



Clean Science and Technology Limited

i n n o v a t i o n a t w o r k



26th May, 2025

To

BSE Limited

Phiroze Jeejeebhoy Towers,
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 Q4 and financial year ended 31st March, 2025 Earnings.

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

Dear Sir/Madam

In terms of the referred Regulation 30 read with Schedule III - Part A to the Listing Regulations, we are enclosing herewith the transcript of conference call on the Company's Q4 and financial year ended 31st March, 2025 Earnings held on Thursday, 22nd May, 2025.

You are requested to take the same on record.

Thanking You.

For Clean Science and Technology Limited

NK

Ruchita Vij
Company Secretary



Encl: as above



“Clean Science and Technology Limited Q4 FY '25 Earnings Conference Call”

May 22, 2025



**MANAGEMENT: MR. SIDDHARTH SIKCHI – EXECUTIVE DIRECTOR AND
PROMOTER, CLEAN SCIENCE AND TECHNOLOGY
LIMITED
MR. SANJAY PARNERKAR – CFO, CLEAN SCIENCE AND
TECHNOLOGY LIMITED
MR. PRATIK BORA – VICE PRESIDENT, CLEAN SCIENCE
AND TECHNOLOGY LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY '25 Earnings Conference Call of Clean Science and Technology Limited.

We have with us on the call, Mr. Siddharth Sikchi - Executive Director and Promoter; Mr. Sanjay Parnerkar - CFO and MR. Pratik Bora - Vice President.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing “*”, then “0” on your touchtone 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. I am extremely happy to connect with you all to discuss the business performance for the company for Quarter 4 FY '25.

So, let me first start with the business performance. FY '25 has been a milestone year in the company's history with extensive business transformation. Let me share key highlights:

#1. The company recorded the highest sales volume across its key products

#2. Led by superior R&D capabilities, the company developed the highest number of products during the financial year. These include the entire HALS series, DHDT, which is a pharma intermediate and BHT, along with two new products in the performance chemical segment, which are slated for commercialization in FY '26. The addressable market is set to increase by over \$1.5 billion, underpinned by the commercialization of new products, which will position the company on a strong growth runway in the coming years.

#3. The company developed an entirely new value chain and complex chemistry capabilities to launch these new products. Some of the key chemistries which the company developed include triphasic catalytic ring formation, which is also called condensation reaction, hydrogenation, esterification, polymerization, hydroamination and chlorination.

Let me talk on standalone financial performance:

Starting with Q-on-Q comparison:

On sequential basis, revenues increased by modest 4.5% to Rs. 238 crores. EBITDA and PAT increased to Rs. 105 crores and Rs. 79 crores respectively, implying an EBITDA margin of 43.8%.

On a Y-o-Y basis, the sales increased by 7% during the quarter, and the revenue growth is



primarily led by increase in sales volume.

Let me highlight the consolidated financial performance:

Company recorded Rs. 256 crore sales for Quarter 4, which is 14% higher on an annual basis and 8% higher on a sequential basis. The consolidated EBITDA is Rs. 105 crore, implying 41% EBITDA margin.

Let me share highlights on the newer HALS segment performance:

For the quarter, HALS sales value is broadly in line with the last quarter and blended realization is approximately 425 per kg while the RMC at portfolio level is around ~65%.

For the full year FY '25, the HALS sales volume was roughly 1,900 ton, which gave us a sale of roughly Rs. 80 crores.

Successful validation by key customers based in Middle East, Southeast Asia and Europe are lead indicators pointing to sales momentum acceleration going forward.

Sales profile:

The revenue contribution from performance segment, pharma and agro segment and FMCG segment remain at 69%, 19% and 12% respectively. During the quarter, performance chemical sector has been the key revenue driver followed by pharma and agro segment.

On CAPEX cycle:

Clean Science invested Rs. 215 crores during FY '25 in our subsidiary Clean Fino-Chem. Construction for the new performance chemical product, which is expected to commercialize by Q3 FY '26 is on track. CAPEX for performance chemical 2 has started and we expect the plant to commercialize by Q4 FY '26.

