



**“Privi Speciality Chemicals Limited Q2 FY-24  
Earnings Conference Call”**

**November 07, 2023**



**MANAGEMENT: MR. R S RAJAN – PRESIDENT.  
MR. NARAYAN IYER – CFO.  
MS. ASHWINI SHAH – COMPANY SECRETARY &  
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**MODERATOR: MR. KAMLESH KOTAK – ASIAN MARKETS SECURITIES  
LIMITED.**



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**Moderator:** Ladies and gentlemen, good day and welcome to Privi Speciality Chemicals Limited Q2 FY24 Earnings Conference Call hosted by Asian Markets Securities Limited.

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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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kamlesh Kotak from Asian Securities. Thank you and over to you sir.

**Kamlesh Kotak:** Good evening everyone. On behalf of Asian Markets, we welcome you all to the 2Q FY24 Earnings Conference Call of Privi Speciality Chemicals Limited.

We have with us today, Mr. R S Rajan – President, Mr. Narayan Iyer – CFO and Ms. Ashwini Shah – Company Secretary and Compliance Officer representing the Company.

I request Mr. Rajan to give us an opening remark about the business. And then we will get a financial update from Mr. Iyer and to be followed by Q&A session. Over to you sir, Mr. Rajan, thank you.

**R S Rajan:** Thank you Mr. Kamlesh. Good evening to all our investor fraternity and a warm welcome. And at the outset, let me begin by wishing you and your families a very warm, festive season ahead.

And it seems that it's auguring well, for our Company also. So, as you would have seen by the results posted on the numbers, remuneration will be done by our CFO. But based on the calls that we've been having, you would appreciate that we have been practicing Privi values, which is essentially transparency, respect and care, sense of urgency, sustainability and safety.

So, I'll start with transparency, we have been extremely transparent in all our previous calls, and especially after we got a feedback, that we should be engaging with our investors on a more regular basis. Our CFO has taken the initiatives to do that. And last time also we told you, that we believe that the worst is behind us and now we see us trending forward. So, let me start with safety, which is another value that we have. We have recently been awarded by the National



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Safety Council Plaque-1, which is the first rank for our unit in Mahad, and also a certification of merit for some units in my Mahad. So, with that, we continue our track record of being proactive on safety. And we have been doing regular mock drills. And we've also ensured behavior-based safety initiatives which has taken us to the next level in terms of securing our interest.

As far as sustainability is concerned, you will be happy to know that your Company has embarked on a mission to become a 30% biomass and biofuel user by the end of this financial year. And we will continue to make forays on that, which will also include solar power, which will also kick in starting this month onwards. And going forward, we will continue our pathway of sustainability become a coal free Company by the year 2025, 2026. And having said that, it's a good sign that with all these initiatives, we have seen increase in the sales as compared to last year same time as well as quarter-on-quarter. We've also been able to see change in the raw material prices, which is helping us maintain our margins. And we also see the high value inventory, which was causing concerns melting and has substantively come down. And of course, in one of the forays we had made in terms of new technology on the Speciality chemical, we have been gaining traction, and I'm sure on the way forward thanks to the vision of Chairman, Mr. Mahesh Babani. You will see that the Speciality chemicals which were foreseen as having a surge will take new value and new one use for the Company.

So, with those optimistic words and progress with growth as the only mindset. I hand over the baton to our CFO, Narayan.

**Narayan Iyer:**

Hi, good evening to every one of you and a warm welcome to all my investors and I'm on a very positive note, I would love to welcome all of you. The numbers for Privi as was expected have improved, there is an increase in the sales prima facie on account of higher volume. There is an improvement even within the segment wise sales, where Speciality chemicals has gone up. Some of our new products have contributed to the increase in the sales, which is auguring well, and in-line with what we from the Company Rajan, Ashwini and myself have been time-to-time appraising our investors that the Galaxmusk, Prionyl and Camphor will start the sales. And as expectedly sales of all these products have been decent enough, and have led to a contribution to the increase in the sales. Sales prima facie have increased as compared to the previous year, which I'm talking about the comparison of September 22 vis-à-vis the September 23. Volume-wise there has been an good growth of close to about 12% or so. So, this is well for us and as compared to our June numbers also there is an increase in the sale of almost about 7%. And that's how we, posted healthy results.

