



February 16, 2026

The Manager (CRD) <b>The BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400001	The Manager – Listing Department <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 February 10, 2026, providing Audio link of the Analyst / Investors Meet**

**Sub: Transcript of Analyst/ Investors Meet held on Tuesday, February 10, 2025**

In addition to Audio Link shared via letter dated February 10, 2026, please also find enclosed the transcript of the Analysts/Investors Call on the Un-audited Standalone and Consolidated Financial Results of Privi Speciality Chemicals Limited for the quarter and Nine Months ended December 31, 2025, held on February 10, 2026

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**

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PRIVI SPECIALTY CHEMICALS LIMITED

“Privi Specialty Chemicals Limited  
Q3 & 9M FY'26 Earnings Conference Call”  
February 10, 2026

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 10/02/2026 will prevail.”



PRIVI SPECIALTY CHEMICALS LIMITED



**MANAGEMENT: MR. MAHESH BABANI – CHAIRMAN AND MANAGING  
DIRECTOR – PRIVI SPECIALTY CHEMICALS LIMITED  
MR. R. S. RAJAN – PRESIDENT – PRIVI SPECIALTY  
CHEMICALS LIMITED  
MR. NARAYAN IYER – CHIEF FINANCIAL OFFICER  
PRIVI SPECIALTY CHEMICALS LIMITED  
MR. SANJEEV PATIL – EXECUTIVE VICE PRESIDENT,  
STRATEGY AND BIOTECHNOLOGY – PRIVI SPECIALTY  
CHEMICALS LIMITED  
MS. ASHWINI SHAH – COMPANY SECRETARY AND  
COMPLIANCE OFFICER – PRIVI SPECIALTY  
CHEMICALS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Privi Speciality Chemicals Q3 and 9 Months 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 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone.

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

I now 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. A good evening to everyone, and a warm welcome to Privi's Investor Call. As you all know, despite the challenging global environment marked by tariff-related geopolitical uncertainties impacting global trade, we are proud to be among the few companies that have continued to demonstrate resilient and robust performance during this period. This performance is driven by our diversified product mix, focused on operational excellence and disciplined execution of projects. These factors have enabled us to sustain growth momentum.

To sustain and accelerate the growth momentum, we have outlined a clearly defined 3-phase expansion roadmap over the next 2-3 years, aligned with our long-term growth vision. These initiatives are expected to enhance our overall capacity by nearly 55% and broaden our Speciality products portfolio. As we look ahead, our strategic priorities remain steadfast. A world-class aroma chemical company that leads with purpose, executes with precision and grows responsibility.

On behalf of leadership team, I would like to thank all our stakeholders, employees, customers, shareholders and partners for their continued trust and support. We look forward to sustaining this momentum and creating long-term value as we advance into the next phase of Privi's growth story. In addition, the evolving trade landscape, particularly the strengthening trade arrangements between India, United States and Europe present meaningful opportunities for a company like Privi Speciality Chemicals.

As global customers increasingly seek reliable, diversified and compliant supply chains, India's growing integration and developed markets positions us favorably. My colleague, Sanjeev and Narayan will take you through this operational, strategic and financial details.

I now hand over to Sanjeev and Narayan to provide update on our growth plan and operating strategy.

**Sanjeev Patil:**

Thank you, sir, and good evening to all. I believe that you all have had a chance to go through our financial results and investor presentation, which I shared this afternoon. It has been 3 years, 10 quarters that we have been delivering upward of 20% EBITDA margin. And in the past 3 quarters, we have delivered nearly 25% EBITDA margin. Return on equity is also around 20%.

Our performance during third quarter attests the robustness of our business model. The industry which is largely unaffected by global headwinds as our products are integral part of human life, further the performance also underscores the benefit of a variety of operational action measures that we have taken by our company. We have maintained profit margin by improving process yields, reducing operating costs and deriving benefits of economies of scale. For the past 10 quarters, we have maintained EBITDA margins of over 20% and past 3 quarters over 25%.

Our expansion projects are being implemented as per plan. Civil work for these projects is about halfway done and detailed engineering work is at advanced stage. These projects will pave way for meeting our 5k:1k plan.

I would now like to brief you about the joint venture. We are very happy to announce that our joint venture with Givaudan, Prigiv, is progressing well. In this -- the third quarter, Prigiv achieved positive EBITDA. And going forward, in the next financial year, we'll achieve net profit. Privi management convinced the joint venture partner, Givaudan, that the debt burden on Prigiv needs to be reduced.

Accordingly, Givaudan has agreed to provide noninterest-bearing trade advance, which will significantly reduce the debt burden and in turn, the interest cost. While we appreciate and are thankful for this initiative, this step also reemphasize Givaudan's commitment to the project.

Further, to augment revenues, an investment of INR50 crores has been planned, which is being funded by infusion of equity by Privi 51% and Givaudan 49%. This capex will create capacities to manufacture additional products in Prigiv. Privi's team is also working on scaling up medium-sized Speciality molecule for Prigiv and the cost for development will be funded by the JV. All in all, Prigiv is on a very good trajectory and will earn benefits in the near years to come.

