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To

BSE Limited
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Dalal Street,
Fort, Mumbai – 400 001
Scrip Code: 543318

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1,
G Block, Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
Trading Symbol: CLEAN

Subject: Transcript of conference call on the Company's Q3 FY25-26 Earnings.

Ref.: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
("Listing Regulations")

Dear Sir/Madam

Further to our letter dated 17th January, 2026 and in terms of Regulation 30 read with Schedule III - Part A to the Listing Regulations, please find enclosed herewith the transcript of conference call on the Company's Q3 FY25-26 Earnings held on Saturday, 31st January, 2026.

You are requested to take the same on record.

Thanking You.

For Clean Science and Technology Limited

Ruchita Vij
Company Secretary & Compliance Officer

Encl: as above



“Clean Science and Technology Limited Q3 FY'26 Earnings Conference Call”

January 31, 2026



MANAGEMENT: **MR. SIDDHARTH SIKCHI – PROMOTER AND
EXECUTIVE DIRECTOR – CLEAN SCIENCE AND
TECHNOLOGY LIMITED**
**MR. SANJAY PARNERKAR – CHIEF FINANCIAL
OFFICER – CLEAN SCIENCE AND
TECHNOLOGY LIMITED**
**MR. PRATIK BORA – PRESIDENT, COMMERCIAL –
CLEAN SCIENCE AND TECHNOLOGY LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to the Q3 FY '26 Earnings Conference Call of Clean Science and Technology Limited. We have with us on call Mr. Siddharth Sikchi, Executive Director and Promoter; Mr. Sanjay Parnerkar, CFO; and Mr. Pratik Bora, President, Commercial.

As a reminder, all participants' line 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. Siddharth Sikchi for opening remarks. Thank you, and over to you, sir.

Siddharth Sikchi:

Thank you so much. Good evening, everyone. We thank you all for joining our con call on a Saturday afternoon. I'm happy to connect with you all to discuss the business performance of the company for Q3 FY '26.

Let me first start speaking about the business environment. There have been challenging conditions, which we witnessed in quarter 2, have continued during this quarter as well. The current quarter was marked by challenging and uncertain business environment, driven by muted customer offtake, pricing pressure and tariff-related uncertainties, along with incremental capacities of some of the products, especially in China. We remain focused on customer engagement, long-term growth and operational discipline while maintaining the market share amid these evolving market conditions.

On a positive note, the HALS business delivered robust Y-o-Y growth of 55%, driven by a favorable product mix and higher contribution from cost-efficient higher derivatized HALS polymers. With the commercialization of our new hydroquinone and catechol plant, we expect immediate margin benefit across the downstream products such as TBHQ and Veratrole.

Let me speak on the stand-alone business performance on a Q-o-Q basis. On Q-o-Q basis, the revenue moderated to INR180 crores, largely due to lower sales in certain established products. The EBITDA and PAT margins are at 40% and 29%, translating into an EBITDA of INR72 crores and a PAT of INR52 crores. The Q-on-Q decline in revenue was primarily led by softer volumes in some of our selected products, which also led to temporary reduction in the contribution of our top 4 products.

Consequently, top 4 products contribution to stand-alone revenue declined to 75% as against 80% in the last quarter. Coming to the Y-o-Y comparison, on Y-o-Y, the sales declined by 21% during the quarter. This revenue decline was primarily led by decrease in sales volume. The profitability margins impacted on account of change in product mix.

On 9-month Y-o-Y basis, the revenue declined by 10%, that is from INR668 crores to INR602 crores. It was -- the reduction in revenue was attributed to a loss of a key customer in one of our



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products in cosmetic section, also pricing pressure and lower offtake in Agchem segment. We believe we are well positioned to protect market share and drive sustainable growth over the long term.

On consolidated business performance, on a sequential basis, revenue moderated by 10% to INR216 crores and the consol EBITDA and PAT margins are at 33% and 21%, respectively, which stood at INR72 crores and INR46 crores. In the sales profile, the segment-wise, the Performance Chemical has been the largest with 72%, Pharma Agro at 21% and FMCG was 5%. The Performance segment was most impacted with volume-led decline in sales across MEHQ and BHA. However, please note, we have not seen any domestic competition in these products. The FMCG segment witnessed volume decline in a product called 4-MAP.