On ESG:

We are pleased to report that the Board has recommended final dividend of Rs. 4 per share. Total payout ratio is higher at 22% for FY '25 compared to the previous year. Led by strong focus towards cash conversion, the cash balance continues to be meaningful at Rs. 400 crores despite increased payout ratio and sizable CAPEX in the new subsidiary.

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

Moderator:

Thank you. We will now begin the question-and-answer session. The first question is from the



line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal:

Congratulations for a good set of numbers and thanks for the opportunity. First, on the HALS bit, so you mentioned revenues were largely flattish Q-o-Q. But at the same time, you know, seeing new product approvals coming in.

So, I was just saying on the HALS bit, so while the quarterly revenues were flattish, there has been sort of new product approvals as you highlighted from multiple geographies. So, two questions. One, the distribution network tie-up that we had done earlier, how has been the progress there and are you satisfied with that? And secondly, from a ramp-up perspective, what timelines are we looking at?

Siddharth Sikchi:

Perfect. So, with respect to the distribution setup model, we set up some distributors over the last two quarters. However, out of some of those distributors, we realized that some of them are not effective as we had expected.

So, in those geographies, we are re-looking and re-finding some of the distributors. So, this is part of the business cycle. So, you appoint few distributors, but you realize at a later date that they are not as effective as you would have wanted them. They were also keen to partner, but eventually for whatever reason, for resource problem, they also decided that maybe they are not able to allocate enough time and hence that process in some of the geographies have restarted. However, some of the distributors have become very active and are trying and have also got approvals in some of the large accounts globally in their particular area.

To give you a little flavor in FY '24, we did about 600 ton of HALS sales, whereas in FY '25, we did roughly 2,000 tons of HAL sales. So, this is approximately 3x. And going forward in FY '26, our target is to touch 4,500 tons of sales. When I am talking, it is in cumulative with all together. So, from Rs. 25 crores of FY '24 revenue, we came to roughly Rs. 80 crores.

Siddharth Sikchi:

Ankur?

Ankur Periwal:

Yes, just the last sentence. So, from Rs. 25 crores we went to Rs. 80 crores in '25. On '26, give me the number.

Siddharth Sikchi:

And for '26, we are expecting closer to Rs. 210 crores.

Ankur Periwal:

Okay, that's helpful. And our earlier target of full ramp up in HALS, so given the run rate, we are broadly looking at FY '27-'28 for that at the current capacity?

Siddharth Sikchi:

FY '28. So the total capacity is over 10,000 tons.

Ankur Periwal:

Correct. And when do we decide to go for, let's say, the Phase-two of HALS expansion? Will you wait for more approvals coming in or a ramp up actual sales happening maybe '26 end,



what's the thought there?

Siddharth Sikchi: See, once we start getting majority of approvals globally, once we start seeing decent ramp up, when we start seeing that okay we are seeing about 60%, 65% capacity utilization scenario, that is the time we should go for Phase-2. Phase-2 will be far more pointed because we will not get into products which are lower margin accretive compared to the higher series.

Pratik Bora: Also, little more optimized towards product portfolio.

Ankur Periwal: Your voice got cut in the end, but I understood. So, focus will be on the high margin products there.

Siddharth Sikchi: Absolutely.

Ankur Periwal: When we look at the international markets, especially the ones wherein the distributors are working well, what is the typical product approval cycle that we are seeing? Obviously, it will vary from product to product, but on average.

Siddharth Sikchi: 3 to 6 months.

Ankur Periwal: 3 to 6 months.

Siddharth Sikchi: Product to product, 3 to 6 months.

Ankur Periwal: And just lastly on this, the breakup of 600 tons in '24, 2,000 tons in '25, what will be the export breakup here for both the years?

Siddharth Sikchi: The export is not as large. Domestic is large, but going forward there will be more export coming into it.

