Operator: Ladies and gentlemen, good day and welcome to the Q2 FY27 earnings conference call of Clean Science And Technology Ltd. We have with us on the call Mr. Siddharth Sikchi, Managing Director and Promoter, Mr. Sanjay Parnerkar, CFO, and Mr. Pratik Bora, President, Commercial.

As a reminder, all participant lines will be in 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 the operator by pressing star then zero on your touchtone phone.

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

Siddharth Sikchi – Managing Director: Thank you so much. Good afternoon to all of you for taking time out to listen to our earnings call on Saturday. Let me present to you the Q2 FY27 earnings.

Let me first speak about the basics and the business performance. The quarter marked yet another consecutive quarter with the highest-ever revenue in the history of the company, highlighting our continued effort to transition from the investment phase to the asset monetization phase in the new HALS segment, while in the base business, we continue to increase our volumes in our flagship products, demonstrating robust cost competitiveness.

On the base business of Clean Science, the base business saw resilient volume-led growth across the performance and pharma segments. Export sales increased to 73% of the standalone business against 64% during the previous quarter. Otherwise, this base business showed steady performance.

In the HALS segment, on a year-on-year basis, the HALS segment grew 2 times in revenue during the quarter. This was achieved on the back of robust HALS volume growth. To give a little perspective, in H1 FY27, we achieved aggregate volumes equivalent to 67% of the total volumes achieved during the entire previous financial year.

This growth means more to us than the numbers show. It reflects a fundamental shift in how our customers see us. We started as a new entrant providing quality, and today we are one of the trusted strategic partners for our customers. This trust is very difficult to win, and we are very proud to have earned it.

Further, as we speak, we continue to add new customers and increase the wallet share from existing customers every quarter.

On the cost improvement front, during the quarter and also in the subsequent quarters, we will be starting some of the key starting materials for some of these HALS products, which will eventually result in an improvement in our gross margin.

Taken together, healthy volumes, continuous process improvement, and the benefits of operational leverage have resulted in an EBITDA margin of 12% in the first half of FY27, and during this quarter, we reached a positive PAT.

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CFCL has conducted and completed a trial for the advanced grade of the HALS product. This marks a significant milestone towards the commercial launch of the new product, which is expected to commence in H2 FY27.

A little on the input costs. Input costs have remained high during the quarter as the Middle East crisis and conflicts kept crude-linked feedstock prices high. Key raw materials such as phenol, acetone, and methanol were 50-100% higher year-on-year, alongside an increase in coal and freight costs. With Chinese prices yet to move up, passing on the increase to customers was difficult. Consequently, raw material costs rose to 43% versus 39.7% on a consolidated basis. However, customer demand remained resilient.

Now, let me touch upon the financial performance for the period ended September 30, 2026, on a standalone basis. Starting with the quarter-on-quarter comparison, on a sequential basis, revenues improved by 11% to 226 crore, largely due to higher volumes across performance, pharma, and FMCG. EBITDA and PAT margins were 36% and 24%, translating into EBITDA of 82 crores and PAT of 55 crores. Margin moderation was primarily due to high raw material costs, which rose to 41% from 35% in Q1 FY27.

On a year-on-year comparison, sales grew by 20-10% during the quarter. Revenue growth was primarily led by improved realization, while volumes were broadly stable. The demand environment continues to be steady.

On a consolidated basis, the company delivered healthy volume-led growth of 12%, resulting in revenues of 295 crore on a consolidated basis, with EBITDA and PAT margins of 92 crores and 56 crores, respectively.

On a year-on-year comparison, sales grew 23% during the quarter. Revenue growth was primarily led by improved volume growth, approximately 10%, and realization by 13%. The increase in revenue was primarily led by consistent sales from the HALS business, and consolidated EBITDA grew by 6%, supported by the turnaround in CFCL.

On a year-to-date basis, consolidated sales grew by 17% to 559 crores, with EBITDA of 188 crores and PAT of 129 crores.

The split was 77% performance, 14% pharma intermediates, and 7% FMCG.

A little on the capex. Performance Chemicals 2 will be commercialized by Q3 to Q4 FY27. During the quarter, capital infusion in the subsidiary was approximately 50 crores, and 150 crores in H1 FY27. With this, the total investment in the subsidiary company stands at 900 crores.

With this, I conclude my opening remarks and take this opportunity to wish you all a very happy Diwali. I look forward to the Q&A session. Thank you.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask questions may please press star and one on their touchtone phone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use only handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. You may please press

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star and one to ask questions.

