developments that have happened in the last quarter, which we have been sharing with all of you:

Our products and demand for the same have been good and all our products are working at an optimal capacity. Our plan to expand our production capabilities, which was informed, are on track and we expect this expansion to be completed by March 2026. Several super Speciality Aroma Chemicals have been developed at the lab and pilot levels successfully and which will propel future growth for the Company post the current capacity expansion of the existing products.

Let me give you a few financial highlights:

The Investor Presentation has already been uploaded on the Website and available with the Stock Exchanges. So, a synopsis of the performance for the Quarter 1 of the Financial Year '25-'26 is as follows:

The overall income on a consolidated basis was around Rs. 568 crores, which is a growth of about 22% on a year-on-year basis comparing to the Q1 of Financial Year '24-'25. The EBITDA numbers have been a very healthy Rs. 141 crores, which indicates a 45% growth over the



previous year same quarter. EBITDA margins have been an impressive 24.8% for this quarter and we expect to maintain EBITDA margins at these levels going forward in the near future. This EBITDA margins has also grown substantially as compared to the Q1 of the previous year. Profit after tax on a consolidated basis is about Rs. 61 crores as against Rs. 32 crores, which was delivered and performed in the Q1 of previous year. Overall, our revenue mix continues to be almost on similar lines with exports contributing close to about 70% in this quarter also. So, those were a few highlights on the financial limit.

So, with this I would like to ask the moderator and open the floor for any questions and answers. Over to you, madam.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.

**Garvit Goyal:** Good evening, sir and congrats for a decent set of numbers. My question is on the demand outlook itself, like we are catering to the global demand and looking at the kind of tariff situations we are having. Can you put some color on that like how do you see the outlook in the terms of customer delays or anything like that happening in the near to medium term? Do you anticipate anything like that?

**Sanjeev Patil:** So, as we have said on many occasions, about 70% of our business is contracted. So, in terms of looking at this financial year, we already have 70% and more of business contracted. And the other thing that we always say is that the products that we make are essentially N-12 FMCG products. So, to that extent, whatever happens in the overall economy does not really significantly impact our product demand because every day you will at least take a shower, you will wash your clothes, brush your teeth, so all of that. And therefore, we continue to assume that the growth prospects for our products are stable. On top of that, the region in which we are operating and the nearby countries also, they are going through a whole transformation in terms of consumer demand and demand for FMCG products. So, that also we see as a significant factor which will result in sustained growth for your Company. So, that is where we see. So, we believe that going forward, we have sustained demand. And the other aspect is that whatever products you make are consumed by the F&F industry and within F&F industry, we cater to all the customers who are from number 1 to number 15. And when we make a new product, it has to go to one of these customers only. So, to that extent, our job is easier and that is how we continue to grow and beyond our existing products, beyond the products which are going to come into play, we see that we are going to have demand coming in for a long time to come. In few words, we are extremely positive.

**Garvit Goyal:** And sir, just to follow up on your reply, you mentioned about some regions are going through some transformation in the terms of consumer demand is what you are witnessing. So, can you put some more color on it, like what is driving that, what kind of transformation it is and what



kind of quantum effect do we see because of this kind of transformation? So, that would really help, sir, if you put some color on that.

