



Clean Science and Technology Limited
i n n o v a t i o n a t w o r k



06.02.2024

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 the conference call held on 3rd February, 2024 to discuss Q3 FY24 performance.

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

Dear Sir/Madam,

Further to our letter dated 17th January, 2024 and in terms of Regulation 30 read with Schedule III - Part A to the Listing Regulations, please find enclosed herewith the transcript of the conference call held on Saturday, 3rd February, 2024 to discuss Q3 FY24 performance.

You are requested to take the same on record.

Thanking You.

For Clean Science and Technology Limited

Mahesh Kulkarni
Company Secretary



“Clean Science and Technology Limited
Q3 FY'24 Earnings Conference Call”
February 03, 2024



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



Moderator:

Ladies and gentlemen, good day, and welcome to the Q3 FY'24 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 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 the conference call, please signal an operator by pressing star then zero 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 afternoon to all of you. First of all, my sincere apologies for making you all come on the con call on a Saturday afternoon. However, I'm very happy to connect with all of you again to discuss the performance of our company for quarter 3 FY'24.

Business environment: We witnessed progressive recovery during this quarter across volumes compared to the last quarter. Low demand globally along with incremental capacities which came up over the last couple of years, especially in China, is putting downward pressure on price realization.

On the financial highlights: On a Q-o-Q basis, we recorded 8% growth in sales and growth is primarily volume-led with realization being steady. We are pleased to report that during this quarter, Guaiacol sales increased by 50%, led by volume growth. With pickup in volumes, contribution from principal products increased to 78% during this quarter compared to 73% during the last quarter.

EBITDA increased by 14% to INR86 crores during this quarter, while EBITDA margin expanded to 45% as against 42.5% during the last quarter. Better product mix and benefit of operating leverage led by higher revenue base compared to last quarter resulted in 20% growth in PAT to INR62 crores as against INR52 crores during the last quarter. We are also extremely pleased to report that Board has approved an interim dividend of INR2 per share.

On Q-o-Q basis, sales declined by 18%. Decline is majority realization led with lower realization contributing 13% to decline and volume led degrowth has been up to 5%. Sales profile is more diversified compared to last year with contribution from principal products being 78% during the quarter as against 85% during the same quarter last year.

EBITDA degrew by 20% on a year-on-year basis from INR108 crores to INR86 crores during this quarter. However, led by better profitability across newer products and lower consumption prices, the EBITDA margin continues to be robust at 45% during this quarter compared to 46% same quarter last year.

It is relevant to note that here EBITDA margin continues to be strong despite diversified sales profile and lower sales base.



Sales profile: The revenue contribution from Performance Chemicals, Pharma and Agro Intermediates and FMCG were 67%, 19% and 13%, respectively. Performance segment was most impacted with realization-led decline in sales across MEHQ and BHA. Pharma segment growth was led by DCC. This improvement was volume led. And FMCG segment witnessed realization-led decline in sales. The new HALS series continued to demonstrate sequential uptick on a quarter-on-quarter basis with volume-led increase in revenue by 10%.

A little bit on capex update. We have incurred a capex of INR225 crores during the first 9 months of FY'24, including investment in subsidiary of INR215 crores. Total investment in CFCL during this quarter was INR60 crores, thereby total equity infusion into CFCL till date is INR335 crores. We are on track to commercialize the capacity for pharma intermediates by Q3 of FY'25.

On ESG, we are pleased to announce that we have published our maiden sustainability report and would be happy to have your view on the same. We are in process of installing rooftop solar plant of 1.5 megawatts at our new facility. This will moderate our carbon footprint and also rationalize the power bill.

So all in all, to summarize the business performance: earnings scale is impacted during current slowdown. Further earnings profile has diversified with meaningful revenue coming in from new products, yet earnings quality, that is EBITDA margins continue to be upbeat at 45%. We reiterate that innovative technology and strong process engineering skills would enable the company to endure volatile times in resilient manner. Thank you so much.

Pratik Bora:

Operator, you may open the call for Q&A.

