Clean Science and Technology Limited
innovation at work

Responsible Care

6th August, 2026

To

BSE Limited
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Dalal Street,
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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 Q1 FY26-27 Earnings.**

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

Dear Sir/Madam

Further to our letter dated 21st July, 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 Q1 FY26-27 Earnings held on Saturday, 1st August, 2026.

You are requested to take the same on record.

Thanking You.

For Clean Science and Technology Limited

Ruchita Vij
Digitally signed by Ruchita Vij
Date: 2026.08.06 11:01:04 +05'30'

Ruchita Vij
Company Secretary & Compliance Officer

Encl: as above

"Clean Science and Technology Limited

Q1 FY27 Earnings Conference Call"

August 01, 2026

MANAGEMENT: **MR. SIDDHARTH SIKCHI – MANAGING DIRECTOR AND PROMOTER – 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 Q1 FY27 Earnings Conference Call of Clean Science and Technology Limited. We have with us on the call Siddharth Sikchi, Managing Director and Promoter; Sanjay Parnerkar, CFO; and Pratik Bora, President, Commercial.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Siddharth Sikchi for opening remarks. Thank you, and over to you, Mr. Siddharth Sikchi.

Siddharth Sikchi: Thank you so much, Iqra. Good evening, everybody. Thank you so much for attending the call on a Saturday evening. So let me start by welcoming everyone and a warm welcome for the quarter 1 FY27 earnings call of the company, and I thank you for joining the call.

Let me first speak on the business environment. The quarter performance shall be viewed in backdrop of geopolitical headwinds impacting raw material supply chain and its cost. Non-availability of shipping vessels impacted timely export of goods, leading to supply side challenges.

Further, the raw material costs in China were not impacted as much as they were compared to India. Despite external challenges during the quarter, Clean Science reported a steady performance during the quarter. The company was able to improve revenue, maintain operational stability, and continue progress on its value-creating initiatives.

We are also pleased to report our highest ever consolidated sales in company's history, reaching approximately INR264 crores during the quarter. Let me speak on the standalone business performance. On a sequential basis, the revenue improved by 5% to INR 203 crores, largely due to increase in realization in all the products. The EBITDA and the PAT margins are at 43% and 36%, translating into an EBITDA of INR87 crores and PAT of INR 73 crores.

The Q4 FY26 EBITDA and PAT after adjusting the one-off operating expense transactions is roughly INR 83 crores and INR 53 crores, respectively. Thereby, the current quarter EBITDA and PAT reflected a growth of 5% and 37%, respectively.

The Q-on-Q increase in revenue was primarily led by improved realization in all the segments. Speaking on Y-o-Y comparison, the sales were moderated by 6% during the quarter. The revenue moderation was primarily led by decrease in sales volume, which was on account of supply side headwinds as mentioned earlier. The demand environment continues to be steady.

On consolidated business performance, the HALS scaleup continues to drive operating leverage and sustainable profit improvement. HALS is now 22% of our sales, and we have been able to derisk our reliance on the top 4 legacy products by moderating their share from 85% in Q4 FY23 to 60% this quarter.

Another important point was that CFCL reached an important milestone by becoming operationally self-sustaining. Having fully recovered its operating expenses, we now shift from investing phase to monetizing phase. Our first year of HALS sales were entirely domestic. In contrast, the current quarter reflects a much more diversified geographical mix with exports contributing nearly 50% of the HALS sales.

On a sequential basis, the consolidated revenues grew by 7% to INR 264 crores. EBITDA and PAT are 37% and 28%, respectively, which stands at INR 96 crores and INR 73 crores, respectively.

On a Y-o-Y basis, the revenue increased by 10% during the quarter, and the increase in revenue is primarily led by consistent scale-up of our HALS business. Hence, the sales profile looks like Performance, Pharma and FMCG, respectively, 83%, 10% and 7%, respectively.

I would like to take a minute to discuss the key business development which happened during the quarter. Point 1, we entered into a strategic collaboration with our Swiss partner called as Geneus Chem. This represents an important step in the next phase of our HALS journey. This will provide Clean Science an entry into differentiated advanced grade of HALS chemistry that are technology-intensive, value-added and aligned and evolving global customer requirements.

