February 18, 2025

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 February 13, 2025, providing Audio link of the Analyst / Investors Meet

Sub: Transcript of Analyst/ Investors Meet held on Thursday, February 13, 2025

In addition to Audio Link shared via letter dated February 13, 2025, 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 ended December 31, 2024, held on February 13, 2025.

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: 2025.02.18 10:41:32 +05'30'

PRIVI SPECIALITY CHEMICALS LTD. ✲ 400 710. Navi Mumbai ✲ REGD. OFFICE

Ashwini Saumil Shah
Company Secretary

Encl: As above

“Privi Specialty Chemicals Limited

Q3 FY’25 Earnings Conference Call”

February 13, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th February 2025 will prevail.

MANAGEMENT: **MR. MAHESH BABANI – CHAIRMAN AND MANAGING DIRECTOR – PRIVI SPECIALTY CHEMICALS LIMITED.**
MR. R.S. RAJAN – PRESIDENT – PRIVI SPECIALTY CHEMICALS LIMITED
MR. NARAYAN S. IYER – CHIEF FINANCIAL OFFICER PRIVI SPECIALTY CHEMICALS LIMITED
MR. SANJEEV PATIL – SENIOR VICE PRESIDENT, STRATEGY – PRIVI SPECIALTY CHEMICALS LIMITED

MODERATOR: **MR. SHRIKANT SANGANI – GROUP ACCOUNT HEAD - STRATEGIC GROWTH ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 and 9 Months FY '25 Conference Call of Privi Specialty Chemicals Limited. This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company, as on 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. Please note that, this conference is being recorded.

I now hand the conference over to Mr. Shrikant Sangani, the Group Account Head from Strategic Growth Advisors Private Limited. Thank you, and over to you, sir.

Shrikant Sangani: Thank you, Alaric. Good evening, everyone. Thank you for joining us on the call. It gives me immense pleasure to welcome you all on the call backed by some good results posted by the Privi Specialty Chemicals Limited.

On this call, we are joined by Chairman and Managing Director, Mr. Mahesh Babani; Mr. R.S. Rajan, President; Mr. Narayan S. Iyer, Chief Financial Officer; Mr. Sanjeev G. Patil, Senior Vice President, Strategy; and our SGA team, an IR Advisor.

I hope that, everyone was able to review our financial results and investor presentation, which were uploaded on the stock exchange and on the company's website. The recording of today's earnings call and transcript will be uploaded on the company's website under IR section.

The financial results, investor presentation, press release are also available on the website. Please note, there may be forward-looking statements during the course of the call and which must be viewed in aggregate with the risks that company faces.

Mr. Mahesh Babani will provide an overview on the company. And post that, Mr. Narayan Iyer and Mr. Sanjeev Patil will take you through recent developments and operational and financial highlights.

I would now like to invite Mr. Mahesh Babani, CMD, to give a quick overview on the company. Over to you, sir.

Mahesh Babani: Thank you, and good evening to everyone. Despite the global headwinds, our company has emerged stronger in the current quarter and indeed throughout the financial year.

We are happy to inform you that, we have achieved better margins driven by higher yields and better product mix. Going forward, we expect to continue and improve our time cycle, which will result in higher productivity.

I'm very happy to inform that our company has achieved developed continuous processes for some key products, which will bring down the cost of production. Our company has been working on enhancing the capacity of our flagship products with incremental capex. This is based on multiple customer inquiries for long-term tie-up for these products.

Due to project work related to the capacity enhancement, we took a plant shutdown, which has resulted in slightly lower revenue for Q3, as compared to Q2. As part of our business expansion strategy, we have initiated dialogue with some of our competitors to work with them as co-producers. Our company has streamlined the manufacturing of Galaxmusk, Prionyl and Camphor in which significant capex was done in the past 3 years.

I'm also happy to inform that, we have significant demand to adequately take care of these product capacities. As we have informed you, we follow a proprietary process for manufacturing Prionyl. Based on the response received from the market, and the potential of this product, we have already increased this capacity too, which will be operational during the month of February.