**Sanjeev Patil:**

Sure. So, as we have said in many of our presentations in person, long time back, maybe 25, 30, 35 years back, a family would probably have one soap. I don't think there was any concept of deodorant then. And now today, we have probably a soap for every person, probably few soaps for every individual in the family. We have deodorants there. We are just in the process of building quarters for our staff members. These are, I would say, officer level staff members. I am just giving an example as to how life is changing. So, one of the requirement that has come about is that every person will have washing machine. Go back, 20 years back and having a washing machine was only a rich guy's prerogative. So, that is what is changing, you know. And that is happening in the fastest growing economy in the world, which is India. And similar things are happening in the countries around us and also in China. This is where we see a significant advantage because we have local presence and there will be local manufacturing facilities. So, that's how we see a significant growth here. We believe that the demand for our products globally grow by about GDP plus maybe 1% or 2%. But within India, it would grow by between 8% to 10% and somewhere there. That's what we believe. That's the potential of our products. And as I said, when we introduce new products, the other important thing that you must understand is, when we introduce new product, we have to only get the share of, wallet of the same customer. So, let's say we introduced Galaxmusk about 3 years back, we were the last one to enter this chemistry. But because of our sustainability practices, because of being very competitive and being very state of the art plant, we are very, very competitive and that's how we are now able to get, put our plant to almost 85% to 90% usage. So, that's the way Privi operates.

**Garvit Goyal:**

Understood sir. And one more thing I want to understand, like you mentioned, because of the necessity, our product demand will always be irrespective of the tariff situation. But do you see any likely impact on margins because of this?

**Sanjeev Patil:**

Yes. So, one thing is that, our export to US is only about 7% of our overall revenue. So, to that extent, know, let us say in case of tariff situation also, we do not really foresee a significant impact on our margins because it's only 7% of our overall revenue. And obviously, some of the increase would be borne by the customers there. I mean, all the economists in the world are talking about that there will be inflation in the US. Some would be borne by our F&F partners and some would be borne by us. So, our impact would be fairly limited.

**Garvit Goyal:**

Got it. And the guidance for this year is intact, right? 20% growth?

**Sanjeev Patil:**

Yes, that's true. 20% growth has been our past and that is how our future will also look for sure..

**Garvit Goyal:**

Got it, Thank you very much, sir. And all the best for the future. Thank you.



- Sanjeev Patil:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Vivek Gautam from GS Investment. Please go ahead.
- Vivek Gautam:** Yes, sir. Congratulations on good set of numbers. So, are we facing some sort of capacity constraint so that the numbers which we got in the last quarter may not be sustainable in the coming quarters? And same could be the case of peak margin sort of also which we are facing?
- Narayan S. Iyer:** Hi, good evening. Narayan here. No, not at all. It is not that there is any constraint on the production capacities. Historically, the first quarter for our Company always remains the lowest. And as you go from second quarter, third quarter, you will see that the revenue and the quantum also going up. Don't ask me why, but it has been historically that it is in fact. And we expect that with all the expansion and the augmentation that we have taken place, the de-bottlenecking that we have done, the capacities will keep increasing. As you are aware, we have highlighted that there is an increase in the capacity, so that is also being taken care of. And you will see both volume as well as the revenue going up. Mahesh bhai wants to add something to it.
- Mahesh Babani:** In short, we have converted our plants into continuous plants and we see capacity augmentation because of that effect. And in fact, if you see our margins improvement is also because of that. One continues, the same plant continues with little augment, you get lot of augmentation by changing the plant continuous. And you also get automation. So, less team, less labor and more production. That is what we have done in the last few months or maybe nine months. And that is seeing the color from last quarter and this quarter will be, I think it will be quite better than the past ones. In the coming quarters, will be much better.
- Vivek Gautam:** Okay, sir. And sir, can you just highlight the Company's USPs and the differentiating factors versus the competition and which you have evolved and because you have got a very good client list and what has helped you come to that level and how is the potential over there also for further penetration there and the new plants as well, sir. Thank you.
- Sanjeev Patil:** So, it would be a long answer because it is actually efforts of Mr. Babani for last two decades. But to give you point wise answer in few snippets, the first and foremost is that we are a sustainable Company. Chemical Company, which is zero liquid discharge, we are large chemical Company and we are zero liquid discharge. So, in terms of ESG goals, as they say, we are right there at the top. We have platinum rating in terms of EcoVadis. Having said these two things, the other thing is that we are in for about two-third of our products, almost 70% of our products, we are fully backward integrated, which make us extremely competitive in terms of cost factor. And we never had any quality failures, in the last two decades, in fact from the start of the Company. That, all the products that we make, they are also approved by olfactory sensors and we have a team which works on that. So, we never had any quality failures. So, why wouldn't a



customer prefer to buy from us, when they are looking to buy significant quantities of products that we make, they always want to have a supplier whom they can depend on and who is competitive, doesn't have to be L1, but he can be L2 or L3, not the lowest one, but one who is very, very dependable. So, that's what we stand. We are honored all our contracts in thick and thin. So, that's what has given a huge amount of edge to Privi.