And most important, as was appraised by me in my last call, most of our high value inventory that we were carrying over the last eight to 12 months or so, we have been able to consume, liquidate, prima facie and the results that you see a better improvement as compared to the raw material consumption on the sales that has led to the impetus on the margins. So, the margins



have improved significantly on account of the low value of raw material being consumed in the major part of this quarter. We feel that going forward also the lower raw material will help us sustain our profit that we have been able to achieve in this quarter. And the Company has already taken a lot of steps in reducing various other expenses, be it the employee cost, or be it the power and fuel expenses, as you could see that our coal cost has been gradually coming down. It augurs well with because most of the European countries have gone back to gas, coal prices have started coming in, availability of coal has eased out. And that's how the high value coal which was there in the previous year and a little bit in the first quarter. That's coming down and we expect coal prices may as we enter into the third quarter and fourth quarter could prima facie gets stabilized by another rupee or rupee and a half from the levels of currently it is being sold.

And we also have been benefited by constant reduction in the freight, good negotiation skills by our supply logistics, which has ensured that the prices that we are paying on the freight expenses both for inward and outward have also led to an improved profitability. And it seems well that in this particular quarter, when I talk about the consolidated number my EBITDA level is close to 100 crores about 98 crores or so is the EBITDA level that we have been able to do. And we feel definitely going forward and with the order positions and overall market scenarios in place, and the festive season that we are in, not just in India but globally also in the month of December, as you are aware it's the most important festival coming around. We feel that we will be in a position to sustain the numbers that we have posted in this particular quarter, and go on a healthy note as we talk for some of our negotiations for next year.

So, thank you, everyone. Thank you all the investors who have been with us for quite a long time. And I hope that Privi will continue to set up and retain the benchmark levels that we have done. On that note Kamlesh, I hand over to you for the next session of Q&A. Kamlesh one more good news, just before the Q&A starts, let me also say that with proud and with great excitement, I would like to inform one more information to all the investors that our Camphor plant has been accredited with the FDA approval. So, we have just got this a few weeks ago which means that Privi's camphor which we will be able to sell in the market could also possibly be used in various pharmaceutical applications on that note Kamlesh back to you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nikhil from Perpetual Capital Advisors. Please go ahead.

**Nikhil:** Just a few questions. So, like you mentioned, on the energy side you are looking to invest in solar and go coal free by 2025, 26. So, what could be the impact on the Company's financials?

**R S Rajan:** The sustainability is much more than impacting the Company's financials, our Chairman's vision of re-earth and to go on a sustainable path is to ensure, that our growth is not only responsible, sustainable, it is also inclusive. So, we need to give back to Mother Earth and the



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planet, the way we need to search forward. I don't see a significant impact on the financials of the Company, But, I see a significant impact on the carbon footprint that is being underused. And as far as the solar power is concerned, we've already invested in it, and the green gas emissions will substantively get eliminated or come down. So, those are the questions that we are having. And, if I fail to, our investors who have been so kind and so supportive, that in case there is a small percentage point or two, to bear for this sustainability, we should all see that as our contribution towards the next generations because at least they deserve the planet the way we inherited it, if not better.

**Nikhil:** Got it, but does it also help on customer side probably in European countries who really value sustainability significantly. So, in terms of sourcing does it give preference to companies like Privi?

