August 03, 2026

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

Dear Sir / Madam,

Ref: Letter dated July 31, 2026, providing Audio link of the Analyst / Investors Meet

Sub: Transcript of Analyst/ Investors Meet held on Friday, July 31, 2026

In addition to Audio Link shared via letter dated July 31, 2026, 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, 2026, held on July 30, 2026

You are requested to kindly take the same on record.

Thanking you.

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

Ashwini Saumil Shah
Digitally signed by Ashwini Saumil Shah
Date: 2026.08.03 17:22:46 +05'30'

Ashwini Saumil Shah
Company Secretary

Encl: As above

"Privi Speciality Chemicals Limited Q1 FY27 Earnings Conference Call"

July 31, 2026

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

Moderator: 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 the 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 '*' then '0' 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. R. S. Rajan – President of the company, Mr. Narayan S. Iyer – Chief Financial Officer of the company; Mr. Sanjeev Patil – Executive Vice President (Strategy and Biotechnology), Ms. Ashwini Shah – Company Secretary and Compliance Officer.

And 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 beliefs, opinion and expectations of the company as on the date of this call. These statements are not the 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 Q1 FY 27 Earnings Conference Call.

Q1 FY27 marks another important year in Privi's growth journey. Our focus remains on executing the expansion projects currently underway, strengthening our specialty product portfolio and further building on the long-standing relationship with customers across the globe.

The first quarter reflects a very positive start of the year. Our business continues to benefit from the confidence that global customers place in Privi's manufacturing capabilities and 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 Sanjeev to take you through the operational highlights of the quarter.

Sanjeev Patil: Thank you, sir. Good afternoon everyone. Q1 FY27 has been an encouraging start for the year. During the quarter, company reported revenue of Rs. 666 crore, which is 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 category 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. The balanced manufacturing base together with our sourcing flexibility across both processes remains 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 like Maltol, Ethyl Maltol, Ethylene brassylate, Musk T as we call it, Cyclopentanone. Further, our long-term roadmap emphasizes introduction of 10 advanced specialty products as part of our Phase-2 and Phase-3 expansion program.

The joint venture PRIGIV 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 with infusion of additional equity, as you all know, and development of high value specialty molecules further.

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

Looking ahead, our focus remains on disciplined execution of 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, to take you further into the financial details. Thank you.

Narayan S. Iyer: Good evening to all. Thank you, Sanjeev. Thank you, Mahesh, and a very, very warm welcome to all of you. We are pleased to report and start the Financial Year ‘26-'27 with strong financial performance delivered in a dynamic and evolving macro environment.

Our performance reflects strong execution, disciplined cost management, and continued strength of 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.

Key highlights for the quarter which has gone by:

We reported strong growth despite subdued market. A 19.22% revenue growth was reported during this quarter on a year-on-year basis comparison. We delivered around 25% margins consistently now across the last nine quarters. The EBITDA margins are expected to sustain at a (+20%) driven by the operational efficiencies and improved product mix and increased capacities going to come forward in the near future and in the coming years. Our JV with PRIGIV is progressing as per expectations and we expect meaningful contributions to keep coming ahead.

On the CAPEX update:

As Sanjeev mentioned, our Phase-1 of production capacity expansion is progressing as planned and is expected to be commercialized shortly. This shall increase our production capacity from 48,000 to 54,000 metric tons of all our existing products. Phase-2 and 3 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 Sciences 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.

Members may note that we are pleased to share that the company has filed the scheme with the NCLT post receipt of observation letters from both the stock exchanges with a no objection, this marking an important milestone in the merger process. We expect the merger to be completed in this financial year.

Now coming to key financial highlights for the quarter '26-'27 Quarter 1:

The total income that was achieved on a consolidated basis for the quarter was around Rs. 681.42 crores, which indicates a growth of 20.01% on a year-on-year basis.

The EBITDA achieved during the same period was Rs. 167.47 crores, registering a growth of 18.73% on a year-on-year basis. EBITDA margins were at around 24.58% for the quarter, and we expect, as mentioned, EBITDA margins to be almost similar in the near future. 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 increase and improved product mix. This growth was supported by sustained demand across key end-user industries and increasing traction in our specialty and value-added product segments.

