



July 04, 2024

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Scrip Code: 530117	Symbol: PRIVISCL

Dear Sir / Madam,

Ref: Letter dated July 02, 2024, providing Audio link of the Analyst / Investors Meet

Sub: Transcript of Analyst/ Investors Meet held on Monday, July 01, 2024

In addition to Audio Link shared via letter dated July 02, 2024, please also find enclosed the transcript of the Business Development Call held on July 01, 2024, to discuss proposed acquisition.

You are requested to kindly take the same on record.

Thanking you.

Yours Sincerely,
For Privi Speciality Chemicals Limited



Ashwini Saumil Shah
Company Secretary

Encl: As above



PRIVI SPECIALITY CHEMICALS LIMITED

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PRIVI SPECIALITY CHEMICALS LIMITED

**“Privi Speciality Chemicals Limited
Business Update Conference Call”**

July 01, 2024

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PRIVI SPECIALITY CHEMICALS LIMITED



**MANAGEMENT: MR. MAHESH BABANI –CHAIRMAN AND MANAGING
DIRECTOR – PRIVI SPECIALITY CHEMICALS LIMITED
MR. R. S. RAJAN – PRESIDENT – PRIVI SPECIALITY
CHEMICALS LIMITED
MR. SANJEEV PATIL – SENIOR VICE PRESIDENT,
STRATEGY AND BIOTECHNOLOGY – PRIVI SPECIALITY
CHEMICALS LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to Privi Speciality Chemicals Limited Business Update Call. Please note this Business Update Call is to discuss proposed strategic investments by the company. We request all participants to refrain from asking any questions on the performance of the company.

This conference call may contain forward-looking statements about the company, which are based on the intentions, beliefs, opinions and expectations of the company as on date of this call. There may also be statements that describe the strategies, objectives, plans or goals of the company. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict and are based on certain beliefs and assumptions.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. R. S. Rajan, President of Privi Speciality Chemicals Limited. Thank you and over to you, sir.

R. S. Rajan:

Dear all good afternoon, respected ladies and gentlemen and our esteemed shareholders. Thank you for participating in this Investor Call. This call is being addressed by senior management team of Privi Speciality Chemicals Limited and Strategic Growth Advisors, our IR Advisor.

To explain the rationale for the proposed acquisition of up to 50.95% of the issued and paid-up share capital of Privi Fine Sciences Pvt. Ltd. by the company. At Privi, we always cherish 5S values -- Safety, Sustainability, Sense of Urgency, Sincere Respect and Care and Super Transparency. On Monday 24th June, Board of Directors of Privi Speciality Chemicals Limited, we will refer to it as Privi hereafter in this call approved strategic investment of up to INR298 crores to acquire 50.95% equity stake in Privi Fine Sciences Pvt. Ltd. We will refer to it as Privi Fine Sciences hereafter in this call, by way of subscription to and or secondary acquisition of such numbers of equity shares of Privi Fine Sciences subject to execution of definitive and binding investment agreements and satisfaction of any conditions stipulated therein, completion of due diligence and receipt of necessary approvals and diligences. The brief presentation relating to Privi Fine Sciences business and operations and details with regards to proposed acquisition has been disseminated on the stock exchanges and is also available on our website.

We trust you would have had a chance to go through the same. We have scheduled this call to share with you the genesis of the proposed acquisition and how it will enhance value and benefit to Privi and the stakeholders. Now I would like to hand over the call to my colleague Sanjeev Patil, Senior Vice President, Strategy and Biotechnology. Post that we will be happy to take your questions on this.

**Sanjeev Patil:**

Thank you Rajan. Good afternoon to everyone. Let me begin by capturing the essence behind this proposed acquisition of Privi Fine Sciences. Privi Fine Sciences is a company which is engaged in the business of manufacturing Speciality Chemicals, including aroma chemicals, mainly based on renewable feedstocks and green science technology. Privi, on the other hand, is a manufacturer and exporter of aroma chemicals and one of the few companies globally to have backward integration capabilities of making pine-based aroma chemicals from crude sulphated turpentine, what we call as CST.