Moderator:

Sure. Thank you very much. The first question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain:

Hi, Siddharth. Thanks for taking the question. I got a few of them. First, on your opening remarks you said that there has been a lot of capacities which have come in China and put a pressure on pricing. When we look at the performance, it really doesn't look on that. Is it that these pressures have come in post this December or it is an ongoing process even in previous quarter and few quarters behind also you have seen that?

Siddharth Sikchi:

No, Sanjesh, it is a very generalized statement because we have seen capacities of, say, diphenols, which has come up over the last few quarters in China. And even in our pharma intermediaries we see Chinese had raised up capacities. So there has been a stiff competition. And I think it is a very common phenomenon in all chemical segments at the moment.

Sanjesh Jain:

Anything in the particularly for MEHQ/BHA, which are our principal product. Are we seeing activity on that side as well?

Siddharth Sikchi:

Not at the moment in the current technology. But of course, because they have hydroquinone based processes. But as of now, there is no real threat in MEHQ and BHA for us.



- Sanjesh Jain:** And second, Siddharth, I can appreciate the percentage margin and which are very healthy. But it is also a factor that there is a significant fall in the realization, which make percentage margins slightly less reliable. How is the unit margin for us? Are they also back to that pre-COVID level which we were doing? Or how are they for MEHQ and BHA?
- Siddharth Sikchi:** On percentage-wise, yes, we are on pre-COVID levels. But of course, the absolute numbers are lower because the prices have fallen significantly, right, because of the current scenario.
- Sanjesh Jain:** My next is on the HALS 770 and 701 now that we have started commercial production and supply side, what are the initial response, customer addition, which category, domestic versus international. Can you give a little bit more color on that?
- Siddharth Sikchi:** Yes. For the 701, it also goes in water treatment. We are approved by some big multinationals in Europe. We have started exporting the product to China. I mean, that's again a thing because China has been supplying 4HT to the world. So we've got our presence there and send some material to China. We have sold something to Korea. And we are also now in the process to discuss with some customers in Europe and North America.
- For 770, yes, we are approved with a lot of customers in India. And of course, we have also started talking to global customers. You would have started seeing we have started shipping to Europe, to Middle East, and domestically our acceptance is increasing, and we see that this is a great support to us. And as the new series will start in February-March, that will be a real support because the customers are looking for a basket rather than a single or 2 products.
- Sanjesh Jain:** Fair enough. You touched upon my next question, actually. Where are we in the portfolio? We previously spoke that we are looking at some 10 products within the HALS basket. Are the products completely prepared in the pilot stage and it's just that this new plant when it starts we are good to go? Where are we in those products?
- Siddharth Sikchi:** So now the plant is going to start. So phase wise, in every 15, 20 days, so the capacity is installed for all the products. But of course, it would not be sensible to start everything at day one. So we are going to start, say 1 product, say, day one, let it stabilize for 2-3 weeks, then start the second one, stabilize it, and start the third one.
- So even my people have to get trained because these are absolutely new products and processes at Clean Science. But the capacities are all installed. The INR335 crores is invested and the plants are now about to begin.
- Sanjesh Jain:** So say, by another 2 quarters, we should be ready with all the 10 products commercially getting shipped. Is that a fair assumption?
- Siddharth Sikchi:** I would not know exactly the 10 products, but yes the major HALS which we have mentioned, they will all be in pipeline. And we would have already started selling, sampling and everything will happen.
- Sanjesh Jain:** Last question on the utilization side...