Biotechnology. We have been working on growth plans beyond 5k:1k. We are working on converting biomass, which is biowaste into value-added products. We are currently at kilogram laboratory level in developing these products. These proprietary technologies will generate substantial intellectual property for the company, which will reflect into intangible assets for the company.

With this, now I'll hand over and request Mr. Narayan Iyer to share the financial details of the company.

**Narayan Iyer:**

Good evening, and thank you, Sanjeev, and a warm welcome to all of you all. Our performance for the quarter highlights our ability to protect profitability across cycles and reinforces our confidence in the structural strength of our operations.

A glimpse of the key highlights for the 3-month and 9-month period. We have reported a strong growth despite a subdued market, 24% revenue growth reported in both quarter 3 and 9 months for the financial year '25, '26 on a year-on-year basis. We have delivered 25%-plus margins for the third consecutive quarter. EBITDA margins are expected to sustain 20%-plus, which is driven by operational efficiencies, improved product mix and increased volume.

Our JV with Prigiv is also shaping up well, and we heard Sanjeev giving the wonderful news with regard to the new infusion of equity, and we expect a very meaningful contribution from Prigiv in the coming years.

Our Phase 1, with regard to the capex on the production capacity expansion is progressing as planned, and it is expected to be commercialized by end of March, latest by April '26. This shall increase our production capacity from 48,000 metric tons to 54,000 metric tons for all our existing products.

Phase 2 of the multi-speciality aroma chemicals project is also progressing as planned. The scheme of amalgamation of Privi Fine Sciences Private Limited and Privi Biotechnologies Limited with Privi Speciality Chemicals Limited is under process, and we have filed all the necessary data and filings with both the Stock Exchanges.

Giving a synopsis of the financial numbers, starting with the quarter 3 for the year '25, '26. The total income that we have achieved during the quarter was INR611.15 crores with a growth of 25% on a year-on-year basis. EBITDA achieved during the same period was INR158 crores with a growth of 37% on a year-on-year basis. This EBITDA margin translates to 25.83% for the quarter, and we expect to maintain similar EBITDA margins in the near future.

Though profit after tax reported as per financial numbers is around INR74.85 crores, the actual PAT, if we take the onetime adjustment on account of the Labour Code, which was introduced and implemented in this year and also after adjusting the noncontrolling interest, the actual PAT for this particular quarter comes to about INR82 crores, which is as against the INR44 crores reported for the previous year.

Now coming to the 9-month performance for ended 31st December '25. The overall income achieved in this 9-month is INR1,857 crores, which is a growth of about 24% on a year-on-year basis, really a remarkable achievement as compared to the times that we are in. The overall EBITDA achieved during this period is INR481 crores, which is a growth of about 47% on a year-on-year basis.

The EBITDA margins which have been achieved for the 9-month period is 25.9% and profit after tax post the noncontrolling interest as well as the employee cost adjustment is INR223 crores. So if you add the other 2, the overall PAT for the 9-month period comes to about INR232 crores or so, which shows a remarkable growth of about 84% on a year-on-year basis.

Friends and investors, with the planned capacity expansion of existing products and the introduction of new speciality products, we have established a clear road map, and we are on track to achieve our vision, which was showcased by our visionary Chairman and Managing Director, Mr. Mahesh Babani, and our vision is INR5,000 crores in revenue and an EBITDA in

excess of INR1,000 crores, which we are on track to achieve in the next 3 to 4 years, which represents a growth of more than 2x from the numbers that we are currently being achieved.

On this sound footing, I would pause here and open the floor for question and answers. Back to the moderator.

**Moderator:** Thank you very much. The first question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.

**Sudhir Bheda:** Hearty congratulations to entire Privi team led by Mr. Mahesh Babani for outstanding performances quarter after quarter. Yes. Sir, my questions are like -- the first question, with the EU treaty happening and U.S. lifting the penalty of 25% tariff, what advantage we will have as a Privi as a company as we are exporting 70% of our product. So that is a cost?

**Mahesh Babani:** I think we have a clear-cut advantage in coming years. In fact, we will be able to sell most of the production there. Needless to say, we want to sell it throughout the world because right now, we have clear cut advantage over China and other countries. As we enjoy 18% duty, it has been confirmed for our product range. And in some cases, it is even 0. So we have a clear cut advantage and there's going to be a new thrust to our growth plans.

**Sudhir Bheda:** And what would be the volume growth next year with some capacities coming on the stream, what can be the volume growth?

**Sanjeev Patil:** Sudhir, we expect the way we have planned the capacity and the capacities have increased and looking at our business on hand, we expect about 7% volume growth in the coming financial year. It could be better also, but we will see how things pan out.

**Mahesh Babani:** Because we are in a space where new projects are starting. And probably it would be between 11% and 15%. Yes.