**Vivek Gautam:**

Okay, sir. I am basically new to your Company, sir. We simply invested, so don't mind the question. So, I was just thinking of searching about Mr. Babani. He's coming from a real estate background and not an engineering background, commerce background. Still, he has been able to build up this Company at such a level. How come and what helped him and how has, if you can highlight the investment journey on his and also about the second generation or the next generation who is there, because that is also very important for all the investors.

**Mahesh Babani:**

So, we have team of great professionals who are committed to us. In fact, I would say, I would have the best team in the industry or in this chemical trade and we have undoubtedly faith in them. And that's how we could do it in a running plant expansion, because they know every nook and corner, what safety is, because converting a Company into continuous production is probably the toughest goal. One can plan a new one very easily, but convert the present one into continuous is probably the biggest challenge. Secondly, you said about the succession plan, we have groomed at least 15 new professionals, not 15, existing professionals below the age of 40 right now. In next couple of years, they will be groomed. They have been sent to the best business schools like International School of Hyderabad, IIM Ahmedabad and several others. Two of my colleagues are also going to Harvard for training. So, we are grooming a team which will convert this into a totally professionally managed organization in the next three to five years max. And till then, I'm also not going to get old, I'm getting younger, but by energy, I don't know how, God gives energy when you plan right. So, we are not so worried. We have a great set of people managing the business.

**Vivek Gautam:**

And what attracted you to such a niche sector, sir? Coming from basically a commerce background, how come you landed up in here?

**Mahesh Babani:**

You see, the risk factor was in the initial first 10 years. I felt always challenged or for the next five years also it was a challenge. In the last five to seven years, I feel there's no better business than Speciality Chemicals. There's no risk factor. We are a Company now with all risks set aside. Maybe risk is part of every life, but I'm saying we are on an excellent journey. That's all I can say in a few words.

**Vivek Gautam:**

Thank you, sir. Thank you very much. Keep up the good work.

**Mahesh Babani:**

Thank you.



- Moderator:** Thank you. The next question comes from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.
- Rohit Sinha:** Thank you for taking my questions. And congratulations for the good set of numbers. So, sir, first question is, if you can give a brief break up on value and volume growth, which we have got in this quarter. As I think from last few quarters, we have been getting a benefit of price increase, which we have taken during contract revisions. So, one is on that and any specific product which has contributed to higher margin in this quarter or it's just I mean, raw material benefit gains?
- Narayan S. Iyer:** Hi, good evening. Well, as indicated in our couple of quarters, we have stopped giving the quantitative information and we continue to do so in order to keep some of these in-house secrets within the Company. Second, there has been a growth, definitely a growth in terms of the revenue we have indicated and we continue to grow broadly. What we have indicated at the beginning of the year is about a 20% growth, which is consisting of both volume as well as value. And this quarter also, it is a culmination of both volume as well as value as compared to the previous year's same quarter. First quarter for our Company always remains the lowest of all the four quarters. Having said that, this quarter, there is no such individual product which has contributed more or less. It is a culmination of all the factors together because at the end of the day, on a very lighter note, if I just talk about any blend that a perfumer has to make, he can't isolate one particular product to the other. He will require a basket of all the products. So, only if all the basket of products are there, finally the aroma chemicals can be sold around and which you and I consume. So, that continues to remain so, sir.
- Mahesh Babani:** Lastly, I would also say that the efficiency improvement has been of great use while converting our plants to continuous, which is giving the profitability and not the price increase. Price increase, rather I would say we are lower on price compared to last year, but yet better profitability, to be honest.
- Rohit Sinha:** Okay, got it. Secondly, on the Camphor side, we were also working on pharma grade camphor products, if I am not wrong. So, where we have progressed in that and what's the outlook there?
- Narayan S. Iyer:** Camphor, we are doing extremely well and when there is so much of demand locally, we have no place for any other Camphor to be sold. So, our focus, but as you know, it takes some time when you have to enter into pharma grade. So, very shortly, things progress, various studies are going around and I believe that should also click around. But our capacities are doing very well with regard to the entire Camphor plant.
- Rohit Sinha:** Okay, great. And lastly, sir, if you can just highlight the contribution from the JV side in this quarter and probably the guidance for this year, if at all possible?