- Siddharth Sikchi:** And again, Sanjesh, if you would appreciate that despite of the current business environment, despite of our venturing into the HALS first time in India, our timelines which we had mentioned all along that the plants will start in December, January, I think we are quite there even despite the biggest capex in the history of the organization and being a greenfield project.
- Sanjesh Jain:** No, no, I clearly appreciate that, Siddharth. It's a phenomenal execution, timeline, product, and margins are really impressive in this tough environment and no credit from that perspective. It's been a phenomenal execution. Just looking at the HALS pickup, I just wanted to understand how are you looking utilization in FY'25 and '26 from these new plants?
- Siddharth Sikchi:** I think it's a future statement.
- Sanjesh Jain:** I think just on hope. I'm not...
- Siddharth Sikchi:** So typically when we install a capacity, see the general thumb rule in our mind is the capacity utilization should happen up to 80%, 85% in 3 years' time. So 30%, 30%, 30% sorts. This is a basic thumb rule we expect.
- Sanjesh Jain:** That's roughly an assumption?
- Siddharth Sikchi:** And anything faster is a bonus to us.
- Sanjesh Jain:** Perfect. Siddharth, any more update on the pharma side. We have announced 1 product previously and we said that we have an ambition to put up the capex of INR200 crores. Any more update on that side?
- Siddharth Sikchi:** So the pharma intermediate plant, the construction has begun. We hope to start commercialization by September-October. So that is ongoing. That is one. And there is another update - few projects which are in pipeline, which are at pilot scale, and we are very hopeful that in the next few weeks we will take a decision on the capex for those things. So there are 2 major products, which we are working on, and those in total can take up our capex of INR200 crores, INR100 crores each.
- Sanjesh Jain:** Got it. So we are on the pipeline. We are on the on the route map for that as well, right?
- Siddharth Sikchi:** Absolute, absolutely.
- Sanjesh Jain:** Got it. Thanks for that for answering all the questions and best of luck for the coming quarters.
- Siddharth Sikchi:** Thank you so much, Sanjesh as always
- Moderator:** Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.
- Ankur Periwal:** Thanks for the opportunity there. So first question, you started off saying that globally pressure on realization still continues. And especially China, the demand has slowed down there. But if I



look at the quarter-on-quarter numbers, there has been improvement in China sales per se. Any specific product which is driving this? Or how should one look at it?

Siddharth Sikchi: First of all, your voice is not clear, Ankur.

Ankur Periwal: Should I repeat the question.

Siddharth Sikchi: Yes, Yes, please. Ankur please repeat. Hello?

Moderator: I'm sorry, sir. Seems like the current questioner has dropped from the queue.

Siddharth Sikchi: No problem. You can take him again, now the next question, please.

Moderator: Sure, definitely . The next question is from the line of Arun Prasath from Aventus Spark. Please go ahead.

Arun Prasath: Siddharth, my first question is on the -- once again on the China. Generally, we get the commentary that Chinese volumes and exposure once again back. And -- but in our portfolio, that's the exposure the Chinese kind of halved, what you said around 40%, 45% is now way lower than that. Is it the result of the Chinese capacities coming up there? Or do we plan to get back those volumes? A little bit of commentary on this will be helpful.

Siddharth Sikchi: So, Arun, the sales to China or the percentage exported to China, that going down has nothing to do with any of the capacities or anything coming up in China. It's overall slowdown in the revenue and some change in the product mix also with the higher capacity coming up, with the new products coming up, the domestic sales exposure has gone up.

Arun Prasath: Okay. So our volumes in China remains absolutely the same level, not -- maybe visitors in '21 levels, it has remained the same.

Siddharth Sikchi: No, it has lowered a little bit because of the lower demand in China.

Pratik Bora: So the point we're trying to make is, we are not getting replaced. We are not losing market share in any of the customers I mean, with any of the customers.

Siddharth Sikchi: And also, we have derisked -- I mean, with the new product portfolio, we have derisked ourselves from the exposure when we were selling into the China market.

Arun Prasath: Is the HALS contribution so high that has kind of derisked already? Or is it you're talking about the other products other than say, MEHQ and BHA?

Siddharth Sikchi: No. So there are -- even the HALS, but even the pharma intermediates, they are now -- the Indian markets are opening up for those products as well, right. Hence, even if you see the revenues, which were predominantly from the flagship products has come down in terms of percentage. So earlier where they were contributing 85%, now are roughly close to 75%, 76%. So that 7%, 8% has been the majority Indian sales or the domestic sales.