**R S Rajan:** Most definitely, because if you are not practicing sustainability, you are not in the head table. You don't have your hat in the ring at all, because as consumers and social media marketing gets more aggressive, there will be communities who will boycott products which are not sustainable or who do not have a renewable source of ingredients. So, Privi will continue to enhance its value by doing responsible and sustainable practices, and I'm sure all the key accounts and customers who are in the Fortune 500, they not only value that, they appreciate our foray as they have done so even in our sustainability development goals, where we are already meeting, eight of the 17 SDG goals.

**Nikhil:** Okay. And sir our EBITDA margin in the current quarter have moved to almost 20%. So, what have happened, has there been a change in product mix or so, I've never seen these kinds of margins at Privi and have been sustainable.

**Narayan Iyer:** Okay, Rajan can I answer that?

**R S Rajan:** Yes, absolutely.

**Narayan Iyer:** The reason is that, most of the raw materials, high value raw materials which we had and we had procured in the past, was prima facie consume, there has been a good improvement in the Speciality chemicals that we have sold in this particular quarter, because we see that there is a spurt oven on Speciality chemicals where margins are better. Low cost of raw materials has also helped in getting better margins for our bread and butter products, like whether it's a Dihydro Myrcenol, Amber Fleur, Pine-Oil, Terpeniol, good Galaxmusk sales has also gone up and beyond a particular breakeven sales that the Company achieves and asset turns, mostly the gross margin then becomes the net margin for the Company. So, all this put together our margins and EBITDA levels has improved. I would also like to say that these sorts of numbers were also achieved, if you could go back to some of our financials of 18-19, 19-20. In fact, it is also there on the annual report that we printed in this year, on page number three or four that, going back



to about three years ago our overall margin in that flow also, we had shown that Privi is capable of getting those 18% to 20% of margin. So, it's not that it has not been achieved, it's not that we cannot do it, it's only that over the last two and a half, three years, we have been spending money as far as possible on expansion, to keep in view our vision of going to the 3000 crore mark, where we saw that some of the products that we wanted to enter whether it was a Galaxmusk, Prionyl or Camphor, these products and as well as increase some of the existing product capacities of Pine-Oil, Terpeniol, Dihydro Myrcenol, Amber Fleur and CST processing, all this took about 800 crores as we spoke about, and those have now started to sweat around and the moment we are able to cross the threshold of the breakeven, these margins will definitely come back in fact. Specifically, I will ask you to look in at 19-20 financials were our EBITDA margin for the entire year was as high as 21.74% in fact. So, it's only been that in 21-22, 22-23, the year of CAPEX, the year of the war, the year of COVID, and increased cost, and all the turmoil that we had, and which have been in time and again enumerated to all my investors, to all those who have been associated with Privi, the reasons that it was, and why it was happening around, we feel that we are slowly coming out of all that issues and problems and high value inventory, and slowly getting back the Company into normalcy. And we expect that, the normal range to be in that level of about 16.5 to 19.5, which we keep talking about. And once again, I would like to reiterate that when we talk about our margins, we also prima facie consider the other income where, I have a lot of my sales and purchases, Forex which comes in and sits around since we need to comply IndAS standards in India where as per the accounting policies, we have to classify them as other income but these are my operating income. I'm not actually playing in the derivative markets or so. So, this is something on account of the timing differences between the accounting a sales invoice today, receiving the money subsequently or accounting an purchase invoice today and then paying it after the credit period in fact.

**Nikhil:**

Understood. And sir how does the demand scenario look like going forward. So, I've been tracking the top blenders of the world, since a couple of quarters and at the start of the year, we spoke about destocking and the momentum picking up in the second half of the calendar year. And, even in the last two quarters, in their commentary they say that, consumer fragrance is yet, has picked up now in high single digits, while the fine fragrance is where the growth is coming from. So, how does it look for the Company and for the next few quarters, how does it look like?