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

Giving a key highlight on balance sheet:

We continue to maintain a very prudent capital structure. I am very happy to inform that due to the excellent management and constant monitoring and focus, we have been able to bring down our overall working capital cycle in this quarter to 108 days during the period as against 141 dats in the previous year.

Our net debt as on June '26 was Rs. 865 crores, this is net of cash and surplus money 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 healthy 0.57x, reflecting good generation of profit. Our ROE and ROCE achieved during the quarter was 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 road map and are on track to achieve the vision envisaged by our Honorary and Honorable Chairman and Managing Director, Mr. Mahesh Babani, the vision of Rs. 5,000 crores in revenue and Rs. 1,000 crores plus of EBITDA over the next three to four years, representing a growth of about 2x.

With this, I would like to conclude now and ask the moderator to open the floor for questions and answers.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Vivek Rakholiya from Ficom family office. Please go ahead.

Vivek Rakholiya: My first question was, so our gross margin came in at 44.2% in Q1 FY27 versus almost 51% in last year Q1 FY26, which is a decline of about 650 basis points, even as the revenue grew by 20%. What drove the compression and how much of it do you expect to recover over the balance of FY27?

And also in Phase-1 CAPEX completion in mid-August 2026 and commissioning thereafter, should we read that FY27 growth will more likely be back-ended towards H2 of this year?

Narayan S. Iyer: Yes, your observation with regard to the RMC percentage consumption there being about 4% is true.

I would like to take you back to last year where we had stated that we had the advantage of low cost raw material and the high cost of selling prices which we were able to get during the Calendar Year 2025. But on an average, we had also mentioned that the RMC percentage on the sales will be between the range of 52% to 55%.

See, you also have to understand that we import CST and GTO from across the globe and across various periods and various cycles. So there could always be the usage of the mix that may come about by which there could be about a few percentage here and there on the raw material pricing.

Sanjeev Patil: We make over 75 products which are based on almost 60 different raw materials. So, sometimes the raw material cost could be substantially skewed. But overall as Narayan mentioned that between 52% to 53% is what we are looking at.

What you should also see is how much we have saved on other expenses. So as the volumes grow and as the value grow, economies of scale do set in and overall we are able to not only maintain EBITDA margin but even subsequent from EBITDA to PAT, we are able to maintain that as well because the impact of depreciation as well as interest also has come down. So, we see that EBITDA of around 24.6% and more nearing to 25% is definitely on the cards going forward. Does that answer your question, Vivek?

Vivek Rakholiya: Yes, sir. It does. Thanks a lot for that. My second question was in FY26 annual report in the Chairman's statement on page number 17, it indicates that the capacity rising from 48,000 tons today to 66,000 tons by June of 2027, which is divided into Phase-1 increasing to 54,000 tons and Phase-2 increasing to 66,000 tons by September of 2027. Which Phase-2 date is correct? Is it June 2027 or September of 2027?

And also are we on track for Phase-2 CAPEX or should we expect some delay just like Phase-1? In light of the above questions, would you like to revise your overall guidance for FY27?

Sanjeev Patil: First, let me answer your last question. No change in guidance. Guidance do remain what we have said. We will achieve 5K, 1K in the promised time. That is first and foremost.

Secondly, in terms of implementing our projects, we are on time and things are going on. It could happen for a week or two, you may not have any activity if it rains too much. But on the overall, the projects are being planned and being executed right now to deliver the growth that we have promised to all of you. That is the first thing.

And about the capacity expansion, the current flagship product expansion will happen in the course of the next 15 days or so. So from 48,000 metric tons, as Narayan said in his opening remarks, from 48,000 metric tons we will go to 54,000 metric tons.

Mahesh Babani: So, one last line I would like to make as Chairman. We are confident of achieving 20%, maintaining 20% CAGR with similar EBITDA margins. Means you can understand what I am trying to say. I do not want to speak numbers. What last year's number multiply by 20%, again, you multiply by 20%, that will be the minimum achieving that target.