- Arun Prasath:** So what I understand is, as far as our portfolio is concerned, especially with MEHQ and all, the Chinese production is yet to ramp up and hence our volume is not yet there. But once China gets back, especially on this front, are we confident of getting back those volumes? Or it will be kind of a tough competition with these captive producers there -- local producers there?
- Siddharth Sikchi:** So hopefully we hope that the economies will recover. We hope that things will again come to normalcy. And again, the demand should come up. This destocking as, I think, has hopefully come to an end, and that is why you can see our Q3 numbers -- I mean, quarter-on-quarter, our numbers have started improving. So it is not a firm answer, but I can -- I think, hopefully, the economy should move towards recovery.
- Arun Prasath:** That's right. But what I'm trying to understand here is our cost advantage over the Chinese because of the different process...**Siddharth Sikchi:** Still the same.
- Arun Prasath:** Is it still intact? Do you think -- or the new capacities are also -- are likely to bridge the gap?
- Siddharth Sikchi:** Not at the moment. It's the advantage is still intact. Hence, that is why the EBITDA percentage remains the same, right?
- Arun Prasath:** But the new capacities are also on the -- will be -- we'll have -- over that also will have advantage that's what you're saying, right? New Chinese capacities.
- Siddharth Sikchi:** We're talking about new capacities of MEHQ at the moment.
- Arun Prasath:** Second on HALS, the price level has obviously been way lower than what used to be there. Is this the new normal because of our entry into the ecosystem? Or is it again because of the lower demand at the end category level?
- Siddharth Sikchi:** So typically, whenever there is a new entrant, I mean we have seen this across all the products when we started. I mean the existing players -- I mean, the only point of advantage they have is -- I mean, they lower the price to make our entry difficult in new accounts. It is a very natural phenomena, and I think we are used to this.
- So we had expected, of course, the prices have dropped more than our expectation. But we are in the game, and we will compete and we'll fight it as we have done all along.
- Arun Prasath:** No doubt on that. But the question is -- earlier we attributed the price drop to the demand cut down, are we seeing the demand bounce back on HALS side?
- Siddharth Sikchi:** See, over the last year, whatever the demand has been during entire '23, it was a subdued year. So I think '24 should be a slightly better year.
- Arun Prasath:** Right. Understood. Thanks for that's. All the best. Thank you.
- Siddharth Sikchi:** Thank you, Arun.



- Moderator:** Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.
- Ankur Periwal:** Sorry, the line got dropped. I hope I'm audible now?
- Siddharth Sikchi:** Clear.
- Ankur Periwal:** Yes, great. Okay. So first question on China as a market. You did mention realization led pressure and consumption over there has also been slower. Yet Q-on-Q, our revenue from China has gone up. Any specific comment, any product which has clicked there?
- Siddharth Sikchi:** In general, we are seeing a little demand picking up. But of course, I mean we would have liked the little higher price as always. And -- but I think with the lower and subdued demand, we are restricting ourselves to increase the price because we don't want to spoil the customer or I mean disappoint the customer when he's returning after a few quarters by asking him a price increase.
- Ankur Periwal:** Sure. And correct me if I'm wrong. The pricing over here is more spot. There is no longer-term contractual pricing that we enter into for the international sales.
- Siddharth Sikchi:** In China, yes, in particular, it is a quarter or a monthly price. Very rarely, people talk of a longer price. And I mean, it's a trend whenever in falling markets, nobody wants to make a long-term contract. In rising market, people all want to meet long-term contracts. It is very simple.
- Ankur Periwal:** And the other markets, Europe and US as well over there, the pricing is still shorter than contract?
- Siddharth Sikchi:** Yes. But again, Europe is a little slower than we had expected. North America, South America is decent.
- Ankur Periwal:** Secondly, on the product growth per se -- the segmented growth per se. Performance Chemicals has seen Q-on-Q improvement, which is a good, healthy sign. Pharma, you mentioned is largely volume-driven and FMCG decline is because of realization. Any specific product to highlight here, the new product contribution ramping up, which is setting there in performance?
- Pratik Bora:** So Q-o-Q wise actually MEHQ, there has been a good growth.
- Siddharth Sikchi:** Apart from that, I mean, the other products also, the new products which came in, they have also contributed in.
- Ankur Periwal:** And thirdly, on the HALS side, you did mention a decent uptake in terms of both 770 and 701. Any time lines you would like to share for the newer products? And the -- secondly, from an overall market size, while we are seeing realization-led decline or absolute shrinkage in demand for many of the products, is there any change or some dynamics changing in HALS per se across the products?
- Siddharth Sikchi:** Ankur, please repeat.