Key business developments. In the HALS business, volume showed steady improvement during the quarter, driven by better demand traction and effective execution. The HALS business continued to grow sequentially, supported by a healthier product mix and increasing contribution from higher-margin products. Building on this momentum, this quarter marked a meaningful milestone for us as we achieved EBITDA breakeven in the subsidiary Clean Fino Chem Limited. We are encouraged by the progress and remain confident in sustaining this momentum.

A little on capex update. The hydroquinone and catechol was commercialized in the month of December and customer trials are ongoing. With commercialization of these products, we will have immediate moderation in raw material costs of both the end product that is TBHQ and Veratrole. The commercialization of the hydroquinone plant and the expansion of TBHQ are strategically aligned with our -- with our purpose-driven growth and value optimization strategy and are expected to enhance existing product margins.

Further capex time line of Performance Chemical 2 is as per plan, and we expect to commercialize in Q1 FY '27. With our reworked process, we have sent newer samples to customers for our Pharma intermediate DHDT. While the testing is underway, we expect to have clearer outcomes over the next coming few weeks. During the last 9 months, the capital infusion in subsidiary has been INR150 crores with now the total investment in subsidiary around INR700 crores.

On account of corporate governance, in line with our commitment to dividend payout policy, the company has approved an interim dividend of INR2 per share. We are also very happy to announce and welcome two new Board members, Mr. Raj Kamal and Mrs. Pallavi Gokhale as successors to our earlier retiring independent directors. With this, we continue to uphold the highest corporate governance standards.

With this, I conclude my opening remarks and look forward to the Q&A. Thank you so much.

Moderator: Thank you very much. The first question is from the line of Jason Soans from IDBI Capital. Please go ahead.



Jason Soans: Yes. Sir, first question just pertains to the -- I mean, the 2 capexes which we had mentioned. Now you've spoken about Performance Chemical 2 and 1. So going back, of course, you were investing INR1.5 billion in both of these projects. So I just wanted to know, sir, I mean, according to your internal -- I mean, calculations, how much revenue do we expect these -- both these projects to generate in '27 and '28, just as a broad outline. I know you've spoken about an asset turn of 2 for both these projects, but just '27, '28, just some specifics could be given?

Siddharth Sikchi: So typically, in these fluid market conditions, we would avoid giving any forward-looking statements. But to just pinpoint with the Performance Chemical 1 because of the prices reduction overall, the -- around 80% capacity utilization, we are looking at a revenue of INR260 crores, which was earlier INR320-odd crores. And Performance Chemical 2, the capex is under -- I mean, we are still under capex phase and the facility will only begin by May, June. And we expect after teething issues, customer approvals, we should only see revenues in Q4.

Jason Soans: Okay. So Performance Chemical 2 will be commissioned by May, June and then probably Q4, you will get some revenue from that, right?

Siddharth Sikchi: Not full revenue. Of course, staggered revenues.

Jason Soans: Yes, staggered revenue. Okay. Sure, sir. And sir, again, now with regards -- yes, and with regards to -- with regards to HALS, I'm sorry, the Hindered Amine light Stabilizers, just wanted to understand how much volumes and realizations are we targeting for '26 and '27, now '26 is almost done. But how much volumes and realization in dollars are we targeting for '26 and '27?

Management: So I mean, for this year, we are already at 2,000 tons of volume for 9 months. And I mean, we'd be happy to note that year-on-year, we have reported a 55% growth in HALS sales for this particular quarter, right? And our target remains like that's typically with any new product which we are commercializing at least around 50% of utilization over a 2-year period. Now HALS has been a different case because this is a totally new zone which we have entered into. But our endeavor continues to remain to stand by that guidance.

Jason Soans: Okay. And just our realization would be around \$5, that range or \$5.5? Or are we looking at a lesser realization?

Management: Our blended portfolio realization for this quarter has been INR425 a kg.

Jason Soans: INR425 per kg, okay.

Management: Yes. Because predominantly, the sales is being driven by HALS 770.

Jason Soans: Sure. And just lastly, sir, just wanted to understand, I mean, you spoke in your initial comments about, I mean, probably losing a customer in the cosmetics segment. Just I missed that comment. Was it in the Performance Chemicals segment? Or what segment was that?