Ankur Periwal: Fair enough. That's helpful. Secondly, if I do your consol minus standalone numbers, Q4 looks like a positive EBITDA versus a negative EBITDA for the last two, three, whatever, quarters. So, am I looking at the right that we are breaking even? And this is largely HALS, right?

Siddharth Sikchi: Yes, yes, yes. This is largely HALS. The new other products are yet to ramp up.

Ankur Periwal: And lastly, on the balance sheet side, working capital has inched up a bit for the full year. Is it largely because of your product mix changing or higher contribution from HALS versus earlier years, especially the receivable parts?

Siddharth Sikchi: Of course, what is happening is, we have started producing HALS on a larger scale. So, the stocks are higher, but the sales are comparatively lower because we need produce a minimum quantum.



- Ankur Periwal:** Fair enough. So, it's fair to say that once we see a ramp-up in our HALS volumes, let's say, by FY '26 end, the working capital should come back to the normal range, 24-23% range?
- Siddharth Sikchi:** Yes.
- Ankur Periwal:** Great. Sounds good. Thanks, Siddharth, and congratulations once again.
- Moderator:** The next question is from the line of Arun from Avendus Spark. Please go ahead.
- Arun:** Good evening, Siddharth. Hopefully, it's clear. So, when we said the majority of the 2,000, 1,900 tons volume that we sold is in domestic, and does it mean that we have largely saturated the domestic demand and from here...?
- Siddharth Sikchi:** Not really. We have still got I think only 50% of the domestic market. There is still 50% domestic market left. Of course, we are not envisaging that we will get all the domestic market. But there is still quite a bit of room to capture in the domestic market itself.
- Arun:** So, what is the reasonable share that we can expect from the domestic market?
- Siddharth Sikchi:** 65% odd.
- Arun:** All right, so basically around another 300-400 tons we can hope to saturate in the domestic market.
- Siddharth Sikchi:** Easily.
- Arun:** And of course, that also grows at a certain rate.
- Siddharth Sikchi:** Yes, that is also growing at a certain rate, yes, absolutely.
- Arun:** And specifically on Q4, when we said sales is almost same between the Q3 on a sequential basis, but why is that subsidiary revenue is higher than almost double of December quarter? Any particular reason?
- Pratik Bora:** Arun, the subsidiary revenue, you are right, has gone up from Rs. 10 crore Q3 to Rs. 21 crores in Q4. But I mean at a group level, the sales is in that range of Rs. 22 odd crores. That's just because we have a facility for 770 in the parent and the subsidiary company both, right? So, we produced more from the subsidiary company, and that has led to higher sales from the subsidiary company for HALS. But at group level it is approx. 22 crores.
- Arun:** So, less volume sales in the parent level. That's a reason.
- Pratik Bora:** Yes, that's correct.



- Arun:** But we thought we have saturated the capacities in the Unit-3. So, is there any reason for such rebalancing?
- Pratik Bora:** No, we are taking certain products in the parent company in Unit-3 for the HALS facility where the hydrogenation chemistry is available. So, that's why we moved 770 in the subsidiary company. We are pivoting to some new products. We are just trying it.
- Arun:** On the export market, I think we are focusing more on the distributors, but Siddharth, what about the direct sales to the big enterprises?
- Siddharth Sikchi:** No, no. I meant, distributor is important business for larger accounts. Say, big companies in Israel, some big accounts in Greece, some big accounts in Europe or in other parts like Middle East, we are talking directly to them. So, there is again same network, larger accounts plus all these larger accounts also wants to deal directly with the manufacturer. So, in that case we are talking direct, but also trying to set up a distribution network because that is very important in these businesses because there are even small customers in quite a part of the world, which has to be catered only by the distribution network. I mean, by stock and sale.
- Arun:** This is mainly because of the being export because in domestic, if I am right, we have done largely a direct sales, right? This we can't replicate in the export markets.
- Siddharth Sikchi:** Not possible, boss, because different languages, different geographies, different time zones, People want just in time. In India, it is possible. I mean, we can ship material anywhere within 4-day window. But that we cannot do in some part of America or some part of Europe or any other location, right?
- Arun:** And in your presentation, even in your opening remarks, you mentioned that record sales, does it mean even in MEHQ and BHA, in our traditional products also it's a record sales for us.
- Siddharth Sikchi:** Yes, all our traditional products is what we mentioned. Yes, traditional all our products, other than HALS. HALS is also highest actually. So, yes, all segments.
- Arun:** So, how much room do we have in MEHQ and BHA to further increase sales in '26?
- Siddharth Sikchi:** We have about 70%-72% capacity utilization. So, we still have window there.
- Arun:** And any market share gain which is possible this year, given that competition has also said that they will also be placing their volumes in the export mature market?
- Siddharth Sikchi:** See, till date we have not seen the competitor product, but I think it's still premature to say. I think, let us wait for another quarter to decide what's going on actually.
- Arun:** That's it from me.