Ankur Periwal: Sorry. Okay so two parts of the question. HALS, is the way we are seeing realization-led decline in other products. Are we seeing the same decline in HALS range of products or the overall market size of the segment getting decline? And secondly, how are we looking at the time line for our products?

Siddharth Sikchi: See, I'll tell you -- the point is, Ankur, that we are just a very new start-up in HALS, right? Even if there is a little demand subdued, we are anyways not looking to get a big market share. Even out of the entire capacity installed, we are only looking to start commercialization, say, 25%, 30%. So even in subdued markets, have a problem, but it is not that it is so low that we will not be able to sell 25% of our installed capacities.

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

Jason Soans: Just wanted an update on the -- so the inventory destocking scenario right now, you mentioned last quarter that a lot of the inventory is in excess. Just wanted an update on the destocking scenario. Right now, how do you see it across the various economies?

Siddharth Sikchi: So honestly speaking, I particularly feel that, I mean, we have been seeing destocking over the last entire year. And I think -- I mean, according to me, one year was a good time line for all the destocking to happen. So I think now -- I mean, maybe one or two particular accounts, I'm not sure. But in general, I think the destocking phenomena is now behind us.

But only what is stopping us is the consumption. I think the demand or the consumption has to increase for the volumes to come back to normalcy. But the destocking phenomena is behind us now for sure. And hence, you can see gradual increase in revenues over the past few quarters for us.

Jason Soans: And sir, I just wanted to also understand that -- I mean, of course, you have mentioned that there is no localized competition coming in from China, and we are not seeing any local threat right now. But just wanted to know, I mean, I understand that we have an absolute wonderful process in terms of MEHQ and BHA, which gives us a very productive throughput from -- and so that's the only process advantage?

Is the only thing which stops the Chinese from coming into our domain, I mean, could it be a very basic question to ask, but just wanted to ask you this.

Siddharth Sikchi: I also believe the same thing what you said.

Jason Soans: Okay. And sir, I just wanted to know, I mean, you did speak about the contribution from the principal products decreasing from 85% to 76% currently. So the new products are adding in more. So you're basically diversifying basically. So are you saying -- I just wanted to understand the interpretation of that.



Are the pharma and agro intermediates that contribution is increasing? Or is there any other new products which are contributing? I just wanted some more colour on what these new products are, which are leading to this diversification.

Siddharth Sikchi: New products are like TBHQ, the new products are the HALS, the new pharma intermediate is DCC. So these were at nascent stage, say, few quarters before. Now we have got approval. These volumes are increasing. So these will start -- we have started increasing -- I mean, the revenues have started increasing due to these new products.

And hence, the percentage is changing. And plus, as the new HALS capacities now start, the percentage of the flagship product will further start reducing. So it's good for a company that we are not dependent on just few products.

Jason Soans: And sir, lastly, just wanted to understand if you could give me -- in your three segments, if a volume and realization breakup, if you could give me if it's possible -- across performance chemicals, agro intermediates, and FMCG chemicals?

Siddharth Sikchi: Not possible, sir.

Jason Soans: Okay. And overall, if possible, any broad number?

Siddharth Sikchi: Overall, what -- the EBITDA margin -- the numbers are with you.

Jason Soans: No, no. I'm saying in terms of volume and realization, so that in terms of sales.

Siddharth Sikchi: Actually, these segments are so complex -- each products, different realization, it is too complex for us also to calculate.

Jason Soans: Yes, because 18% of the revenue decline year-on-year. So, just wondered if a ballpark is possible?

Pratik Bora: So 13% is realization-led and 5% is volume-led.

Siddharth Sikchi: 13% is realization-led and 5% is volume.

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

Abhijit Akella: Just on HALS, Siddharth, last quarter you said sort of intimated us at 40, 50 tons a month is what we are doing. So sort of just wanted to get an update if that's still the run rate we are at? Or has there been some further improvement? And by the end of fiscal '25, are we still sort of looking at 200 tons a month? Is that the target?

Siddharth Sikchi: No, I think last quarter, yes, you were around the similar numbers. But I think going forward we are aiming to increase that quite a bit.