This vertical integration to process the CST, which is waste generated in the pulp and paper mills is an integral to Privi's business and going forward we believe that the requirement of similar renewable feedstock will only increase as Privi's businesses scale up further. Therefore Privi is on the lookout for investment to secure the availability of similar feedstocks. Now, let me discuss the rationale behind formation of Privi Fine Sciences separate from Privi.

Just to repeat, you all are aware that this vertical integration process, the crude sulphated turpentine, which is the waste generated from pulp and paper mill is integral to Privi's business. A substantial portion of Privi's revenues is based on this renewable feedstock. Going forward, we believe we will be witnessing increased global attention and focus on mitigation of damages to Mother Earth and the nature, as a result of which we believe the emphasis will be on renewable feedstock to make chemicals as fossil feedstocks have limited life.

Thus it was with a need to diversify the procurement of an alternate renewable feedstocks like biomass, which is nothing but bio-waste, Privi Fine Sciences was incubated. Let's understand why separate. Now, the development of products and technologies which can convert renewable feedstocks like biomass and to develop sustainable and profitable business is prone to significant risk.

Undergoing R&D for such a project under Privi could have significantly exposed Privi and its shareholders with associated risk and potentially unfavorable outcomes. Promoters of Privi Fine Sciences and its other investors have so far invested close to INR245 crores over the past four years on research and development along with their skilled team led by a talented technocrat, an alumnus of IIT Bombay and other members from reputed institutes like the Institute of Chemical Technology, Mumbai. Privi Fine Sciences also bought Unit 1 manufacturing facility.

Over the past two years, Privi Fine Sciences has invested INR145 crores towards capital expenditure to transform and further enhance the manufacturing capabilities and processes at Unit 1 of Privi Fine Sciences. This Unit 1 of Privi Fine Sciences is now operational and will be manufacturing flavour chemicals like Anethole, which will help Privi's forward march from fragrance chemicals to flavour chemicals. Other chemicals like Ester, Privial & Cyclamen Aldehyde are also part of this unit and are expected to have significant growth potential.

Most of these chemicals have an addressable market in India, which is primarily sold through imports right now. Our manufacturing unit is expected to act as import substitution. Further, to capitalize on the R&D done on renewable feedstocks, Privi Fine Sciences additionally acquired 39.7 acre industrial plot with built-in industrial shade spread across 6 acres. This plot is located at Jhagadia in Gujarat Industrial Development Corporation Park, promoted for chemical

industry. This is Unit 2 of Privi Fine Sciences. Now, in terms of growth plans at Unit 2, this unit will use corn cob, leftover of the corn when the kernels are already removed.

That is, when we eat a corn, we eat the dana and what is left over is corn cob. It's a bio-waste. Privi Fine Sciences has developed certain proprietary technologies where the patent is also in process to convert this bio-mass into renewable building block for Furfural.

Further technologies have been developed and scaled up to the pilot plant level to convert this building block Furfural into flavour chemicals like maltol, ethyl maltol and specialty chemicals like cyclopentanone, which is currently made from synthetic route. Privi Fine Sciences is believed to be one of the few companies in India to make maltols to cater to the domestic market, which is currently importing from China.

Alongside processing the corn cob, it made commercial sense to procure the entire corn or maize and use the kernel to manufacture ethanol, thereby fully maximizing the usage of the grain and the increased utilization.

Management of Privi believes that the proposed acquisition of Privi Fine Sciences will offer us,

1. Feedstock diversification strategy.
2. Significant R&D investments and patents.
3. Ready product portfolio with significant total addressable market
4. Manufacturing facility and infrastructure.

The proposed investment is in the nature of growth capital to fund the next leg of capital expenditure of Privi Fine Sciences, which is on the cusp of substantial growth plan. The purpose of transaction is contemplated to be mainly primary infusion in Privi Fine Sciences to achieve 50.95% shareholding in Privi Fine Sciences.

The proposed acquisition is subject to approval of the shareholders and the execution of definitive and binding investment agreements and satisfaction of any conditions stipulated therein, completion of due diligence and receipt of necessary approvals as may be required under the applicable law.

Thank you for your hearing. We will now open the session for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Deep Chitalia from 9 Rays Equiresearch. Please go ahead.