**R S Rajan:**

On the demand side, definitely fine fragrances have been doing fine. It's probably because a life in many facets have bounced back to normalcy and since we always say that, our products are intertwined with human habits, so it has a tinge of anti-recessionary opportunities because habits don't change overnight. However, let's all be responsible and be cautiously optimistic, because the world has never been more VUCA than what you see today, just when we were still dealing with the Ukrainian war, we have now a war between Israel and the Palestinians. So, all these have a telling effect on the overall geopolitical environment. So, it won't be prudent to predict whether the demand is going to surge up or come down, but I can say that we can be cautiously



optimistic because our products are related to day to day use in human habits, except for the fine pregnancies which comes into a different segment. But since we are addressing all the segments, and we are always looking at innovation, thanks to our Chairman driving the R&D initiatives also. We will be able to tide over all the bumps that we encounter on route.

**Nikhil:**

Okay. And sir in the current quarter the growth is driven by exports or the domestic market because in the annual report you had mentioned the Company has added Unilever as a client, so that is probably for domestic market. So, what is leading the growth now?

**R S Rajan:**

In the given segment, both are showing a sense of growth. However, in the recent past the growth has been a little I would say cautious and we hope that the second half is going to continue the trend.

**Narayan Iyer:**

Precise in answering, the growth is both exports and in domestic, because we maintain our ratio of 70 and 30, this quarter also it is almost at similar lines of 68.88 of the export front and about 31.12% on the domestic front. So, we broadly it was going to be a 70:30 ratio this quarter maybe a percent here and there on account of Camphor sales which predominantly happens in India. And so those has been robust in across the globe in fact. There could be certain segments of the market globally also, maybe Latin America was down, but Europe was better, because the destocking as a process has come down. So, people have started lifting the materials more proactively, so that their production levels is also looking up, season of the festivities is around the corner in most part of the globe. So, they would definitely want to capture the season which means that, they are not in a position to be zero inventory at their level. So, all this has really helped us around to garner ourselves and post a decent number both in volume as well as value as we speak this quarter which has got completed in September. And going forward, we see almost similar trend that could possibly happen in this quarter of Q3 of October to December where numbers may hit up, the volume is looking good, demand is more or less strong. If this happens, it augurs well for our Company, for your Company and you should be in a position to see that we should have good Q3 business too.

**Nikhil:**

Okay, nice to know that sir. And how camphor has been received, now since its the first season for the Company supplying camphor. So, far how has the product been accepted in the domestic market. And with the FDA approval the timeline for, how long does it take for you to start supplying to the pharma space now that you have an FDA approval?

**R S Rajan:**

Go ahead.

**Narayan Iyer:**

No, Rajan you say, and then I will fill in if anything needs to be added, go ahead Rajan.

**R S Rajan:**

So, the camphor since it is also season time has shown a good acceptability on sale, of course as a new entrant who is having its first year of sales, we are going to be entering a competitive



space. But since we have now made forays into an FDA approval, we have seeded the first inroads into the pharma companies. And, I see in the second half acquisitions of some of the key customers as we go along. But overall, it's good to say that considering that this is the first year of our camphor performance, the reception has been competitive but very encouraging.

**Nikhil:**

Okay. One last question from my side is on the balance sheet front, while the inventory has come down versus the March quarter, where do you see this settling and can you also comment on the debt, that has slightly come down but what can be a good level to see maybe in the next six to 12 months?

