

ANNUAL REPORT  
2022-23



PRIVI SPECIALITY CHEMICALS LIMITED

**PROGRESSING  
SUSTAINABLY.**

FOR A  
RESPONSIBLE  
TOMORROW.





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#### Forward-looking statement

This Report contains some forward-looking statements to enable investors to comprehend our prospects and take wise investment decisions, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified that information independently and shall not be liable for any variance from the forward-looking statements.



To view this report online or to know more about us, please visit: **[www.privi.com](http://www.privi.com)**

NATURE HAS THE POWER TO DIRECTLY DISRUPT BUSINESSES AND IMPACT ECONOMIES. GLOBAL WARMING, NATURAL CALAMITIES, AND SCARCITY OF NATURAL RESOURCES AMONG MANY OTHERS WILL CONTINUE TO BE DRIVERS OF DISRUPTIONS. ORGANISATIONS HAVE NOW REALISED THAT TO COUNTER SUCH BUSINESS RISKS AND TO BUILD A RESILIENT ORGANISATION, INTEGRATING SUSTAINABILITY IN EVERY ASPECT OF BUSINESS IS IMPORTANT TO CREATE LONG-TERM BUSINESS VALUE TO ALL OUR STAKEHOLDERS.

Privi Speciality Chemicals Limited has created a robust sustainability framework. We have been actively working on fulfilling 8 of the 17 UN Sustainable Development Goals to contribute to the society that we are a part of.

In the near future, Privi hopes to fulfil it's vision of creating a 100% sustainable company by using renewable raw materials, recycling waste to create valuable products, disclosing our carbon emissions, life-cycle assessment of our products, and committed to SBTi's vision of restricting global warming to 1.5 degrees Celsius by adopting science-based targets. Our R&D team works tirelessly to embrace greener technologies, reduce raw material consumption, and decrease waste. Two of our biggest

manufacturing facilities have achieved zero liquid discharge status.

Safeguarding our business today is important for future-proofing Privi from both internal and external challenges. The sustainable and responsible practices we are putting in place will ensure that Privi has the capacity, flexibility, and responsiveness to overcome any obstacles while firmly remaining on the road to expansion.

# PROGRESSING SUSTAINABLY.

## FOR A RESPONSIBLE TOMORROW.





# PRIVI SPECIALITY AT A GLANCE

PRIVI SPECIALITY CHEMICALS LIMITED IS INDIA'S LEADING MANUFACTURER, SUPPLIER AND EXPORTER OF AROMA AND FRAGRANCE CHEMICALS AND A GLOBALLY TRUSTED PARTNER AND SUPPLIER OF BULK CHEMICALS.



PRIVI IS A RECIPIENT OF PRESTIGIOUS AWARDS SUCH AS 'CERTIFICATE OF MERIT' AWARDED BY NATIONAL SAFETY COUNCIL OF INDIA AND NATIONAL SAFETY COUNCIL, MAHARASHTRA CHAPTER IN RECOGNITION OF OUR WORK IN OCCUPATIONAL HEALTH AND SAFETY UNDER THE MANUFACTURING SECTOR CATEGORY.



## ABOUT US

Our journey started in 1992 with only two products and over the past decades, we have grown and added 50 products to our portfolio with a production capacity of 40,000 tonnes per annum today. We have a fully-equipped synthetic R&D centre that continuously strives to produce high-quality products as per the client's needs and processes. We have two state-of-the-art manufacturing

units in Mahad, Maharashtra and Jhagadia, Gujarat. Almost 10 of the world's largest and most prestigious fragrance companies are our clients who recognise us as preferred suppliers due to our product quality, competitive pricing, regulatory compliance and timely delivery to customers.

Privi is a recipient of prestigious awards such as 'Certificate of Merit' awarded by National Safety Council of India and

National Safety Council, Maharashtra Chapter in recognition of our work in occupational health and safety under the manufacturing sector category. Givaudan, Firmenich, Symrise, Mane, EFF, P&G, Reckitt Benckiser, etc. are some of our reputed clients.

## ETHOS



## Vision

To emerge as a leading global manufacturer of Aroma Chemicals.