**Sudhir Bheda:** Right. And now Givaudan, in the opening remarks, you said they agreed to provide INR150 crores as an interest-free loan. So now can we expect that consol results and the stand-alone results, there is a gap of INR30 crores in the 9 months will be bridged and next year, entire losses will be wiped out?

**Sanjeev Patil:** Absolutely.

**Mahesh Babani:** Yes, absolutely.

**Sudhir Bheda:** So with the new capacity coming in for the value-added products, can we expect that the value growth could be far higher than the volume growth what you are projecting?

**Mahesh Babani:** Sudhir bhai, I would.

**Sudhir Bheda:** Is any price increase also, that is another follow-up question. Is there any price increase happening for this current calendar year?



- Mahesh Babani:** See we -- Sudhir bhai, all I can say is we'll be able to maintain a healthy margin, upwards of 20%. It can be 24%, 23%, sometimes 25% because world markets are very uncertain. Sometimes there's a war, sometimes price increases. But we are quite sure that we'll be able to achieve our numbers. We want to be a little cautious on telling you 25% for sure, but it will be upwards of 20% and less than 27%. It will be somewhere in between.
- Moderator:** The next question is from the line of Rohit Nagraj from 360 ONE Capital.
- Rohit Nagraj:** Congrats on a very strong set of numbers. First question is on the new product development. So I'm referring to the Slide number 13 in our presentation. In terms of individual products, if you can just give us a little more understanding as to which particular applications, any competition and which geographies? So is it India-centric or maybe EU, U.S. centric? And if there are any contracts with customers once we commission these facilities so that we have a fair understanding of revenue visibility?
- Sanjeev Patil:** Thank you, Rohit. So in terms of geographies, we always look at the global market, the world market as our market. So we don't look at a specific geography. And the reason for these products to be formulated in India is that as you can see, the first 2 products are Maltol -- Ethyl Maltol and Ethylene Brassylate.
- We are in China Plus One kind of a strategy where in India, there is no single manufacturer who is making these products. We will be the first company to do that. The last product that we have is, in fact, a product that will be offered for the first time from a renewable resource. Globally, it will be first time that a company could offer Cyclopentanone on from a renewable resource, and that's the key highlight about this product.
- In terms of applications, typically, as we progress towards completion of project, we seek approvals from the customers. And that's the time when we also get some kind of indicative commitments from our customers. That's the way we have worked all along, and we will continue to work like that.
- Mahesh Babani:** So in fact, Cyclopentanone will be first time manufactured through a bio route, renewable raw material. And it will -- the world forward is going to be very interesting for a product like this.
- Rohit Nagraj:** That's interesting to know, sir. The second question is we have about INR1,200 crores of capex plan. We've also given which all segment and how it will be distributed. If you can just give us the time line in terms of how this will be split between, say, FY '26 to FY '28 or maybe if it is beyond FY '28, that will be helpful? Thank you.
- Narayan Iyer:** Rohit, broadly, as you would have seen in the investor presentation also, and we have been talking about it in the last 3 quarters, the company has outlined close to about INR1,200 crores of investment in the 3-year period. So exact -- we have just shared a broad line that we'll do INR300 crores in Phase 1, INR600 crores in the Phase 2 and possibly INR300 crores in the Phase 3. All this will happen by March '27, '28 or so. So that by '28, '29, we should be in a position to achieve the INR5,000 crores of revenue. So that's the ballpark planning that we are talking about.

As we speak today, we have already started and commenced the Phase 2 of expansion, which is the major bulk of the capex that we are talking about and which we expect that by Q1 of next year, we should be in a position to complete so that, that capacities and facilities are available so that the growth beyond the 54,000 metric tons is available, and you can see company growing at that expected 20% CAGR, which we have achieved over the last 24 years now.

**Rohit Nagraj:** Yes, I got that. Sir, just one last clarification of the INR150 crores provided by Givaudan as an advance, will it be adjusted towards the revenue that we will be generating out of the JV?

**Narayan Iyer:** We will prima facie that's the idea that this be adjusted over a long-term 10-year period or so, so that against as the whatever are the normal laws that are applicable for setting off such advances.

**Mahesh Babani:** I think, we could even try to stretch it to 15 years.

**Moderator:** The next question is from the line of Jaiprakash from Korman Capital.

**Jaiprakash:** So my question is, sir, you have this capex of INR1,200 crores. So is there any cap you want to keep on the debt because debt is already of around INR1,000 crores. So is there any cap you're looking for? If you can just elaborate on that? Or if you want to be debt-free or anything else on that side will be helpful?

**Narayan Iyer:** See, normally, ideally, debt-to-EBITDA, we always feel it should not be exceeding at 2.5x. And we would like to maintain at those levels. But you would have seen our investor presentation and the numbers that currently also our debt-to-EBITDA is just about around 1.6x or so. So we are well, well within the norms. We would like to maintain on a healthy front, it will always be less than 2.5x, in fact. But having said that, for the last 2.5 years, we have been at the level between 1.5x to 2x.

