

Privi Speciality Chemicals Ltd.

LEADER WITH STRONG GROWTH SCENT

HERE IS WHY

Strong Earnings Momentum

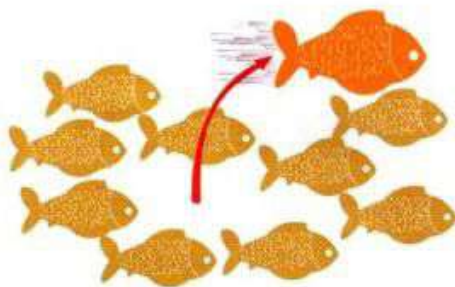
Capacity Expansion & Product Innovation

Global Client Relationships

The global chemicals market is valued at around USD 4.7 trillion, making it one of the largest industrial sectors worldwide. India accounts for only about 4.3 per cent of this market, ranking fifth globally. Within this, speciality chemicals contribute roughly USD 36 billion, or 18 per cent of the total, and are expanding at a healthy pace of 12–16 per cent CAGR. A key segment within speciality chemicals is flavours and fragrances which continues to see steady demand, supported by rising consumption of personal care and household products globally.

One such company well positioned in this space is Privi Speciality Chemicals Ltd (Privi), which we are recommending in this issue of Choice Scrip. Privi is among India's leading manufacturers, suppliers, and exporters of aroma and fragrance chemicals used in soaps, detergents, shampoos, and fine fragrances. The company has a diversified product portfolio of over 75 aroma chemicals and caters to leading global fragrance players, benefiting from long-standing relationships and high entry barriers in the segment.

In Q3FY26, on a consolidated basis, Privi



CHOICE SCRIP

1 YEAR INVESTMENT HORIZON

reported revenue of ₹605 crore, registering a growth of around 23.18 per cent YoY. Net profit came in at ₹75 crore, reflecting a strong growth of 68 per cent YoY. The improvement in margins has been driven by a higher share of value-added products, operational efficiencies, and a better product mix.

Approximately 70 per cent of Privi's business is under long-term contracts, providing strong revenue visibility and stability. Its products are largely used in essential FMCG applications, making demand relatively resilient across economic cycles. The company also benefits from backward integration and a strong global customer base, which supports margin stability and cost efficiency.

On the growth front, Privi continues to execute its long-term expansion strategy

aimed at achieving its 5k:1k vision, ₹5,000 crore revenue and ₹1,000 crore EBITDA over the next 3–4 years. The company has outlined a capex plan of around ₹1,200 crore across three phases, focused on capacity expansion, new product additions, and high-value speciality chemicals. This capex will be funded through a mix of internal accruals and borrowings, indicating a balanced funding approach.

The company is also strengthening its innovation pipeline through investments in green chemistry, biotechnology, and intellectual property, which could open up new growth avenues. Its joint venture with Givaudan (PRIGIV) has started contributing positively at the EBITDA level and is expected to turn profitable at the PAT level in the coming periods, further supporting growth.

From a valuation perspective, the stock is currently trading at a P/E of 42.3x, which is higher than the industry average of 28.4x, but below its three-year median of 51.1x. The PEG ratio of 1.64 suggests that valuations are broadly aligned with its growth trajectory. The company maintains strong financial quality with a Piotroski score of 8. Over the past three years, the company has delivered a sales CAGR of 14.4 per cent and a profit CAGR of 25.8 per cent, reflecting steady growth and improving profitability.

Considering the strong earnings momentum, improving margin profile, ongoing capacity expansion, and long-term growth visibility, Privi Speciality Chemicals remains well positioned to benefit from structural growth in the speciality chemicals and fragrance segment. With earnings upgrades and execution visibility improving, we recommend a **BUY**.



Shareholding Pattern (%) as of December 2025	
Promoters	60.60
Institutions	12.04
Public	27.36
Total	100.00

Last Five Quarters (₹/Cr) (Consolidated)					
Particulars	Dec-24	Mar-25	June-25	Sept-25	Dec-25
Total Income	490.87	613.55	558.81	678.71	604.64
Other Income	2.19	14.82	8.99	0.11	6.50
Operating Profit	115.00	147.42	141.05	182.14	157.85
Interest	21.75	22.57	23.66	21.48	18.57
Net Profit	44.48	63.98	57.55	90.21	74.85
Equity	39.00	39.00	39.00	39.00	39.00