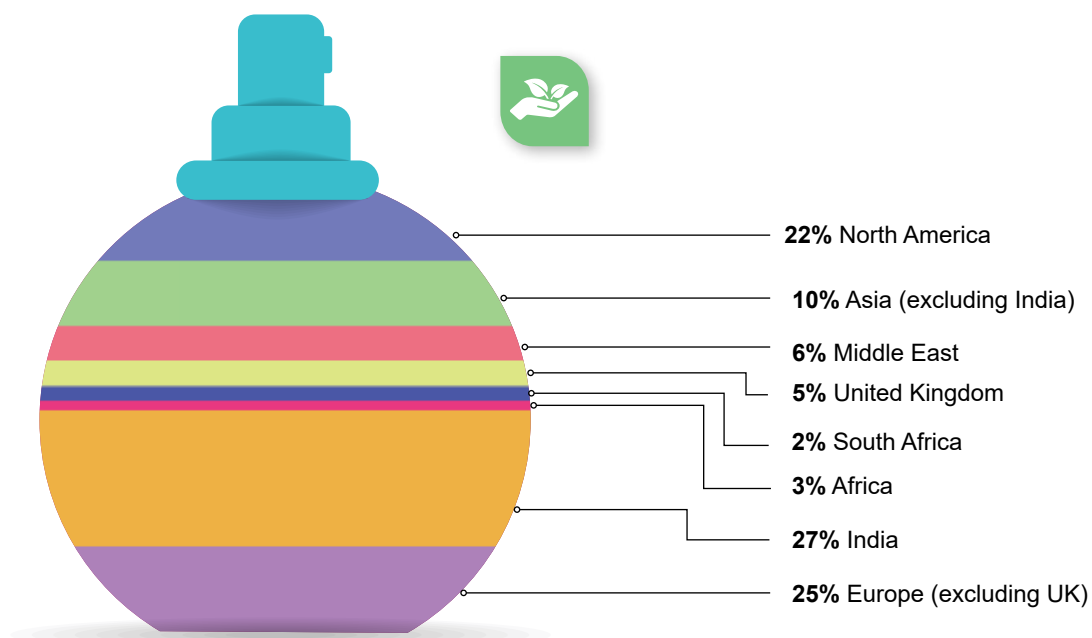


## Mission

To be the best by giving only the best! At any given moment, we are self-assured and prepared to provide quality products by adopting safe, sustainable and healthy practices in procuring, preparing, and presenting our products.



## GEOGRAPHICAL DISTRIBUTION OF REVENUE IN FY 2022-23







## OUR PRODUCT PORTFOLIO

### FRAGRANCES

Our customers around the globe create fragrances that inevitably find their way to homes, offices, laundry care products, and prestigious perfumes. Privi continues to hold leadership position as India's leading manufacturer, exporter and supplier of aroma chemicals like Dihydromyrcenol, Amber Fleur, and Terpineol - Pine Oil.

Almost one-third of the aroma chemicals manufactured are sourced from the pine tree. We are also the world's leading manufacturer of pinene-based aroma chemicals. Our R&D team is known for

its ability to consistently generate new fragrances that are both refreshing and safe. Some of our prospective offerings developed by the R&D team include camphor, isoborneol, and menthol.

### QUALITY CERTIFICATIONS

Safety, quality, efficiency and sustainability are the pillars of our manufacturing and research operations. We have received the following accreditations for our products and operations.

### EU / EEA - Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

We have registered 26 products under EU REACH Regulation, through our Sweden-based representative to aid our EU/EEA Customers and the Netherlands office to import the products into EU/EEA.

### Turkey REACH

We have pre-registered 25 products under KKDIK (acronym in Turkish for REACH), as a result of which we have got an extension of the registration deadline up to December 2023.

### Globally Harmonized System (GHS) Compliance

Our products are GHS-compliant. We also provide country-specific GHS SDS and labelling support to our customers.

### IFRA Standards Compliance

The IFRA Standards are part of the IFRA Code of Practice, and serve as the foundation for a globally established and recognised risk management framework for the safe use of fragrance compounds. Our IFRA membership supports our commitment to consistently comply with IFRA standards while also ensuring the quality and credibility of our products.



## OTHER PRODUCT AND MANAGEMENT SYSTEM CERTIFICATIONS

The majority of our manufacturing facilities are ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified, as well as Kosher and Halal. The ISO certifications have been issued by a globally renowned certification body 'Bureau Veritas' which involves stringent audits.