**Jaiprakash:** Okay. And that will be the guidance for future, basically 2.5x in the future?

**Narayan Iyer:** Yes, 2.5x. That's right.

**Mahesh Babani:** That will be our guideline.

**Jaiprakash:** Okay, sir. And is there any foreign currency benefit which we are getting because of the INR depreciation, if you can give -- because that will be helpful to understand?

**Narayan Iyer:** Could you come again? What sort of benefit did you say?

**Jaiprakash:** Foreign currency -- basically, INR is depreciating, right? And you have mostly exports, so...

**Narayan Iyer:** Yes. Being a net exporter, we always have the benefit when the rupee is depreciating. So definitely, there is a forex income on account of such depreciation.

**Jaiprakash:** And how much it was in this quarter, sir, just to understand?

**Narayan Iyer:** This quarter was about INR3.5 crores.



- Moderator:** The next question is from the line of Rohit Sinha from Sunidhi Securities.
- Rohit Sinha:** Congratulations for a good set of numbers. So just one clarification on the capacity side as we are expecting from 48 to 54. In your Slide Number 13 and Slide Number 10, just wanted to refer that the multi-speciality product, which is in -- which will be in this 48 to 54, 6000 capacity or that would be another capacity.
- Plus, in Slide Number 10, we have mentioned that the capacity augmentation will be completed by June 30. So this is referring to the new multi-speciality products or the existing product which we are -- which you just have initially mentioned would be ready for commission by April.
- Narayan Iyer:** Rohit hi, good evening. To answer you, this 54,000 does not have any multi-speciality chemical products. What we are talking 54,000 is all the existing products that we had, which we started last year. The multi-speciality and the speciality products expansion is in the Phase 2 and Phase 3, where we will be adding close to about 18,000 metric tons going forward, in fact.
- Rohit Sinha:** And this 18,000 would not be that Privi Fine Science
- Narayan Iyer:** No, no. Privi Fine Science is different. This is only purely Privi Speciality Chemicals Limited.
- Rohit Sinha:** And once this Privi Fine Science would be merged, I mean, when we should see the merge numbers? In second half or it'd be possible in the first half of FY '27 as well?
- Narayan Iyer:** We expect this entire merger process to take about a year. So maybe by -- if we are really able to expedite it, maybe by October '26. But latest by December '26, we should be in a position to get the order from the NCLT.
- Rohit Sinha:** Got it. On the safer side, I believe by FY '28, we will have the merge number?
- Mahesh Babani:** For sure, by '27, definitely we'll have.
- Rohit Sinha:** Okay. And just on the margin front, I mean we already have guided for -- I mean 9 months, we already did more than 25%, and we have been positive about 22%, 24%. Going forward also, I believe -- I mean, still I feel the guidance which you used to say for 20% to 22% or in excess of 20% is a much conservative side given all the -- I mean, high-margin product or you can say value-added products are coming going forward. So I think still 24%, 25% kind of margin is pretty much achievable, but yes, being on a conservative side, one can state that?
- Narayan Iyer:** Yes. So I did mention that we will sustain the margins. So my answer continues that we will sustain...
- Sanjeev Patil:** But this is a VUCA world. So we are just keeping everything to be on a safer side.
- Narayan Iyer:** We will try to maintain the margins, Rohit, in short, we will.
- Moderator:** The next question is from the line of Pankit from Dinero.



- Pankit:** So I think just during December, yearly, we get the visibility from our customers in terms of, say, volumes and pricing for the calendar year, right? So if you can help us with how does this year's negotiation or contract look like, especially in terms of pricing and volume?
- Sanjeev Patil:** So obviously, we can't be discussing this in public forum. But we can only state to you that we are on a good wicket. So that's the only summary I can give that we are on a good wicket, and that's it, so.
- Narayan Iyer:** We can just disclose that our contracts to spot market continues the way it has always been.
- Sanjeev Patil:** 70% contract and.
- Pankit:** 70% contract and 30%.
- Sanjeev Patil:** 30% spot.
- Pankit:** But any pricing pressure on the 70% contract, which instead of the contract which are in place for the current year, any pricing pressure or it's normal?
- Narayan Iyer:** We would pass this question, sorry.
- Pankit:** Okay. Secondly, once the merger is say done, how should we look at the numbers which can come from, say, Privi Fine Science and Privi Biotech?
- Narayan Iyer:** Yes. Once the entire consolidation happens, as has been informed and they're in public domain, this unit of Privi Fine Science is -- can give us optimum capacity and a revenue of about INR400 crores.
- Moderator:** The next question is from the line of Vinay Nagori from Fintegrity Wealth Management.
- Vinay Nagori:** First of all, congratulations for the superb numbers. I just wanted to understand with the CBAM norms, cross-border adjustment mechanism in Europe coming live in Jan 2026, how will it benefit us because we are, as it is EcoVadis platinum rating company?
- Mahesh Babani:** I think we have surely an advantage because all the other countries who produce this have minimum of 6% to 9% duty. And we'll have -- be free of duty. So that will make a lot of difference. Yes, we need some clarity on -- the clarity is not there whether Switzerland is participating in this or no. So once we get that, Switzerland is a major customer for us. But I can see no challenges in getting to commercialize this at a better level. We'll have certainly advantages as India.
- Sanjeev Patil:** Our platinum ratings, of course, will help us.
- Mahesh Babani:** Our platinum rating is, of course, going to help us. And you must have seen that we have also given you, in the country, we have been the wealth creators -- among the top 500 wealth creators. You must have read that statement right.