Taken together, these developments reinforce our confidence that HALS platform can evolve into a much stronger growth driver for the company over the coming years. With expanding customer acceptance, improving export penetration and a richer product basket, we believe that the platform is steadily moving towards more meaningful scale, stronger margins and greater strategic importance within the company's portfolio.

The stabilization of the hydroquinone and catechol plant has been largely completed and our operations are now progressing well. We have received the necessary customers' approval and are ramping up for commercial supplies. As the production scales up, we expect a gradual increase in revenue in the coming quarters.

On a capex update, the Performance Chemical 2 will get commercialized by quarter 3 FY27. And during the quarter, capital infusion in the subsidiary was approximately INR100 crores with this total investment in the subsidiary stands at approximately INR850 crores.

I think that's all from my side, and I'm open for any questions-and-answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sanjesh from ICICI Securities.

Sanjesh: Got a couple of questions. First on the HALS, what was the volume this quarter, because the consol minus subsidiary, it shows we have grown close to 170%. So what was the mix of volume and pricing? And how much was the contribution of the products beyond 701 and 770?

Siddharth Sikchi: In terms of price realization, Sanjesh, the product mix has improved. From 770, 622, we have now moved to the higher grades. So I think the average prices have moved from 440-odd to 550. So this is in terms of price realization. And in terms of volume...

Pratik Bora: Sanjesh, volumes are in the range of 1,000 tons, and the product mix has significantly improved to the higher grades of HALS, meaning, I mean, last quarter where almost 50% of contribution came in from HALS 770, this quarter it has come down to 35-odd percent. And hence, the gross margins have improved on the subsidiary level.

Sanjesh: Got it. Got it. Siddharth, we were looking at, what, close to 3,000 metric tons for HALS this year. You think you can do much better than that? We have started with 1,000 metric tons in Q1?

Siddharth Sikchi: Yes, yes. We are committed to it.

Sanjesh: So what are we looking at now? And even the export has picked up. You mentioned that 50% of the revenue now, HALS is coming from the export market. What is the realistic number we are looking at in HALS for FY27?

Pratik Bora: Annualized this quarter is INR 250 crores, INR 300 crores.

Siddharth Sikchi: So I mean, if you just annualize this also, this will reach to INR250 crores, INR300 crores of annual revenue.

Sanjesh: That we are very comfortable, correct?

Siddharth Sikchi: Yes, that should be comfortable.

Sanjesh: Now second question on the gross profit margin. Last year, we were hovering under 40%. This year, consistently above 40%. Was there any benefit of low-cost acetone we were carrying, and price increase has helped us, and lower raw material cost is benefiting on gross profit margin or do you think this 43%, 45% of gross profit margin in this segment is sustainable?

Siddharth Sikchi: I think it should be sustainable, and we had no real advantage of cheap raw material. In fact, since moving to higher grades and, of course, improving our operational efficiencies has helped us to get to these margins.

Sanjesh: Got it. Got it. One last question on HALS. Can you give us more detail on Geneus? Are we also trying to acquire 25% in the distribution company? And it's more like a distribution company, right? They are not really a technology company?

Siddharth Sikchi: How did you get that?

Sanjesh: No, I thought I read that in the press release. So I was a little confused. So what is the transaction between us and Geneus?

Siddharth Sikchi: No, no. So the deal is -- if you go through their website, the founders are highly technical people, and they have come up with advanced HALS technologies. They have developed and patented products in Europe, U.S., Japan.. And these are far advanced level of NOR HALS, which is called. And these products will now be made at Clean Fino-Chem and supplied globally.

With this, we will get entry into some of the very advanced level of customers who would also buy these advanced grade, but also help us in our other portfolio of HALS. So it's a very tech-driven company.

Sanjesh: And the tech transfer is happening from them to us or how is it?

Siddharth Sikchi: Yes, yes. They had developed this very interesting technology and this patented product, and the tech transfer is happening, and the plants will start in quarter 3 this year.

Sanjesh: And what is Clean Science paying for all this?

Siddharth Sikchi: Sorry?

Sanjesh: So the tech transfer and all is for the production, and we will be official contract manufacturer for the Swiss company. Is that the way to think of it? We are contract manufacturing with the tech belonging to the customer?

Siddharth Sikchi: No, no, no. We are also doing joint marketing.

Sanjesh: Okay. And...

Siddharth Sikchi: Yes. So we will also be joint marketing this product.