### Our Growth Facilitators



Comprehensive Product Portfolio



Manufacturing advantage



R&D competence



Cost and quality consciousness



Skilled workforce



Highly-efficient operations



PRIVI CONTINUES TO HOLD LEADERSHIP POSITION AS INDIA'S LEADING MANUFACTURER, EXPORTER AND SUPPLIER OF AROMA CHEMICALS LIKE DIHYDROMYRCENOL, AMBER FLEUR, AND TERPINEOL - PINE OIL.

## NUMBERS THAT DEFINE US

# 841

Employees

# ₹82,247.66 Lakhs

Net worth

# ₹1,57,784.32 Lakhs

Revenue

# ₹20,305.13 Lakhs

EBITDA





# CHAIRMAN & MANAGING DIRECTOR'S MESSAGE



“

IN THE PAST THREE YEARS, WE HAVE COMPLETED PROJECTS TO MANUFACTURE GALAXMUSK, CAMPHOR AND PRIONYL WITH CAPACITIES TO CAPTURE GLOBAL MARKET SHARE AND SUPPORTED BY STATE-OF-THE-ART MANUFACTURING PLANTS.

## DEAR SHAREHOLDERS

Warm greetings from Privi family!

With pleasure and renewed optimism, I take this opportunity to address you.

Undoubtedly, the past three years have been challenging on every dimension. COVID-19 and the lockdowns delayed implementation of projects by almost one year. Central banks led by the US Fed have increased interest rates many folds to a level last seen - only briefly - during the financial crisis of 2008.

Significant rise in the interest rate, energy crisis as a result of Ukraine-Russia war, has slowed down the economic activities considerably. Indeed, in its latest report published in April 2023, the IMF has forecast global growth rate of 2.8% p.a. with the developed world growing at a meagre 1.3%. This is the lowest forecast in decades. Countries like Germany, the United Kingdom are witnessing negative growth. Of course, India is expected to grow at 5.9%, however, as about 70% of our revenues are from exports to the developed world, we are impacted by the developments in the developed markets.



Amidst this situation, I firmly believe that in the medium to long run, companies which are cost competitive, practice holistic sustainable policies will retain the market share in key products and will increase customer share supported by introduction of new products.

I am, therefore, personally very sanguine about the future prospects for your Company in specific and for India in general, as your Company has been embarking upon various Capex for both new products and also on increasing capacities of existing products. Your Company has also been focussing on ensuring that sustainable and environment-friendly practices are followed in manufacturing process across all units at both Mahad and Jhagadia operations.

In the past three years, we have completed projects to manufacture Galaxmusk, Camphor and Prionyl with capacities to capture global market share and supported by state-of-the-art manufacturing plants. Delays in implementation of these projects, as a result of lockdowns during COVID-19 and in obtaining necessary regulatory permissions has severely impacted our financial performance for FY 2022-23. As timing of product launch plays a crucial role in annual business contracts, even a couple of months' delay in launching a product can significantly impact the following year business contracts. Your Company's performance was severely impacted by such delays.

Thus, while the new projects have started to generate some revenues and profits from the 4<sup>th</sup> quarter of Financial Year 2022-23, depreciation charges and the interest cost has been accounted for almost nine months of the year. Your Company has been able to achieve a growth in revenues by ₹ 186.38 crores registering a growth of 13.39%. However, because of high coal costs, depreciation and interest costs, the net profit for the year has been severely affected. The net profit after tax has reduced from ₹ 101.66 crores to ₹ 22.47 crores.

It is pertinent to note that the financial year 2023-24 has begun on a positive note. New products have been approved by all the key customers and there is a very good traction on sales for these products.

Sustainability is one of the Core Values of your Company. Your Company is taking various majors driven by Science Based Targets (SBT) to reduce emissions, incorporate green power, etc. I am happy to announce that at Unit-10, which houses Mahad corporate offices and supply chain centre, is now powered by solar panels installed on the rooftop. Apart from saving in the electricity charges, it also helps your Company to meet the sustainability targets. Your Company has also acquired 26% equity in a Special Purpose Vehicle (SPV) formed to invest in a solar power plant, which will meet about 25% of the power requirement of Unit-2 – the largest manufacturing plant of your Company. Your Company has also been working on significantly reducing the discharge of water and increasing the reuse of water generated from the effluents, by investing in a state-of-the-art effluent treatment plant. These measures will considerably strengthen the sustainability of your Company.