Siddharth Sikchi: FMCG segment, where a product called 4-MAP, where we've lost a customer in China. And due to secondary impact of tariff of our end customers in India, they have lost their business in the United States, and hence, we are impacted by them as well.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a few. Let's go segment by segment. First on the performance, you did mention two things. One, you said MEHQ and HALS has a lower volume, but you also mentioned that there was no competition in the domestic market. At the same time, in the opening remarks, you said that China has started producing some of these molecules?

Can you give us a complete road map on performance established molecule? It is China, which has got aggressive and hence, we have seen MEHQ BHA volume decline? Or was it general demand slowdown? What's your take on MEHQ and BHA?

Siddharth Sikchi: First, let me speak on MEHQ. So the reason of price drop is reason is because overall pricing of hydroquinone, which is in the old process, the conventional process to make MEHQ starts from hydroquinone.

Now because the Chinese have lowered the prices of hydroquinone all-time low price and hence, the conventional process of hydroquinone to MEHQ makes MEHQ also at a lower cost point. To attribute to this, we have no choice but to lower our prices of MEHQ to compete with these emerging players of hydroquinone-derived MEHQ in China. That is point number one. Are you clear on this?

Sanjesh Jain: Yes. But we said that there is still no price decline. What you're mentioning the price decline in MEHQ is to hit our P&L or it's already there in Q3?

Siddharth Sikchi: It is already mentioned in Q3.

Sanjesh Jain: We have already taken that in Q3.

Siddharth Sikchi: We have taken that. We have reduced the prices because the endeavor was to keep volumes intact. But -- so this has happened. BHA, no, there is nobody in China. When I mentioned about domestic player, I was pertaining to the players, which announced coming in MEHQ or BHA or guaiacol and 4-MAP. That is what I meant that we have not seen any competition from these players. So there is no volume loss to these players is what I wanted to mention on the call.

Sanjesh Jain: And reason for BHA being slower for us, is it pricing driven or it is more volume driven unlike MEHQ?

Siddharth Sikchi: The BHA, we've reduced -- it went lower mostly in quarter 3. It is a very typical standard because the drop has happened in North America. There was some tariff-related concern and also because



a lot of customers prefer to have lower stocks at the end of December month. So that impact is not as huge as the other products.

Sanjesh Jain: And you mentioned about China starting certain product, you mentioned about HQ and MEHQ value chain?

Siddharth Sikchi: Yes, and 4-MAP.

Sanjesh Jain: And 4-MAP?

Siddharth Sikchi: Which we lost a customer in China and also indirect tariff, which has hit our customer, and hence, we are hit by them.

Sanjesh Jain: Got it. Now we forward integrate MEHQ to make BHA. Can that be possibility in China as well now that they have started manufacturing MEHQ?

Siddharth Sikchi: The possibility in China is very difficult to mention today.

Sanjesh Jain: I agree, Siddharth. I know it's very open-ended, but have you seen any sign in my question, because it is open-ended?

Siddharth Sikchi: No, no, there is nothing today. There is nothing today.

Sanjesh Jain: Got it. Got it. Now coming to the FMCG, last quarter, you mentioned that probably that 4-MAP customer is also looking to backward integrate? Or it's purely the U.S. thing, which has hurt or the customer not going to backward integrate. Some time can it come back or that possibility is rolled out?

Siddharth Sikchi: No, I mentioned even on the last con call, and I'm repeating it again, that customer, I think, is dead. I mean it's lost for us because they have backward integrated. So that remains for China. However, the Indian customers and the customers in other parts, the reason is because, say, our end product of 4-MAP is avobenzone. Now avobenzone from India has a tariff of 55% in the United States. So all the Indian customers who are buying have slowed down dramatically because of this severe impact of tariffs from the U.S.

Sanjesh Jain: So what is the revenue hit from the Chinese customers, so we know that, that is a permanent loss and remaining can come back?

Management: Sanjesh, product-wise or customer-wise, we are not comfortable sharing.

Sanjesh Jain: No, that's fine. I was just -- from modeling perspective, how much should I take as a recurring loss and how much is recoupable, but that's fine?