Sanjesh: And the product will be exclusively supplied to them, or we are free to supply to anybody?

Siddharth Sikchi: No, we have some geographies defined between us, so that we don't conflict. But everything will be like co-branding. Yes, it would be like a co-branded product where their name and our name will appear on the packaging and in all the documents.

Sanjesh: Got it. And what is the revenue potential we are looking for from this partnership, in '29 -- '28, sorry?

Siddharth Sikchi: In overall 3 to 4-year period, we are looking at INR300 crores to INR350 crores of revenue -- additional revenue.

Sanjesh: From this partnership?

Siddharth Sikchi: Absolutely.

Sanjesh: Got it. Got it. That's pretty clear. Last on the legacy business, the decline was largely because -- on a Y-o-Y basis was largely because of the non-availability of the raw material, or there was...

Siddharth Sikchi: Yes.

Sanjesh: It's only because of raw material availability.

Siddharth Sikchi: Yes, yes. Because the primary supplier in India had to shut down the facility due to nonavailability of their key raw material, propylene. So we had those, I think, about 2 weeks of all shutdown, which led to this. The demand is absolutely steady.

Sanjesh: And starting Q2, we should see all those recouping? I mean, all the volume, we should be to the normal level, or there is still challenge?

Siddharth Sikchi: No, volumes is not an issue. Raw material pricing is an issue and availability of shipping vessels. I'm sure this is across the industry.

Sanjesh: Got it. Got it. One last question. What is the now economical difference between anisole to MEHQ versus HQ to MEHQ? Are we still competitive? Or you see Chinese competition still being intense in the MEHQ and value chain?

Siddharth Sikchi: See, so far, we are not seeing, otherwise you would not see these numbers, right?

Sanjesh: So we believe that HQ is still not as competitive for us to threaten the market share?

Siddharth Sikchi: I think so.

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

Ankur Periwal: Congratulations for a good ramp-up in HALS. First, a clarification on this strategic collaboration. You said the product will be jointly marketed by you and the partner here. So the global markets are divided that X countries go to Clean Science and the balance go to you or how is it?

Siddharth Sikchi: Let me answer 1 thing at a time. See, they are based in Europe. They have highly -- they are present there, and they have already conducted a lot of trials over the last couple of years and have established a solid customer network. So there is no point in us duplicating those efforts. So hence, there has been a clear geographical differentiation.

Wherever they have done enough work, they will market it. Wherever they are not present and we are present, we will be doing it. So it's a very, very collaborative partnership where we have very open discussions to understand who is where, and wherever strengths to be needed, we will do the needful, because it is all going under co-branding.

Ankur Periwal: Sure. So this 3 billion, 3.5 billion -- INR300 crores, INR350 crores revenue that you are talking of, this is a product of -- as a sort of output of this collaboration. Is it the case that you are manufacturing from them -- on their behalf as well? So for whatever they sell, you will be manufacturing here in India or this INR350 crores sale is only from your fresh sale as a B2C -- or B2B to B2C?

Siddharth Sikchi: No, it is only from us. Their sale is over and above. So say, I am selling them -- I'm just giving a hypothetical example. If I am selling them at, say, EUR30, that's my revenue. And if they sell at EUR40, that EUR10 is their revenue.

Ankur Periwal: Yes, which is fair. But your direct sale is this INR300 crores target that you're talking of. And if you are manufacturing anything on the partner's behalf, that's a top-up, or everything is inclusive of this INR300 crores, INR350 crores?

Pratik Bora: Direct sales to the market is incremental to this.

Siddharth Sikchi: INR300 crores sales is only with them, because they have prescribed volumes which they have some understanding on or commitments on. Over and above whatever we develop -- say, if we sell 100 tons in India, that is over and above this.

Ankur Periwal: Okay. Okay. Got it. And fair to say that given that you are saying that this is further differentiating and more advanced version of HALS grades, we were not supposed to manufacture these ones, or there is some overlap, and this will be having much higher realization here?

Siddharth Sikchi: This is a further better product and one of its kind. And hence, these are all patented products by them.

Ankur Periwal: Sure. And whatever we are making on HALS using our tech, that continues as it is, which is the ramp of that?

Siddharth Sikchi: And one of our raw material, 2020, which we will be making, will be a key starting material for this chemistry. So this is an additional market for our own 2020.