- Sanjeev Patil:** On the joint venture, you see, it's like this. We are working with the largest F&F Company globally and understand that these are extremely specialized proprietary molecules. So, quality standards are extremely high. Also, in terms of logistic, it takes some time between we to do a batch and then getting some approval. So it is taking a bit, some amount of time, but it is on course in terms of number of products and in the coming time, we will see there is a term called AWAC, wherein the product gets approved. So, it takes some amount of time for products to really move through, but the traction is very good. And we will see this year, this quarter actually, since it is in a very nascent stage, it is yet to break even. But in the year to come, it will do more than that. And there will be growth also. We are also contemplating a bigger growth going forward in the same joint venture.
- Mahesh Babani:** So, I will tell you the protocols are very severe to supply to the fine products that we are making, because several are going to flavor and several are going to very high value perfume. So, the protocols are very severe. So, we hope that this will, we are not hoping, we are sure it will become better, but it is a slow process. As a Company got this, you know, they have some systems where we have to qualify internally also, though it may be a joint venture, they treat it as a separate entity. So, we have to live with those systems. And we are confident in coming year this will be a great success. In fact, to be honest, they are talking about expansion, today we have done only one, we are talking about 1.1, 1.5 and 2. They have already planned three more expansions, where they are wanting to pump in as a debt. So, we have requested them for a lower price debt and rework the debt. So, we are in constant talks with them. Long term prospects are par excellence. At the moment, we do face challenges because of, it is a huge, huge project and the turnover ratio is pretty low compared to the size of the investment.
- Sanjeev Patil:** But it is a great learning process for our technical team because these are really complex molecules, you know.
- Rohit Sinha:** Okay. So, I guess for the year also, it would be less than Rs. 100 crores kind of contribution or less than 50?
- Narayan S. Iyer:** Yes. That is correct.
- Rohit Sinha:** Got it. That is it from my side. I will come back in queue and best of luck.
- Mahesh Babani:** Thank you, Rohit.
- Sanjeev Patil:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Shreya from Oaklane Capital Management, LLP. Please go ahead.