Management: But yes, it needs to anchor that you can take probably this quarter as a run rate going forward at a...

Sanjesh Jain: This quarter has a right run to look at, right?

Management: Yes, yes. We are not factoring in any further customer loss in this run rate.

Sanjesh Jain: Got it. Now switching to HQ and catechol. HQ we will use, obviously, for TBHQ and the agro intermediate. How much will be captive demand for HQ for us? That's number one. Number two, catechol, what are we planning with that product?

Siddharth Sikchi: So catechol, the current plan is to, of course, make our own in-house Veratrole, which anyways we are making. We are also talking to companies within India who are buying catechol to make some of the derivatives because if you -- there is no current -- I mean, no current production happening of Catechol within India at the moment. So we are also talking to these customers within India, whether we can have a contractual arrangement with them. So that are the 2 applications. And also we are started to export, we have recently got some orders from China to export catechol and that you shall see starting from February itself.

Sanjesh Jain: It is largely goes into making vanillin. I think Camlin used to make it in a large quantity. They doesn't make it any more in India?

Siddharth Sikchi: No, I'm not aware of what is happening with them. But I just think probably -- I mean, I have no comment on the competition, but I don't see a lot of catechol available -- in the market available. And all is imported currently from China. If you see the import data, currently, all the catechol is imported either from China or by Solvay. So this is a market which we want to capture first being the local player and giving services like just in time to the customers.

Sanjesh Jain: That's fair. On HQ, the entire HQ, we will use in-house or we will also have HQ to sell in the market?

Siddharth Sikchi: No, no. We will have a lot of HQ to sell. Probably, we will be only using about 15-odd percent for our own captive and the balance will be sold in the market. That is both international and local.

Sanjesh Jain: Got it. That's great, Siddharth. I think I got all my answers. Just one comment on EBITDA. I know you mentioned that it's quite fluid and uncertain time and you don't want to give any guidance. But at the start of the year, you mentioned that 40% EBITDA margin at consol was something we were aspiring for. We have hit 33%. What should one look at an EBITDA margin for this year at the console level?

Siddharth Sikchi: I know, I understand. But with the way the pricing are being driven by the Chinese, the way things are -- also with the tariffs, the uncertainties which we are seeing, it is -- it would be



appropriate to wait for at least for a quarter to really understand where we stand. So probably in the next quarter or the end of the next quarter, we can have this discussion, please.

Moderator: The next question is from the line of Abhijit Akella from Kotak Securities.

Abhijit Akella: So maybe just to start with the volume versus price breakdown of the revenues this quarter, if it's possible to share that, please, on a Q-o-Q and Y-o-Y basis?

Siddharth Sikchi: So on a Q-o-Q basis, the volume decline, out of the 13% decline, majority is by volume decline. And on a Y-o-Y basis, out of the 21%, the volume decline is 19%, whereas the price realization is 2%. So majorly, it's volume decline.

Abhijit Akella: Got it. And just on HALS, on a sequential basis, what would the volume trajectory have been like 3Q versus 2Q?

Management: Abhijit, on a sequential basis, we have witnessed 6% growth in volume. So this quarter, we have almost crossed 800 tons in volumes, almost 810 tons is the sales volume. And just to add over that, the product mix has also improved meaning 944 is now almost contributing 20% to the HALS portfolio.

Abhijit Akella: Okay. So on a revenue basis, how much would the growth have been sequentially in HALS?

Management: Sequentially, 5%, 6%.

Abhijit Akella: Revenue as well is it, volume as well as revenues?

Management: Volume last quarter was 760 tons. This quarter, it's close to 810 tons.

Abhijit Akella: Okay. And just to understand this tariff impact, which is happening because of destocking, I guess, primarily by customers. So across the major products that we have, what categories of customers are these exactly in MEHQ or, I don't know, BHA, guaiacol as well. What categories are these? And are we seeing any maybe greenshoots in terms of their demand in the new calendar year?

Siddharth Sikchi: I think the -- I mean, there are multiple factors there. I think there are -- some reasons are also impacting the sales in North America as well as in Europe also because their end product could also be impacted by competition from the Chinese, okay? So that would have also led them to cut down their production, which implies that their offtake has also reduced, which is -- I mean, that is what completely impacts us as well because if their contribution or their sales has reduced -- purchases have reduced, so that impacts our sales. That is one level. And of course, the second is with the uncertainty which remains on our products on tariff.

