Privi SpecialityChem

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Operator: Ladies and gentlemen, good day and welcome to the Privi Speciality Chemicals Limited Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

From the management, we have with us Mr. Mahesh Babani, Chairman and Managing Director of the company; Mr. RS Rajan, President of the company; Mr. Narayan S Iyer, Chief Financial Officer of the company; Mr. Sanjiv Patil, Executive Vice President, Strategy and Biotechnology; and Ms. Ashwini Shah, Company Secretary and Compliance Officer.

Before we begin the conference call, I would like to mention that some of the statements made during the course of today's conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this conference call. These statements are not guarantees of future performance and may involve risks and uncertainties that are difficult to predict.

I would now like to hand the conference over to Mr. Mahesh Babani, Chairman and Managing Director of Privi Speciality Chemicals. Thank you, and over to you, sir.

Mahesh Babani: Thank you. Good afternoon, everyone, and thank you for joining Privi Speciality Chemicals' FY27 earnings conference call. FY27 marks another important year in Privi's growth journey. Our focus remains on executing the expansion roadmap currently underway, strengthening our specialty product portfolio, and further building on the long-standing relationships with our customers across the globe.

The first quarter reflects a very positive start to the year. Our business continues to benefit from the confidence that global customers place in Privi's manufacturing capabilities and our ability to consistently deliver high-quality products. These enduring customer relationships remain one of our key strengths and continue to support our growth across existing products and new business opportunities.

With that, I will now request Sanjiv to take you through the operational highlights of the quarter.

Sanjiv Patil: Thank you, sir. Good afternoon, everyone. Q1 FY27 has been an encouraging start to the year. During the quarter, the company reported revenue of {? Rs.666 crores ?}, reflecting growth of {? 19.22% ?} year-on-year, supported by healthy demand across both domestic and international markets.

Despite adverse global headwinds, demand across the fragrance and flavor value chain remained healthy during the quarter. Global customers continue to focus on supply chain diversification and dependable sourcing, while premiumization and innovation across end-to-end use categories continue to support demand for specialty aroma ingredients. These structural trends continue to create opportunities for companies with differentiated manufacturing capabilities, diversified sourcing, and strong execution capabilities like our company.

Operationally, we continued to execute our expansion roadmap during the quarter. Our balanced manufacturing base, together with our sourcing flexibility across both processed intermediates and imported raw materials, remained an important competitive advantage, enabling us to optimize raw material procurement while ensuring reliable supplies to our global customer base.

Our product development pipeline also continues to progress well. We are advancing several high-value specialty molecules, including Maltol, Ethyl Maltol, Green Acetate, Musk-G, as we call it, and Cyclopentanone. Further, our long-term roadmap envisages the introduction of 10 advanced specialty products as part of our phase two and phase three expansion program.

The joint venture, Prithvi, also continued to make steady progress during the quarter. Following the achievement of profitability in Q4 FY26, we remain focused on scaling the business further, supported by planned capacity additions through the infusion of additional equity and the further development of high-value specialty molecules.

Operationally, our supply chain remains stable despite the evolving global geopolitical environment. Our diversified sourcing strategy, particularly our backward integration into fine chemistry and global raw material procurement network, continues to provide resilience and flexibility in managing input volatility and customer deliveries. This has enabled us to consistently meet customer requirements across key markets.

Looking ahead, our focus remains on disciplined execution of the ongoing expansion program, progressing the specialty product pipeline, and further enhancing our position as a preferred global partner in aroma and specialty chemicals.

With that, I now hand over to Mr. Narayan Iyer, our CFO, for further insights on financial performance. Thank you.

Narayan S Iyer: Good evening to all. Thank you, Sanjiv, and thank you, Mahesh. A very warm welcome to all of you.

We are pleased to report and start financial year FY27 with strong financial performance delivered in a dynamic and evolving macro environment. Our performance reflects strong execution, disciplined cost management, and continued strength in our diversified product portfolio. Our performance for the quarter highlights our ability to protect profitability across cycles and reinforces our confidence in the structural strength of our operations and the organization.