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

Abhijit Akella: Good afternoon. Thank you so much for taking my questions. First one, just a clarification on the opening remark regarding the expansion of the addressable market by \$1.5 billion that you alluded to earlier on. This is exclusive of HALS, right? Just to understand.

Siddharth Sikchi: No, no. Inclusive of HALS and inclusive of the performance chemicals which are about to commercialize in this financial year. Both of them including. Inclusive of both of them.

Abhijit Akella: So, this is the total global addressable market.

Siddharth Sikchi: Yes. Total what we...

Abhijit Akella: HALS is about...

Siddharth Sikchi: \$1 billion.

Abhijit Akella: HALS are about a billion. \$1 billion out of that, right? Okay.

Siddharth Sikchi: Yes, closer to that.

Abhijit Akella: For HALS, the average realization of Rs. 425 that we are making at this point, should we expect that to improve significantly in the next couple of years as the business ramps up?

Siddharth Sikchi: Yes, 100%. Of course, it has to improve because the higher range products which are now commercialized will start being sold in the market.

Abhijit Akella: So, what would be a good number to work with at full utilization?

Siddharth Sikchi: Say you can assume about Rs. 495, to Rs. 500.

Siddharth Sikchi: For FY '26.

Abhijit Akella: Yes.

Pratik Bora: There is scope for further improvement.

Abhijit Akella: Yes. So, at peak, I mean, still looking at say Rs. 700 crores, Rs. 800 crores from HALS overall or is that a bit on the higher side?

Siddharth Sikchi: Bit on the higher side. We are looking at about Rs. 565-70 odd crores.

Abhijit Akella: And did DHDT contribute much in this past quarter?



- Siddharth Sikchi:** Not, zero, zero. We still are facing some teething issues. The product, the chemistry which was done in lab and pilot is behaving very differently on plant scale. Every day we are learning a lot of new things about it. So, probably, it will take at least four weeks more to set right the process before we get into commercial scales.
- Abhijit Akella:** Fair enough. And just last thing from my side, on the two new projects, Performance Chemicals, I guess one is coming up in 3Q and then the other one in 4Q.
- Siddharth Sikchi:** About August, you can expect that we will start by August this year, so about three months from now. And other we are expecting to start by February 26. So, an additional six months from that day, from August. This is a very exciting year. I mean, a lot of new products are coming online.
- Abhijit Akella:** Yes and just wondering if it's possible to share a little more detail on these two, especially there was one product that was catering to water treatment. So, any sense of the capacity over there, the addressable market?
- Siddharth Sikchi:** See, both are around 10,000-ton capacities and closer to commercialization, I think, in the next con call, we will give a little bit more picture on the performance chemical products.
- Abhijit Akella:** What sort of market share will we be targeting?
- Siddharth Sikchi:** Once we, I think, in the next con call, we will have far more better clarity on commercialization, actual dates, volumes, and also what markets. So, we will give more detail during that period of time.
- Abhijit Akella:** All right, we will wait for that. Thank you so much, Siddharth. All the best.
- Moderator:** The next question is from the line of Naushad Chaudhary from Aditya Birla AMC. Please go ahead.
- Naushad Chaudhary:** Hi, thanks for the opportunity. A few clarification. On the R&D side, if you can share how much we have spent in this financial year on R&D? The recurring...
- Siddharth Sikchi:** Rs. 5.5 crores.
- Naushad Chaudhary:** Rs. 5.5 crores. And we have roughly 90 staffs in R&D, right?
- Siddharth Sikchi:** Yes, sir.
- Naushad Chaudhary:** Rs. 5.5 crores, this entire is recurring expenditure, right?
- Siddharth Sikchi:** So, around Rs. 3.5 crores is the revenue expenditure and balance is capital expenditure, which is one time.