Deep Chitalia: Sir, I just wanted to know that what is the current capacity of this Privi Fine Science Limited and at what capacity utilization they are operating currently and how much revenue we can expect from this entity Privi Fine Science in FY '25?

Sanjeev Patil: So, as I mentioned in my note that Privi Fine Sciences has two parts, Unit 1 and Unit 2. Unit 1 is operational and Unit 2, the investment will be done now. All the R&D work and the pilot work has been completed. So Unit 1 is now operational and Unit 1 in the current financial year '24-'25 will generate a revenue of about INR109 crores and will be profitable. Then after that, it will

be in financial year '26-'27 that you will start generating revenues from Unit 2. Overall, we expect asset turn ratio of around 2x and more.

- Deep Chitalia:** Okay. And sir, how much margin we can expect from this Unit 1?
- Sanjeev Patil:** So we expect at a steady state level of operation in second and third year, we would be earning EBITDA margin which are similar to the EBITDA margins of Privi Speciality Chemicals Limited which is about 20% EBITDA margin.
- Deep Chitalia:** Okay. Thank you so much. Yes, that's it from my side.
- Moderator:** Our next question is from the line of Dhavan Shah from Alfaccurate Advisors. Please go ahead.
- Dhavan Shah:** Yes. Sir, my question is on the products. So I think in the presentation, we mentioned a few products in the biorefinery and the vegetable oil refining. So all these products are right now manufactured in Unit 1 also? Or these are the new products which will be manufactured in Unit 2?
- Sanjeev Patil:** So the products which are based on bio-waste, okay, would be made in Unit 2. And these are not new products. These are products on which we have done substantial work on the pilot scale. And now that we are ready with the product at the pilot scale where we make few 100 kgs, we are now scaling up in Unit 2 wherein we will be making these products at a commercial level.
- Dhavan Shah:** Okay. And can you share the capacity of Unit 1 right now? And what would be -- and roughly we are investing INR300-odd crores for 50-odd percent stake. So entire this INR300-odd crores would be invested in Unit 2 or how will be the mechanism?
- Sanjeev Patil:** Okay. About 10% to 12% would go into Unit 1 and rest all the money would be invested into Unit 2.
- Dhavan Shah:** And capacity right now in Unit 1 and Unit 2, what would be the projected one?
- Sanjeev Patil:** Okay. So Unit 1 has, as I said, the four products that we manufacture and our capacities would be all put together, about 6,000 metric tons per annum.
- Dhavan Shah:** Okay.
- Sanjeev Patil:** And Unit 1 will, in about three years' time, we would see revenues of INR300 crores in Unit 1 with this capacity that we have created. Okay. And Unit 1 has the pilot facility and all that. That's only to enable us to scale up to Unit 2. In Unit 2, we are looking at capacities wherein we will be processing, starting with alcohol, 250 KLD of alcohol. We will be making about 4,000 to 4,800 metric ton of maltols, both the grades of maltol. And we have capacity for around 10,000 tons of cyclopentanone.
- Dhavan Shah:** Okay.
- Sanjeev Patil:** This will be obviously supported by the Furfural we will be making in-house and consumed in-house.