The key highlights for the quarter that has gone by are as follows. We reported strong growth despite subdued markets. Revenue growth of {? 19.22% ?} was reported during the quarter on a year-on-year basis. We have delivered margins of around 25% consistently across the last 9 quarters.

The EBITDA margins are expected to sustain at 20% plus, driven by operational efficiencies, an improved product mix, and increased capacities coming forward in the near future and in the coming year. Our JV with Prithvi is progressing as expected, and we expect meaningful contributions to continue coming through.

On the capex front, as Sanjiv mentioned, phase one of our production capacity expansion is progressing as planned and is expected to be commercialized shortly. This will increase our production capacity from 48,000 to 54,000 metric tons across all our existing products.

Phase two of the multi-specialty aroma chemicals project is also progressing as planned. Additionally, during the year, and more so during the quarter, we continued to make progress on the proposed merger of Privi Speciality Chemicals Limited, Privi Fine Fabrics Private Limited, and Privi Biotechnologies Private Limited.

This consolidation is aimed at simplifying the group structure, enhancing operational synergies, improving scalability, and creating a more integrated platform for future growth. You may know that we are pleased to share that the company has filed the scheme with the NCLT after receiving observation letters from both stock exchanges along with their no-objection. This marks an important milestone in the merger process. We expect the merger to be completed in this financial year.

Now, coming to the key financial highlights for Q1 FY27, the total income achieved on a consolidated basis for the quarter was around {? Rs.681.42 crores ?}, indicating growth of {? 20.01% ?} on a year-on-year basis. EBITDA achieved during the same period was {? Rs.167.47 crores ?}, registering growth of {? 18.73% ?} year-on-year. EBITDA margins were around {? 24.58% ?} for the quarter, and we expect EBITDA margins to remain almost similar in the near future, as mentioned.

Profit after tax for the quarter was around {? Rs.83.2 crores ?}, as against {? Rs.61.46 crores ?} achieved in Q1 FY26. The overall growth continues to be driven by volume, price increases, and an improved product mix. This growth was supported by strong demand across key end-user industries and increasing traction in our specialty and value-added product segments.

While input costs remained volatile during the quarter, we continued to focus on operational efficiencies, cost optimization initiatives, and improved capacity utilization, which supported margin resilience. We have been able to bring down manufacturing and other administrative expenses, which has enabled us to improve margins.

Coming to a key balance sheet highlight, we continue to maintain a very prudent capital structure. I am very happy to inform you that, due to excellent management, constant monitoring, and focus, we have been able to bring down our overall working capital cycle during this quarter to {? 108 days ?}, as against {? 141 days ?} in the previous year.

Our net debt as of June 26 was {? Rs.865 crores ?}. This is net of surplus cash deployed in mutual funds, with a net debt-to-EBITDA ratio of {? 1.29 ?}, reflecting our focus on maintaining financial flexibility while supporting growth investments. Our net debt-to-equity ratio was a very sound and healthy {? 0.57 ?}, reflecting good generation of profits. Our ROE and ROCE achieved during the quarter were {? 21.7% ?} and {? 22.72% ?}, respectively.

Looking ahead, we remain confident in our ability to deliver sustainable growth. Our strong balance sheet, robust cash flows, and disciplined capital allocation strategy position us well to capitalize on emerging opportunities while navigating external uncertainties.

With the planned capacity expansion of existing products and the introduction of new specialty products, we have established a clear roadmap and are on track to achieve the vision envisaged by our ordinary and honorable Chairman and Managing Director, Mr. Mahesh Babani. The vision is {? Rs.5,000 crores ?} in revenue and {? Rs.1,000 crores plus ?} of EBITDA over the next 3-4 years, representing growth of about 2x.

With this, I would like to conclude now.

Management: In this particular case, then, in the 5,000-crore roadmap, this is nowhere part of the story. This part of the story will come in the future, after this 5,000-crore level. Biomass production will come in and take effect. So, for the first 2-3 years, this will involve more learning, scaling up, and doing the groundwork for the future beyond 5,000 crores.