- Naushad Chaudhary:** So with this, the rough calculation suggests roughly Rs. 4-4.5 lakh average cost per staff in R&D. Is this the industry standard? Because if we look at the other companies, like SRF, PI, even at very large scale, their R&D cost per staff is substantially higher versus our number. How should we read this?
- Siddharth Sikchi:** You should be happy. We are saving more money and delivering higher productivity.
- Naushad Chaudhary:** No, but despite 9 PhDs we have and the smaller size of R&D team, shouldn't this be at least at par of industry? Because in terms of percentage of PhDs also looks 10% of the R&D staff which is quite decent?
- Siddharth Sikchi:** I think important is output rather than quantitative. I think you should focus more on qualitative rather than quantitative.
- Naushad Chaudhary:** I am just trying to understand how are we able to manage it at substantially low cost versus how...
- Pratik Bora:** Naushad, this number which you calculated, this is an average number. However, there are resources which are cost-wise at much higher number than what you have calculated because this is an average number.
- Siddharth Sikchi:** So, there are chemists also, basic chemists.
- Pratik Bora:** Yes, these chemists are freshers just passed out from college. So, that is also getting included in your 90 count. And that is also pulling down the average.
- Naushad Chaudhary:** I was talking about the average cost of the peers as well, but anyways, we will take this offline.
- Siddharth Sikchi:** Sure. That would be nice.
- Moderator:** The next question is from the line of Prasad Vadnere from HDFC Securities. Please go ahead.
- Prasad Vadnere:** Hi, sir, thank you so much for the opportunity. Sir, wanted to get more understanding about which type of HALS we are looking to push in domestic market apart from HALS 770.
- Siddharth Sikchi:** All, 622, 944, 119, 783, all of them have domestic market as well, right?
- Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.
- Rohit Nagraj:** Sir, on the HALS front, we have said that we have touched about 2,000 metric tons and domestic demand will be about 2,500 metric tons. So, which and all are the key markets for exports that we are looking at? And in terms of competition, how is the strategy placed for the sales?



- Siddharth Sikchi:** So Europe, U.S., Middle East, South Africa. So, these are some of the markets which we are aggressively getting into apart from India, of course. India is a home ground. Yes.
- Rohit Nagraj:** And there in terms of competition, what are we looking at? Because I think the competitor would already be present there. So, from the offering perspective.
- Siddharth Sikchi:** Price advantage.
- Rohit Nagraj:** That's the advantage which we have.
- Siddharth Sikchi:** Price advantage, non-Europe, non-Chinese.
- Rohit Nagraj:** The second question is, now next year, you alluded that we are expecting about Rs. 210 crores from HALS. What is the kind of EBITDA margins that we are looking at? And in FY '27, when we further scale up, what is the kind of EBITDA margins we probably will be based on the operating leverage?
- Pratik Bora:** So at company level, we are looking for 40% EBITDA margin, because it's not only HALS. The pharma intermediate and performance chemical 1, which are more margin accretive compared to HALS, will lead to better margin at the company level. So, we look forward to around 40% EBITDA margin at consol level.
- Rohit Nagraj:** That's for FY '26-'27 as well, right?
- Pratik Bora:** That's for FY '26. '27.
- Rohit Nagraj:** And on consolidated?
- Pratik Bora:** Yes, that's on consolidated basis.
- Rohit Nagraj:** And on consol level and next year FY '26, what kind of growth we are looking at?
- Pratik Bora:** So, at consol level, for the parent company, it's existing products which are growing at industry growth rate of 5-6%. And for the new product launches, there will be a significant growth in terms of sales value, which will absorb the overheads and depreciation costs for subsidiary. So, I mean, the operating profit growth rate could be in line with what we have recorded this year, which is in the range of 18% to 20%.
- Rohit Nagraj:** That's on the consolidated level you are talking about.
- Pratik Bora:** Yes.
- Rohit Nagraj:** All right. Fair enough. That's all from my side.