- Shreya:** Thank you for the question. So, my question is in line with our long-term vision that when you have said that no single product could contribute 10% of our overall EBITDA by FY'29. So, could you elaborate on this program? In the current quarter, specifically how has the contribution from the higher margin products like Galaxmusk and other recently commercialized molecules?
- Sanjeev Patil:** Okay. So, we have a favorite phrase in Privi. It is called as teamwork makes dream works. So, it is not that one product contributes everything. It is all the products together is what the story is and please do not request us to give any further details than these because these are proprietary information. So, all the products together do contribute for the growth and do not get put up by one particular quarter. Our dream is and our plans are already in place. I would invite you to come to Mahad. You know the projects are taking shape and the traction for 5K, 1K story as our chairman just said in the beginning between the next 3 to 4 years is in place and the products are identified, the technologies are in place. In many products we are at the lab to pilot scale and that is how we see the growth happening for sure and I think almost all the products we already are in constant touch with our customers which is what will lead to commercialization of these products very quickly as what happened in Galaxmusk and other products also as soon as we get those into production. That is what it stands.
- Moderator:** Your audio is breaking. Please join back the queue.
- Sanjeev Patil:** We are on track. You can assume that we are on track.
- Shreya:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Manan Madlani from Kamayakya Wealth Management. Please go ahead.
- Manan Madlani:** Hi sir. Thanks for the opportunity. So, my first question is over the years our gross margins were in the range of earlier 40% to 45%. Now we are shifting towards 48-49-50%. So, is it safe to assume that we will be in the range of at least 45% to 50% in terms of gross margin for the next two years?
- Narayan S. Iyer:** Manan, what you are talking about is the raw material front and it is not the gross margin level. So, let me correct you here. I understand that certain investors look at RMC and say that is the gross margin. So, to answer your question, the RMC front will remain at these levels what you are seeing even going forward in a few couple of years as we can see and foresee ourselves. And we expect to grow on some of the costs on account of the debottlenecking and augmentation and continuous process and some of the savings on the utility cost whether it is the solar power, better efficiencies and all and that is how the EBITDA margins will continue to improve.



**Mahesh Babani:** See, our business is based on north of 20% EBITDA margins. I am not saying that even if RMC may go on, go up for some products that we introduced. But when north of 20% EBITDA will always be our guideline.

**Manan Madlani:** Okay, fair enough. And sir, second question is on a Privi Fine Sciences. So, earlier if I recall one year ago, you mentioned somewhere around Rs. 800 crore of CAPEX for two units. First unit Rs. 300 crores CAPEX, second unit Rs. 500 crores in which we will get 2x of asset turnover and similar range of EBITDA margin that Privi Speciality we are having. I can see from the press release Rs. 300 crores of roughly the fixed asset we are having. So, if I do the back calculation, like we need Rs. 500 crores of CAPEX in the Privi Fine Sciences. So, could you please throw some color on that, like what is the vision for next 2 to 3 years and what is the potential from that Company?

**Mahesh Babani:** So, like I said in my opening speech that we are confident of making this into a Rs. 5,000 crore Company together. That means Rs. 3.5-4 crore will be from Privi and about Rs. 1,000 to 1,200 will come from Privi Fine Science. We have done a great amount of CAPEX in Fine Science already and we have a couple of Rs. 100 crores to be added more to CAPEX. Exactly Rs. 400 may be the number, may be a little lower. We don't have the exact, but we are currently investing only in our Lote plant and Privi will invest further. So, in future by end of this year, it will be one balance sheet. So, the consolidated CAPEX I think would not be to go to a level as to be worked up, but it will be really not a highly leveraged Company. We could see a Rs. 5,000 crore revenues in 3 to 4 years for sure with at least a Rs. 1,000 crore EBITDA minimum. Like north of 20%, it can be Rs. 1,050 crores, it can be Rs. 1,100 crores, Rs. 1,020 crores that will surely maintain. That's our guidelines, we have within our internal committee.

**Sanjeev Patil:** And the reason why the merger was now was that the products that we are working on in Lote as well as what will happen in Gujarat also, are at the stage at which they can be capitalized. Some of these products would be made first time by the route that we are making which is a renewable route and they would be game changing kind of products and we have advanced substantially in those areas. So, therefore, in terms of revenue growth as well as the margins there, as Mr. Babani just now said, we are on track there.

**Manan Madlani:** So, this CAPEX, this will be done through internal accrual plus debt or some level of equity infusion we might see?

**Narayan S. Iyer:** It will be a base, a mix of everything. You know, equity is expensive and that is the reason. So, seeing our cash accrual that we are doing and the internal accruals that we are generating, I believe most likely it will happen on a debt and an internal accrual combination, because this CAPEX that we are looking at to achieve a 5K, 1K number is over the next 2 to 3 years period and we will take the call as it goes around. But it's going to be internal accrual and debt from the banks.