Vivek Rakholiya: Thank you, sir, for the confidence. But just again a small clarification in terms of when would the 66,000 tons capacity be coming live in June 2027 or in September 2027? Just a small clarification.

Narayan S. Iyer: So, let me clarify this. First and foremost, the 6,000 metric tons of capacity was to come by June 2026, will now come by September 2026 is what we are saying. And from 54,000 metric tons to 66,000 metric tons, the balance 12,000 metric tons with regard to the Phase-2 CAPEX, that is what we are trying to say that by September 2027, the Phase-2 will be completed. I hope I am clear now.

Vivek Rakholiya: Yes, sir, very much. And the next question was on the bio-based pilot plant. What specific operating metrics like conversion yield or product purity, cost per kg, etc., will decide whether or not the company will move from a pilot plant to a commercial scale? And what is the minimum ROCE that is being kept in mind and targeted for these projects?

Sanjeev Patil: So, we have been progressing very well in terms of conversion of biomass into several value-added products. A lot of patents are being filed now. And what we are doing is we are putting up a demonstration plant, as we had covered in the last conference call. We are putting up a demonstration plant in Navi Mumbai, which would handle about 2 tons of biomass per day, which is a sizable quantity, which will then help us in terms of subsequent scale-up.

Right now, we process about a few hundred kilograms every fortnight or so. So we will be putting up 2 tons per day pilot plant, which will produce all the molecules that we are looking at. And that would kind of, as it says, demonstration and therefore proof of the concept would be given, you know.

So, that is what we are looking at. And investment in this is subsequent to the 5K, 1K plan. So this is something that would happen probably after we put up the plant, which will take about 12 months to 15 months. And once it is commissioned, we will probably run it for a year to study all the nuances of manufacturing. And then we will go for the large-scale plant. We are, at the moment, very confident about the entire commercial profitability of this venture.

Mahesh Babani: One closing remark I would like to give, Sanjeev, about this particular case, that in the Rs. 5,000 crore roadmap, this is nowhere part of the story. The part of the story will come future on after this Rs. 5,000 crores, the biomass projections will kick in. So, this will be first two, three years will be more learning, scale-up, doing homework for the future beyond 5K. I hope you understood.

Vivek Rakholiya: Understood. And the last question, if you could throw some light in terms of how do we benchmark against the peers in terms of process efficiency, that will be very helpful.

Sanjeev Patil: That is an ongoing process and we continue to work that. There is not a single day when it is not reviewed at the highest level. So, we continue to strive because we always have believed and have proven that money lies within. So therefore, we continue to work every single day on improving the processes, reducing the steam cost and doing all of that. So, we continue to focus on that.

Vivek Rakholiya: Thanks a lot, sir, for patiently answering my questions and all the very best.

Moderator: Next question is from the line of Nirav Gandhi from Sunidhi Securities. Please go ahead with the question.

Nirav Gandhi: My first question is regarding the revenue contribution from the PRIGIV JV. How much was it during Q1? And what was the EBITDA generated from the JV?

Narayan S. Iyer: You want to understand about the PRIGIV? The PRIGIV JV revenue generated was about Rs. 18 crores and EBITDA generated was about 14%-15%.

Nirav Gandhi: And my second question was regarding our understanding that Alpha-pinene prices have risen by 70%-80% in last five months. So, how much of that we have benefited from the price increase? And how do we see the prices of Alpha-pinene going ahead?

Sanjeev Patil: If I would have known that, I would have been a billionaire myself. But no one can actually predict alpha pining prices. But the good news is, and as we always keep saying, that when we do CST procurement, we do the back-to-back contract with our customers. And that is what helps us. So to that extent, we are covered in terms of our CST and back-to-back with our customers also.

As far as the balance Alpha-pinene that is made from GTO, the prices are right now at a high level. There are both views. Some views say that the prices may still go further. But they are at historic high. That fact remains. And we are able to pass on those costs to our customers.

Nirav Gandhi: And sir, if you can share the break-up of revenue in terms of volume growth and realizations, that would be helpful.

