

February 1, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

| | Current FY27E | Previous FY28E | Current FY27E | Previous FY28E |
|----------------|------------------|-------------------|------------------|-------------------|
| Rating | HOLD 841 | HOLD 892 | | |
| Target Price | | | | |
| Sales (Rs. m) | 11,286 | 14,052 | 12,878 | 15,410 |
| % Chng. | (12.4) | (8.8) | | |
| EBITDA (Rs. m) | 4,108 | 5,143 | 5,112 | 6,118 |
| % Chng. | (19.6) | (15.9) | | |
| EPS (Rs.) | 25.7 | 32.6 | 33.8 | 40.6 |
| % Chng. | (23.9) | (19.5) | | |

Key Financials - Consolidated

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------|-------|--------|--------|--------|
| Sales (Rs. m) | 9,666 | 9,492 | 11,286 | 14,052 |
| EBITDA (Rs. m) | 3,876 | 3,446 | 4,108 | 5,143 |
| Margin (%) | 40.1 | 36.3 | 36.4 | 36.6 |
| PAT (Rs. m) | 2,644 | 2,223 | 2,731 | 3,469 |
| EPS (Rs.) | 24.9 | 20.9 | 25.7 | 32.6 |
| Gr. (%) | 8.3 | (15.9) | 22.9 | 27.0 |
| DPS (Rs.) | 4.0 | 3.4 | 4.1 | 5.2 |
| Yield (%) | 0.5 | 0.4 | 0.5 | 0.6 |
| RoE (%) | 20.2 | 14.7 | 15.9 | 17.5 |
| RoCE (%) | 24.3 | 17.6 | 18.4 | 20.4 |
| EV/Sales (x) | 9.4 | 9.7 | 8.1 | 6.5 |
| EV/EBITDA (x) | 23.6 | 26.6 | 22.3 | 17.7 |
| PE (x) | 34.6 | 41.2 | 33.5 | 26.4 |
| P/BV (x) | 6.5 | 5.7 | 5.0 | 4.3 |

Key Data

CLEA.BO | CLEAN IN

| | |
|---------------------|-------------------|
| 52-W High / Low | Rs.1,600 / Rs.834 |
| Sensex / Nifty | 82,270 / 25,321 |
| Market Cap | Rs.92bn / \$ 995m |
| Shares Outstanding | 106m |
| 3M Avg. Daily Value | Rs.308.04m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 50.96 |
| Foreign | 10.00 |
| Domestic Institution | 19.76 |
| Public & Others | 19.26 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|--------|--------|
| Absolute | (1.7) | (29.6) | (40.1) |
| Relative | 1.8 | (31.0) | (43.5) |

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Margins remain under pressure

Quick Pointers:

- Performance Chemical 2 to be commercialized in Q1FY27, revenue to start from Q4FY27
- HALS volumes at 810tn in Q3FY26, at 2,000tn in 9MFY26

Clean Science and Technology (CLEAN) reported revenue of Rs2.2bn in Q3FY26, a decline of 8.8% YoY and 10.0% QoQ. Performance was impacted by lower realizations as well as weak customer offtake during the quarter. The FMCG chemicals segment witnessed the sharpest decline, driven by the loss of a key Chinese customer. HALS volumes stood at 810tn in Q3FY26, while cumulative volumes for 9MFY26 stood at 2,000tn, reflecting strong YoY growth. However, overall capacity utilization remains low at ~30%. The management expects volume ramp-up in HALS over the coming quarters. The HALS subsidiary also reported EBITDA breakeven in Q3FY26. On the capex front, Performance Chemical 2 is expected to be commercialized in Q1FY27, with meaningful revenue contribution likely from Q4FY26. Revenue from hydroquinone and catechol is expected to commence from Q4FY26. Upcoming capacity additions are expected to support growth, but margin pressures may persist due to lower realizations in certain legacy products and relatively lower profitability of the HALS portfolio compared to the core business. At the current valuation of 26x FY28 EPS, we maintain a 'HOLD' rating on CLEAN, with TP of Rs841, valuing the company at 27x Dec'27 EPS.