The customers are very careful in deciding when to order and how much to order. So these are two impacts which we are seeing. Whether this will improve? I think, with tariffs not going



anywhere, so that impact of tariffs still remains. And the prices, which currently we are seeing in the chemical market segment, primarily led by the Chinese also, I think, might remain for the quarter or 2. So the impact would be at least continue for the next 2 quarters, if not more.

Abhijit Akella: That's clear. I understood that. And just last couple of ones from my side. One is with regard to this 4-MAP. As and when maybe demand comes back, from the customers that have been impacted by tariffs, would that be adequate to sell out our full capacity despite the loss of the customer we have had? Or will we sort of need to you know...

Siddharth Sikchi: A lost of customer will -- I mean, whatever volumes we used to make for him that customer, that volumes is lost is lost. Others might not be able to recover their volume as well as that volume. So I think we would be seriously evaluating what can we do out of that facility, which, of course, we are working on or making something interesting out of these products so that we can keep utilizing these facilities.

Abhijit Akella: Got it. And the last one from my side is actually regarding the promoter slide in the presentation. The title says, strong visibility on longevity for promoters engagement in the business. So just wanted to seek your perspective on, whether we should interpret that to mean that even after the expiry of the 3-year lock-in period that there will not be any further OFS from the promoters? Or any comments you could offer on that point?

Siddharth Sikchi: Of course. Of course, the promoters, I mean, though there was a 3-year period or so, but of course, I mean all of the promoters are equally engaged in the business and all want to work towards the wellbeing of the company. So in my view, there will not be any further dilution by the Boob Family in the next couple of years.

Abhijit Akella: But I guess the lock-in was anyway for 3 years. So the question pertains to beyond that. So any thoughts beyond that as well?

Siddharth Sikchi: See, it is a very subjective decision by the family, I mean, by the Boob family. I cannot really comment, but unlikely that they will even sell beyond 3 years. And not in these markets, which I'm sure you understand. So I think it can be a delayed process by them.

Abhijit Akella: I really appreciate your frank answers to that. Thank you so much, and wish you all the best.

Moderator: The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: First question on the geographic breakup. If I look at the Q3 numbers in specific, domestic demand slowdown probably was a bigger factor here. If I look at 9 months, obviously, China is also a contributor here. So any thoughts from a demand uptick both in the international markets as well as on the domestic side?

Siddharth Sikchi: So domestic -- first, let me understand the international. International, yes, definitely, both in Europe and U.S., we have seen a decent decline closer to 15%, 16% in these markets. As I



mentioned right now, it is because of two factors: one is tariff; and other is whether they're being impacted by the global acrylic acid prices, which have come down and they are at its all-time low point. So if that is the reason, that is why the Europe and the sales are down.

In terms of India, these were just campaign-related cycles, I think, which have moved or postponed, and it is a very customer-centric thing. So when these agchem cycles come back, probably these volumes will again come back. But we have not lost the volumes. I just want to repeat this. The volume is not lost, it is postponed.

Ankur Periwal: Sure, sir. And just on the volume bit, is it largely the macro? Or is there a risk of the backward integration what we saw in 4-MAP, also playing out in some of our leading products there?

Siddharth Sikchi: See, the leading products, there are -- you have to understand, these are performance chemicals. So again, as I mentioned, these are performance chemicals, which are -- so an acrylic acid is the biggest example where MEHQ -- a 1,000 PPM MEHQ or a 2,000 PPM hydroquinone is used. So a backward integration to these would not make any sense to the buyer -- I mean, to the customer. This was particularly in a particular example of 4-MAP because avobenzone 60% of the cost of raw material depends on 4-MAP. And hence, it made probably logical sense for them to do so, but not in other segments.

Ankur Periwal: Okay. So it's largely the end product driven demand, which is slowing down and possibly maybe a couple of quarters and then there should be some leg up there.

Siddharth Sikchi: Absolutely.