Sanjeev Patil: We have not been giving volume growth on quarter-by-quarter basis. So, we will give you at the end of the year. But it is a good mix of all the pricing because product mix...

Narayan S. Iyer: It is an all-round growth, Nirav. So, let us not get into nitty-gritties. But it is an all-round growth overall. As I mentioned in the opening remark, it is a mix of product, increase in prices, as well as an increase in the volume.

Nirav Gandhi: And sir, what is the status of the merger of Privi Fine Sciences with Privi Speciality?

Narayan S. Iyer: Sir, it will happen by this year-end. The good news that has happened in this quarter is that we have been able to file the application with NCLT. So, we have progressed in this quarter very well in that.

Nirav Gandhi: That's it from my side.

Moderator: The next question is from the line of Anisha Dalal from Universal Capital. Please go ahead.

Anisha Dalal: First of all, congratulations on the performance. I have two questions. One is the cost of raw material and inventory has been increased as compared to the previous quarter. Can you give some highlights on that?

And the second is the industry, especially in the camphor market, facing the demand-supply mismatch with significant new camphor manufacturing capacities that have come up in India. So I also like to have comments on that.

Narayan S. Iyer: So, Anisha, I think the first question I just answered with regard to cost of RM. So, it is actually a mix of various things. But last quarter, for the same period, we had some advantage of low-cost raw material and increase in the selling prices for the contracts for the Calendar Year '25, plus a good product mix was also there.

So, you need to look that in Q2, Q3, Q4, the RM percentage vis-a-vis the sale was higher than what it is currently. And so we are in line with that between 52% to 54% that we always talk about what could be the RMC as a percentage on sales.

And lastly, I have always been telling that do not look at Privi on a quarter-on-quarter basis. We need to look it into as a yearly basis because the contracts that we enter is on an annual basis. That is a back-to-back contract that we have. You will find us the RMC to be around in that range.

And with regard to camphor sales and camphor…

Anisha Dalal: Sir, I was saying there was some mismatch in the manufacturing capacities that have been come up to India for the camphor manufacturing, which has increased the prices of camphor. So, in that regard, I wanted to know the highlights from you.

Sanjeev Patil: So, camphor, there were always number of players who make camphor, but their source of making camphor is based out of gum turpentine oil, which is very volatile in terms of pricing. Whereas, we make it more from CST route and it is a very small percentage of overall revenue. So, it is not an important product. We sell on our terms. We do not really look to sell.

Narayan S. Iyer: Anisha, the most important thing is that for us, camphor is one out of 75. For many others, it could be the product. So, that is why we do not give so much of importance to camphor per se in our overall portfolio.

Sanjeev Patil: It is about 5% to 6% of our total revenue. So, we bother up to a point only.

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

Sahil Goyal: Sir, I have a question regarding your revenue mix, like which molecules contribute to the major portion of our revenue?

Narayan S. Iyer: Pine continues to be the main contributor.

Sahil Goyal: Can you specify the name?

Narayan S. Iyer: As you are aware, we have stopped giving product mix and product segments and all. So, this is as per the Board directive. So, the important thing is that it is a complete product mix that we are selling and all our products and our capacities are close to 90% of the installed capacities that we have. So, you should understand that in fact.

Sahil Goyal: And sir, what is the capacity utilization right now?

Narayan S. Iyer: Around 90%.

Sahil Goyal: 90%.

Moderator: The next question is from the line of Rajesh Mishra from Liberty Trading. Please go ahead.

Rajesh Mishra: Sir, I have two questions. First is, due to the Iran war, impact of raw material prices effect on profitability and how you manage?

Second is, what is the percentage of the camphor segment in your total business and it is increased month-to-month basis or it is still the same?

Narayan S. Iyer: Yes. With regard to the Iran war, there has not been too much of an impact on our RM percentage consumption, in fact. Because crude as a segment and the product that we do is very, very limited in fact, you know. So, predominantly, it is non-crude items that we manufacture. So, really, we have not been impacted because of the war that has been going around.