- Volume-led decline in revenue:** Consolidated revenue stood at Rs2.2bn, declining 8.8% YoY and 10.2% QoQ (PLe: Rs2.4bn). 9MFY26 revenue was marginally higher by 0.6% YoY. Revenue decline was driven by the contraction in both volumes as well as realizations. Top 5 products' revenue mix moderated to 75% from 80% in Q2FY26, with HALS 770 remaining the largest contributor within the HALS portfolio. Gross profit margin stood at 60.7%, stable QoQ but down 280bps YoY from 63.5% in Q3FY25, due to lower MEHQ spreads, while gross profit declined 12.7% YoY.
- EBITDAM declines sequentially by 270bps:** EBITDA stood at Rs722mn, -26.7% YoY/-17.1% QoQ (PLe: Rs854mn). EBITDA margin came in at 32.9%, down by 270bps QoQ and 800bps YoY (vs. 40.9% in Q3FY25 and 35.6% in Q2FY26), due to increase in overhead costs. 9MFY26 EBITDA decreased by 8.4% to Rs2,591mn. Reported PAT was Rs459mn, -30% YoY/-17.2% QoQ. PAT margin stood at 21% vs. 27% in Q3FY25 and 23% in Q2FY26. Tax rate increased to 26.7% vs. 23% Q3FY25 and 26% in Q2FY26.
- Concall takeaways:** **(1)** Domestic and export mix: 38%:62%. **(2)** Revenue mix: Performance: 78%, Pharma & Argo: 19%, FMCG: 3%. **(3)** Revenue saw a hit due to 19% volume and 2% realization decline YoY. **(4)** Top 5 products' share was 75% in Q3FY26 vs. 80% in Q2FY26 at the standalone level. **(5)** HALS 944 is contributes to 20% of the HALS portfolio. **(6)** Clean Fino reported EBITDA breakeven during the quarter. **(7)** HALS segment is 30% export and 70% is domestic; going ahead, export share is expected to improve. **(8)** Performance

chemical 2 is likely to be commercialized in Q1FY27, with revenue to start from Q4FY27. **(9)** Total investment of Rs1.5bn has been made in the Clean Fino Chem subsidiary in 9MFY26; total investments in the subsidiary stands at Rs7.5bn as of Q3FY26. **(10)** Performance chemical 1 peak revenue guidance slash from Rs3.2bn to Rs2.6bn.

Exhibit 1: Q3FY26 Result Overview - Consolidated (Rs mn)

| Y/e March | Q3FY26 | Q3FY25 | YoY gr. | Q3FY26E | % Var. | Q2FY26 | QoQ gr. | 9MFY26 | 9MFY25 | YoY gr. |
|------------------------------|------------|------------|---------------|------------|---------------|------------|---------------|--------------|--------------|--------------|
| Net Sales | 2,197 | 2,408 | -8.8% | 2,409 | -8.8% | 2,446 | -10.2% | 7,071 | 7,030 | 0.6% |
| Gross Profit | 1,334 | 1,529 | -12.7% | 1,465 | -8.9% | 1,485 | -10.1% | 4,410 | 4,480 | -1.6% |
| Margin (%) | 60.7% | 63.5% | | 60.8% | | 60.7% | | 62.4% | 63.7% | |
| EBITDA | 722 | 985 | -26.7% | 854 | -15.5% | 871 | -17.1% | 2,591 | 2,828 | -8.4% |
| Margin (%) | 32.9% | 40.9% | | 35.5% | | 35.6% | | 36.6% | 40.2% | |
| Other Income | 98 | 52 | | 111 | | 67 | | 299 | 262 | 14.1% |
| Depreciation | 193 | 183 | 5.1% | 210 | -8.2% | 188 | 2.3% | 568 | 516 | 10.0% |
| EBIT | 627 | 854 | -26.5% | 756 | -17.0% | 749 | -16.3% | 2,323 | 2,574 | -9.8% |
| Interest | 2 | 1 | 30.5% | 1 | | 1 | | 3 | 3 | 8.6% |
| PBT before exceptional items | 626 | 853 | -26.6% | 754 | -17.1% | 749 | -16.4% | 2,320 | 2,572 | -9.8% |
| Total Tax | 167 | 196 | -14.9% | 189 | -11.9% | 194 | -14.1% | 606 | 669 | -9.4% |
| ETR (%) | 26.7% | 23.0% | | 25.1% | | 26.0% | | 26.1% | 26.0% | |
| Adj. PAT | 459 | 656 | -30.1% | 565 | -18.8% | 554 | -17.2% | 1,714 | 1,903 | -9.9% |
| Exceptional Items | 0 | 0 | | 0 | | 0 | | 0 | 0 | |
| PAT | 459 | 656 | -30.1% | 565 | -18.8% | 554 | -17.2% | 1,714 | 1,903 | -9.9% |