Ankur Periwal: Okay. Okay. That's clear. Secondly, on the Kemin agreement, wherein we are supplying the key ingredients for food and feed, if you can put some light there?

Siddharth Sikchi: I mean, the light is that we have very, very close relationship with the customer over the last decade. And I think they are increasing their demand. We have been fulfilling them. And because we would be making additional capexes on some of these products, so we thought both of us decided to enter into a longer-term contract for a minimum period of 5 years where we will be supplying their needs of these products, and that is where it is.

So it's a very, very interesting collaboration for us, because this gives us assured volumes from the largest customer in the world. So they currently buy BHA, BHT, TBHQ, and AP, these are all our product portfolio, which we supply to them, and we have now an exclusive -- I mean, more or less, we will be their supplier for all these products.

Ankur Periwal: Sure. So a few clarifications. One, Kemin must be getting this sourced from somewhere? Or was it captive for them? And whom are we replacing?

Siddharth Sikchi: No, no, it was -- so Kemin is an end customer. They make formulation for pet food industry. So they are a manufacturing company with global locations, and we will be supplying these 3 ingredients to all their global locations.

Ankur Periwal: Okay. So the customer continues. Just that the size and scale is much higher now and you're getting a 5-year commitment?

Pratik Bora: So this is not a new customer. He continues to be our existing customer for 10 years. We'll just increase the wallet share with that customer.

Ankur Periwal: Sure. And will this commitment -- yes, go ahead.

Siddharth Sikchi: Will this commitment...

Ankur Periwal: Sorry, will this commitment require you for another incremental capacity addition, or the existing capacities are suffice to fund this?

Siddharth Sikchi: We will need additional capacities, and we have already started the process of that.

Ankur Periwal: Sorry, there will be requirement of additional capacity, you said?

Siddharth Sikchi: Yes, yes.

Ankur Periwal: Okay. And third bit on the margin profile on the standalone side. While revenues have been -- you highlighted in your initial comments as well, the Q-on-Q increase is largely led by pricing, volumes are flat. The margin slight dip that we are seeing here, even on a Q-on-Q or on a Y-o-Y basis, is largely because of the pricing volatility, RM volatility, or there is a further pressure on the end product pricing also?

Siddharth Sikchi: No, I think the major factor is the raw material pricing because of these Middle East crisis. So you can see there has been decline -- I mean, increase in our RM prices.

Ankur Periwal: Okay. And end product prices here remain stable. So from a competitive intensity perspective, no changes at the global level?

Siddharth Sikchi: Not at the moment.

Ankur Periwal: Okay. Fair enough. And just on the standalone side, what could be the domestic export mix for the quarter, if you may help with that number, please?

Siddharth Sikchi: 65-35.

Ankur Periwal: 65-35. Okay. And lastly, if you can guide on the capex, what should we take as an annual run rate going ahead, given there could be some capacity expansion plans there?

Siddharth Sikchi: Actually, we have not worked out in that detail, but it's not going to be too much. We are still working on it, and I'll be able to let you know in due course.

Moderator: Next question is from the line of Abhijit Akella from KIE.

Abhijit Akella: First one, just on the supply chain disruptions that impacted volumes in the quarter. I was just wondering if it would be possible to share some color on how much better the earnings would have been? I know the quarter has already significantly improved. So my compliments on that. But could it have been somewhat significantly better had it not been for these issues?

Siddharth Sikchi: Yes. So of course, we lost a couple of weeks. I think to be precise, about 2 weeks or so in production. So of course, if we would have been able to produce, we would have got higher revenues. That is number 1.

And number 2 is also with these all labor issues we faced because of these gas issues and all, that was another challenging time. So if these issues weren't there, then I think you would have seen a better quarter.

Abhijit Akella: So things are looking much smoother now in the second quarter, is it?

Siddharth Sikchi: Yes. The issues which I mentioned with availability of -- the prices are volatile. That is still an issue, but the availability is there, which was not the case in quarter 1. So yes. So I think all those issues are now behind us, except the RM volatility.

Abhijit Akella: Understood. And on the price hike side, were you able to fully pass along all the input cost increases that happened last quarter or are there still some further increases that you're taking?