- Dhavan Shah:** Okay. And Unit 2, we are expecting -- I mean, how much capex are we going to do? INR300-odd crores for Unit 2?
- Sanjeev Patil:** Unit 2, the capex would be around INR500 crores.
- Dhavan Shah:** Okay. And this will be over the period of two years or three years?
- Sanjeev Patil:** Yes, about two years.
- Dhavan Shah:** And asset turn, you are expecting 2x, right?
- Sanjeev Patil:** That's correct. Yes.
- Dhavan Shah:** Okay. And how are we going to fund this capex? I mean, this investment is what we are doing, INR300-odd crores. I think we were about to do a menthol project also in Fine, in Privi Speciality. So, roughly, how are we going to fund this entire capex, entire investments?
- Sanjeev Patil:** I don't think that this is the subject matter of -- including the projects in Privi Specialty is not the subject matter of today's discussion. We will discuss that at an opportune time in some days to come. When we declare the first quarter results, perhaps we will discuss those plans. But it is assured that has been fully taken care of. We are also, as we have put on our website, the Board has already approved a QIP of up to INR1,000 crores. So we are already working on that thing and we are evaluating all the options. Our investment bankers are also being engaged and they are advising us on this whole strategy.
- Dhavan Shah:** Sure, sir. And product approval wise, have we received the approvals of all these products what we are manufacturing from the customer? Have we tied up any arrangements from the customer at this moment or this is like going to be over the period of two years?
- Sanjeev Patil:** So some of the products, we always -- when we develop the product, we are always in constant touch with our customers. And it is right now under progress and we are looking at previous track record and you see the number of products that Privi has brought to table right now. We are confident that going forward that during this journey by the time we put up the plan, these approvals will be in place. It's right now under progress.
- Dhavan Shah:** Okay. And this is mainly for the import substitution, right, and not for the exports? These all products?
- Sanjeev Patil:** Products in Unit 1 would be for import substitution. Products in Unit 2 would also be largely for import substitution. But whenever there are opportunities for export, we will obviously explore those because we have the strength of speciality chemicals wherein we export 70% of our output. So we already are in connect with all these customers and right now what we see is both the possibilities, import -- the domestic as well as export.
- Dhavan Shah:** Sure sir. That's all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Sudhir Bheda from Bheda Family Office. Please go ahead.



- Sudhir Bheda:** What is the ROI of the project or maybe investment and when we are talking of very highly specialized product and also very few companies are manufacturing or have the technology to manufacture. So why EBITDA is only 20% we are projecting?
- Sanjeev Patil:** We are being cautious about our projections because we feel that as you rightly said that this is a technology with very few companies. Therefore, this is the minimum that we expect and that's why we are cautious in terms of putting across to all these stakeholders as to what is the EBITDA margin that we will earn. We are obviously internally working at significantly better levels.
- Sudhir Bheda:** And ROI of this project in percentage terms if we can define it.
- Sanjeev Patil:** So we expect the project IRR which will be reflected into ROCE of around 25% in a steady state of operation.
- Sudhir Bheda:** Great. That's a great news sir. Thank you for the opportunity and all the best sir.
- Sanjeev Patil:** Thank you.
- Moderator:** Thank you. The next question is from the line of Botla Lakshman from CRISIL. Please go ahead.
- Botla Lakshman:** Hello. Yes. So I just want to understand regarding this QIP timelines and as well as the timelines for this completion of this entire process?
- Sanjeev Patil:** Right now our call is focused on the acquisition and QIP timelines we have been guided by our investment bankers. So we are in discussion with them and in an opportunate time, you will obviously come to know about the QIP.
- Botla Lakshman:** Okay. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** Yes, sir. Thanks for taking my question. Just two clarifications from my side. So the first is on this Furfural and Cyclopentanone what will be the global tonnage currently and who would be the current manufacturers?
- Sanjeev Patil:** So Cyclopentanone right now is made by various companies like Solvay and others, but it is entirely made from crude oil. It is made from adipic acid which is made from crude oil. So it is a non-renewable way of making Cyclopentanone and the overall demand we estimate it to be around somewhere near 90,000 tons which is entirely made by non-renewable source. So we would be the first company to make it from a renewable feedstock.
- Krishan Parwani:** Okay. So, basically, I think you said you are going to put up 10,000 tons of capacity. So you are targeting more like 12% odd or 11% odd kind of market share in the whole 90,000 tons market. Is that correct?
- Sanjeev Patil:** That's correct to start with.



Krishan Parwani: And given I think you said currently no manufacturers manufacture from the renewable route. So probably you will get a good entry point to kind of take away the market share from the existing players, but would you get premium on the pricing or you would not want to charge a premium?

Sanjeev Patil: No. While making our calculations we are not taking any premium, but definitely we will get a preference and in our communication with some of the potential customers we have a very favorable response because as you all know world in the next five years I think only this morning there is an article that by 2070 whole of India would be zero carbon neutral. So everybody has to move and march towards that target.

And going forward over the next five years by 2030 we feel that renewable raw material would be very very important and that's how we are focusing on this entire stream of having maximum products out of renewable feedstocks.

Krishan Parwani: Understood. That's helpful. And can you like give some indication on in terms of other streams that you would have from Furfural because I think you mentioned about Maltol. So can you give some indication around that?