- Vinay Nagori:** Absolutely, sir. Congratulations on that as well. Sir, because in the CBAM norm cross-border adjustment mechanism, they say that the people who are making through petrochemical route or making -- or having some good amount of carbon footprint, there will be -- the companies will be charged some amount. So as it is, our footprint is negligible, and we have platinum rating. So will it help us in higher market share? That's what I wanted to ask?
- Mahesh Babani:** 100%. You are absolutely right. Today, of late because of geopolitical disturbances, this has taken a back seat. But in the next 2 to 3 years, I can assure you with carbon footprint like ours, there will be duty advantages. And with carbon footprint, where there is additional carbon footprint, there will be extra duty in importing into U.S. and Europe. This is certainly the way forward. Right now, the challenges of the geopolitical thing, this has taken a back seat. But I'm sure in 1 years' time, it will bounce back. You are so right. Good observation.
- Sanjeev Patil:** That's a very good observation, yes.
- Vinay Nagori:** Just wanted to understand the Phase 2 and Phase 3 capex -- in Phase 3, will we see some molecules like Ambery Woody Extreme where there are fewer players in the world, like can you help us understand the margin profile from Phase 2 and Phase 3?
- Mahesh Babani:** I have no comments on that, but there will be interesting molecules because you see we have reached a stage where all our overheads are covered. So anything addition becomes as good as Amber Extreme, not as good as but similar experience because once we have covered the critical cost, then every addition is an advantage to the company.
- Vinay Nagori:** Sir just out of curiosity, I wanted to understand now like the cyclopentanone we are making. So is there any such technologies we are working on where we can get our patents and?
- Mahesh Babani:** We have already -- this morning review, we know from a similar raw material like cyclopentanone, we've already developed another molecule, but we have to take 1 or 2 years of trials at labs. Now we complete that lab, then at least 1 year at -- 6 months to a year at pilot, then we'll be ready on engineering and then we launch. So in coming times, our story is not only 5,000. It will become -- in coming times before we reach 5,000, we'll announce the 10,000 story also.
- Vinay Nagori:** Superb, sir. And sir, last question from my side. Sir, just wanted to understand now cyclopentanone and Maltol will be the initial -- what is -- are we looking for more value-added products from there on? And what kind of products that we are looking?
- Mahesh Babani:** Absolutely. The same raw material for Maltol -- Ethyl Maltol and cyclopentanone is a similar raw material. So we are looking at one more product from the same raw material that is Furfural. And we've already developed that product. In fact, we also intend to manufacture the same raw material. As soon as we complete this expansion, our next project is going to be manufacturing Furfural in-house production.
- So Furfural itself is a value addition of 50% of our raw material come down -- percentage will - - margin will come down to 50%. Right now, we buy Furfural at almost INR100. Our Furfural manufacturing cost will be half of that probably in coming years.



- Vinay Nagori:** Superb, sir. And just one last question I'll ask. Is it possible for us -- since this will be a patent for us, this technology. So once the plant is ready, can we license this technology to others?
- Mahesh Babani:** Well, we -- like Sanjeev told you, there will be some intangible assets that will be coming in. So those technologies are more special than these. We could definitely see -- licensing these technologies should be different because it's based all on biomass. So the new technology -- everything, even cyclopentanone is based on biomass. So we will surely get a chance in coming years to franchise these technologies to different parts of the world.
- Vinay Nagori:** That's so superb and I'm feeling very proud to be an investor in your company, sir.
- Mahesh Babani:** I'm also proud to have you as my investor, who respect this.
- Moderator:** The next question is from the line of Mohit Jain from Xponent Tribe.
- Mohit Jain:** I have just one question. I just want to understand what is the current capacity utilization? And once the movements kick in, how will it ramp up in the next year?
- Narayan Iyer:** Currently, we are at around 85% to 90% utilization of the overall capacities we have. And going forward, we -- as we have indicated that we should be touching the 54,000 metric tons. Coming year also, we are looking at some growth to maintain the 20% CAGR growth we are talking about. We expect our utilization to be in this range going forward, around the 90% markers.
- Mohit Jain:** Is this including the new capex of 6,000 metric ton, 90% utilization?
- Narayan Iyer:** For the next year, definitely, it will be the 54,000 as a mark. Current year, the capacity, as we speak, it is around 50-odd-thousand. But March, we should be completely -- March or April, we should go to the 54,000 metric ton. So the level we are talking about is on the 48,000 metric tons.
- Mohit Jain:** Can you throw some highlight what will be the capacity utilization for the next year as we are ramping up our new plant?
- Narayan Iyer:** So as I just indicated, for March '27 also, we expect to maintain about 90% capacity utilization on the increased volume, which is 54,000 metric tons.
- Mahesh Babani:** I would request you to always look at a 3-year plan. We will be able to achieve in 3 years, stroke less maximum 4 years, INR5,000 crore road map with minimum, minimum INR1,000 crores EBITDA.
- Moderator:** The next question is from the line of Mann from GrowthSphere Ventures.
- Mann:** Congrats for a very strong set of numbers. So I was going through the presentation and very interesting slide, Slide Number 15, right, where you have laid out the road map as to how will you reach to this INR5,000 crores and INR1,000 crores milestone that you have kept.