- Moderator:** The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** Congrats on good set of numbers and breaking even in the subsidiary. Just a couple of points from my side. First, have you started the production of Barbituric acid?
- Siddharth Sikchi:** We will start by August. Month of August.
- Krishan Parwani:** And on the BHT, have you seen any contribution or not yet?
- Siddharth Sikchi:** We have already sold some quantities in the U.S., and you will see progressively the volumes are increasing over the next few quarters.
- Krishan Parwani:** That's great. And coming to HALS, so I wanted to understand at this point of time which grade do you think could go in Phase-2?
- Siddharth Sikchi:** Sorry, go again?
- Krishan Parwani:** I am just saying at this point of time in the HALS, which grades do you think you could go for expansion in Phase-2?
- Siddharth Sikchi:** It could be the higher one like 944, 119 and the newer ones which we are trying to make which are 2020 and these are all high polymeric HALS.
- Krishan Parwani:** So, basically targeting like the \$8-9 per kg kind of products, right?
- Siddharth Sikchi:** Absolutely.
- Krishan Parwani:** And just one clarification on HALS. I think I missed your earlier comment. So, you highlighted 10,000 tons of sales with probably about a Rs. 570, Rs. 580 a kg realization. So, that comes out about Rs. 580 crore sales. Is that the peak for HALS by FY '28 from the Rs. 300 crores CAPEX that we did?
- Siddharth Sikchi:** Yes.
- Pratik Bora:** More or less, current realization.
- Siddharth Sikchi:** At current realization, of course, if the realization increases over the period of time, then this realization will also improve.
- Krishan Parwani:** And plus whatever capacity that we had, probably Rs. 30-40 crores of HALS capacity in Unit-3. So, that's all, correct?
- Siddharth Sikchi:** Yes.



- Krishan Parwani:** Thank you for answering my questions. I wish you all the best.
- Siddharth Sikchi:** Thank you so much, Krishan.
- Moderator:** The next question is from the line of Shiwani from Monarch Network Capital. Please go ahead.
- Shiwani:** Hi, Siddharth and Pratik. Good evening. Congrats on the good set of numbers. Most of my questions are asked, but a couple of them is one, could you give a split between, you know, size and volume growth in FY '25?
- Pratik Bora:** So, around 25% was the volume impact and lower realization offsetted that impact by around 8%. So, that's how you see around 17% growth in the sales for full year FY '25.
- Shiwani:** And I just wanted to reconfirm that for the three new products which is DHDT, DHT and Barbituric acid, we haven't had any significant contribution in FY '25. Am I correct?
- Siddharth Sikchi:** Barbituric acid is in Clean Science which we expect to start in August. BHT is a small contribution this quarter. And DHDT, as I mentioned, we still are facing some teething issues in the facility. So, hopefully in the next couple of weeks, we expect the plant to start commercial production.
- Shiwani:** That is helpful.
- Moderator:** The next question is from the line of Abhigyan Srivastav from Marcellus Investment Managers. Please go ahead.
- Abhigyan Srivastav:** Hi, sir. Congratulations on the good set of numbers. I have two questions. The first question is, why has COGS gone up this quarter?
- Pratik Bora:** Hi. So, the reason is the product mix that has led to a higher RMC as a percentage of sales during this quarter. So, if you note, there has been a meaningful growth in pharma segment, where the margin contribution is lower than the performance segment. So, that has led to a slight increase in the RMC as a percentage of sales.
- Abhigyan Srivastav:** And the second question is, what are the key cost items that are driving up the other expenses? And are these cost items recurring?
- Pratik Bora:** Actually, if you see sequentially, it's CSR expense, which has led to a higher other expense. That is the only item which has led to an increase in the other expenses. Otherwise, the other expenses are in line with last quarter.
- Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.