Our R&D continues to develop high-value products. And on the recent development on one of our new molecule, we are working on a specific building block, which will be made from a renewable feedstock. Several new products are being developed based on the renewable feedstock.

In the last quarter, we announced the commissioning of a new greenfield products in partnership with Givaudan, to manufacture complex ingredients. We are on track to achieve commercial production.

While ensuring growth, we are fully focused on sustainability. We are pleased to report a significant improvement in our CDP project score. Our current gold rating from EcoVadis, which underscores our proactive efforts in aligning with the global best practices, reducing our carbon footprint and enhancing our ESG disclosures.

Our company is striving to further improve our rating in the coming years. Our company has increased its share of green power, thus making savings in cost, at the same time, strengthening our commitment to green energy. In closing, I will assure that our company is on track to deliver strong financials in coming quarters.

Now, I hand over this to Mr. Narayan S. Iyer for recent developments and operational and financial highlights. Over to you, Narayan.

Narayan Iyer: Thank you, sir. Thank you, Mahesh-bhai, and good evening to all shareholders, investors, potential investors and stakeholders of Privi. The quarter gone by has reaffirmed our belief and commitment to all of you that Privi is set for a good growth and poised to deliver good profit margins.

So giving you a detailed operational and financial highlights on the quarter 3 and the 9 months which have gone by. Our total income stood at around INR493 crores in the quarter 3, which is a growth of over 20% on a quarter-on-quarter basis compared to Q3 of '23-'24.

EBITDA was at INR115 crores, which is a growth of about 20%. EBITDA margin stood at around 23% for Q3 financial year 24-'25, and we expect to maintain similar EBITDA margins going forward in the near future.

Profit after tax for the quarter was at around INR44 crores as against INR29 crores achieved in Q3 of financial year '24. Overall, the exports continues to contribute a good share of our revenue and in this quarter, it was at 69%.

A broad synopsis of the 9-month financials that we have reported and which is there on our website and the stock exchanges. The overall total income stood at around INR1,493 crores, which is a growth of about 16% for the comparable period. EBITDA achieved during this period is around INR327 crores, which is a growth of about 29% compared to the previous year same period.

EBITDA margin stood at around 21.9% as against 19.6% achieved in last year's 9 months at the same time. And profit after tax for the period was around INR121 crores as against INR63 crores achieved in the previous period. Exports in this 9 months contributed to about 65%, and which is a very, very healthy financial numbers that we have posted upon.

And with this, I would prima facie like to pause here and open the floor for further questions and answers. Over to the host and SGA to start the Q&A. Shrikant, all yours.

Moderator: Thank you sir. The first question comes from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.

Sudhir Bheda: Congratulations on solid strong set of numbers, sir, in the given environment. Sir, my questions are like we have seen in Q3 that there is a good growth Y-o-Y, but slightly subdued kind of growth or degrowth slightly Q-on-Q. But however, margin has improved a lot, 150 basis point improvement in the margin Q-on-Q. So can you throw some light on this?

Mahesh Babani: Sure. Thank you, Bhedaji. We are in the process of enhancing capacity for our flagship products. But to do that, we had taken some planned shutdowns. And as a result, the overall volumes were lower, which has resulted into lower sales. And that's the reason for slight reduction in overall revenue for the quarter. But this is only a temporary thing, a planned thing. Going forward, all these efforts for expanding capacity will give you higher revenues and higher volumes to come back.

Sanjeev Patil: As far as margins are concerned, as I said, we have improved the yields. We have also by making some of the process continuous, reduce the other costs, and that's why you see improved margins. Plus, our other products in terms of our product mix, it is in favor of higher-margin products, and that is what is causing the margins to improve between the quarter last year and this year.

Sudhir Bheda: My second question is --

Sanjeev Patil: This particular margin also, we had some small benefit because of currency, which is what has pushed it to a level which is slightly higher than what it normally would be. So we had some favorable currency and other benefits, which is what has resulted in this slightly higher than what the normal sustainable margin would be.