Siddharth Sikchi: No. Wherever we had long-term contracts, we are respecting most of them. And -- so in that case, we are not able to pass on. And also, it is not like -- I mean, we were not able to pass on 100%. In some cases, we were able to pass a percentage of the price increase.

Abhijit Akella: Okay. Fair enough. So compared to the June quarter results, which we are just seeing, we should not expect any significant price increases benefit next quarter, right?

Siddharth Sikchi: Yes, price increase might be a big question.

Abhijit Akella: Okay. Understood. Secondly was just on this INR300-odd crores revenue number that you quoted for the Geneus tie-up. Just wanted to clarify that this is a cumulative number?

Siddharth Sikchi: Of course, it's a cumulative number over the next 4 years.

Abhijit Akella: Yes, understood. So the peak number in year 4 might be, say, some INR100 crores plus/minus, somewhere in that range. Is that right?

Siddharth Sikchi: Possible. Yes. Yes. That understanding is right.

Abhijit Akella: Okay. Great. And on the Performance Chemicals 1 and 2, I know you made some comments, but if it's possible to just share your thoughts on how both those projects are going?

Siddharth Sikchi: Yes. So the hydroquinone and catechol, I mentioned, we started the line somewhere in quarter 3, between October, November, December, the trials. The product trial started in first couple of months. Of course, then we had these crisis, raw material shortages. So we were not dedicating too much raw material to that facility, but running our regular businesses.

And again, we restarted the operations in April, again quarter 1. And now the plants are more or less stabilized. In the meantime, we took this period to sample with our all international existing customers. And most of the sampling processes are almost over. We have got some approvals.

And now I think starting August, September, the revenue should also start coming in. And plus, there will be -- operational efficiencies improvements will also keep happening as we ramp up the capacities.

Abhijit Akella: Great. And just one last -- yes, sorry.

Siddharth Sikchi: Okay. And Performance Chemical 2, the plant we expect to start in quarter 3, which would be November, December sorts.

Abhijit Akella: Yes. In terms of the ramp-up for Performance Chemical 2, any thoughts on that aspect?

Siddharth Sikchi: Thoughts in the sense?

Abhijit Akella: I mean, just with regard to time lines, should we expect a fairly...

Siddharth Sikchi: So let's see. Quarter 3 and quarter 4 will majorly go into setting up the lines and getting the right product quality. So we expect the major revenue should only come from quarter 1 next year.

Abhijit Akella: Okay. Great. And just one last thing from my side. On the Kemin agreement, congratulations on that, by the way. So how large is this customer as maybe a share of the overall world market for these relevant products? That was really the question. And I guess this agreement now basically preempts any other possible new entrant into these products from getting into a tie-up with this company, right?

Siddharth Sikchi: Absolutely. Absolutely. So he's the largest buyer of some of these ingredients. And the relationship now gives both of us, both Kemin and us, I mean, the strategic alliance where we make sure that there is no shortages. I mean, in all these difficult times, we have been able to supply without any price hikes, which has given them that confidence over the last several years.

And hence, we have entered into this definitive 5-year of contract. And yes, you are right that I do not see any scope for any other entrant or new entrant or any competitor from India or globally to get into this alliance.

Moderator: Next question is from the line of Saurab Banik from Divis Consultants.

Saurab Banik: Congratulations on a mixed set of numbers. Sir, as per your presentation in this quarter, you have mentioned that HALS stands for around 22% of sales. So I just would like to know from you, in FY '27, FY '28, how should you plan for that HALS will constitute around which percentage of sales for our company? If you could just give us a few color on it?

Siddharth Sikchi: So basically, I told you in terms of revenue this year, the target is between INR250 crores to INR300 crores, okay? So that could be around 30% to 35% of overall revenue growth. For the next financial year, let us work out and we will come back to you.

Saurab Banik: And second, sir, on HALS, I just would like to know from you, in domestic and export both markets, who are the core competitors for these products, as you have mapped out. So if you give us the information about this?

Siddharth Sikchi: So we have 2 major competitors in Europe. They are mainly BASF and Sabo. And we have a couple of them in China. Major is Rianlon and Suqian, who is also called as Unitechem.

Saurab Banik: Okay, sir. And lastly, on the financial front, in this quarter, on a consolidated basis, I have seen that other expenses, it is surged by around 13%. So any primary reason for this?

Pratik Bora: You're referring to other expenses, right?