- Manan Madlani:** Okay. And lastly, sir, one suggestion. I understand due to a fair reason, we are not sharing the volume for individual product, but some level of volume data would really help us, like at least give us a commodity, I mean, not commodity, but our core products, phenol plus pinene and second segment, you can give like all the other products. It would help us in understanding future growth.
- Mahesh Babani:** I request you, since you are an esteemed shareholder of mine, it's in your interest not to reveal this secrecy of ours.
- Narayan S. Iyer:** Manan, I thank you for the very good report that you have actually shared around, but honestly speaking, I may not be able to share much further details on the quantitative aspect. I'm sorry for that.
- Manan Madlani:** Okay. Fair enough. Thanks a lot. That's it from my side. I wish you all the best.
- Narayan S. Iyer:** Thank you, Manan. Looking forward to meet you.
- Manan Madlani:** Okay, sir.
- Moderator:** Thank you. The next question comes from the line of Vignesh Iyer from Sequent Investment. Please go ahead.
- Vignesh Iyer:** Congratulations, sir, on a great set of numbers. Just one question from my side. I wanted to understand what is the net working capital days for this quarter, as of the end of this quarter?
- Narayan S. Iyer:** It's about 140 odd days.
- Vignesh Iyer:** Okay. And we would be maintaining this number around this 135-140 days, because for the last two years...
- Narayan S. Iyer:** Sorry, Vignesh. We'll be bringing it down. Our zeal is to get it down to 120-125 days, and we'll work towards it.
- Vignesh Iyer:** Okay. Fair enough. That's all from my side. Thank you.
- Narayan S. Iyer:** Thank you, Vignesh.
- Moderator:** Thank you. The next question comes from the line of Dhara Ganatra from Value Quest. Please go ahead.



**Dhara Ganatra:** Thank you for taking my question. So, just coming back to the gross margin question. So, apart from what you've mentioned about capacity augmentation-related benefits, what are the other drivers for the gross margin expansion that you've seen from almost 44% to 50% now?

**Narayan S. Iyer:** Okay. Basically, as you are aware, a few quarters ago, we had stated that we have been manufacturing certain speciality products from the by-product streams and by-products of some of our products. Like, for instance, from Galaxmusk, a few such products. Then, CST by-products, we have started converting and making value-added products like 1,4-Cineol, 1,8-Cineol, Terpinen-4-ol, all this Limonene, DDTO. So, these products, what used to be sold at much lower price than the price of a furnace oil or as a by-product. They have started churning and giving us good margins on this. So, this is one part of the increase on the speciality products using the by-products and by-streams. And secondly, as indicated, a lot of savings on the utilities and internal churning and with the production capacity is completely being utilized. Your fixed cost gets spread over and that's how these margins have been improving and we expect, we expected this in the past and we are working towards it. And with that, as our Chairman happened to indicate that with all this de-bottlenecking that we have done, you are able to see it and now we are believing that our EBITDA margins will continue to remain at this upwards of 20%, which we have demonstrated it over the last 10 quarters. Thank you.

**Dhara Ganatra:** I had another question as well, which was more on the CAPEX plan that we have. One is investment towards Privi Fine Sciences and second is increasing the capacity from 48,000 tons to 54,000 tons. So, if you can help us break the number for the CAPEX that's planned for the next few years.

**Narayan S. Iyer:** Okay. In order to achieve a vision of 5K-1K, broadly as indicated in our last call also, there is an overall CAPEX of about Rs. 1,100 crores, we expect. The first phase we have started with a CAPEX amount of about close to 280 crores to 300 crores. So, that is on and this is what we have also indicated in our presentation, which has been uploaded and I believe you would have seen that also. So, this is on track and some of the expansions have started giving results or will start giving the results from this second quarter, the next couple of months and more so from the third. The entire phase one should be completed by this year-end, which will enable us to maintain that 20% growth even in the next couple of years. And meanwhile, as we keep talking about, with regard to various new products that we have talked about on the phase II, phase III, we have already made applications for the EC, that is environment clearances, etc., wherever it is applicable, because these are new products and that will take some time. So, parallelly what we have done, as you are aware that in India, sometimes EC permissions and all may take some time. So, we have gone with the first phase of expansion parallelly looking at the expansion of the phase two, somewhere around from second, third quarter of this year, get those permissions, which will enable our Company, your Company to maintain the 20% plus growth for the next 3 to 5 years for us to work and achieve the 5K-1K vision.