And your second question with regard to camphor forming a part of our overall portfolio, as Sanjeev rightly mentioned, it is between the range of 4% to 5% broadly on the total turnover that we do.

And last, you asked for the capacities that we are operating around. It is around 90% or so. I hope I have been able to answer you, Mr. Rajesh.

Moderator: The next question is from the line of Krish Talot from WeGrowth AIF. Please go ahead.

Krish Talot: I just wanted some clarity on the capacity. So, our expansion plans are up to 70,000 metric tons. But post-merger, what would be our capacity? So, combining Privi Fine Sciences, what kind of capacity we can see?

And further, we are not currently looking for furfural backward integration, but Privi Fine Sciences has certain capabilities of backward integration. So, how are we looking to backward integrate furfural as well moving forward? So, if you can share some light on that.

Narayan S. Iyer: To answer your first question, that post-merger, what will be the volume that gets added? It is close to about 6,000 metric tons that get added to the Privi portfolio.

And second, your question whether Privi Fine Sciences has a backward integration for the product that it is manufacturing? Currently, no, sir, because it is in a different set of chemistry. The raw materials are available and there is good margins available on that, in fact. But maybe going forward in future, we can always consider once it becomes a part of the Privi portfolio.

Krish Talot: So, the additions would be around 6,000 metric tons, right?

Narayan S. Iyer: That is correct.

Krish Talot: Also, sir, on our PRIGIV joint venture, what kind of capabilities from the chemical know-how and process know-how that we are building or that we can utilize for our other clientele base as well, which are also good in the flavors and in the fragrance segment?

Sanjeev Patil: So, I will tell you, we do not really speak much about our technical details. But over the years, we have mastered almost all kind of chemical reactions, and those are platforms on which we are working.

So, we are particularly good at hydrogenation, for example. We are extremely good at distillation. We also do a lot of other separations as well, which normally are not being done by other chemical manufacturers. We do that.

So, we also do a lot of Grignard reaction. All these chemistries we do and that is what helps us in terms of overall looking at newer molecules as well.

Other thing that we also do well is the environmental treatment. So, we ensure that it is zero liquid discharge. So, in that area also, we have substantial expertise in terms of treating all the effluents and ensuring that it is zero liquid discharge.

These are platforms that we have and there are a couple of more, which I would not like to disclose. But apart from biotechnology, there are some more technologies that we are working on, which are really breakthrough technologies, which, in the due course of time, probably over the next 12 to 15 months, we will talk about those.

Krish Talot: And just one more last thing. Are we looking some more, this kind of joint ventures and partnerships?

Mahesh Babani: These are very, very tight ropes to walk on. We will have strategic alliances, but not joint ventures. We will have strategic alliances, we have two underway, but joint ventures become very, very tight ropes to walk on because, you know, one customer feels you are favoring the other. So, now we are going to do strategic alliance instead of joint ventures. Of course, we have two strategic alliances underway.

Moderator: The next question is from the line of Aniket from CRK Research. Please go ahead.

Aniket: First of all, congratulations on a good set of numbers, sir, and thank you for the opportunity. So, my question, most of my questions were answered, but I would like to ask, what kind of a funding split are we looking when we are about to, like, start the Phase-2 and Phase-3 CAPEX? So, I just wanted to ask about that.

Narayan S. Iyer: As far as the funding part is concerned, so since we have mentioned and it is there on the public domain, that Phase-2 we have already commenced and Phase-3, we will come in somewhere around the end of this year or early next year or so.

A broad guidelines given is, it will be prima facie done through internal accruals and as and when needed, maybe we will borrow from the banks or from whatever institutions are available at very competitive prices.

Even after having said that, you would see that our ratios pertaining to debt-to-EBITDA and debt-to-equity, they all shall be very closely monitored and be much, much below the so-called thresholds that normally people prefer to be around.

Aniket: My second question would be, like, can you just explain, like, up to what extent are we looking for adding continuous flow chemistry? Or is it being used across the manufacturing processes? Or are there any opportunities to increase the adoption and particularly for the new molecules?