Saurab Banik: Yes, yes. In other expenses, I have seen that in consol level, it rises around 13%. So the primary reason which you can...

Pratik Bora: Sequentially, there is a CSR impact. In quarter 4, there was a high expenditure towards CSR compared to quarter 1. And there was some provisioning towards some other expenses, which was done in quarter 4, which was not required in quarter 1. This has led to also other expenses.

Saurab Banik: Okay. So can we assume is it one-off kind of thing, right?

Pratik Bora: Yes. So quarter 1, you can assume to be a sustainable number.

Moderator: Next question is from the line of Nilesh Ghuge from HDFC Securities.

Nilesh Ghuge: Siddharth, my question regarding the new HALS that you will be manufacturing through the collaboration. So what differentiates these HALS from the HALS that currently Clean Science is manufacturing?

Siddharth Sikchi: This is a very technical question, but I will still try and answer in the most simplest form I can. All the HALS we make are called as alkoxy HALS, the 2020s...

Siddharth Sikchi: Sorry, sorry, we make the 3-hydroxy, but with this company, we will be making the alkoxy HALS, which are called as the NOR. So these are higher grade of HALS because their performance is far higher and superior compared to the conventional HALS which are made. However, these advanced levels of HALS are also far more expensive compared to the traditional HALS. So that is why the applications are also niche compared to the traditional HALS.

Nilesh Ghuge: Okay. And what about the end user? The industry will remain more or less same, or it will be very specific to...

Siddharth Sikchi: So, I'll tell you. See, because of these higher grade, these are more applicable to agricultural film businesses. So where higher and harsher environment is there is where these products are used. So these NOR will be used in such applications where tougher environment is there in terms of agro films. Also with this collaboration, what we get is these existing customers also use regular grade of HALS where we anyways are present completely. So it will help us in cross-selling to the same customer.

Nilesh Ghuge: Okay. Okay. So do you see that these new HALS will replace the overall HALS, which is being used or consumed by the end user? Or will it be the totally new market creation?

Siddharth Sikchi: For us, it will be a totally new market in terms of this particular segment of product. So if a customer is using NOR, he will not replace it with the regular HALS. So of course, this will be a new segment of customers, which will come up to us.

Nilesh Ghuge: Okay. But as far as the global HALS market is concerned, will these replace the existing ones? Or it's a completely new market?

Siddharth Sikchi: Completely new market, which we were not catering at all to date. The NOR market is different, which we were not catering. Now we will start catering. The NOR market is currently dominated by only BASF.

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

Sanjesh Jain: I got 2 questions. One on the contract with the Kemin. Now that they are signing a 5-year, are we giving any volume-based discount? What is an advantage from a Kemin perspective for locking in the contract?

Siddharth Sikchi: Sir, it is supply security.

Sanjesh Jain: It's supply security. There is no additional commercial benefit we are transferring to them?

Siddharth Sikchi: I think -- I mean, these are a little finer details, but I think you can consider supply security as the major outcome of this contract for both, for them as well as for us, for the complete volume offtake. I mean, the offtake which they will take from us.

Sanjesh Jain: Got it. Second question on the Geneus one. Does this same product goes as a UV stabilizer or the application is entirely different?

Siddharth Sikchi: So the application goes into agricultural films, which is a very large market globally and currently only, I think, more or less covered majorly by BASF.

Sanjesh Jain: But it goes as an additive, right? The use case remains the same.

Siddharth Sikchi: Use case remains the same.

Sanjesh Jain: But just the application is agriculture film, which are spread across the field, right? That's the one you're talking about.

Siddharth Sikchi: Higher grade of agriculture films. Sometimes even the normal some of the grades are also used, but these are for more harsher environment conditions, where more pesticide, sulfur, chlorine is present in the environment.

Sanjesh Jain: Got it. Are we putting up any fresh capacity because of the 2 contracts, or this can be catered with the existing capacity?

Siddharth Sikchi: No, no. Both are additional investments.

Sanjesh Jain: And what kind of number are we looking at here for the capex?

Siddharth Sikchi: So basically, we are still working on it. But in terms of Geneus Chem, I think the plant will start. So where we are expecting for that particular product, we will be putting about INR25-odd crores.

Sanjesh Jain: Got it. That's clear. That's clear. And Camlin contract, what is the volume increase are we expecting from what they are buying from us? What could be the quantum increase because of the contract and higher market share?