Before I close, let me once again assure you that the difficult times are behind us, and the times to come, starting from this financial year, your Company will start to reap benefits from the investments made in the past few years.

I want to thank all members of the Board of Directors, my colleagues, my business partners, our bankers and most of all the members of my shareholder family for the support and faith reposed in us.

With warm regards,

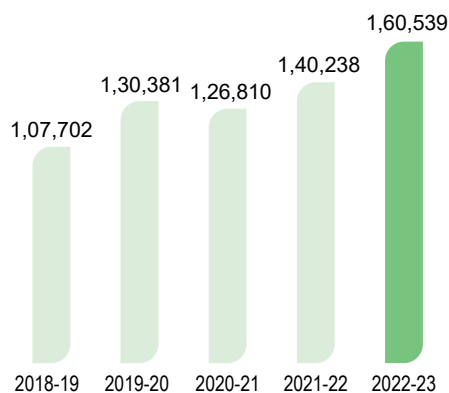
**Mahesh P. Babani**

Chairman and Managing Director

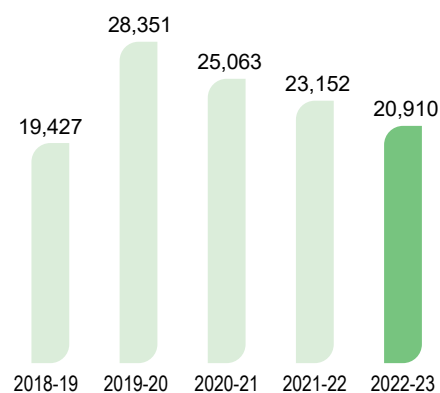


# KEY FINANCIAL HIGHLIGHTS

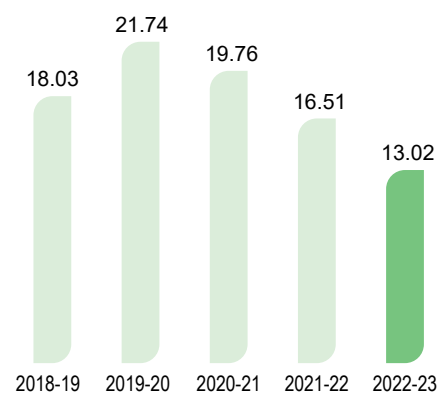
## Net Sales (₹ Lakhs)



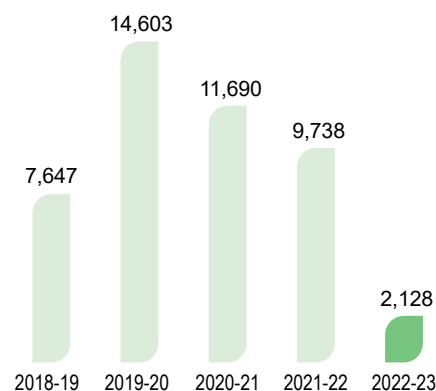
## EBITDA (₹ Lakhs)



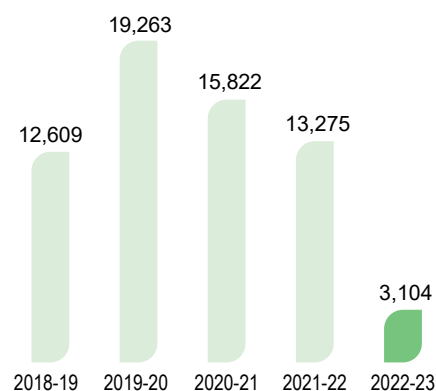
## EBITDA Margin (%)



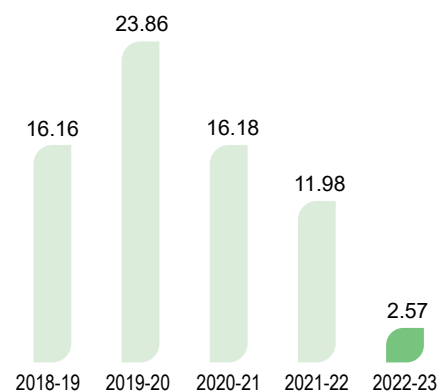
## PAT (₹ Lakhs)



## PBT (₹ Lakhs)



## ROE Margin (%)



## Net Worth (₹ Lakhs)