Sanjeev Patil: Yes, for the existing molecule also, let's say, because each molecule involves between three to four chemical reactions. So, in some cases, for example, we may be continuous on two. We are trying to do all of them continuous. Most of our distillations are now continuous. And then in the upcoming projects as well, we are trying to see wherever possible, we are trying to start with continuous manufacturing for large-scale molecules like Maltols and all that. For specialty molecules, obviously, it cannot be continuous, but otherwise, we are working on continuous chemistry on ongoing basis. Yes, it is a good point to see.

Aniket: That is really good to hear. That is all from my side.

Moderator: The next question is from the line of Suraj Shinde from Yes Securities. Please go ahead.

Suraj Shinde: So, my first question is what percentage of our raw materials are crude-based, and how has this impacted the pricing?

Narayan S. Iyer: I just mentioned earlier, this is Narayan here answering you. Crude-based raw material forms about close to 15% to 18% of the overall purchases that we do.

Suraj Shinde: Can you please tell us what amount of CAPEX that we will be incurring this year and also the next two years?

Narayan S. Iyer: The broad outline for this year and following two years, it could be around in the range of Rs. 850 crores to Rs. 900 crores or so. So, that is the CAPEX that is outlined, which will ensure Phase-2 and Phase-3 completion, in fact.

Suraj Shinde: And can you talk more about your new products and the new initiatives over and above the 5K, 1K plan? Also, what is the progress in our furfural products? At what stage are we in currently?

Sanjeev Patil: So, our new 5K, 1K story starting from about Rs. 2,500 crores that we told last year, out of that, if you see your investor presentation on Slide #18, we have the details, wherein we are given previous investor presentation, I think, in which we are given these things.

So, essentially, we are looking at three arms to this growth. One is chemistry, which is based out of furfural, which is a building block, which is made from corn cob. So, we would be the only company fully integrated from cob up to making of molecules like maltol, ethyl maltol and cyclopentanone. That would add about Rs. 1,000 crore and more to the revenue in this vertical.

We are also looking at a molecule called as Musk T or Ethylene brassylate. And then there are about 10 specialty molecules, 10, perhaps 11. And these molecules, of course, we are not putting any names to these ones right now, because of obvious reasons.

And all these plants are right now under implementation. We are expecting that by about middle of next year, they would be mechanically completed. And we expect that H2 of next financial year, we should start getting contributions from these plants, so that we are on a track to achieve 5K, 1K plans that we have made, that is Rs. 5,000 crore of revenue and over Rs. 1,000 crore of EBITDA, Rs. 1,000 crore plus EBITDA.

Moderator: Next question is from the line of Midhun James from MOAT PMS. Please go ahead.

Midhun James: So, my question is on the CAPEX plan. So, if I am not wrong, broadly you have three broad CAPEX plans that you have mentioned in the previous presentations, which is on the existing side, you have some Rs. 300 crores of CAPEX for the new product, Rs. 300 crores of CAPEX, which is supposed to be closed, which you clarified in next year, H2 of next year, and then another Rs. 300 crores of CAPEX, which is for new specialty products. Is my understanding right?

Narayan S. Iyer: That is correct.

Midhun James: And the existing product CAPEX you are saying is sort of delayed slightly and now it will happen in September of this year, right?

Narayan S. Iyer: Yes, that is correct, Mr. James.

Midhun James: And just to harp a little bit more on the new product side, which the previous participant also alluded to. So, what will be the structure, I mean, these two products, basically Maltol as well as the Musk T, what is the opportunity? Whom will you be supplying to?

I understand one is for flavor and other is in fragrance and all that. So, can you give a little bit more color on the market opportunity, the sort of customer you would be supplying to?

Sanjeev Patil: So, Maltol and Ethyl Maltol, both are right now made, I would say, over 95% is manufactured only in China. So, it is an obvious China plus One, of course, where we stand to achieve India as a source for manufacturing this.

India imports significant amount of Ethyl Maltol, which is used in making pharmaceuticals. And we are in touch with most of these customers. They would be very happy to procure it from us. Maltol as such is actually used as a flavor, all the Ovaltine, all the chocolates, biscuits that you eat, that has Maltol. It has that milky flavor that you get is from Maltol.