Sudhir Bheda: Sir, what is the outlook for FY '25-26? The kind of margin you have reported is sustainable and the growth which you have been reporting since many quarters, whether this kind of growth will continue?

Mahesh Babani: We are very bullish that we will surely be able to maintain our original track record of minimum 20% growth for the year 25-26. We are confident that we'll achieve this. Looking at the order book position, we are fairly confident we'll achieve this.

Sudhir Bheda: And margin, sustainability of margins, because currently again...

Mahesh Babani: We'll be able to maintain the margin or at least surely maintain this, if not improve this.

Sudhir Bheda: That's a good news, sir. And you like operating the environment of contracts which you do, maybe long-term or short-term contracts for raw material as well as finished goods. So can you explain how this -- you have entered into the contract for the next year and how this kind of sales, which you are projecting 20%, 25% growth, seeing your contracts, whether it is achievable or how it will work as far as raw material and finished goods?

Sanjeev Patil: Sure. So as we explained all along, around 70% of our business is contracted business, and this is with large multinational companies, F&F companies as well as FMCG companies. They follow the calendar year. So the good news is that we have around 70% of our business, which has been already booked and which is what is giving us this confidence that we will be able to achieve our revenue numbers, what we have talked about.

So -- and similarly, for raw materials, we have secured raw materials for the corresponding volumes of production, which is giving us confidence about the margins. So we are on a very good track, and that's how we see the whole year, and that's how Babani has confirmed that we will be achieving this growth.

Sudhir Bheda: And sir, lastly, now our sales to the European region is almost 35%, 40%. And now we are looking for the new markets like Africa and also we are looking at India. So how do we see this market shaping up in the near future?

Sanjeev Patil: Yes. So the market within India as well as Africa, the per capita consumption there is so low that there are huge growth opportunities in both these segments in India and other parts of Asia as well as the African markets, we see significant growth there. And we see upward of 20% growth from these margins and 20% to 25% growth from Indian market as well as African markets.

So we see significant growth here, and we are well placed to operate within these regions only. So we also have the logistic advantage of being within one of the fastest-growing economies of the world as well as being close to Africa where we can service the demand increasing Africa as well.

Moderator: The next question comes from the line of Manan Madlani from KamayaKya Wealth Management.

Manan Madlani: So my first question was since we revised our orders in the month of December and January. So, like what was the guidance from our customer side? What are the order book looks like? And did we -- so from any customer side, do we have any price revision?

Narayan Iyer: Just now what Mr. Mahesh Babani stated, that we have good healthy order booking position for the calendar year '25. And the customer outlook has been very positive during the course of his various meetings along with the business development team.

And we are very, very bullish as far as the calendar year and the year '25-'26 goes. A good healthy order booking position of 65% to 70% as we speak about. So that's why we are quite positive and bullish that our performance in the coming few quarters is also going to be healthy.

Manan Madlani: Any price revision, sir?

Narayan Iyer: Yes, there is a price increase ranging from various products between about 7%, 8% to close to about 10%. It depends on product to product.

Manan Madlani: So it will be applicable from Q4 itself?

Narayan Iyer: Yes, marginally quite a few of the sales of Q4 will have the new prices.

Manan Madlani: Okay. And what's the update on the Camphor side of the business for pharma specifically?

Sanjeev Patil: So we are in the process of shortlisting and supplying samples to the pharma companies, and we're trying to get there. We are completing a lot of other regulatory compliances, including preparation of drug master files and all that. So it is a long drawn process, which would be there.

So FDA certification also is under progress and will take time to complete, of course. And in parallel, we have initiated dialogue with many pharma companies. So it's an ongoing process. You have to realize that getting through the U.S. FDA route is a very long-drawn process. But the longer you wait, the better will be the fruits.

Manan Madlani: When you say 20% growth, you mean by volume growth or revenue growth?

Narayan Iyer: Yes, it is the revenue growth that we are talking about.

Manan Madlani: So, volume growth should be around 15% then?

Narayan Iyer: Roughly around that. Yes.

Manan Madlani: And sir, last question would be any update on the QIP side?