Analyst1: Understood. Understood. My last question is whether you could shed some light on whether we benchmark ourselves against peers in terms of process efficiency. That would be very helpful. Thank you.

Management: That is an ongoing process, and we continue to work on it. There is not a single day when it is not reviewed at the highest level. We continue to strive because we have always believed, and have proven, that the value lies within. Therefore, we continue to work every single day on improving the processes, reducing steam costs, and doing all of that. We continue to focus on this.

Analyst1: Thank you very much, sir, for patiently answering my questions, and all the very best. Thank you.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one on your touchtone telephone. Anyone who wishes to ask a question may press star and one on your touchtone telephone.

The next question is from the line of Nirav Gandhi from Sunidi Securities. Please go ahead. Nirav, are you there?

Nirav Gandhi – Sunidi Securities: Yes. Hello?

Operator: Yes, please go ahead with the question.

Nirav Gandhi – Sunidi Securities: My first question is regarding the revenue contribution from the Privi JV. How much was it during Q1, and what was the EBITDA generated from the JV?

Management: You want to understand about Privi? The revenue generated by Privi was about 18 crores, and the EBITDA generated was about 14-15%.

Nirav Gandhi – Sunidi Securities: Right. My second question was regarding our understanding that Alpha-Pinene prices have risen by 70-80% in the last 5 months. How much have we benefited from the price increase, and how do we see Alpha-Pinene prices going forward?

Management: If I had known that, I would have been a billionaire myself. No one can actually predict Alpha-Pinene prices. However, the good news is, as we always keep saying, that when we procure CST, we enter into back-to-back contracts with our customers, and that helps us. To that extent, we are covered in terms of our CST and our back-to-back contracts with customers.

As far as the balance Alpha-Pinene that is made from GTO is concerned, prices are currently at a high level. There are differing views. Some views say that prices may still go higher, but they are at a historical high. That fact remains, and we are able to pass on those increased costs to our customers.

Nirav Gandhi – Sunidi Securities: Right, sir. If you could share the revenue breakup in terms of volume growth and realization, that would be helpful.

Management: We are not giving volume growth on a quarter-on-quarter basis, so we will give it to you at the end of the year. It is a good mix, including pricing because of raw material growth. Let us not get into the nitty-gritty, but it is broad-based growth. As I mentioned in my opening remarks, it is a mix of product growth, price increases, and volume increases.

Nirav Gandhi – Sunidi Securities: Right. What is the status of the merger of Privi Fine-Chem with Privi Speciality?

Management: That will happen by the end of this year. The good news this quarter is that we have been able to file the application with the NCLT. We have progressed very well during this quarter.

Nirav Gandhi – Sunidi Securities: Right, sir. Thank you very much. That is all from my side.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. The next question is from the line of Anisha Dalal from Universal Capital. Please go ahead.

Anisha Dalal – Universal Capital: Hello?

Operator: Yes, ma'am.

Anisha Dalal – Universal Capital: Hello?

Operator: We can hear you, ma'am.

Anisha Dalal – Universal Capital: First of all, congratulations on the performance. I have 2 questions. One is that the cost of raw materials and inventory has increased compared with the previous quarter. Can you provide some highlights on that? Second, the industry, especially the Camphor market, is facing a demand-supply mismatch, with significant new Camphor manufacturing capacities having come up in India. I would also like your comments on that.

Management: Anisha, I think I just answered the first question regarding the cost of raw materials. It is actually a mix of various things. In the same period last year, we had some advantage from low-cost raw materials and an increase in selling prices for contracts for calendar year 2025. There was also a good product mix.

You need to look at Q2, Q3, and Q4, when the raw material percentage relative to sales was higher than it is currently. We are in line with the 52-54% range that we always discuss for what the RMC as a percentage of sales could be.

Lastly, as I have always been saying, do not look at Privi on a quarter-on-quarter basis. We need to look at it on a yearly basis because the contracts we enter into are on an annual basis. We have back-to-back contracts. At year-end, you will find the RMC, basically, to be around {? 53, 52 ?}.