**R S Rajan:**

We expect inventory to reduce further and as I say, I cannot talk in absolute terms in rupees. But the idea is to get the inventory level in number of days, because if we are going to keep growing, idealistically we would want an inventory keeping the various product mix that we have, five different segments of pine, specialty, et cetera. And then you have the sandal and now the mask is another segment which is coming around, in fact. Inventory level should settle down anywhere between 120 and 135 days. So, we are striving to get it closer by March end to the 130, 135 days maybe even a little lower. And going forward work on a 120 day inventory pattern as this could be the best for us, especially we are also having a sales GIT and purchase GIT because we buy material from various corners of the world on an incoterm basis of x works. So, the moment you have an x works, it means that we need to take that as an inventory in your books, because the owners of risk, or the owners of ownership passes on to us. Similarly, when it comes into sales, as you'll see that because of the IndAS adoption, and also having BL and DA, DDP, DAP terms that we have with many of our customers. So, this also gets termed as part of the inventory. So, this actually eats away almost close to about 30 days of the inventory level that we are showing in our books of accounts. It definitely augurs well, and our goal is to as I said, get towards the optimum level of 120. The moment we achieve 120, then we look at improving to 105 days. The second on the debt front, as you see comparing to March, we already about 90 crore lower than what we were, and maybe close to about 150 crores lower than the peak level that we had, seen our debt going somewhere around November, December of 2022 in our previous year. So, we are at about 995 net of cash, I'm talking about on the console level. We feel if things go the way that it is and as also mentioned to the investors that by March, maybe I should be in a better position to bring it to about closer to 900 and look to achieve somewhere around 850, 875 crores. So, that's the overall debt scenario that it can look at for the Privi on a consolidated basis

**Nikhil:**

Okay, just a clarification of the 120 to 135 odd days target for the inventory days that includes the GIT part right?

**R S Rajan:**

That's correct.





**Moderator:** Thank you very much. The next question is from the line of Archit Joshi from B&K Securities. Please go ahead.

**Archit Joshi:** Sir, I just wanted to ask you on some of the projects that you are considering which are already commissioned. My question was regarding some of the projects that you are considering, which either could have been commissioned or are in advance stages of consideration. Sir if you can give an update with respect to their status. So, one of them will be the Galaxmusk project, the Prionyl project obviously you discussed a bit on Camphor, and the other one will be our JV with Givaudan, so where would we be in terms of revenues or the ramp up of the capacity?

**R S Rajan:** Go ahead Narayan.

**Narayan Iyer:** No, go ahead Rajan.

**R S Rajan:** Okay. So, Archit thanks for bringing those products into the radar. On Galaxmusk, we are having a good progress on the same. And the quality that we are producing is being really appreciated by customers. And we also want to continuously not only improve the efficacy and the purity of the product, we also want to ensure that we have a seamless and on time delivery for all our key customers. So, at this point of time, we have surged up to about 60%, to 63% usage of capacities, including all mixes. And hopefully, by the middle of next year, we should surge ahead more on the volumes, because we will be able to throw more light on it in the last quarter of the coming financial year. As far as Prionyl is concerned, Prionyl is not something that we ever had a plan to rush into, we want to make sure that the Prionyl that we produce not only is top of the line in terms of quality and all effectiveness, it is also something which has an element of innovation in terms of renewability around it. So, our scientists are making some fantastic progress. So, we are already supplying those products to some of our key customers. But the surge will follow maybe after another six months or so. At this point of time, it is fair to say that we are taking a decision of how much to scale up depending on the targets that our internal team is meeting and it's being monitored from the Chairman downwards on a regular basis. So, we definitely are going to be one of the most important players in the Prionyl product. So, things are auguring well for the future.

**Narayan Iyer:** To answer something on the numbers, definitely as Rajan stated, Galaxmusk is really doing wonders, when we talk also as well as the Camphor, so Camphor in this first six months have really contributed in terms of both volume and value where we are competing with many of the existing customers so it's close to about 20 odd crores of sales that has come in the first half of the years, competing with the existing players. Galaxmusk definitely has, overall sales it's contributed close to about 65, 66 crores to the sales pattern for the first six months in Privi and volume also is very decent, as Rajan rightly put it in fact and we feel that we will be forced to reckon with on this product going forward also in fact.