Sanjeev Patil: So the short-term capex requirement would be met through internal accruals and debt. And the balance sheet is strong enough to support the additional borrowing. Fundraising may be planned in future based on how the requirement comes about.

As you can see yourself, the profitability is quite good and so is the cash flow. So therefore, we -- for the immediate requirement, we are doing the capex based on our internal accruals and debt. And we will take a call on the fund raise through QIP at an opportune time.

Mahesh Babani: If need be.

Manan Madlani: Last question. Are we still integrating Privi Fine Sciences in this financial year or it will take some time?

Narayan Iyer: We will inform all stakeholders and shareholders at the appropriate time when it comes around that time. Currently, it is separate, and we are only talking about Privi Specialty Chemicals Limited as we are here.

Moderator: The next question comes from the line of Nikhil Porwal from Perpetual Capital.

Nikhil Porwal: Congratulations to the whole team for the continued execution, superb execution. The first question that I have is your gross profit margins are at all-time high in my opinion. I think you're just reached very close to 52%. However, other expenses have inched up significantly to around 16% or in tonnage, it's come to INR72,000 per ton. That's a sharp increase from last year. Anything on what led to the significant increase on other expenses?

Narayan Iyer: Yes. So Nikhil, in this particular quarter, because of certain strikes in U.S. in various ports and also due to uncertainty in the sea voyage that is happening around, quite a few of our customers had asked us to airlift a lot of material. Due to which in the other expenses, you see a little bit of increase. That's predominantly on account of the air freight expenses that we have incurred.

However, the same have been recovered from the customers, and that's why you also see that there is a marginal improvement in the raw material consumption as sales reported is higher to the extent of air freight expenses.. And it's a onetime addition to that because air freight is not that it is going to be on a continued basis or so.

Nikhil Porwal: So I mean there's an impact on both revenue and other expenses. So if you eliminate that --

Narayan Iyer: Absolutely.

Nikhil Porwal: The margins more or less would have been the same.

Narayan Iyer: Perfect. Your analysis is absolutely correct.

Nikhil Porwal: Next question is also in your initial comments, I think Maheshji mentioned about co-manufacturing arrangements with competitors. So anything on what is that about? And what would be the quantum of that and for what products?

Sanjeev Patil: Listen, these are some extremely interesting opportunities. But please mind that we have already signed an NDA, we cannot be talking about this information about in public. In due course of time, you will, of course, get the good news, and it should always be disclosed to our dearest shareholders. But at the moment, we are at a very critical stage and sensitive stage. So therefore, we cannot be really discussing this. I appreciate your interest. Thank you.

Nikhil Porwal: Capacity utilization as per reported capacity in this quarter on an annualized basis were already at 93%. Now with debottlenecking exercises coming in place, I think it will kick in, in the next couple of months. How do we look at the runway beyond FY '26 where larger capex would be required to support growth?

Narayan Iyer: We are in the process of identifying and increasing our capacities. Apart from debottlenecking also, as mentioned in our previous call, we are looking at expanding some of our main products, the flagship products of the company. And of course, definitely, the manufacturing efficiencies are also being improved on a continuous basis. So these, along with the new product, which is being developed by the R&D is going to help Privi in this growth path beyond '26.

Nikhil Porwal: So for these new products, have you already created the capacity because I am of the opinion, your capacity was at around close to 50,000 tons and you are sort of debottlenecking the CST a bit and also adding capacity to your flagship products. No idea about other products so far?

Sanjeev Patil: So other products, we will be creating capacity. That's what we said that in terms of funding this capex, we said that the internal accruals and debt would be sufficient. So new products, we will be creating capacities. And you should take the overall capacity number with a lot of thought and not a pinch of salt, a lot of thought because there are products which sell from $3 to products which sell at $15, $75, $100 also.

So numbers may not exactly give you the entire picture, but we are getting into some high value and specialty products going forward. So those capacities will be created in the due course of time in this financial year itself.

Nikhil Porwal: One last question from me is, so what led to the decline in business in North America and rest of the world in this quarter? There was a year-on-year decline. Anything on that?