With regard to Camphor sales and Camphor—

Anisha Dalal – Universal Capital: Hello?

Management: There is a lot of background noise.

Anisha Dalal – Universal Capital: Hello?

Management: There is a lot of background noise.

Anisha Dalal – Universal Capital: Sir, I was saying that there has been a mismatch in the manufacturing capacities that have come up in India for Camphor manufacturing, which has increased Camphor prices. I wanted to understand your perspective on this.

Management: There have always been a number of players who make Camphor, but their source for making Camphor is Gum Turpentine Oil, which is highly volatile in terms of pricing. We make it primarily through the CST route, and it is a very small percentage of our overall revenue. It is not an important product for us. We operate on our own terms, and we do not really push to sell it.

Management: Anisha, the most important thing is that for us, Camphor is 1 out of 75. For many others, it could be “the” product. That is why we do not give Camphor much importance in our overall portfolio.

Anisha Dalal – Universal Capital: Okay. Fine.

Management: It is about 5-6% of our total revenue. We are concerned about it up to a point, but not beyond that.

Anisha Dalal – Universal Capital: Okay. Thank you.

Operator: The previous participant got disconnected. We have our next question from the line of Sahil Goyal from Equinomics Capital Ventures. Please go ahead.

Sahil Goyal – Equinomics Capital Ventures: Hello. Am I audible?

Management: Yes. Please speak a little louder.

Sahil Goyal – Equinomics Capital Ventures: My question is regarding your revenue mix. Which molecules contribute to the major portion of our revenue?

Management: Pinene continues to be the main contributor.

Sahil Goyal – Equinomics Capital Ventures: Can you specify the name? Is it—

Management: As you are aware, we have stopped giving the product-wise and product-segment mix. This is as per the Board directive. The important thing is that we are selling a complete product mix, and all our products and capacities are close to 90% of the installed capacities that we have. You should understand that.

Sahil Goyal – Equinomics Capital Ventures: What is the capacity utilization right now?

Management: That is what I said.

Sahil Goyal – Equinomics Capital Ventures: Okay.

Management: Around 90%.

Sahil Goyal – Equinomics Capital Ventures: Okay, sir. 90%. Thank you, sir.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. The next question is from the line of Rajesh Mishra from Liberty Trading. Please go ahead.

Rajesh Mishra – Liberty Trading: Hello?

Management: Yes, Rajesh.

Rajesh Mishra – Liberty Trading: Congratulations on a great set of results. I had 2 questions. First, what has been the impact of the Iran war on raw material prices and profitability, and how are you managing it? Second, what is the percentage of the Camphor segment in your total business, and has it increased month-on-month or remained the same?

Management: With regard to the Iran war, there has not been much impact on our raw material consumption percentage. Crude as a segment and the products we manufacture are very limited. Predominantly, we manufacture non-crude items. Therefore, we have not really been impacted by the ongoing war.

The second question is regarding Camphor as part of our overall portfolio. As Sanjeev rightly mentioned, it is broadly in the range of 4-5% of our total turnover. You also asked about the capacities we are operating at, which are around 90%. I hope I have been able to answer you, Mr. Rajesh.

Rajesh Mishra – Liberty Trading: Thank you, sir. Thanks a lot.

Management: You are welcome.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. The next question is from the line of Krish Talod from V-Growth AIF. Please go ahead.

Krish Talod – V-Growth AIF: Good afternoon, sir, and congratulations on a good set of numbers. I wanted some clarity on capacity. Our expansion plans are up to 70,000 metric tons, but post-merger, what would our capacity be? If you combine Privi Fine-Chem, what kind of capacity can we expect?

Further, we are not currently looking at herbal backward integration, but Privi Fine-Chem has certain capabilities for backward integration. How are we looking to backward integrate into herbal products as we move forward? Please shed some light on that.

Management: To answer your first question regarding the volume we are targeting post-merger, it is close to about 6,000 metric tons that will be added to the Privi portfolio.