**Archit Joshi:** Great sir, that's quite heartening to hear. Sir also I asked about the JV that we have posed with?

**R S Rajan:** Yes, so I'll just give you an update. As far as the JV is concerns, at this point of time it is progressing very well and we are having regular interactions and reviews as a one team between our JV partners, Givaudan and us and everything is progressing as per the schedule and in between there was a hiccup where the project was about 15, 20 days the unscheduled but team has worked hard with a sense of urgency to make sure that they are making up on the time. And they are true to the way Privi moves. We are also going to be adding value to the JV as we go along. And you'll be hearing this as one of the good examples of a global Company with a local Company localizing opportunities and taking it to the next level. So, hopefully by next year will be in the news for the right reasons.

**Archit Joshi:** Great sir. Sir there is another project that we have spent significant amount of time and probably money, manpower everything to develop the green renewable laevo menthol. Any updates on that front sir?

**R S Rajan:** No, R&D effort goes waste. It's a matter of timing and it's a matter of how we have to secure the investments, and the return on the investments for our stakeholders and our investors. So, we are going through a high level of permutation and combinations, to see that we are able to give a renewable menthol where any material that we use is going to be sustainable in terms of price parity. And given the situation that we see in the world, this project is definitely going to go forward, in what shape and size it will be too early to predict. But, I would say this, that we are very serious about this project and there's a lot of work going on in the R&D where the scientists are achieving some amount of traction. But in the time we get a game changing breakthrough, Privi is not known to launch products and take a backseat. In whichever project that we launch, we would like to be among the top players. And that's always been our quest. And we have proven it time and again. So, you should see the evidence of our track record where over 20 years we've had a CAGR growth of almost 19%.

**Narayan Iyer:** And to add to what Rajan stated, to put a very serious matter into a light hearted manner. I feel that, as told to the investors it is time that we garner all the money that we have, and it should be cash is king. Most of investors were saying that we went overboard with investments and with CAPEX. So, it's time that we get the money back into the system, investors are happy before we can go and launch the next CAPEX as you all are aware laevo menthol, menthol, green menthol what we talk about is the dream project of our Chairman, at the appropriate time we will launch it but having good financial, strong financials, so that our investors will backers in ensuring that we embark upon such a very prestigious and ambitious project, which is highly capital intensive. On that note Kamlesh back to you.

**Archit Joshi:** Could I squeeze in one more question?



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- R S Rajan:** Sure.
- Archit Joshi:** Sir, I'm just picking up from the last concall, we were speaking of some more clarity with respect to how contracts might pan out, let's say somewhere in November and December, during which probably you might enter into negotiations with respect to volume or prices. Given that we largely cater to the personal care category, wherein two of our flagship products, Amber Fleur and Dihydro along with the new fixative that we have the Galaxmusk, finding applications in these discretionary personal care categories, knowing that the current inflationary environment in the western world is kind of biting into quite a lot of their economic progress. How are we in terms of that business cycle, let's say for the next one, two years, I'm slightly speaking from a nearer term perspective if you may?
- R S Rajan:** We are in a good position, because Privi has a track record of reliability, credibility and sustainability for the past two decades. And the luxury segment is growing as you can see even in markets which are under pressure economically. So, in the fine fragrances, the future continues to be bright and even the companies which are into the mass segment, they have been using our ingredients to make a differential in a fiercely competitive environment and the customer is always looking at add on value. So, even in categories like detergents or your antiseptics and your sanitizers or soaps, et cetera. The consumer is always looking for a lift to his senses. And as far as all effectiveness is concerned, you have to get the right mix and we have some brilliant fragrance and blending setups with whom we have a preferential status. So, we are in a good position and since we've got all the ticks on the right boxes, the future continues to be bright. But while I say this, I put a hashtag, that given the scenario we need to be optimistically cautious, and continue to stay positive. Because we are a battle hardened team and we have overcome many bumps and I don't see any reason while going forward when the worst is behind us, we should not progress better.
- Moderator:** Thank you. The next question is from the line of Viral Bhansali from Pearl Investment. Please go ahead.
- Viral Bhansali:** I wanted to ask you a question regarding your JV with a Swiss Company. I don't know how you spell it Givaudan, please correct me. What are the products you are intending to manufacture in this JV and is this JV intended to be an outsourcing unit for Givaudan operations?
- R S Rajan:** Yes, the right way to call this as Givaudan. And this JV has its own identity because it's a 51% shareholding of Privi and 49% of Givaudan. So, it's called PriGiv. So, that's the name of this JV. And we are in a understanding that we are going to manufacture 40 products. And we are going to pass on these products to Givaudan on a exclusive basis. That is the foundation of the JV. But that does not stop us from going forward in the future times of exploring other