- Abhijit Akella:** Yes. So I believe last quarter what you said was 200 tons by March 2025 -- 200 tons a month by March '25. So can you sort of work with that target now as well?
- Siddharth Sikchi:** I think so. I think so we should stick to that target.
- Abhijit Akella:** And just with regard to the margin profile or ROCE profile on HALS, given the pricing pressure that you've been witnessing. During the course of FY25, should we sort of expect some pressure on the overall blended margins as the products ramp up from there?
- Siddharth Sikchi:** Yes, definitely because we are newcomers, the yields and efficiencies are not the best, plants are underutilized. So of course, there will be pressure on margins.
- Abhijit Akella:** So I mean, roughly compared to this 45% you've seen this quarter, is there a broad number we could work with for next year for the overall company?
- Pratik Bora:** Abhijit, I mean, this question we can take probably next quarter because there are couple of new products, right? I mean for the HALS Series which will be coming in the subsidiary company. So then we'll be able to give a better view on the margins for the new products which should be coming up. They'll be launched for the first time.
- Siddharth Sikchi:** First time in India as well.
- Moderator:** The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.
- Pratikshit:** Yes, hi. Siddharth this is Pratikshit. Thank you for taking my question. Just one from my side. I mean, could you just break down the total capex for '25 and '26 as in project wise, if possible. I think you mentioned that there are two capex, it's INR100 crores each.
- And then in the last call you said about INR30 crores for one pharma intermediates. So what other projects are there in pipeline? So yes, that are two part of the question. That's it.
- Siddharth Sikchi:** So first, I'll answer the second part. I think at the moment, we have this INR230 crores line-up. The rest, we will come as it goes. The pharma intermediate is on -- going to happen by September. So this capex is committed.
- The first INR100 crores, I think we should start -- I mean, if everything goes well, we should start somewhere in April or May, the first round of capex, I mean, of course, it will take -- it will happen during the course of 11 months.
- And for the next one, I think probably it will start by August or September.
- Pratikshit:** So in a way, if we see this, let's say, INR230 crores, it's happening in '25. Any ballpark number you have for, let's say, the overall '25, around INR300 crores or something like that?
- Siddharth Sikchi:** No, no. Not like that.



- Moderator:** Thank you. The next question is from the line of Jay Jariwala who is an Individual Investor. Please go ahead.
- Jay Jariwala:** Thank you for giving me opportunity. So my first question is like the margins were around -- in between 40% to 50% over and around. So is there any chance of margin expansion after the capex?
- Siddharth Sikchi:** No, not possible.
- Jay Jariwala:** Okay. And around INR100 crores -- INR108 crores profit was there near the December 2022. So is there any timeline where we can expect to cross that?
- Pratik Bora:** So actually, yes, that was the best quarter, I mean, till date. There will be two, three quarters more where we.
- Siddharth Sikchi:** Easily.
- Moderator:** Thank you. The next question is from the line of Jay, who is an Individual Investor. Please go ahead. Jay your line is unmuted you can please proceed with your question.
- Jay:** Sir, in last con call one question was there regarding PBQ and you said that you had a colour problem -- some specific customer had a colour problem, and you are working with it. So can you give any update for that? Is the matter sought out and you are supplying still...
- Siddharth Sikchi:** I have still the same answer like last quarter. We are still working on it.
- Jay:** Okay. And sir, my second question is regarding Guaiacol. You said that 50% increase in sales this quarter, that is great. So can you just give the idea that from the -- your peak Guaiacol sales, currently where we stand?
- Siddharth Sikchi:** Sorry?
- Jay:** Currently where we stand as a Guaiacol sales compared to our peak Guaiacol sales?
- Siddharth Sikchi:** I mean, the market -- the basic problem that happened because of those issues where there were death of children in South Africa, and there was a tight scrutiny on Indian producers of Guaifenesin, which, of course, use Guaiacol as a raw material, plus our markets like Iran and Egypt had some currency issues.
- So all those factors resulted in lower revenues of Guaiacol. But I think over the quarter we have seen those issues getting resolved. And hence, the customers have come back and the demand is again looking upward, and that is how we could achieve this additional revenues of Guaiacol.
- Jay:** That's great. Sir, my question is from earlier before this issue, our sales was suppose 100 tonnes than currently where we stand. So still we are how much behind our peak sales in Guaiacol?