Siddharth Sikchi: Sanjesh, it is not Camlin. It is Kemin.

Sanjesh Jain: Sorry, sorry. My bad.

Siddharth Sikchi: So Kemin is American. So I mean that will be our emphasis. So Kemin, probably our offtake will increase by 20% to 40%.

Sanjesh Jain: 20% to 40% over 5 years?

Siddharth Sikchi: Yes.

Sanjesh Jain: Or you will start seeing immediately?

Siddharth Sikchi: Starts immediately, probably in the next 2, 3 months' time.

Moderator: Next question is from the line of Saurab Banik from Divis Consultants.

Saurab Banik: Now I would like to know from you that in this quarter, you have done INR100 crores of capex in Clean Fino Chem Limited. So sir, if you can please share us the long-term structural plan that you have built for this wholly owned subsidiary. So that would be highly helpful.

Siddharth Sikchi: So all the products now in future in the company will only happen in this subsidiary, which is Clean Fino Chem. So all the businesses, all the new products, all the new lines will all happen in Clean Fino Chem only as a company.

Saurab Banik: Okay. And finally, sir, as we all know, the geopolitical issues are actually continuing and all that. And this is unpredictable and uncertain, we all know it. But sir, how Clean Science is actually planning out or mapping out going ahead for the rest of the 3 quarters. So if you please put some color on it, that would be again very much helpful for us.

Siddharth Sikchi: So basically, sir, it is all about supply chain, and we are trying our best to have all supply chain, all raw materials to be delivered and to be present, so that there is no delay in any of our production. So that we have planned quite well. And hopefully, we should not see any stoppages in any of our facilities in the next coming quarters.

Saurab Banik: Okay. So that is what -- I mean, fully confident that, that stoppage will not even there. So just casually, I'm just asking you. So if you just give us a few information regarding it. I mean it is 100% confirmed from your end, right?

Siddharth Sikchi: Sorry, what is confirmed?

Saurab Banik: I mean, that supply -- no, no, that supply chain, that you said, it will not stop, that you are planning on mapping out that you said. I mean, it is from your end totally, you are confident on it? That's I'm just asking.

Siddharth Sikchi: See, I mean, I'm not so confident that it is locked, but…

Saurab Banik: Sir, that is uncertain and nobody can control.

Siddharth Sikchi: This was exactly our point. Nobody can control.

Saurab Banik: Yes, yes. Exactly. So sir, as you said that just for that particular reason, I just asked you. So if that happens, so that is definitely better for you and for everybody as well. So we will take that update on Q2 as well, sir.

Moderator: Next question is from the line of Rohit Nagraj from 360 ONE Capital.

Rohit Nagraj: Good sequential performance plus the 2 new collaborations. First question, again, on the Geneus Chem, in terms of tech transfer, is there any transfer fees or royalties that are attached to it, or it is just capex and then...

Siddharth Sikchi: No.

Rohit Nagraj: Okay. So it's purely capex, and then the revenues will start flowing in?

Siddharth Sikchi: Absolutely.

Rohit Nagraj: And in terms of -- since these NOR HALS are probably a niche set of products, the margins will be higher than the current margins on our entire basket?

Siddharth Sikchi: Yes. Technically, it should be.

Rohit Nagraj: Perfect. And second question, in terms of HALS, you mentioned that this quarter was -- there was almost 50% exports and 50% domestic, and the component of exports has increased tremendously. Is it because of the high-grade HALS that we are manufacturing where we've been able to sell into the export market and where now there we are seeing a good amount of traction?

Siddharth Sikchi: See, the point is, over the last 1 year, the sampling, paperwork, all this is happening. See, these are very large accounts, which do not come very quickly. So there has been a lot of back and forth which was happening to get approvals to these accounts. And we have now started seeing these approvals coming in, trial business is happening, and now commercial shipments have started.

So this also gives the confidence that all the grades of HALS which we are producing today, which are the higher grade as well as our commodity grades, are now completely approved and at par quality with other competitors in line.

So this gives that confidence. And now you can see these ramp-ups are happening in advanced levels of HALS also. Plus with this collaboration with GC, further higher grade of advanced HALS will open doors to further more customers globally for us.