We are putting up a capacity which would represent almost, as per our normal strategy, one-fourth of the global opportunity. And we are confident that given that this would be consumed by our existing customers, and we would be the only company which would be fully backward integrated, only company globally, starting from cob right up to making Maltol, Ethyl Maltol, and few other products. So, therefore, we would have substantial competitive advantage in terms of manufacturing costs and everything. And that is what gives us assurance that we will be able to scale up our revenues pretty quickly.

Midhun James: That is great to hear. So, this will be a similar play to your crude sulphate turpentine as well. It is like a waste to wealth kind of a strategy. So, you are saying you are the only company in the world which has got this technology to sort of convert corn of the cob to Maltol?

Sanjeev Patil: So, there are number of companies which convert, I mean, there are multiple ways of converting COB into furfural. And there are n number of companies in China who process and produce furfural, which has lot of other applications as well. I mean, furfural production is over few lakh tons, you know. So, there are umpteen number of companies in China which process furfural and they sell that furfural.

And there are companies which make Maltol in China which then procure that furfural. What I am saying is we will be the only company which will start from cob, make furfural and for that also we have a slightly different technology, superior technology. So, that is what our advantage would be.

Midhun James: Just last question on the PRIGIV JV. So, what sort of products are you targeting in that PRIGIV JV? Is it more to do with supply towards PRIGIV or how does that product work?

Narayan S. Iyer: Mr. James, we have an agreement of non-disclosure. So, I will not be able to give too much of details on that. But whatever is manufactured in the JV will be exclusively sold to Givaudan.

Midhun James: I got your point.

Sanjeev Patil: There are 42 products and you can see their confidence in the joint venture by the fact that together we have decided to invest additional Rs. 50 crore in equity for next phase of expansion.

Midhun James: Cool. So, thanks for the answer and all the best.

Moderator: We have our next question from the line of Niket Jadhav from Purnartha Investment Advisors. Please go ahead.

Niket Jadhav: I just wanted to ask about the crisis happening in the Red Sea currently, I think related to the Houthis. So, do you guys see your freight costs increasing in the next couple quarters? Or how are you tackling this issue?

Narayan S. Iyer: See, Red Sea impact now has been for quite a number of years. And we have been sailing through that impact now. I can only say that.

So, with regard to freight expenses on account of the Hormuz Strait, we have not been too much impacted on that. But Red Sea continues to be as it is. Do you have anything specific to get it clarified?

Niket Jadhav: No, sir. Just wanted to know if margins will be affected.

Narayan S. Iyer: No, no, no. We do not find any such challenges, in fact.

Moderator: The next question is a follow up from Krish Talot from WeGrowth AIF. Please go ahead.

Krish Talot: I just wanted one clarity on the Maltol front. It will be a flavor molecule, and it will go into probably pharmaceutical application. There will be approvals that will be required. So, what will be the approval timeline and process that we can see in it?

Sanjeev Patil: So, there are two Maltols, Krish. One is ethyl Maltol, one is Maltol. One of this goes for pharma application. But as this is an intermediate, therefore, it does not particularly require any approval.

As far as other one, Maltol, is concerned, that goes for flavor. So, our plants are designed as per GMP standards. So, we will be getting good manufacturing practices certification to sell those products because it is a flavor.

Krish Talot: And just one more question on the strategic alliance that you mentioned. Can you shed some light on what would be the scope of that strategic alliance and what would be the purpose of that strategic alliance?

Narayan S. Iyer: Currently, we are not in a position to disclose too much of that. So, at the appropriate time, we will announce.

Sanjeev Patil: But this would be typically, let us say one or two specific molecules that our customers may ask us to do exclusively for them. So, that is what we will work on.

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

Narayan S. Iyer: Thank you, Manav. On behalf of Privi Speciality Chemicals Limited and the management, on behalf of Mr. Mahesh Babani, I thank all of you investors, shareholders of the company and every person attending this particular call for having taken the time out. Thank you. And it was a pleasure interacting with all of you. I look forward to interact very shortly soon. Good day.

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