- Dhara Ganatra:** Sure, sir. And the last one that I had is more from Privi Fine Sciences pipeline. If you could throw some more light on what kind of products are we looking at there?
- Sanjeev Patil:** So, one of the key products that we are working on is called as cyclopentanol, which is currently available in the market from petroleum source, we will be making it from renewable source from almost the west, and that is a huge product which has applications in aroma chemicals as well as applications into pharma industries, plus also application in the electronic chip industry. So, that is a major product that we are working on. We are also working on other products at Lote facility. So, that is what we have done wherein we make flavors which are used in making toothpaste and all that. So, those are the kind of products that we have. So, that is to give you some color about these products, which have been planned for the next three years.
- Dhara Ganatra:** Sure. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Kush Shah from Niveshaay Investment Advisory. Please go ahead.
- Kush Shah:** Hi, my first question would be that you had mentioned earlier that you will be manufacturing the product for Colgate. So, can you provide us the details that what would be the additional capacity, what would be the revenue and the margins after catering to the Colgate?
- Mahesh Babani:** Kush, could you repeat which product you talked about? Because there was some sound behind you and it got completely subsided at that.
- Kush Shah:** So, earlier you had mentioned in AGM that you will be manufacturing a product for Colgate. So, can you provide us the details that how much would be the additional capacity and what would be the revenue and margins further after catering to Colgate?
- Narayan S. Iyer:** Well, I am not going to talk about as to how much is going to be the quantity and all. That is the same product that Sanjeev just now stated. So, the question asked by Sahana with regard to the product manufactured in PFSPL, so, one of the product is a product known as anethole which is being used in various toothpaste etc. So, that definitely we are on track and we should be selling it going forward very shortly.
- Kush Shah:** Okay, thank you. And my second question would be, you had also mentioned that in upcoming 3 to 4 years, you will be doing Rs. 5,000 crore revenue and around Rs. 1,000 crore EBITDA which would imply around 20% margin for the Company, for our Company. And now roughly we are doing a Rs. 450 crore EBITDA. So, it is around 22% EBITDA margin. So, is it the margin would be sustainable in the coming 3 to 4 years, 20 to 22% around?



- Narayan S. Iyer:** Yes, we have been stating that and indicating and as you also heard our Chairman mention that we expect to maintain and manage the so-called margins that we have achieved.
- Kush Shah:** Okay, thank you so much.
- Mahesh Babani:** Sir, we are committed to it. Of course, world goes we will do better. But if there are challenges, we will come back to you. I don't think so there are challenges. We don't see no challenges.
- Kush Shah:** Okay. One more question. Last question would be the Camphor US FDA site. Which guys are you selling, to whom you are selling and what would be the uptick from major players?
- Narayan S. Iyer:** Hello, I think I already answered it to an earlier question. There is so much of demand domestically that our plates are full. We have not been able to cater to the overseas thing. However, the feasibility studies are on. As and when it finishes and I believe we should be in a position to start catering to the overseas market.
- Kush Shah:** Okay, thank you so much. Thank you. That is from my side.
- Moderator:** Thank you. The next question comes from the line of Nikhil Porwal from Perpetual Capital. Please go ahead.
- Nikhil Porwal:** Hi. Thank you for the opportunity. So again, congrats to the whole team for a great set of performance. I just have one question. Most of them have been answered. So the gross margin expansion roughly year-on-year is around 7%. While, we have seen only 3% of that convert to EBITDA margin expansion. So some light on how do we look at other expenses as a percentage of sales going forward?
- Narayan S. Iyer:** Okay. See, it all depends on the overall product mix that we do. So for that, if you break it up into quarterly, you may see one to the other happening around. Otherwise, prima facie over the last two years, our gross margin that is the RMC front that you're trying to talk about has been in that level of about 55% to 57% or so, which with various augmentation and process evaluation, we have been able to bring it to between 53% and 55%. So this, I expect the momentum to be continued and will remain at this levels going forward also. With regard to some of the other expenses that has happened around, you are aware there has been savings on account of various utility expenses, which has also led to a 100 basis to 200 basis point on the overall EBITDA margin. Last year, there was an increase in the selling and distribution expenses prima facie because of various stoppages on the US ports, whereby we had to ship quite a few quantity and this was also addressed by us in some of our investor calls and more so specifically in our March call. And this led to an increase in the selling and distribution expenses. So we broadly expect that expenses over a larger base will come down going forward also.