Ankur Periwal: And another thing on the pricing bit. Given what you already share on the China bit as well, the pricing in the overall, let's say, HQ value chain. Presuming these prices are what they are, let's say, even 1 year down, what will be your thoughts in terms of the cost economics for us or probably the pricing and whether these margins probably can hover in this range only going ahead?

Siddharth Sikchi: If everything remains the same, then this is what is going to happen. I mean if your question is, if prices of finished good is going to remain at this point, assuming the raw materials are also at the current -- I mean, the oil prices are also at low point? So if this continues for 2 quarters, then the number remains the same over the next 2 quarters as well, right?

Ankur Periwal: So my question was more like, let's say, 3, 4 quarters out, the volume growth recovery comes back, but the pricing is what it is. Is there further sort of scope for us to probably improve our costing in terms of improving the margins or probably it's only the operating leverage, which will play out on those front?

Siddharth Sikchi: See, operating leverage will play out. We will try and optimize some of the costs. So these are initiatives, which we are taking constantly on trying to improve the prices. But again, I mean whatever we do, we cannot -- I mean, because these are so squeezed out products for us that I



don't see anywhere that we can do some magic and reduce the prices by 10%. So it will be very marginal what I can do, but rest, the prices are currently driven by the world market itself.

Ankur Periwal: Sure. Fair enough. And just lastly on HALS, how has been the geographic mix now? You did mention the higher-end products are seeing some pickup, which is driving the EBITDA breakeven as well. How should we see this?

Siddharth Sikchi: 70% is domestic currently, Ankur. 70% is domestic, 30% is international, but you will start seeing as we move in quarter 4 and then subsequently in '27, this mix will start changing, and we expect the exports to quickly start ramping up.

Ankur Periwal: Yes, we were waiting for some product approvals to come in from Europe and other countries.

Siddharth Sikchi: Yes, we have got some of these approvals. And in fact, in month of January also, you will start seeing a lot of shipments happening in the United States. But yes, you will start seeing more action in the export markets.

Moderator: The next question is from the line of Archit Joshi from Nuvama.

Archit Joshi: Sir, first question on MEHQ. I mean you did explain quite well as to how MEHQ prices have come off. But sir, the entire let down in HQ prices would also be a function of phenol prices coming off. Would it be right to assume that with phenol maybe pricing cycle going higher, HQ prices will also eventually be on the higher side, and we will have the MEHQ prices also going upwards. So is this like a very transient situation?

A slight extension to the same question like you mentioned before. HQ also is used as a polymerization inhibitor. So is there a down-trading that is happening from MEHQ to HQ, which might have aided into this volume loss?

Siddharth Sikchi: No, no, no. There are a couple of questions you asked. Let me start by the last one. See, these processes of interchangeability of performance additives is not -- I mean, I'm sure people would have done this in the past, but these are now set rules of the game. So I don't think those shift has happened that people have replaced MEHQ to HQ.

So that has not happened, number one. Number two, yes, the phenol prices have come off, but I have seen these phenol prices a couple of time in my 20-year of working career. But the prices of HQ and MEHQ, which I'm seeing today are the prices which were not even -- these are not even -- I mean, they are below 20 or low prices.

So what I'm trying to mention is just raw material play is not playing out. There is also competition and the prices of -- lower prices of hydroquinone is also pushing, lowering prices of MEHQ and hence, we have to lower the prices to keep our volume up in these markets.



Archit Joshi: Got it. Got it. That's why the fluidity in the situation, I get your point. Sir, secondly, on the hydroquinone, catechol plan that we've had, and I believe we did have plans to have better yields of HQ and catechol compared to the competitors. Where would we be in that learning curve or have we already achieved that yield that you had expected earlier?

Siddharth Sikchi: So I can say that probably we are better than the competition, but we are still a little away from where we had expected to be. And probably all the endeavors we are still trying to figure out how to reach at that point, which we had anticipated. So actually, we are in midpoint between the competition and the perfect scenario, we are actually in the midpoint. And probably in the next couple of months, we should reach the better yield process.

Archit Joshi: Sure, understandably. Sir, the same question on HQ and catechol. On an overall margin basis, would we be at par to what we are doing in terms of EBITDA margin?

Siddharth Sikchi: No. I don't think that -- no, that EBITDA margins will not be at those extent. They would be -- they will be lower. I think they will be better than HALS', lower than the parent business. Again, they will be like midpoint.