Mahesh Babani: Maybe because of additional demand from other countries, we may have serviced it. But I don't think it's significant loss of business has been there.

Nikhil Porwal: Okay. So it's rather rationing of capacity because you are running short of that. So trying --

Sanjeev Patil: Yes. You analyzed right.

Moderator: The next question comes from the line of Archit Joshi from Nuvama Institutional Equities.

Archit Joshi: Firstly, congratulations on a very strong quarter and also for winning all these consequential accolades. I have just one question regarding the margins that have been improving quite significantly over the past 2 quarters. I recall Iyerji speaking of a margin range of somewhere between 18-20% at the beginning of the financial year, and we've now clocked a good 20% margin consistently.

I just wanted to check if there is any pricing gain for a particular product maybe. I was tracking the Camphor index, which has risen quite a bit in the last 2-odd quarters. So if you could also share your outlook, if there is anything changing structurally with regards to any particular product like a musk or a Camphor. And if this pricing that you're speaking of is by any chance sustainable at all?

Sanjeev Patil: Okay. So let's go step by step. First and foremost, there is no pricing effect, okay? As we have maintained that most of our products are sold under annual contracts. So the prices do remain the same. So there is nothing that has come from pricing effect.

Largely, this is driven by 2 factors. First factor is the change in product mix. But don't let me give you out the name so that my competition as my customers wake up. But the change in product mix is one of the reasons why the profitability has improved and will remain improved.

The second thing is a lot of internal steps that we are taking in terms of improving our efficiencies. We have improved the yields. We have reduced the consumption of power, steam. We're making plant sweat much better than what they were. So these are the factors which have been responsible, and that's why we feel the sales -- the trend is secular and it will continue going forward.

Moderator: Does that answer your question, Archit?

Archit Joshi: Yes, yes. I just have another follow-up. I was also seeing a decent enough traction being -- the traction largely in the musk and specialty revenue segment that we published in the investor presentation. Over the last 3 quarters, maybe I think that number has pretty much stayed in the same band. So would this be the product mix explanation that you were speaking of?

Sanjeev Patil: Yes, because it was product -- I mean, the musk and other specialties were on a low base. You would appreciate that. Individually, each product has grown, but it is on a low -- much lower base, and that is why you see its share going up.

Archit Joshi: So musk, I'm assuming that this will be Galaxmusk and means that we probably must have ramped up quite well in that piece of the business?

Sanjeev Patil: Yes, yes. And we have not only Galaxmusk, but a few other products along with that like Indomarane.

Archit Joshi: Just one last bit, if I can squeeze in. So your outlook on the Camphor industry, how we are placed in terms of demand and pricing growth, that would be very helpful.

Sanjeev Patil: Yes. So Camphor, I think we will realize our advantage in this year and more. And it will continue to do full capacity in this financial year. So that's how we look at Camphor.

Moderator: The next question comes from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Congrats on a strong set of numbers. Sir, first question is on the Givaudan JV. So where are we currently? We started sometime in early October, if I'm not wrong, in terms of commercial production, in terms of acceptance of the products and ramping up of the facility towards maybe the multiple set of 40 products. So where are we currently? And what is the road map that we are looking at from FY '26, FY '27 perspective?

Sanjeev Patil: Sure. So the commercial production has commenced for joint venture, okay? For the inauguration, we had a very senior team from Givaudan who had traveled to Mumbai to do the inauguration. The commercial production has begun. And ramp-up is on track. But you have to realize that these are complex products, and it takes its own time. So that's where it's on track. It's on what we had planned, it's on track.

Rohit Nagraj: So we are on track in terms of whatever commitments that we have earlier indicated in terms of revenue potential from this particular JV?

Sanjeev Patil: Yes.

Rohit Nagraj: Sir, second question in terms of individual geographies, if you can just throw some light. I mean, we are obviously doing very well. But are there any factors which can be -- which may impact the momentum going forward, maybe it could be geopolitical issues or any other factors that can hamper the progress that we are seeing almost -- I mean, again, substantiate that we have 70% of contracted volumes or contracted business, which gives us visibility.