The first question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain – ICICI Securities: Hi, good afternoon, Siddharth. A couple of questions from my side. First, purely on the margin, just to clarify, the percentage margin in this quarter does not make sense, right? There is very sharp inflation in the raw material, which mathematically compresses the margin. We are holding on to the existing run rate of 92%; that means we have retained EBITDA per kg despite all the headwinds and inflation. Would that be a fair statement to make?

Siddharth Sikchi – Managing Director: No, but Sanjesh, I think we were not able to pass through the price increase to the customer. So, of course, the percentage came down, but on an absolute basis, because of the volume growth, we were still able to maintain the absolute number.

Sanjesh Jain – ICICI Securities: What was the volume growth for this quarter?

Management: [pause] Sequentially, the entire growth was volume-led, and annually, the growth was largely realization-led. What Siddharth is also trying to convey is that during this quarter, the entire raw material cost increase on account of the inflationary pressure was not translated into sales growth. Sequentially, the sales growth was largely volume-led. Hence, the margins have taken that impact.

Sanjesh Jain – ICICI Securities: So, now we are discussing this purely on a standalone basis, right?

Management: Yes, yes, on a standalone basis.

Sanjesh Jain – ICICI Securities: So, you are saying that this 12.5% growth is entirely volume-led in the standalone business. What is the anticipated price hike required for us to retain that EBITDA-per-kg run rate?

Siddharth Sikchi – Managing Director: [pause] We will have to really calculate. Actually, the point is that it is market-driven, and prices in China have not risen to the point where we can pass any cost increase on to the customer. Apparently, the commodity prices that we see in China are far lower than the prices at which we are buying in India.

Sanjesh Jain – ICICI Securities: You mean phenol and acetone prices? Is the differential large?

Siddharth Sikchi – Managing Director: Yes, at least 10-15%; prices are lower in China.

Sanjesh Jain – ICICI Securities: Okay, I got the point. But how are the economics between the HQ route and the anisole route? We thought the Chinese were largely on an HQ route, which disadvantaged them at some point. Is this difference in phenol and acetone prices making us competitive to the extent that the Chinese are holding back price increases?

Siddharth Sikchi – Managing Director: Basically, the reason is that the crude oil prices—I mean, the phenol spread—are such that if the China price of phenol is about 1,300, whereas the Indian price of phenol is over 1,550, the delta is significant.

Sanjesh Jain – ICICI Securities: Okay.

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Siddharth Sikchi – Managing Director: The delta is big enough that they are not increasing prices. They are holding on to all prices, be it hydroquinone or MEHQ. Hence, we also have to maintain prices and absorb all these raw material costs ourselves to retain market share in China and in other parts of the world.

Sanjesh Jain – ICICI Securities: Now I am very clear. Super clear, Siddharth. Second, on the new HQ product, which we started about a quarter ago, we said that we would commercialize it this quarter. Where are we in terms of Performance Product 1?

Siddharth Sikchi – Managing Director: In hydroquinone and catechol, Sanjesh, we are currently at about 30–35% capacity utilization. Fortunately, all these capacities are currently being used for our own captive consumption, and small sales have picked up in Europe and also in India.

Sanjesh Jain – ICICI Securities: Got it. My next question is on HALS, Siddharth. It is good to see volumes picking up very sharply for us. You also mentioned in your opening remarks that we are looking at further backward integration, or that some of our backward-integration projects are in the process of being commissioned. What are these products, and are they for the contract we have entered into with Genesis, or is this different altogether?

Siddharth Sikchi – Managing Director: No, no, no. These are some base products that we manufacture. To make them more cost-effective, we have identified some intermediates. If we are able to make them in-house, it further improves our cost competitiveness in these products. We have already started one product for which we have installed an ethoxylation facility. That product has started, and it is a precursor for one of the HALS products. In the next quarter, we will be starting another intermediate, which we are currently buying from China, and we will be making it in-house to make these HALS products more cost-effective.

Sanjesh Jain – ICICI Securities: Are we talking about solvents or building blocks?

Siddharth Sikchi – Managing Director: No, no, no. These are building blocks. These are raw materials. These are not solvents.

Sanjesh Jain – ICICI Securities: Got it, got it. Nothing in the performance segment apart from the HALS adjacency is being considered at the moment, right?

Siddharth Sikchi – Managing Director: Right now, no. Not at the moment.

Sanjesh Jain – ICICI Securities: Got it. Thanks, Siddharth.