And with these current prices of hydroquinone, which we are currently seeing and because they have declined quite a bit, so I think it is, again, a very fluid condition to mention really on the EBITDA front. Probably another quarter or so to understand where it all stabilizes, how our plans also stabilizes. And I think we will have some better picture.

Archit Joshi: Sir, one last on HALS. I believe in the previous quarter, a few global majors have taken a price hike in HALS. Is the overall global situation in HALS improving by that price action that they had taken? Anything that you would like to comment on how margins and prices can be in HALS, let's say, 1 year down the line?

Siddharth Sikchi: I think those announcements were made. Yes, we have also seen those public announcements, but they have not really translated into reality, so we have to just keep a wait-and-watch scenario. But they have not been implemented by the competition yet.

Archit Joshi: Understood. So the situation broadly is status quo on the total supply-demand dynamics of HALS, let's say?

Siddharth Sikchi: Yes. So we have to keep working and keep improving our wallet share, and that is what we are doing. And despite of those low prices, I think the improvement has completely happened because of our improvement in our process efficiency and of course, because these higher-grade HALS have also started picking up. So I think this will keep improving over the next few quarters.

Archit Joshi: Understood. Sir, would it be fair to assume that our cost competitiveness in HALS will be better than our peers globally? Or we are still in that learning curve to improve our yields or maybe cost to that extent?



Siddharth Sikchi: See, I think we are still -- see, it is very difficult to understand the competitive processes of the other competition and what are their yields and norms. But what I believe is, we are still not at the most optimum situation because I think we are still improving. Like if you can see between Q2 and Q3, also, there is an improvement in the process efficiencies, and I believe there is still more scope for us. And I think that is what makes a little difference that because these products are all created in-house, we have an ability to improve the process further and the endeavor is to further improve these so that it will start meaningfully impacting our EBITDA levels.

Archit Joshi: Got your point, sir. Wish you all the best in these tough times. Thanks a lot.

Siddharth Sikchi: Thank you so much, Archit.

Moderator: The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. You are on mute, Bala. As there is no response from Bala's side, we'll move to the next question. The next question is from the line of Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Thank you so much for taking my question again. Sir, you explained very much in detail about the HQ prices and how those types are going down. Now I understand that they're at an all-time low. Just wanted your take on, sir, I mean, there's a lot of talk about this China anti-involution drive going on where they'll basically focus on getting back to market dynamics. Do you expect, by any chance, this drive to basically -- at least gradually, there will be some uptick in those HQ prices that will help you gain pricing advantage?

Siddharth Sikchi: See, I mean, I have also been reading a lot of articles, but I think it's better to see in reality than to make assumptions because what is said and what really happens is absolutely two different scenarios. So all our costings and all our pricing currently, we are based at the current market situation rather than speculating of any price increase from the Chinese competition.

Jason Soans: Sure, sir. And sir, just the next question. I mean I understand both these INR 1.5 billion capex, they have been a little bit delayed. I understand tariff thing and you've explained that the distribution is fluid. Now I just wanted to understand, sir, the Performance Chemical 1, at least must be ready. Are we expecting it to generate revenue? By when do we expect in '27 for it to generate any revenue? And how much?

Siddharth Sikchi: We will start seeing -- so the plant started. Currently, we are using -- because there are teething issues, the product is slight off spec, but we are currently consuming all the products in-house. So where I was importing, say, probably around 70, 80 tons of hydroquinone per month, you would have seen that those imports have stopped completely. Same is the case with catechol, which we were importing to make our own Veratrole. So these imports have stopped completely.

So all these current products are being serviced by our own subsidiary to the parent company. That is point one. And point two is, we will start seeing sales starting in the month of February and of course, gradually increasing in March. And of course, we expect decent numbers coming in FY '27.



Jason Soans: Okay. But Performance Chemical 2, so you expect revenue only in the last quarter. That's been a little bit delayed from that perspective, right?

Siddharth Sikchi: Yes. I think we had anticipated that we will start the production in March. But now we feel with the current scenario, we'll start by May. So there has been a 2 month -- a 60-day delay, probably another 15-odd days for water trials and commissioning. So yes, there has been a quarter delay; yes, you're right.