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opportunities which this JV will bring about. But these are early days, first let's get the product sweating for all of us and then we will be happy to share the progress we make on it.

**Viral Bhansali:** So, are these products overlapping with the products already we are manufacturing?

**R S Rajan:** No, they are not. You see, they have recognized after two decades of association with us our ability and they have great belief in the Chairman's vision and the team that he has built over the past two and a half decades from scratch. And many of our key people who occupy the core fulcrum of the first and second rang, they have on an average been with us for anywhere between 12 to 22 years. So, with such a lineup of people and talent, they have given us their repos trust in us to handle complex specialty chemicals. And so far, the team is doing well. And, I hear some of you congratulating us. We are just custodians, and we will carry on this congratulations to the entire team who sweat it out for us in the plants and in the market.

**Viral Bhansali:** So, what is the scale that you wish to take this plant to, because Givaudan is a big organization, €6, €7 billion organization. So, for us it's like the sky is the limit. So, how big can this JV get?

**R S Rajan:** See, at this point of time, it will be sort of exaggerating, if I say that we have some great plans for it, it has a good plan it is going to be very positive and progressive. But at this point of time we are focused on delivering the specialty chemicals that we have been entrusted to do and we are approaching it competently and responsibly. And once these deliveries take place after that, we can maybe have phase two and phase three. At this point of time we are focused on the task and these are not volume journals, they are highly complex Speciality chemicals which need to be made in the same plant. So, they have their degree of complexities which they have trusted us to manage and we'll be able to navigate around it.

**Viral Bhansali:** Okay, sir. So, your target of achieving 3000 crore revenue involves Givaudan revenue, the PriGiv revenues, potential revenues?

**R S Rajan:** No, so when we spoke about the 3000 crore it was with regard to Privi and Privi's own products that the infrastructure, the volume, the capacities that we have built up and set up should be good enough for us to go closer to the 3000 crore. Whatever we do with the JV will be over ahead apart from that.

**Viral Bhansali:** Any timeline as to how, till when you wish to achieve the targeted revenue?

**R S Rajan:** Okay. As mentioned in some of our earlier investor calls and also informed by our Chairman during the AGM. So, we target that, we should be in a position to go closer to the 3000 crore in the next two and a half, three years or so. So, maybe by 25, 26 or so we could be possibly reaching towards a 3000 crore mark.



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**Viral Bhansali:** And sir lastly, considering our history like, is it possible that we may some time in future templates selling ourselves to the Swiss giant?

**R S Rajan:** Why would you have a guess on that?

**Viral Bhansali:** Because we already did that once with Fairfax.

**R S Rajan:** No, we never sold our Company to Fairfax. They were one of the major investors and Mr. Babani has been running the Company for the past 25 years. And I'm sure that he can do that to another 25, you ask me given his energy levels that he's one of us who is growing younger. So, these speculations have been around in the market more so because of the JV. We have never hesitated to share anything that is happening of importance in our Company. And we don't have to speculate, at this point of time he is the majority shareholder in the Company, he is leading the Company in fact, he's made many sacrifices this year. In order for us to bounce back, including taking a salary cut and salutations to such a visionary leader. We should encourage such initiatives, rather than always speculate about sellouts.