- Rohit Nagraj:** Thanks for the follow-up. For FY '26, given that the two performance chemical projects will be capitalized, what is the overall CAPEX number that we are looking at?
- Siddharth Sikchi:** Rs. 300 crores overall. And for FY '26, Rs. 300 crores.
- Rohit Nagraj:** And beyond that, we don't have currently any projects which are slated for FY '27 as of now.
- Siddharth Sikchi:** No, no, no. We have. But we will announce once, let these two big products come online, and then we will announce the subsequent CAPEXs.
- Rohit Nagraj:** I mean to say no announcement as of now.
- Siddharth Sikchi:** Sorry?
- Rohit Nagraj:** No announcement as of now.
- Siddharth Sikchi:** No, no announcement.
- Rohit Nagraj:** And generally from announcement to the actual commissioning takes about 12.
- Siddharth Sikchi:** 10 months.
- Moderator:** The next question is from the line of Jason Soans from IDBI Capital. Please go ahead.
- Jason Soans:** So, thanks for taking my question. Just wanted to understand. So, before we started HALS, I mean, we used to clock in margins of around 43%, 44%. Okay. Now I understand with the new HALS and all, our margins have taken a slight dip, which is in line with our strategy. But now coming from 42%, 43% of 40%, is that a fair enough, I mean, going ahead 40% should be maintained. I was just under the impression that when you start HALS, you are probably targeting margins of 15% to 25%. So, I actually expected a sharper margin drop on a consol level. But seems like we are doing better than expected. So, just any reasons for that same, for the same?
- Pratik Bora:** So, Jason, we have never alluded to any sharp dilution in the margin at Company level. We have always maintained that EBITDA margin could remain in that narrow range of 38 to 42, plus minus 1% or 2% to 40%. And as these new performance chemical and pharma intermediates product scale up, we expect margins to improve. Because these are more margin accretive compared to HALS. HALS is important from a point of view it will give us a scale benefit.
- Siddharth Sikchi:** The TAM of HALS is the largest. So, the ramp up is, I mean each block can give equivalent of Rs. 500 crores revenue. Whereas the other product TAM are smaller. Plus HALS has exposed us to a very different variety of customers, different chemistries which will be useful, like, for instance, hydrogenation chemistry has been useful to getting into newer products.