Moderator: We'll take the last question from the line of Manish, an Individual Investor.

Manish: Sir, I'm a retail investor. I have written a mail to you as well. So what I understand from the layman term, as a layman term, that we have some loss from China because of some customers, and we have some loss from U.S. So that's the reason we have -- because of the tariff, so we are losing revenues. On top of it, because of the Chinese competition, we are losing revenues, right?

So we are hit from all ends. Now what message do you give to retail investors who have been invested in you since long? When can we see the margin that we used to do around -- revenue growth that we had around '21 to '23 could come back?

Siddharth Sikchi: So Manish ji, thank you for your question. Of course, the endeavor for us is always to keep making more profits. But alongside the endeavor is also to retain our market share in the segments because it has taken us 20 long years to build these markets, to retain these customers. But the macroeconomics is something, which is very difficult and which is beyond our control. So a tariff of 55% in United States was never anticipated.

The overcapacities in China was never anticipated. And all this has led to margin reduction. However, the endeavor is to come up with new products. The endeavor is to derisk from a couple of products to more products. The endeavor is to keep performing and doing R&D and to get more and more products online so that the revenues built-up keep happening.

The endeavor is to not lose a customer to a competition. So these are some things which I, as a promoter, have to do to make sure that my business does not -- I mean, it's not a quarter business that we run for a couple of years. I mean, we have to look for a 5-year strategy in the company. So with all this, yes, there has been a hit. But we are there.

I mean, we are healthy in terms of cash flow, company is still sitting on INR450 crores of cash. The projects, which we had mentioned, have all happened beyond -- I mean, within probably a less than a quarter delay, but all the capexes have happened at the project costs, which we had anticipated despite of all these volatile times. So I mean we are trying our best, I can only say that. And even our endeavor is to reach those profitability, but with the macroeconomics in hand, I mean we have -- I mean something which we cannot control, we cannot control.

Manish: Agree, sir. I have read about you a lot. I'm a great fan of yours, how you build up this company along with the Boob family. So I respect that. But I was just coming from a retail point of view.



Many retailers have seen many trends of mine. Everyone is scared, everyone is scared. What will happen next? Okay. So that's the reason I thought of asking you.

And second, one more question that I wanted to ask you is, the trade deal that we had, right, as of now with Europe, that might help us, right, sir? That might help us to negate some traffic or that might help us -- if you compare to China, China has some tariff -- if you see, China has some tariff in Europe, EU, but we'll not have that tariff. So do you see that playing around? And why -- sorry, sir?

Siddharth Sikchi: Yes, I agree with you. That would play. But of course, I mean this -- I think this will only start in '27. I think there's still a lot of paperwork has to be done between the two countries. So it is not going to -- I mean you will not see anything on an immediate basis.

This will, I think, only start in '27. And the trade impact would have a 5.5% to 12% in the tariffs, which we pay and also the Chinese. So if those will come out then, of course, it will help the Indian chemical industry for sure versus the Chinese, of course.

Manish: So we have one, what do you say, positive for the FTA. And also, why don't we capture the market of Australia? Have you any plans to do that, or Canada, by any chance? Because by -- if you see the condition going on, Canada is anti-U.S. Sorry sir?

Siddharth Sikchi: To your point, sir, Australia or Canada, they don't have such acrylic acid plants. For that matter, even India does not -- India has only one acrylic acid plant. Plus all these blends of pet food industries where we supply, they are users, but they are not producers. Hence, Australia is not a market for our products at the moment.

Manish: All the best. We hope to grow with you. Thank you, sir.

Siddharth Sikchi: Thank you so much, Manish ji.

Moderator: Thank you. I now hand the conference over to Mr. Siddharth Sikchi for closing comments. Over to you, sir.

Siddharth Sikchi: So thank you all for spending time with us on Saturday. I understand there has been -- I mean, it has not been a greatest quarter for us. I think we've had a glitch in our quarter 3 also as well as in quarter 2. But I can only assure that we are working towards improving the margins, improving the revenues, bringing new products online as quickly as possible, trying to maintain our capex cycles. And I think we are trying to do, as a team, whatever best can be done. And I think that's all from our side. Thank you so much.

Moderator: On behalf of Clean Science and Technology Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.