So one thing that I'm observing is that the Privi Fine Speciality is -- current capacity, we are keeping it constant. Do we foresee that we'll also basically incur some sort of expenditure and expand that capacity also? Or how should we think about that?

**Mahesh Babani:** It will get merged, know, both are organized, I'll let Sanjeev answer that.

**Sanjeev Patil:** It will get merged. So we are not really looking at any separate unit. And just to give you further details, Privi Fine Sciences' operates in 2 locations. One is the location at Lote, which is operational. Second one is in Gujarat. So these plants are essentially for Lote only. So the -- Babani talked about Furfural backward integration and all of that and the further value addition products. So that will all come up in Gujarat.

So that's where you will see growth going forward. So it is not covered in any of these numbers. But going forward, there is a lot of scope for us to expand there as well. The beyond 5k:1k story as we call it.

**Mahesh Babani:** See, for classic example, I'll tell you, right now, we may have -- we will be only able to produce 500 tons of cyclopentanone. But eventually, in next 2 years, we'll look at 5,000. But by the time it is merged, it will come into Privi. So it will be all set of numbers will be together into the first INR5,000 crore turnover.

**Mann:** Got it. Second question, Babaniji, I wanted to understand is that the cycle of GTO, right, it has been the worst that in last 4, 5 years after the Russia-Ukraine war. And the value increase has started to happen in GTO as well. So should we also see in your broader product profile, should we see some value gain on like-to-like basis of volume gain that we'll be seeing over a period of next 3 years? How should we think about it?

**Sanjeev Patil:** The situation is very dynamic. So what we do is it's always quarter-on-quarter call that we take as to how do we manage GTO as a feedstock. So it's a very dynamic situation. So moment we find it's a good opportunity, we latch on to that. Otherwise, we have a steady plan where we consume -- we don't want to give out all the numbers, but we consume a good part of -- some part of our requirements from GTO.

And others obviously are from CST because that's our backward integration story. But GTO prices, if you are monitoring those prices, it's a very dynamic situation. The prices keep going up and down. So we just time it well and capitalize on that.

**Mann:** Got it. And sir, you say that over a period of time, you want to take Cyclopentanone to a scale where the PFS as it gets merged, the numbers will be much bigger in Privi as well. Could you give some sort of -- I understood that on a scale as sir said, INR400 crores, INR500 crores total turnover PFS can do, but what would be the margin profile on those additional products, if there would be some sort of idea?

**Mahesh Babani:** Similar. It will be similar. So we have guidelines when we develop a product. Our guideline says that we have to be -- sometimes it's a low value, sometimes it's a high value. But eventually, we have to look at a product mix, which gives us anything North of 20%. It may be 23%, 22%, 25%. North of 20% only we make sure then we develop the product.

Supposing there is a product of 18% EBITDA, but we'll make sure that we should have a target to reach 22%, 23%, 24% by eighing -- improving our technology, using some catalysts. There's a full-fledged 100 people technical services department, which looks at this.

**Mann:** Got it. Sir, for this INR1,200 crores of capex that we have planned over a period of next 2 to 3 years, do we expect any sort of equity dilution through any route?

**Mahesh Babani:** Not needed, but let CFO take a call if needed or I think even otherwise, I don't think so we need enough debt, it is below 2. So I don't think so we need any equity dilution at the moment. But maybe if the CFO feels he wants to dilute my position, I don't know.

**Narayan Iyer:** Well, I understand it's already answered, it will be prima facie internal accruals and borrowing from the banks. That should suffice us for this INR1,200-odd value.

**Mann:** Got it. Sir, as Babaniji touched, what were investors probably worried about or were questioning a good block of promoter that had been sold. So if you would like to place any comments on that particular part?

**Moderator:** Sorry to interrupt you, Mr. Mann, but can you please rejoin the queue for follow-up question?

**Mann:** Yes, sure.

**Narayan Iyer:** No, Mahesh bhai will answer.

**Mahesh Babani:** I would want to answer this. See, this is for the betterment of the market conditions because there has to be liquidity in the system. So we sold some to a very reputed investor. There were some leakages which disturbed the market, which we couldn't control because you have to -- it was a deal for a very large investor, country's largest investor. But some leakages happened. So it did create some turmoil. But I think it's for the betterment of the investor, what more should promote a control than 63%.