- Siddharth Sikchi:** Now we have come back to similar levels. But we are still holding some stocks, right? So we will have to work on selling those as well.
- Jay:** Great. Sir, my last question is regarding this MEHQ. Recently, we have done the capex and increase our plant utilization. So now what is the capacity utilization in particularly MEHQ?
- Siddharth Sikchi:** Closer to 60%, 65%.
- Moderator:** The next question is from the line of Rajasekar MS, who is an Individual Investor. Please go ahead.
- Rajasekar MS:** I just want to know what is your total investment on Clean Fino-Chem, and when is the capacity coming up?
- Siddharth Sikchi:** Sorry. Can you repeat your question?
- Rajasekar MS:** What is your total investment in Clean Fino-Chem? And when is the -- when are the capacities coming up there?
- Siddharth Sikchi:** Yes. Clean Science has totally infused INR335 crores till date in Clean Fino-Chem, and the commercialization is expected during this month.
- Rajasekar MS:** During this month. And you are also doing a lot of investments. Your peak turnover has been about INR935 crores in 2023. With all these investments coming up, what is your increase in turnover you were expecting? Are you able -- will we be able to double the turnover with these investments?
- Siddharth Sikchi:** Yes, that's the endeavour.
- Moderator:** The next question is from the line of Sunny, who is an Individual Investor. Please go ahead.
- Sunny:** Sir, I have a question on the pharma intermediates, the current funds as well as the proposed ones. I just want to know, are these supplied to the domestic market or this apply to the export market?
- And secondly, are these much more generic products? Or also it includes patented products? And lastly, is there a contract like -- I mean, is it a long-term contract? Or it's like a short contracts -- these are pharma intermediates.
- Pratik Bora:** Okay. So the first part, majority of the pharma product sales comes from the domestic market. Second, these are -- so we are a key starting material supplier. So there's no patent or generic aspect to it. And sorry, what was your third question?
- Sunny:** Regarding the contract sizes. I mean, is it a long-term contract or...
- Pratik Bora:** No, there are no long-term contracts here.



- Siddharth Sikchi:** Quarter contracts.
- Pratik Bora:** Quarter contracts like, yes -- three months contact.
- Moderator:** The next follow-up question is from the line of Jason Soans from IDBI Capital. Please go ahead.
- Jason Soans:** Just wanted some bit of clarification. So 1 time I had interaction long back, I mean, we had envisaged the capex of -- this is coming from an earlier question as well for a breakup. So we had envisaged an investment of around INR180 crores in FY24 in Clean Fino-Chem, which is in Unit 4, and INR200 crores for the new products, which I remember. So could you just bifurcate the capex once again for us, please? I mean, what is pertaining to HALS and what is for the new products?
- Siddharth Sikchi:** Because it's a greenfield project so it includes everything, including the boundary wall, including the security cabin as well, okay? But the newer capex will only be dedicated to the plant. Only the production blocks. Now I don't need to build another security. I don't need to build another boundary wall.
- So future capex, when we say, INR100 crores is typically only for that production block, and maybe two things here and there. So when you say INR335 crores, it doesn't mean that it is entirely going to HALS because we are also creating the common infrastructure.
- Jason Soans:** So just to again get my understanding correct, the pharma intermediates, which you said the capex will -- I mean, the facility will go on stream in September, October 2024, as you mentioned. And then you'll be commercializing 1 block of capex of INR100 crores starting in April this year and one in August, is that right?
- Siddharth Sikchi:** Provided my pilot trials are successful.
- Jason Soans:** Provided everything goes as per plan, then this is the plan, right?
- Siddharth Sikchi:** Absolutely.
- Moderator:** As there are no questions from the participants, I would now like to hand the conference over to Mr. Siddharth Sikchi for closing comments.
- Siddharth Sikchi:** Thank you so much. I think we finished the call in 45 minutes. I think Saturday works for us as well now. So I would like to thank again all of you for taking time out, and that's all from my side. Thank you so much.
- Moderator:** On behalf of Clean Science and Technology Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.