- Nikhil Porwal:** Okay. And the second two is a particular product, Prionyl, anything on how has that scaled up since you started the plant three years ago? And how do you look at the demand for the product even you have a competition that is coming up with a plan for the similar product?
- Sanjeev Patil:** First and foremost, we have a unique process, because it is a green process as compared to what other fellow manufacturers are doing. So, we are unique process in doing that, number one. Number two, we also have economies of scale in terms of it being located within Mahad and resulting in lower cost. So, that is how we see that we will be able to withstand the competition and also excel it. Last and most important thing is the quality that we make is also among the best or I would say rather the very best in industry, which is what is helping us in surviving there and also thriving. That is how we expanded the capacity of Prionyl.
- Narayan S. Iyer:** So, Nikhil, we are on track. We have increased the capacity also to answer your very first phase of the question.
- Nikhil Porwal:** Okay. Good to hear that. Thank you and all the best.
- Narayan S. Iyer:** Thank you, Nikhil.
- Moderator:** Thank you. The next question comes from the line of Vikram, an Individual Investor. Please go ahead.
- Vikram:** Yes, good afternoon and thank you for the opportunity. I just had a couple of questions. One is with regard to the float in terms of your equity. Do you think it is a good idea to look at a split or some other way to increase liquidity given the promoter share being as high as it is and the float being so low? And the second question also related to equity is, I see disclosures that the promoters have sold some shares recently. Just wanted to understand the rationale and if there is anything else coming along on the line? Thank you.
- Sanjeev Patil:** So, to answer the first question, it is a good idea and we are thinking about it because we want overall participation from almost every individual and to benefit from previous growth. That is about the first question. The second question, Mr. Rao is now over 80 and at some point of time in life, one has to capitalize on whatever he has, all the efforts that he has put in. So, that is where it stands and all that he has sold is only a fraction of what he owns its about 3.5% to 4%. So that is where he stands. He is at age, commitment to children, family and all of that. So, that is where it stands.
- Mahesh Babani:** But we will surely look at a split like you suggested, but we are currently, there is a lot of requests come from certain, we also want to consider this maybe in coming times.
- Vikram:** Got it. Thank you.



*Privi Speciality Chemicals Limited*  
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**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we will take this as the last question for today. I would now like to hand the conference over to the management for closing comments.

**Narayan S. Iyer:** Thank you everyone of you for joining this earnings call of Privi Speciality Chemicals Limited. It is always great to address to you, to speak to you, to be amongst you and we definitely appreciate your time and the interest shown in our Company. For any further queries that you have or any additional questions that you want to, you can always get in touch with us at the Privi team or the SGA team and from the management side and from all the senior management side, here on behalf of Privi team, we thank you and look forward to meet all of you over the next call. Thank you very much.

**Mahesh Babani:** Thank you.

**Sanjeev Patil:** Thank you.

**Moderator:** Thank you. On behalf of Privi Speciality Chemicals Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your line.