Regarding your second question, whether Privi Fine-Chem has backward integration for the product it manufactures, the answer is no, because it is based on a different set of chemistry. The raw materials are available, and there are good margins available on those products. Going forward, we can always consider backward integration once it becomes part of the Privi portfolio.

Krish Talod – V-Growth AIF: The additional capacity should be around 6,000 metric tons, right, sir?

Management: That is correct. That is correct.

Krish Talod – V-Growth AIF: Also, regarding our Privi JV, what kind of chemical and process know-how are we building that we can utilize for our other clientele as well, particularly those that are also good in the flavors and fragrance segment?

Management: As I told you, we do not really speak much about our technical details. However, over the years, we have mastered almost all kinds of chemical reactions, and these are platforms on which we are working.

We are particularly good at hydrogenation, for example. We are still very good at distillation. We also carry out many other separations that are normally not performed by other chemical manufacturers. We do those as well.

We also carry out many Grignard reactions. We perform all these chemistries, and that helps us in terms of looking at newer molecules as well.

Another thing we do well is environmental treatment. We ensure zero liquid discharge. In that area as well, we have substantial expertise in treating all the effluents and ensuring zero liquid discharge.

These are the platforms that we have, and there are a couple more that I would not like to disclose at this stage. Apart from biotechnologies, there are some additional technologies that we are working on which are truly breakthrough technologies. In due course, probably over the next 12-15 months, we will talk about them.

Krish Talod – V-Growth AIF: Thank you very much, sir. One last thing: I wanted to understand whether there could be more joint ventures and partnerships.

Management: More joint ventures and partnerships of this kind are very difficult to work on. We have strategic alliances, but not joint ventures. Two strategic alliances are underway.

Joint ventures become very difficult to work out because one customer feels that we are favoring another customer. Therefore, we are going to pursue strategic alliances instead of joint ventures. Of course, we have 2 strategic alliances underway.

Krish Talod – V-Growth AIF: Okay. Thank you very much, sir. Thank you.

Operator: Thank you. A reminder to all participants: if you have any further questions, you may press star and one. The next question is from the line of Aniket from CRK Research. Please go ahead.

Aniket – CRK Research: Hello.

Management: Yes, Aniket.

Aniket – CRK Research: Hello. Am I audible, sir?

Management: Yes, you are.

Aniket – CRK Research: First of all, congratulations on a good set of numbers, sir, and thank you for the opportunity. Most of my questions have been answered, but I would like to ask what kind of funding strategy we are considering as we start phase two and phase three capex. I wanted to ask about that.

Management: As far as funding is concerned, since we have mentioned, and it is in the public domain, phase two has already commenced, and phase three will commence around the end of this year or early next year.

The broad guideline is that it will primarily be funded through internal accruals. As and when needed, we may borrow from banks or from whatever institutions are available at very competitive prices.

Even after saying that, you will see that our ratios relating to debt-to-EBITDA and debt-to-equity will all be closely monitored and will remain well below the so-called threshold around which companies normally prefer to operate.

Aniket – CRK Research: Understood, sir. Thank you very much. My second question is whether you could explain to what extent we are looking to add continuous-flow chemistry. Is it being used across the manufacturing processes, or are there opportunities to increase its adoption, particularly for the new molecules?

Management: For existing molecules as well, we apply this approach because each molecule involves between 3 and 4 chemical reactions. In some cases, for example, for {? weightage on 2 ?}, we are trying to conduct all of them continuously.

Most of our distillation processes are now continuous. In the upcoming project as well, wherever possible, we are trying to start with continuous manufacturing for large-scale molecules such as Maltol and others.

For specialty molecules, obviously, the process cannot be continuous. Otherwise, we are working on continuous chemistry on an ongoing basis. It is a good point to consider.

Aniket – CRK Research: Thank you very much, sir. That is really good to hear. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. The next question is from the line of Suraj Chindhe from YES Securities. Please go ahead.

Suraj Chindhe – YES Securities: Hi, good evening. Am I audible?

Management: Yes, we can hear you.

Suraj Chindhe – YES Securities: My first question is: what percentage of our raw materials are crude-based, and how has this impacted pricing?