Rohit Nagraj: Right. And just one last clarification. Compared to last quarter, in terms of the supply chain, things have been better during the month of July?

Siddharth Sikchi: See, the supply issues have come down definitely, because now I'm sure all other companies have also started importing and keeping those safety stocks. But the basic concerns remain is because of the volatility in these discussions between these particular countries. The prices of crude oil keeps moving, which impacts the prices of basic raw materials, which impacts our pricing. So there will be issues in profitability, but not with respect to supply position is what my understanding is.

Moderator: Next question is from the line of Shreyans Gathani from SG Securities.

Shreyans Gathani: I have one question on the HALS business. So we have around 10,000 ton capacity. So just trying to understand how much of that would be the higher grade, whereas like 770 to like 2020...

Siddharth Sikchi: See, we are not giving all these subdivisions -- we are not getting into the subdivisions, but on a more or less basis to just give you a thumb rule, we would be probably 40-odd, 30%, 40% lower grade and balance would be higher grade. Now which are these higher grades, I think it is too much detailing. But yes, so this is the split 40-60 is what you can assume.

Shreyans Gathani: Got it. Sir, and are we currently in a position to produce NOR HALS, or that would require some plant and machinery?

Siddharth Sikchi: No, I think this is a completely new setup, new technology, which we have acquired from this partner. So yes, it needed a capex, and hopefully, we'll start the production in Q3.

Shreyans Gathani: Okay. Got it. Sir, second question, I joined a little late, so maybe it might be a repeated question. So on the Performance Chemical 2 plant, are we on track for September production, beginning...

Siddharth Sikchi: I think there will be delay because of all these labor issues we had over the last couple of months. So yes, I think there would be a delay, and we expect the plant to start in November-ish.

Shreyans Gathani: Okay. So that will be commercial production or trials in November?

Siddharth Sikchi: Commercialization. So I think between November and March will be stabilization phase, and you can expect any revenues from quarter 1.

Moderator: Next question is from the line of Manish, an individual investor.

Manish: I've been with you guys since the IPO days. So in layman terms, I had a few queries. Sir, the first query was regarding the HALS exports, since we are exporting more HALS now. So do we see the EBITDA margin/profit to increase for 2, 3 quarters -- for 2, 3 years down the line? Second query is regarding...

Siddharth Sikchi: We will see EBITDA margins will keep improving, because as we get into sales of more and more higher grade, the EBITDA margins will keep improving. Plus running the plant over the last couple of years, the operation efficiencies also kicks in. So we are very confident that the EBITDA margins will keep improving.

Manish: Okay, sir. Sir, second question is regarding the last 2, 3 con calls, you had issues because of the Chinese competitors that are affecting the business, and also because of the tariff. So now we have a sort of idea about what tariffs U.S. will impact on India -- will put on India. So do we see any orders coming from the U.S. or any inquiries from the U.S.? Is it good as of now? And has the China competition reduced?

Siddharth Sikchi: Our exports to U.S. have been very, very steady.

Manish: Okay, sir. And the third thing is regarding the Middle East crisis. There are 2 parts to it. One part is the prices of the raw material, and the second part is the equipment cost. So now both are high, right? So that will impact our profitability maybe for some time till the issue gets resolved. Is my understanding correct?

Siddharth Sikchi: Absolutely correct.

Manish: Okay. And sir, the fourth part is, we had the Europe, right, India-Europe deal signed. It will be active, I think, next year, and we have our subsidiary in Netherlands. So that subsidiary is for future planning, right? So it will cater for all the plants for the Europe. Is my understanding correct there as well?

Siddharth Sikchi: No, we will be starting the subsidiary in mid-September and it will be operational starting then.

Manish: And that will cater the Europe demand?

Siddharth Sikchi: Of course.

Manish: One more thing. Sir, from the last 2 calls, I was not able to ask any questions. Can you allocate 10 minutes of your con call to retail investors at the end, so that if the retail investors have some queries, they can ask you, because we have only 1 medium to contact you, sir?

Siddharth Sikchi: No, sir. Absolutely. I mean, there are no issues absolutely there.

Moderator: 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. Over to you, sir.

Siddharth Sikchi: So thank you all for attending the company's quarterly performance. I really appreciate all of you taking your time out. And if there is still more clarity, you can reach out to us. But thank you so much. Have a good one, and have a great weekend.

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