**Narayan Iyer:** I hope that answers your query and maybe a lot of queries in the market in fact.

**Moderator:** Thank you. The next question is from the line of Punit Jagdish from Umayo Advisors. Please go ahead.

**Punit Jagdish:** Yes. Good evening, sir. Congratulations on a great set of numbers. I have just two questions. One is in the slide where we've shown the road map to 5k, we talk about new products and other things, but there is no mention of this Givaudan JV. So can we assume that the JV is -- any incremental revenue from the JV is over and above that?

**Sanjeev Patil:** Yes. Punit, we don't -- we are not in our 5k, 1k story, we are not considered revenues from the joint venture. So that is an additional thing that you have.

**Punit Jagdish:** That is an additional. Thank you, sir. That's useful. Second is I mean investors being investors, we always want Q-o-Q improvement and Y-o-Y both at the same time. So could we say that some revenue softness is because this is a typical year-end quarter and hence customers like to

maintain inventory low, which is why we always have a little soft Q3 and a better Q4. Is that the reason?

**Sanjeev Patil:** Partially, yes. The other reason is since majority of our products -- I mean, business is from export. So often by about 15th, 16th of December, the markets there do close down. And if you look at last many years, we have similar patterns. So that's how -- that's what happened. Even in November, Thanksgiving, most of the customers go on leave and then come back after almost after Christmas. So that's why if you see the last 4 years in that same thing, last 4 years always over that set of numbers in the third quarter is a little lower than the normal. But I have given the Slide 16.

**Narayan Iyer:** Having said that, it is still much better than our Q1 numbers that we have achieved. Q3 is a slight dip as compared to Q2. But margins -- the most important thing is that we have been able to maintain and improve on the margins as compared to previous year, the first quarter, second quarter, margins has been steady. So that's the plus point that we are talking about in fact.

**Punit Jagdish:** Yes. Narayan sir. I think as I said, investors being invested when you set high benchmarks, expectations get higher

**Mahesh Babani:** Let us close this one by saying that customer is king, so we have no complaints.

**Punit Jagdish:** Yes. Thank you, sir. That's all. Just two questions.

**Moderator:** Thank you. The next question is from the line of Anupam Agarwal from Lucky Investments. Please go ahead.

**Anupam Agarwal:** Yes. Thank you for my question and congratulations on good numbers, sir. Just one question, if you can give an update on the project of the corn cob, please?

**Sanjeev Patil:** So as we have stated in the -- I think in the presentation that we are right now processing up to about kilogram level of this corn cob thing and we are in the process of putting together all the data so that we can create a lot of intellectual property in terms of patents and all that. So that is under progress. And probably over the next 12 months to 18 months' time, as Mr. Babani told you earlier, we will put up a demonstration facility and then a pilot facility and then make it goes into full scale. But right now, we are processing at kilogram levels.

**Anupam Agarwal:** Under which business segment do you classify this, sir? Is it new products or speciality products?

**Sanjeev Patil:** No, it is beyond that. It is not into this. So it is a story which is beyond 5k, 1k. So that is something that will happen in our next phase of growth.

**Mahesh Babani:** But technology is developed pretty well. We are confident of scaling up, but we can't bite more than can we chew. So we are biting what we can chew right now. We have enough confidence that this is not a rocket technology, we can do it, but we want to do it a little better that we are trying to better the technology.

Right now, we have a technology which is working very well. We have reached in this particular thing, people get 10% each. In our pilot, we have already got 12%. And we hope to do it better.

That's why we are going to wait time and we are going to develop a better technology and then launch it. Otherwise, some technology we have already developed where we are comfortable.

**Anupam Agarwal:** Got it. So fair to assume that we'll be able to scale to lab or commercial by the end of '27?

**Mahesh Babani:** 100%. We'll be able to do it before that, but we'll launch the project only in '28.

**Anupam Agarwal:** Okay. And do we need additional facility or capex for that plant?

**Mahesh Babani:** Yes. Surely because that's not a -- we'll be handling maybe a few thousand tons of corn cob and to need that automation of handling so many tons of cobs, we need huge space and it's a great thing to do from -- because nobody is doing it at a scale we want to do. We want to do it at 20,000 ton level and scale that I don't think in India anybody is doing.

If anybody is doing, it will be at few hundred tons. So we want to do it at 20,000 ton level. We've been discussing with engineering companies, how to handle this. Right now, there are two sets of chemical engineers, one who is looking at what we'll do in '27, '28. So we've already got it on our drawing board. We'll be ready with it before we want to launch it.

**Anupam Agarwal:** Got it, sir I will closely monitor that. Thank you and wish you all the best for your 5k, 1k future, sir.