Sanjesh Jain – ICICI Securities: Thank you for answering all those questions patiently. Best of luck for the coming quarters, and happy Diwali.

Siddharth Sikchi: Wishing you the same.

Operator: Thank you. The next question is from the line of Arun Prasad from Avendus Spark. Please go ahead.

Arun Prasad – Avendus Spark: Good evening, everyone. Thank you for the opportunity. Siddharth, I understood why we have not been able to take the price hike, but my question is: what will push us

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and eventually make us take the price hike? What is the breaking point? What should we monitor from our side that will indicate that we will be taking the price hike?

Siddharth Sikchi: We are continuously trying to increase prices. When we get a severe pushback, we know that prices are where they are currently. Our point is very simple: we do not want to lose our market share because gaining this market share again becomes a big problem. By retaining market share, if we are able to increase the price, we are more than happy to do so.

Arun Prasad – Avendus Spark: Right. But for that, the demand for the core products should be higher than the discretionary capacity in China. Do you see that gap narrowing at {? any ?} any point in time? Given the current phenol and acetone trends, it does not look like prices are going to correct unless crude takes a major hit.

Siddharth Sikchi: No, but eventually even the Chinese or the competition has to raise prices at some point in time. It depends on when they raise them, because I do not want to be the first one to raise prices and lose market share.

Arun Prasad – Avendus Spark: Got it. Understood. Second, on HALS, you said that eventually we would be allocating more of our capital to this. In terms of the product portfolio, is there anything else we are missing before venturing into debottlenecking the existing products?

Siddharth Sikchi: Sorry, I did not get your question.

Siddharth Sikchi: The incremental investment is not too heavy because, ultimately, earlier it was a greenfield project, whereas now it is more about adding lines. The capex is not very heavy. These are particular products that we believe we are now ready to start offering to the market. For instance, a product like 2020: we conducted a lot of trials and some commercial trials at the plant, and now we believe we have to install a 1,000-tonne line, which we will do, and the plant should start by April or May. These are all advanced versions of HALS.

Arun Prasad – Avendus Spark: Understood. Do you have any indication of what percentage of the advanced HALS portfolio, excluding 701 and 770, comes from the other HALS products currently? Earlier, it used to be 70-80%. If you can indicate where we are at this point in time.

Management: 60% is—

Siddharth Sikchi: 60% is still 770 and {? 701 ?}, and 40% is now advanced HALS. I think this ratio will keep changing as we move on a quarter-on-quarter basis.

Arun Prasad – Avendus Spark: Understood. Do you have any idea when we will be able to achieve higher margins for the HALS portfolio, and at what realization level should we be targeting them? I am sure this is not our steady-state margin.

Siddharth Sikchi: Basically, every quarter-on-quarter, we should see improvement because the higher grades of HALS will start picking up. As this movement starts happening on a quarter-on-quarter basis, the margins will also keep improving quarter-on-quarter. Number two, as we enter into the backward integration of making the key precursors, that will also help improve our margins in those particular HALS products.

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Arun Prasad – Avendus Spark: Understood. Got it. Finally, one question on capex. What will be our full-year capex this year, and probably for FY28, how much do we intend to spend?

Management: [off-mic discussion] Arun, there is not much capex now because Performance Chemicals 2 is largely funded. For the adjacencies or the pipelines that Siddharth just alluded to, once we have the investment case approved by the board, we will arrive at the capex number.

Arun Prasad – Avendus Spark: All right. Thank you very much, and all the best, Siddharth. Thank you.

Siddharth Sikchi: Thank you, sir.

Operator: Thank you.

Siddharth Sikchi: Thank you, sir.

Operator: Anyone who wishes to ask questions may please press star and one now. The next question is from the line of Abhijit Akella from KIE. Please go ahead.

Abhijit Akella – KIE: Thank you, and good evening. First, on the phenol price difference between India and China, would you expect that the upcoming commissioning of Haldia Petrochemicals could possibly help narrow the gap and bring phenol prices down in India?

Siddharth Sikchi: That is always a hope, but we do not know how it is going to pan out, right?

Abhijit Akella – KIE: Okay. [laughs] All right. Then, on the HALS portfolio, is it correct that we generated about 22% of this quarter's sales from HALS? That would work out to about 66 crores or so, just to confirm that number? And the volume numbers—

Siddharth Sikchi: More or less, yes. More or less, yes.

Management: Right.

Abhijit Akella – KIE: The volumes and how do you see the total volumes or utilization progressing this year and next year?