Management: As mentioned earlier, when Narayan was answering, crude-based raw materials account for approximately 15-18% of our overall purchases.

Suraj Chindhe – YES Securities: Okay. Can you please tell us what amount of capex we will incur this year and over the next 2 years?

Management: The broad outline for this year and the following 2 years could be in the range of 850-900 crores. That is the capex outlined, which will ensure the completion of phase two and phase three.

Suraj Chindhe – YES Securities: Can you talk more about your new products and the new initiatives over and above the 5,000-crore, 1,000-crore plan? Also, what is the progress on our furfural products? At what stage are we currently?

Management: Our new 5,000-crore, 1,000-crore story, starting from about {? 2,500 crores ?} that we discussed last year, is detailed in our investor presentation. If you look at slide number 18 of the investor presentation, we have provided the details. I believe this was also included in the previous investor presentation. We have provided these details in it.

Essentially, we are looking at 3 arms for this growth. One is chemistry based on furfural, which is a building block made from corn cob. We would be the only company fully integrated from corn cob through to the production of molecules such as Maltol, Ethyl Maltol, and {? Cyclopentenone ?}. This would add 1,000 crore and more to revenue in this vertical.

We are also looking at molecules called Musk T or Methyl {? Jasmonate ?}. Then there are approximately 10, perhaps 11, specialty molecules. We are not disclosing the names of these molecules right now for obvious reasons.

All these plants are currently under implementation. We expect them to be mechanically completed by around the middle of next year. We expect to start receiving contributions from these plants in H2 of the next financial year.

This will keep us on track to achieve the 5,000-crore, 1,000-crore plan that we have set, which is revenue of 5,000 crores and EBITDA of more than 1,000 crores.

Suraj Chindhe – YES Securities: Understood, sir. Thank you for the opportunity.

Management: You are welcome.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one. The next question is from the line of Mithun Jain from Motilal PMS. Please go ahead.

Mithun Jain – Motilal PMS: Hi. Am I audible?

Management: Yes.

Mithun Jain – Motilal PMS: Thank you for the opportunity, and congratulations on a good set of numbers. My question is on the capex plans. If I am not mistaken, you have broadly mentioned 3 capex plans in previous presentations. On the existing products, there is around 300 crores of capex. For the new products, there is another 300 crores of capex, which you clarified is expected to be completed in H2 of next year. Then there is another 300 crores of capex for new specialty products. Is my understanding correct?

Management: That is correct.

Mithun Jain – Motilal PMS: The existing-product capex is slightly delayed, and you were saying that it will now be completed in September this year, right?

Management: Yes, that is correct, Mithun.

Mithun Jain – Motilal PMS: Thank you. I would like to talk a little more about the new-product side, which the previous participant also mentioned. What will be the structure? Regarding the 2 products, Maltol and Musk T, what is the opportunity? Will you be supplying to players in flavors and fragrances? Can you provide some more color on the market opportunity and the type of customers you would supply to?

Management: Maltol and Ethyl Maltol are currently manufactured in China, with over 95% of production taking place there. It is an obvious China-plus-one approach, under which we plan to establish India as a source for manufacturing these products.

India imports a significant amount of Ethyl Maltol for use in pharmaceuticals, and we are in touch with most of these customers. They would be very happy to procure it from us.

Maltol is used as a flavor. Ovaltine, chocolates, and biscuits contain Maltol. The milky flavor that you get comes from Maltol.

We are putting up a capacity that could represent almost one-fourth of the global opportunity, in line with our normal strategy. We are confident that, given these products will be consumed by our existing customers and that we would be the only company fully backward integrated, we will have a substantial comparative advantage.

We would be the only company globally to start from cob and produce Maltol, Ethyl Maltol, and a few other products. Therefore, we would have a substantial comparative advantage in terms of manufacturing cost and other factors. That gives us the assurance that we will be able to scale up our revenues very quickly.

Mithun Jain – Motilal PMS: That is great to hear. This will be a similar play to your Terpineol business as well—a base-to-fragrance strategy. Are you saying that you are the only company in the world with this technology to convert corn cob into Maltol?