**Moderator:** Thank you. The next question is from the line of Nikhil from Perpetual Capital. Please go ahead.

**Nikhil:** Yes. Hi, good evening. Thank you for the opportunity. I just want to congratulate the whole management on this remarkable turnaround of business over the last 3 years, managing tough times post the Russia-Ukraine war. So hearty congratulations to the whole team. Outstanding job. I just had one question. So one of your slides in the presentation mentioned your focus is on improvement of gross margin. So can you talk a bit about the levers of the margin improvement going forward?

**Sanjeev Patil:** So the improvement in gross margin comes from a variety of inputs. Starting with, first and foremost, you improve the process yields, so which means you get higher amount -- higher quantity of material from the same input, or you require less input for getting the same quantity of material. So that's one of the first things that we work on.

And as we always have been saying, we have 100 chemists and chemical engineers who are working constantly on this round the clock, and we keep on looking at all the molecules that we have. So that's the first way in which we improve our efficiencies and improve our cost and the margins.

The second and third thing that we do is we also try and reduce the utility consumption. So we try and conserve steam wherever possible every year. So every year, we have a program where we identify a loophole here and there. And we are also now using -- now that we have reached a particular scale, we are able to now use certain advanced techniques by which we can also conserve residual steam, which at a smaller scale is difficult. So that also we are working on.

We are working on having solar power, which has been reducing our power cost, as you can see that. So these are all the factors which is all leading to operational efficiencies. And we constantly work around the clock. We have a full-fledged department headed by a very experienced chemical engineer and assisted by several younger people, yes.

**Nikhil:** Got it. So does this mean there is still scope of further expansion on gross margins within existing products as you all keep on working -- I mean, even on existing molecules to improvise on the process, while you are also looking to get into some more speciality or super speciality products. So can we expect over the next 3 to 5 years, the gross margins to keep on improving from the current level?

**Sanjeev Patil:** It cannot perpetually improve. It will improve by about 100 to 200 basis points and more. But that's about that because.

**Moderator:** The next question is from the line of Rohit Nagraj from 360 ONE Capital. Please go ahead.

**Rohit Nagraj:** Thanks for the follow-up. One bookkeeping question. What was the incentive which was recognized during this quarter and for the first 9 months?

**Narayan Iyer:** Okay. This quarter, we have not recognized any incentive because state incentive is not something that we keep getting on a monthly basis or so. This was addressed in my last call that this is on an annual basis that we talked about. And for the overall, the 9-month period, the amount that has been taken in the revenue is close to about INR10 crores or so.

**Rohit Nagraj:** Right. And for the new project or new capex is -- are we again eligible for any state incentive?

**Narayan Iyer:** For which project?

**Rohit Nagraj:** For the new capex that we are doing, the INR1,200 crores?

**Narayan Iyer:** Yes, yes. So this also taking the cue from the earlier investor call. As we had stated currently, we are only partly on the state incentive maximum benefit that we are talking about. By investing this INR400 crores, INR500 crores, which is balanced so that we get the ultra mega status for which we have the time to invest money up to and more than INR1,500 crores that is 31st of March 2027. Once we achieve these numbers, then we are entitled for a full 9% GST benefit for a 20-year period.

Currently, this benefit is available for 15 years. So we get that extra 5 years also from 15 years, we go to 20 years. And the benefit also doubles up for all the sales that we do within the state of Maharashtra. Of course, we have already got the Gujarat incentive for a 7-year period because our investment has been much lower in that particular state. So yes, the good times are definitely there. And as our Prime Minister normally says, good days are definitely coming.

**Rohit Nagraj:** Right. And just second clarification. So we have mentioned in slide number, on the capex plan slide that the new product facility will come on stream sometime in Q1 FY '28. I think given that it's completely new product on a commercial scale, we may have stabilization issues for a quarter or so?

And given that there will be capacity which will be optimized for the existing set of products, will FY '28 be a transition year in terms of growth, and then FY '29 will have a material scale up in terms of revenue growth?

**Sanjeev Patil:** Yes, absolutely. Well read and well understood the whole thing. It's correct. 2029 will be the year where there will be -- we will catapult into the next level of revenues and growth and everything.

**Rohit Nagraj:** That's helpful. Thanks a lot and all the best, sir.

**Mahesh Babani:** Next time we will also give you a newer plan for the future. That's my job.

**Rohit Nagraj:** Thank you.

**Moderator:** Thank you. Due to time constraints, we will take that as the last question for today. I now hand the conference over to the management for closing comments. Over to you, sir.

**Narayan Iyer:** Thank you. Thank you, every one of you for joining on this Privi's call today evening. We appreciate your time and showing interest in our company and our company's financial results and monitoring us very closely. We are very happy with the set of questions and the set of investors posing around on the investor presentation and the financial results that we have declared.

In case of any further queries or details, you can get in touch with us or the SGA team. We look forward to meeting all of you over and over in our next few calls. Thank you very much, and good day.

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

**Narayan Iyer:** Thank you.

**Sanjeev Patil:** Thank you. Thank you.