Siddharth Sikchi: Currently, I think we are at about 30-35% capacity utilization—40%—and I think going forward, over the coming few quarters, we should touch between 55% and 60% capacity utilization. So, that is almost a 50% increase.

Abhijit Akella – KIE: Okay, great. Will this increase largely come from the higher-end grades?

Siddharth Sikchi: Yes, absolutely.

Abhijit Akella – KIE: Okay, great. From an EBITDA margin trajectory perspective, is there any outlook you would like to share? Where do you see it going once you are at 60%?

Siddharth Sikchi: With the current macroeconomics and these crude oil prices, I think it is very difficult to determine anything.

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Abhijit Akella – KIE: Yes, fair.

Siddharth Sikchi: So, I would like to pass on that.

Abhijit Akella – KIE: Okay. The other question was on ATBS. We are mentioning Q3 for commissioning the project. Is there any revenue trajectory that we would like to share for this year and next year?

Siddharth Sikchi: For Performance Chemicals 2, the deadline—we are really hoping to start commercial production in Q4, probably in January–February.

Abhijit Akella – KIE: In the first calendar year, is it possible to touch, say, 30–40% utilization?

Siddharth Sikchi: It is very difficult to say because this is a tricky product. It has to stabilize, and there have to be samples, customers, and validation. So, it is too preliminary to gauge the extent of capacity utilization we will reach. Of course, the target is to touch 20–25% capacity utilization in the first year.

Abhijit Akella – KIE: Okay, understood. One last thing from me: the KSMs that you mentioned for HALS, how much of an increase in margins, or how much backward integration, will that lead to? Is it a very significant benefit from a margin perspective?

Siddharth Sikchi: It will not be very significant, but it will be very important for us because it makes us import-free. We can manufacture it and use it ourselves. So, there could be a 5–7% improvement in margins for that particular HALS segment.

Abhijit Akella – KIE: Understood. Great. Thank you so much, and I wish you all the best.

Siddharth Sikchi: Thank you.

Operator: Thank you. Please press star and one to ask questions at this time. The next question is from the line of Sahil Dhavan from SD Investments. Please go ahead.

Management: [off-mic discussion] One second, one second.

Sahil Dhavan – SD Investments: Hello, sir?

Operator: Mr. Sahil Dhavan?

Sahil Dhavan – SD Investments: Yes. Hello?

Operator: Please proceed.

Sahil Dhavan – SD Investments: Am I audible, sir?

Siddharth Sikchi: Yes, absolutely.

Sahil Dhavan – SD Investments: Sir, I have one question about total HALS capacity. Initially, we had HALS capacity of 10,500 metric tonnes. Now we have advanced HALS and more HALS as well. We are also talking about debottlenecking for further capacity. In total, where do you see us ending up

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in terms of total HALS capacity?

Siddharth Sikchi: The HALS capacity as of now is close to 11,500 tonnes. With this Cleanor collaboration, we would like to add incremental capacity only in the advanced grade of HALS. That will take our overall capacity to close to 12,500 tonnes.

Sahil Dhavan – SD Investments: 12,500 tonnes. Thank you, sir. I also went through our annual report, and we are talking about a new antioxidant that we have commercialized, Clean Antioxidant {? 962 ?}. Can you throw some light on that as well?

Siddharth Sikchi: It is a new grade of antioxidant. Of course, we have started supplying some small quantities, but let it pick up, and then I think we will have a clearer picture of it. Currently, I think we are making just about 500-odd tonnes, but it is still not as significant as we wanted it to be. Let it come up a little, and then we will be able to get more information.

Sahil Dhavan – SD Investments: Sir, can you throw some light on the capacity that we have installed for this antioxidant?

Siddharth Sikchi: Basically, we have not incurred any capex for it. It is being manufactured within our current assets.

Sahil Dhavan – SD Investments: Okay, okay. This is in our parent company, right?

Siddharth Sikchi: Right.

Sahil Dhavan – SD Investments: Okay, okay. Thank you, sir. These are all my questions. Thank you, sir.

Siddharth Sikchi: Thank you.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference back to Mr. Siddharth Sikchi for his closing comments. Thank you, and over to you, sir.

Siddharth Sikchi: Thank you all so much for attending this conference. Wishing you all a happy Diwali in advance, and I look forward to connecting with you for the next quarterly reviews. Thank you so much.

Operator: Thank you, members of the management. Ladies and gentlemen, on behalf of Clean Science And Technology Ltd., that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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