Sanjeev Patil: So, Furfural is also converted into Maltol and Ethyl Maltol. Currently, India's requirement of Maltol and Ethyl Maltol is met by import largely from China. We would be the first manufacturer within India to make Maltol, Ethyl Maltol both of them. For the Indian market, as well as we'll consider the export market going forward.

Krishan Parwani: Even, without charging any premium based on the renewable technology, you would be able to let's say, be competitive and make what kind of margin? Would it be 20%-25%? The same as the unit one?

Sanjeev Patil: Yes. We will. Because, you have to understand, if I may direct this point further when I am using both the corn, the corn kernel, as well as corn cob, the corn cob almost comes to us at a very very low cost, very very extremely low cost. And as a result of which Furfural that we make the basic building block that itself would be at extremely competitive cost as compared to, let's say, another manufacturer of Maltol, who would be buying Furfural.

We will be making Furfural in-house and that is what will give us substantial margin. I would not -- it will not be an exaggeration to say that the corn cob will be almost free to us and that's how we have developed technology where the cob is used in its entirety, where we convert it into Furfural the balance is put to use as an energy and what all. So, that's the way our entire -- that's why it is called a bio-refinery. We add value to each and every stream that is there in corn.

Krishan Parwani: And this cob to Furfural is the technology developed in-house?

Sanjeev Patil: Yes. We have developed the technology in-house and that is what will help us in terms of always get an EBITDA margin which should be north of 20%.



- Krishan Parwani:** I think sorry, one last point clarification. I think you mentioned certain patents that you are in the process of applying for. So, are these for this cob to Furfural or are these for some other applications?
- Sanjeev Patil:** All of that. We are capturing everything, everything that we are doing cob to Furfural, Furfural to other things we are capturing that and this concept I just want to repeat for everybody's benefit that as a concept where we use both corn and cob, we are first company to do that. No one else is doing it the people who process the cob there are companies which process the kernel but as a combined thing, where you make it a real bio-refinery Privi Speciality and which will now be part of Privi will be the first company to do this.
- Krishan Parwani:** Understood sir. Thank you for patiently answering my questions. Wish you all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Nikhil from Perpetual Capital. Please go ahead.
- Nikhil:** Yes. Thank you for the opportunity. I joined the call a bit late, so my apologies for this any questions if any question is redundant. Can you explain the use case of Privial, Anethole and Cyclamen Aldehyde in the fragrance industry or I think it is a flavor chemical, so can you explain the use case for it?
- Sanjeev Patil:** So these use cases are like any other aroma chemical, so Privial has a Liliac smell as the name itself will suggest Cyclamen Aldehyde is there in the presentation also Anethole is Saunf that is the flavor and that is how we are moving from Privi largely is in fragrance chemical that it will mark journey towards flavor chemicals Maltol also will be a flavor chemical, so these are the uses and product like Anethole will be used by the famous toothpaste that you will use every single morning.
- So that company also is in discussion, serious discussion with us for using Anethole because we have made already and we have made samples and going through all the approvals. So Anethole is used in the toothpaste. And so as a combined Privi Group you will have Anethole, you will have Maltol, you will have some amount of Eucalyptol oil, so all these put together as a package, when you look at it, it is a very formidable thing to be offered to a company which is into dental care products.
- Nikhil:** Right. So Eucalyptol oil will come from the Menthol project?
- Sanjeev Patil:** No. It is coming already Eucalyptol oil is already part of Privi Speciality so that is also coming. I am saying as an overall group the offering will be quite complete. And remember that Anethole is a flavor chemical ultimately.
- Nikhil:** Right. I have seen some problems, when it comes to the vegetable oil refining business there is a problem around sourcing raw material on a consistent basis. There is a listed entity part of your own, which was a part of your own group earlier. So any concerns on how do you keep assurance on the raw material supply?



Sanjeev Patil: So two are very different. So while it is sometime away I mean the vegetable oil thing is in the pilot scale right now. But what we are processing is oil. What the other company was processing is the residue from the oil, for which there is a limitation. Not oil itself. I mean India is the largest manufacturer of castor oil. We are also on other oils also India makes significant amounts of oil seeds, which are converted to oil. So we do not see any shortage as such.