**Narayan Iyer:** Let me also add to what Rajan has stated, in fact it is actually doesn't augur well, that your question about selling out or something. When Fairfax came in, they came in with another primary infusion and it's been in Privi's culture, I've been associated with this Company for more than 15 years, we have had P firms who come in with a primary infusion, helps the Company to grow. We have a mix of equity and debt, take the Company to the next level. augurs well, every P has a benchmark level of anywhere between three to five years. So, they finish off their term, the next set of investors come in, they pay off the first set of investors, bring in another primary infusion into the Company. We then develop more products, expand ourselves and that's how Privi has grown in the last 15 years if you see, we have gone from 100, 110 crores. I joined this organization way back in eight to date we are closer to the brink of 2000 crore mark. So, it's the way that we know when to get the equity, when to raise a debt, how to grow the Company and as Rajan rightly stated, we've been led by a very capable leader, in the form of Mr. Mahesh Babani, who has a vision set, who has already put India on the global front as far as the aroma chemicals is concerned, and especially in the pine space that we are leaders, we are global leaders in all the main products of pine, why should we look at something else in fact, another investor asked when are we going in for our dream project, we will go at the appropriate time. So, at that time, when we feel we would be raising money by way of equity or by way of a debt, it will be a culmination, maybe a balance approach that we go in. But as of now, we had about two, three quarters which were not too good, it's our also moral responsibility towards our investor, towards our bankers, towards our promoter, towards everyone associated with Privi, whether it is my customers or my vendors, that we put Privi back into good financial stability for us to take the next set of decisions, in fact. So, we really do not want to take or answer anything in haste. It's whatever happened in the last couple of years was beyond our capability of mending it. In



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fact, it happened there was a COVID, there were certain delays in getting the permission from various government agencies, the war erupted and this went beyond our reasonable capability of arresting and keeping the Company under check and keep on the growth path. I believe, we are now doing that what is needed and we will definitely ensure that our investors will be happy as we keep going around in the next couple of years in fact.

**Viral Bhansali:**

No doubt about it, your response is very much appreciated. Maybe, I phrased it a little bit wrongly. Something on the similar lines of Fairfax where a big Company like the Swiss giant that we have a JV with. We can be handled by them and they can take us to the next level because as Mr. Babani has always led to investor wealth growing. I've been with this Company from Adi Finechem times and up to which Fairchem took it and then Privi was merged into it. So, I've been with this Company for pretty long period of time. And they've really generate a lot of wealth for investors. So, my question was basically, on those lines as to, if any particular tie up or Fairfax kind of arrangement which can take us to the next level, is what I'm actually meant.

**R S Rajan:**

See at the appropriate level, if at all anything happens around, we would be the first people to announce it to the world. And the investors will be definitely kept in the knowhow of it, as of now, let's favor our good performance and let's hope and pray that this performance we are in a position to keep repeating quarter-on-quarter.

**Moderator:**

Thank you. As there are no further questions from the participant, I now hand the conference over to the management for closing comments.

**R S Rajan:**

A hearty thanks, full of gratitude. And on behalf of the entire Privi team, I once again wish all of you a very happy festive season ahead. And sometimes, when the bounce back is good. There could be some questions, but then we are witnessing a World Cup, where our team is nine matches winning in a trot. So, when something goes that good also, we start worrying that when are they going to lose one match at least. So, let's not do that, let's stay positive we are going through a tough geopolitical situation and your Company is doing everything that we can in terms of risk mitigation, and also opportunity realization, and every crisis that Privi has faced, just turned it into an opportunity. So, I gratefully humbly on behalf of the Chairman and the entire team, thank you once again and we wish you the best of festive season and the year ahead.

**Narayan Iyer:**

I augur well, what Rajan has stated and once again wish all my investors, shareholders, bankers, everyone associated with Privi a great Happy Diwali and a wonderful New Year. Be safe and God bless all of you.

**Moderator:**

On behalf of Asian Markets Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.