Management: No. There are a number of companies that convert cob. There are multiple ways of converting cob into furfural. There are also numerous companies in China that process and produce furfural, which has many other applications as well.

Furfural production is more than 2 lakh tonnes. There are many companies in China that produce furfural, and they sell that furfural. There are also companies in China that make Maltol and procure that furfural.

What I am saying is that we will be the only company that starts from cob, makes furfural, and, for that purpose as well, uses a slightly different and superior technology. That will be our advantage.

Mithun Jain – Motilal PMS: Understood. Just one last question on the Teijin JV. What kind of products are you targeting in that Teijin JV? Is it primarily supply to Teijin, or how does that product portfolio look?

Management: Mr. Jain, we have a non-disclosure agreement, so I will not be able to provide too many details. However, whatever is manufactured in the JV will be sold exclusively to Teijin.

There are 42 products, and you can see their confidence in the joint venture from the fact that together we have decided to invest an additional 50 crore rupees in equity for the next phase of expansion.

Mithun Jain – Motilal PMS: Okay. Thank you for the answers, and all the best.

Operator: Thank you. We have our next question from the line of Niket Jha from Parnatna Investment Advisors. Please go ahead.

Niket Jha – Parnatna Investment Advisors: Hello. Am I audible?

Management: Yes, you are.

Niket Jha – Parnatna Investment Advisors: I wanted to ask about the crisis currently occurring in the Red Sea, which I believe is related to the Houthis. Do you see freight costs increasing in the next couple of quarters, and how are you tracking this issue?

Management: The Red Sea impact has now been present for quite a number of years, and we have been navigating that impact. That is all I can say.

With regard to freight expenses on account of the Strait of Hormuz, we have not been significantly impacted. However, the Red Sea situation continues as it is. Is there anything specific that needs clarification?

Niket Jha – Parnatna Investment Advisors: No, sir. I just wanted to understand whether margins would be affected.

Management: No. We do not see any such challenges.

Niket Jha – Parnatna Investment Advisors: Okay. Thank you, sir.

Operator: Thank you. A reminder to all participants: if you wish to ask any questions, you may press star and one now. The next question is a follow-up from Trish Baloor from Viglow TIS. Please go ahead. Trish, are you there? Trish, are you there?

Trish Baloor – Viglow TIS: Hello. Am I audible now?

Operator: Yes.

Trish Baloor – Viglow TIS: Thank you for taking my question again. I wanted one clarification on Maltol. It would be a flavor molecule, but when it goes into pharmaceutical applications, there would probably be approvals and other requirements. What approval timeline and process should we expect?

Management: There are 2 Maltols, Trish. One is Ethyl Maltol, and the other is Maltol. One of them goes into pharmaceutical applications, but as it is an intermediate, it does not necessarily require any approval.

As far as the other one, Maltol, is concerned, it goes into flavors. Our plants are designed according to GMP standards. We will therefore obtain good manufacturing practice certification to sell those products as flavors.

Trish Baloor – Viglow TIS: Understood. I have one more question on the strategic alliance that you mentioned. Can you shed some light on the scope of that strategic alliance and its purpose?

Management: Currently, we are not in a position to disclose too much about it. We will announce it at the appropriate time. These would typically be one-to-one arrangements involving specific molecules that our customers may ask us to produce exclusively for them. That is what we work on.

Trish Baloor – Viglow TIS: Okay, then. Thank you very much.

Management: Thank you. Thank you, Satish.

Operator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Mr. Narayan S Iyer for closing comments. Over to you, sir.

Narayan S Iyer: Thank you. Thank you, Banu. On behalf of Privi Speciality Chemicals Limited and the management, and on behalf of Mr. Mahesh Babani, I thank all the investors, shareholders of the company, and everyone attending this call for taking the time to join us.

Thank you. It was a pleasure interacting with all of you, and I look forward to interacting with you again very shortly. Good day. Thank you.

Management: Thank you.

Operator: Thank you to the management speakers. On behalf of Privi Speciality Chemicals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.