Nikhil: Right. And if I were to ask you a broad question around the technology for both the businesses, which is bio refinery and the vegetable oil business, how many players in the world probably hold this technology? Or how unique is this technology to Privi? Can you help us explain that?

Sanjeev Patil: So there are very few companies. I mean, I would hazard a guess that there would be a single digit number of companies, which have working on complete bio refinery as a concept. There could be one of things, but complete bio refinery as a concept, where you use each and every segment of or each and every constituent of feedstock.

I think there are less than 10 companies, which are successful in doing this. And that is how and that is why Mr. Babani took this risk himself. And don't mistake me for being arrogant, but there are very few companies really. And that was the reason why Mr. Babani took upon himself to take this risk and see to it that we are successful at pilot scale.

Nikhil: Right. The INR298 crores that the company is going to, I mean, the acquisition proposal, this is a pure capex plan, right? I mean, the promoter, it's not a buyout of promoter's stake.

Sanjeev Patil: No. Not at all.

Nikhil: Okay. One last question is around ethanol. So I assume ethanol is probably the byproduct of this process?

Sanjeev Patil: Yes.

Nikhil: While as a business, it may be slightly lower in terms of margins, it may be slightly lower than what Privi as a group is currently doing and even for the current acquisition, the margins that you mentioned so far in the call? So won't that pull down the margins and how competitive is it versus ethanol from other feedstocks like sugar or broken rice, etc.?

Sanjeev Patil: So again, going back to the same thing I'm repeating many number of times, but essentially we have to look at it as a overall bio-refinery. So ethanol comes as a, if you look at ethanol as a standalone project, what you're saying is correct. The IRRs are in the region of about 12% or mid-teens that's the kind of IRR that you have.

But since we are doing the entire biomass, therefore our IRR is substantially superior. It's almost two times that, that's one. Second question that you used was, that you asked was about it being competitive from other sources.

So understand this that ethanol that is made from sugarcane will never be used for blending in India at least for blending with petrol. Because sugarcane as a crop is a different crop. So there

ethanol is a by-product and it is what is encouraged within India is ethanol from sources which are not normally used by human beings.

So, for example, what is broken rice? Broken rice is nothing but rice which is actually fermented it's something that cannot be used, you are able to take the crop and suddenly it rains. And the whole rice, the whole paddy actually it ferments. So then that is what is used for making alcohol. Our cost, so government of India gives lot of subsidy and there is a price which is fixed based on the input cost, based on sufficient margin and based on cost of corn kernel.

So these prices are fixed and if you look at the history of past 15 months or 18 months, the prices have been increased consistently because India rates and the Prime Minister Modi as well as Mr. Gadkari consider this as a very important project for India's progress because this will allow us to blend 20% petrol.

In other words, it will allow us to save foreign exchange on 20% of petrol and that's why government of India gives huge amount of subsidy not only in pricing but also capital subsidy for putting up project. So we are competitive, significantly competitive than any other source.

Nikhil: Right. Sorry, one follow-up on this.

Moderator: Nikhil sir, may we request you to return to the question queue for any follow-up questions. Thank you. The next question is from the line of Ankur Periwal from Axis Cap. Please go ahead.

Ankur Periwal: Yes, hi sir. Thanks for the opportunity. A few clarifications first. Unit 1 and Unit 2. Right now, you mentioned probably around INR100 odd crores revenue from Unit 1 coming in, let's say, this financial year, INR110 odd crores. What exactly will this Unit 1 be making? Is this some bit of bio-refinery or which exact products are we making there?

Sanjeev Patil: So Unit 1, as far as commercial is concerned, it is making products which I mentioned, Privial, Ester, Cyclamen Aldehyde and Anethole. Anethole is a flavour chemical. And on the pilot scale, it is already working on that bio-refinery and all that stuff.

Ankur Periwal: Sure, and this will be only pilot plants and the bigger plant here will be coming in Jhagadia, Unit 2?

Sanjeev Patil: Yes, for the biomass...

Ankur Periwal: For the biorefinery part, yes.