- Jason Soans:** So, I got that. And just sir, I just missed the volume and the realization breakup for, if you could give it for the year also, if possible?
- Pratik Bora:** Yes, for full year FY '25, 17% increase in sales was led by volume, 25% impact was volume led, while lower realization offsetted the positive impact by around 8%. So, that's how you come to a 17% increase in standalone sales.
- Jason Soans:** Those are all my questions.
- Moderator:** The next question is from the line of Rohan Mehta from Ficom Family Office. Please go ahead.
- Rohan Mehta:** So, firstly, I wanted to understand what your outlook is for BHA and TBHQ from a global standpoint. And secondly, are you evaluating customized antioxidant blends for, let's say, some peak lines basically forward integrating into antioxidants? And if so, what is generally a margin profile under these blends?
- Siddharth Sikchi:** No, we are not getting into blends. That's what our customers do. We don't like getting into our customers' shoe.
- Rohan Mehta:** And what is your outlook on TBHQ and BHA?
- Siddharth Sikchi:** So TBHQ is a decent, I mean, both the products are decent products. I mean, they are growing at about 4%-5% industry standard. TBHQ is an edible oil business. So, as edible oil production increases, TBHQ consumption increases. BHA is more about pet food consumption. So, as that increases, BHA increases. BHA plus BHT go hand in hand. So, yes, there is a decent and good outlook for both the products. Both have different avenues, different markets, but both are growing at 4%-5% industry norms.
- Moderator:** The next question is from the line of Agam Shah, an individual investor. Please go ahead.
- Agam Shah:** A quick question, sir. Can you talk on the CAPEX for this year as well as for FY '27?
- Siddharth Sikchi:** So, this year, CAPEX, we just mentioned two performance chemicals, one starting in August, one starting in February. FY '27, we will announce it probably six months later.
- Agam Shah:** No, so, in terms of amount for this year would be Rs. 150 crores?
- Siddharth Sikchi:** Rs. 300 crores.
- Agam Shah:** Rs. 300 crores. Okay. And so, all together, this year CAPEX plus FY '24 and FY '26. So, why can we reach, let's say, the inflection point and all the products start kicking in and the growth kind of shoots off?



- Siddharth Sikchi:** See, all put together is what you are asking us?
- Agam Shah:** Yes, all put together where we can know the growth really takes off.
- Siddharth Sikchi:** So, it should be, I mean in terms of revenue?
- Agam Shah:** Yes, revenue.
- Siddharth Sikchi:** Rs. 2,500 crores to Rs. 3,000 crores is the revenue potential.
- Agam Shah:** And that should be reached possibly in the next three years? Or how should we look at it?
- Siddharth Sikchi:** Too much forward statement. We are trying our best.
- Agam Shah:** And the margins can also increase at that time?
- Siddharth Sikchi:** No. I mean, these are only, I mean, we would want to maintain similar margins.
- Siddharth Sikchi:** I mean, it would be great to hold such margins already in the business.
- Moderator:** The next question is from the line of Jason Soans from IDBI Capital. Please go ahead.
- Jason Soans:** Thanks for taking my question again. I just wanted to know, sir, a lot of some time back, MEHQ, we were seeing some weakness and demand for MEHQ. Of course, realizations were down. I believe they are still kind of soft and we have more of volume driven. Now, just wanted to understand, are there any tailwinds for MEHQ to grow ahead in conjunction to more consumption of acrylic acid, any tailwinds you see from that perspective? And again sometime back going we had, yes.
- Siddharth Sikchi:** So, we are growing in volumes. Opening remarks mentioned that our volumes have been the highest in the history of the company. Prices are near lower levels. That is why you are seeing these numbers. But in terms of growth, I think for MEHQ volumes it should be around 4% to 5% on a year-on-year basis.
- Jason Soans:** Yes, and previously again in some few calls back we had alluded to those issues around Guaiacol due to the cough syrups and etc. Have those been...
- Siddharth Sikchi:** All resolved.
- Jason Soans:** That's all been ironed out, right?
- Siddharth Sikchi:** All resolved.
- Jason Soans:** All resolved. Okay, great. Those are all my questions.



Moderator: The next question is from the line of Shiwani from Monarch Network Capital. Please go ahead.

Shiwani: Thank you for taking my follow-up question. So, I just wanted to get sense of the two performance chemical which will be commercialized in FY '26. So, what's the asset turn we are expecting? And I think in FY '26 there won't be any significant revenue contribution. So, in FY '27, how are we looking at the contribution from these two performance chemicals?

Siddharth Sikchi: I think we will talk about these performance chemicals closer to the date. So, we will take one product at a time. So, I think the first one, as I said, is going to start in August. So, in the next con call, we will talk a little bit more on the products.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Siddharth Sikchi for closing comments.

Siddharth Sikchi: So, thank you so much all of you for your time to attend this con call and understanding more about the company. I think with this, I close the meeting. Thank you all and have a great week ahead.

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