But apart from that, the 30% which is non-contracted, whether there could be any potential issues in individual geographies. If you can just broadly give us a sense of that?

Narayan Iyer: Yes. Rohit, broadly as was outlined, we are fairly confident and visible as far as the next few quarters are concerned with a good healthy order booking position that our Chairman and MD happened to mention for the year '25. We at 70% of orders being there, balance 30% is more or less in spot market and the Indian market. We feel the geopolitical situation may not hamper too much as we talk today, in fact. And we expect the growth to be in place.

Rohit Nagraj: Just last couple of clarifications. One, I missed the 9-month exports number. Can you just tell me that?

Narayan Iyer: 9-month exports is about close to 65%, as I spoke about in my financial address.

Rohit Nagraj: Right. I just made that. And one last clarification in terms of the debottlenecking exercise that we are currently undergoing, what would be the incremental capacity that will be added to because of the debottlenecking?

Sanjeev Patil: I can't give a number because then I'm putting across my capacities, but it is significant. We won't mention it otherwise. It is significant.

Rohit Nagraj: So that will take care of the volume growth for at least for the next 1 to 2 years, right?

Sanjeev Patil: Yes, of course. Thank you.

Moderator: The next question comes from the line of Vanshika Gupta from JRK Stock Broking.

Vanshika Gupta: So sir, a couple of my questions have already been addressed. But coming to the raw material piece, I know 70% you said of your orders are confirmed, your raw materials are secured. So I won't be talking about it in the near term, but more in the medium term, the trade tariff that is being spoken about so globally with the U.S. and everything, do we sort of see some impact on any of our products? Or is that something that -- if that something has been discussed without naming the product or raw material, but just a broad overview?

Sanjeev Patil: So as far as raw material import is concerned, I don't think there is any change of tariff over there. The second thing that you must also realize is that we -- when about 70% of our products are exported and to that extent, the raw materials are also imported. So the Unit 2, where most of our manufacturing happens and other units also, we have the export benefit. So the duties don't really, to that extent, matter because whatever we -- for the Unit 2 is actually an exported unit, so one doesn't have to pay the duties.

And as far as export is concerned, we are not -- we will not be so severely impacted by the -- if at all, there are any changes, those changes would be there for -- I think apart from India, it could be there on other countries also. So it's only -- it's relative. So I don't think differentially, we will be suffering against any other country. So we really don't foresee any challenges there.

Vanshika Gupta: I just wanted to clarify. So essentially, if there is something that is put under trade tariffs, say we import it hypothetically from a country and export that product to U.S. we can simply pass on the cost of the tariff that is being put or something like that. That won't be an issue. That is what we're trying to conclude?

Sanjeev Patil: No, I don't think we can make all those conclusions now. We'll face the situation as it comes. But as I said, differentially, there won't be any other country which is differentially benefited compared to what India -- where India is, so.

Vanshika Gupta: And I have one last question on the capex. I know that you spoke about -- we won't be able to discuss what capex. If we can just broadly outline in terms of revenue crore, how much capex we estimate for '26-27 going forward in the next 1 or 2 years, that would be helpful.

Narayan Iyer: Yes. So broadly, we are looking at a capex of around close to INR250 crores to INR300 crores in the coming 15 to 18 months or so in fact. So this -- will take care of all the debottlenecking, the capacities of increase in our flagship products and immediate new products of R&D and all that.

Sanjeev Patil: One last thing. We are in a dynamic market. So whenever we see an opportunity, obviously, we will be capitalizing on that. So that will be sure.

Vanshika Gupta: Yes. Sir, and one last follow-up. If the fixed asset turnover on your capex is approximately 1.5, most chemical companies have done that. Is it that? Is it higher? Is it lower?

Narayan Iyer: It's around that.

Moderator: The next question comes from the line of Raj Jain from Crystal Capital.

Raj Jain: Do we plan to enter new geographies like South Asia market or China?

Narayan Iyer: Yes, we do sell in these markets also.