Sanjeev Patil: And Unit 1, on its own, on the products that I mentioned about, will, in about three years' time, will reach revenues of INR300 crores. And it is largely for cosmetic industry. These are basically chemicals which are used in Cosmetic industry.

Ankur Periwal: Which is again in the Privial and the Ethanol range of products that we are making?

Sanjeev Patil: Ethanol, of course, as I said, goes into toothpaste and all that.



- Ankur Periwal:** So, on slide 6, we are also highlighting the vegetable oil refining bit, right, wherein we are making Brassylic Acid and the derivatives there. Where will this plant be set up? This will be at Unit 1 or this is probably further way down at Unit 2 itself?
- Sanjeev Patil:** We are still working on, a few permissions. And then it will be either in Unit 1 or Unit 2. But the good part is that, the technology is already at the pilot level. So, that we will see what is the right place to be, so most probably it will be in Unit 2 because, oil and all that is, more easily available in the state of Gujarat and above. So, it will be in Unit 2.
- Ankur Periwal:** So Unit 1, sir, you did highlight 40 acres of land that we have there. How much land do we have in Unit 1 and what is vacant now for further expansion?
- Sanjeev Patil:** Unit 1 has a land of around 7 acres and there is another piece of land which we are in the process of acquiring. So, all put together we will have 10 acres of land in Unit 1. And as I said, about 40-39.7 acres of land in Unit 2.
- Ankur Periwal:** Just, on the new product launches that we have been working right. In slide seven you did highlight the target addressable market. Just a clarification. When you say addressable market, are we looking at both import substitution as well as export as a market? Or how should one look at this?
- Sanjeev Patil:** Yes, that's correct. Privi always looks at global markets. So, it is import substitution plus the global opportunity.
- Ankur Periwal:** And the \$950 million market, which is for Furfural, is only for Furfural. The further derivatives, whether it is furfural alcohol or the other products that we are making, will be, incremental. 90,000 tons globally for Cyclopentanone is incremental.
- Sanjeev Patil:** Yes, obviously. Much incremental. Yes, that's correct.
- Ankur Periwal:** And the product 1, 2, 3 are again from the same product, the byproducts that we are trying to make, the way we have been, scaling up Privi as a business. Will that be fair to say or these are some other derivatives?
- Sanjeev Patil:** One of them would be in the same category, through the byproducts team. And the other two are, we are working on that. But it is essentially from the biorefinery as a concept.
- Ankur Periwal:** Sir, last question from my side. From, since you mentioned unit 1 already has some pilot plant wherein we have cracked these products. Have we already started the product approval part for these products with domestic or international, clients? And how much time does it typically take?
- Sanjeev Patil:** So we, as a strategy, we always, when we do development, we always go through the approval parts simultaneously. So, as soon as we make, and we tell inform the customers that this is from the lab, this is from pilot. And since, Privi has a track record of last 20 years, successful track record, therefore, the process is very smooth.
- Ankur Periwal:** Sir, any timelines you would like to share there on the timelines for product approval?



Sanjeev Patil: No, as I said, we will be commercially, unit 2 will be commercial in '26, '27. Financial Year '26, '27, commercial operations will start, and kick in . And unit 1 is already commercialized and as I said, the revenues will keep growing.

Ankur Periwal: That's it from my side, sir. Thank you.

Moderator: Thank you, Ladies and gentlemen, due to time constraint, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Mahesh Babani: So, I am Mahesh Babani. I am the CMD of the company. I thank everyone for joining this call today. As a promoter of Privi Speciality Chemicals, the listed entity, I have tried and endeavored to do and show optimal utilization of capital, which is not only result aggregated but also in line with high standards of governance and sustainability.

In the journey of Privi, it was clear to me several years ago that we need to move up the value chain and migrate towards more sustainable resources of feedstock. However, the time was not appropriate for Privi then. I had conviction on this journey and therefore took upon myself to fund this important and strategic investment.

With the phase 1 getting commercialized, we believe the risk has been substantially mitigated and we move further. The new product pipeline getting developed successfully at pilot stage in Unit 2, we require investment. Therefore, we sought the approval of the Privi Board for investments in Privi Fine Science. Thank you once again for your participation.

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