Raj Jain: And sir, one more is that also can you give me some color on new products which we are planning to commence in coming quarters and R&D spending, et cetera?

Sanjeev Patil: No, it will -- I don't think we would like to awaken competition or other things in terms of giving out products, but we can only say that these are the products that we are getting into are unique products, and they are high value, obviously high-margin products. But giving names is sensitive. I think you will appreciate what happens.

Moderator: The next question comes from the line of Nikhil Porwal from Perpetual Capital.

Nikhil Porwal: One question is around debt level end of Q3. Anything on where was the debt at Q3?

Narayan Iyer: We are maintaining our levels much below what we had stated and indicated to you close to -- so about INR1,000-odd crores or so.

Nikhil Porwal: And on the working capital cycle, as the company is looking at continuous process, I assume the cycle will reduce. And anything on where do we see that cycle in maybe FY '26, '27?

Narayan Iyer: As indicated earlier by -- with all the continuous process and all expansions having come in place, the ideal level of working capital cycle should be around 125 to 135 days. So we maintain that.

Moderator: The next question comes from the line of Vinay Nagori from Fintegrity Wealth.

Vinay Nagori: Just wanted to understand, so I joined the conference a little late. So I may have missed this, but just wanted to understand what new capex are coming live in the Q4? So the Givaudan JV? And what other products are we getting into? And when will the capacity ramp up until when we can expect a decent capacity -- sorry, decent capacity utilization for that?

Sanjeev Patil: For PRIGIV you're talking about?

Vinay Nagori: Yes**,** PRIGIV plus Prionyl also, Prionyl and Amber Woody Xtreme we are coming up?

Sanjeev Patil: Yes. So let's talk about the JV first. I answered that question earlier that at Prigiv –water ttriials have started and the commercial production is ready to commence, and it is on track to achieve the numbers what we have spoken about. That's about the JV.

As far as the 2 product names that we mentioned about Prionyl as well as Amber Woody Xtreme. So there, again, we are absolutely on track in terms of achieving those volumes. Capacities have been set up and volumes are on track.

Vinay Nagori: So the capacities have commenced for that as well, production has commenced? And also, what are the margins for these products?

Sanjeev Patil: If I start telling you margin, so margins are, what should I say, healthy. So that's about it. We cannot be commenting more than that. But obviously, we cannot get into a product unless we see margin there. So -- but for margins, we always look internal.

Vinay Nagori: And sir, one more thing. Just wanted to understand, so the INR250 crores, we've got a plan of INR250 crores capacity expansion over the next 15 to 18 months. So, is this something new or because we had mentioned the plan for menthol and other products. So that is going to come? Or is that going to come? Or is this something new?

Narayan Iyer: This is -- you missed this point also, our Chairman and Managing Director and myself, we had addressed this, stating that these are all basically increase in the capacities of all our flagship products, certain debottlenecking, certain improvements, better manufacturing efficiencies.

So for all of these to see the growth prima facie basis the various customer requirement and the product being looked for increase in the growth we are going ahead with the capex expansion for these. Those new products will come in time and for which we have already applied for the EC and the permissions, etc.. That will be the next phase of expansion. So this expansion that we are talking about of INR250 crores, INR300 crores capex is prima facie to increase all our existing products and a few new products.

Vinay Nagori: And just now for the new capex, it will be from internal accruals itself or we'll be looking at debt as well?

Narayan Iyer: It will be a mix of internal accruals and debt.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Shrikant Sangani for the closing comments.

Shrikant Sangani: Thank you, everyone, for joining us on this earnings call. We appreciate the time and interest shown in the company. Also would like to thank the management team for their precious time. In case of any queries, you can get in touch with us or Privi team on their e-mail ID investors@privi.co.in. We look forward to meet you all over the next call. Thank you.

Sanjeev Patil: Thank you so much.

Narayan Iyer: Thank you everyone.

Mahesh Babani: Thank you. Thank you, everybody.

Moderator: Thank you, gentlemen. On behalf of Privi Specialty Chemicals Limited, that concludes this conference. You may now disconnect your lines.