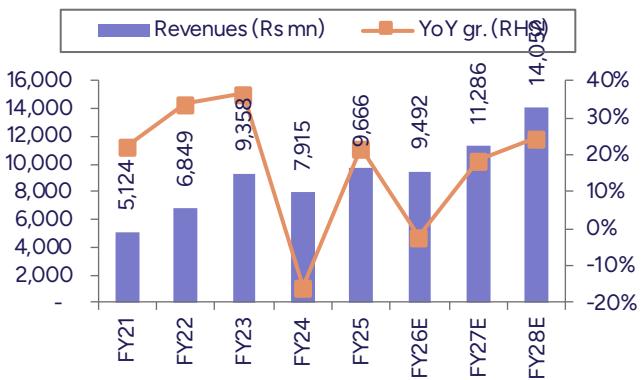
Source: Company, PL

Exhibit 2: Segmental Revenue (Rs mn)

| Y/e March | Q3FY26 | Q3FY25 | YoY gr. | Q2FY26 | QoQ gr. | 9MFY26 | 9MFY25 | YoY gr. |
|-----------------------------|--------------|--------------|------------|--------------|---------------|--------------|--------------|-------------|
| Performance Chemicals | 1,718 | 1,662 | 3% | 1,859 | -7.6% | 5,374 | 4,850 | 10.8% |
| Pharma & Agro Intermediates | 422 | 433 | -3% | 391 | 7.9% | 1,202 | 1,265 | -5.0% |
| FMCG Chemicals | 56 | 313 | -82% | 196 | -71.3% | 495 | 914 | -45.8% |
| Total | 2,197 | 2,408 | -9% | 2,446 | -10.2% | 7,071 | 7,030 | 0.6% |

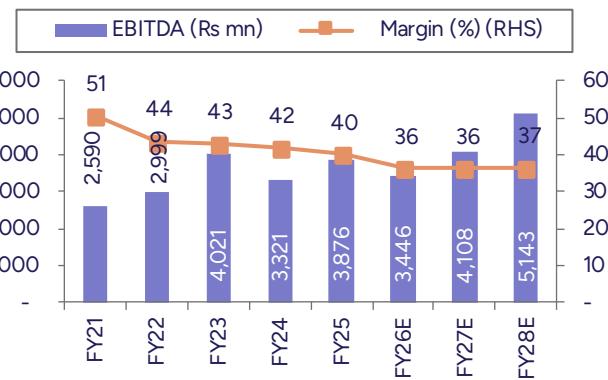
Source: Company, PL

Exhibit 3: Revenue to rise to Rs14bn by FY28



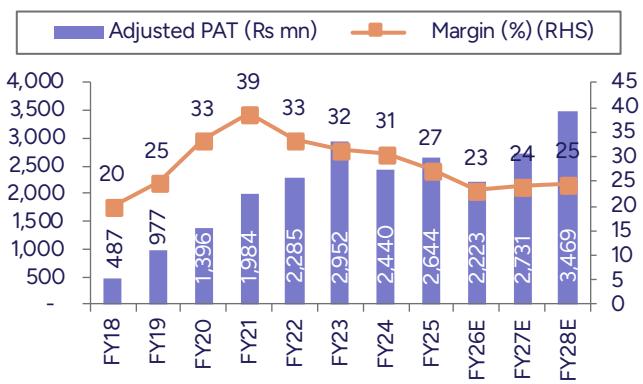
Source: Company, PL

Exhibit 4: EBITDAM estimated at 37% in FY28



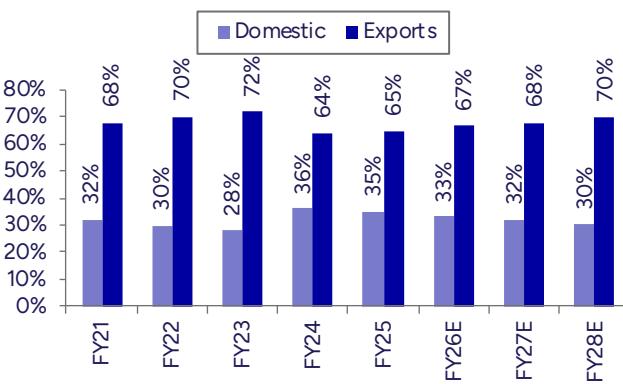
Source: Company, PL

Exhibit 5: PAT margin to reach 25% by FY28E



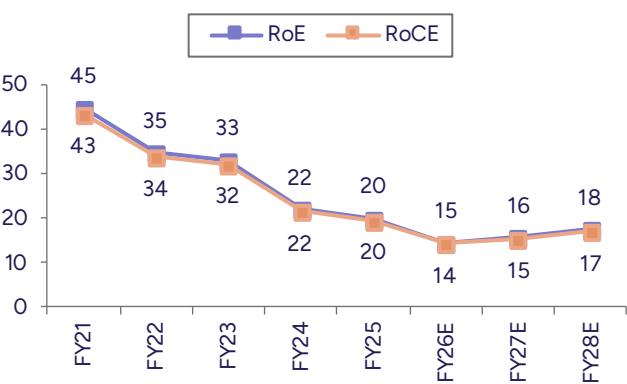
Source: Company, PL

Exhibit 6: Exports share to reach 70% by FY28E



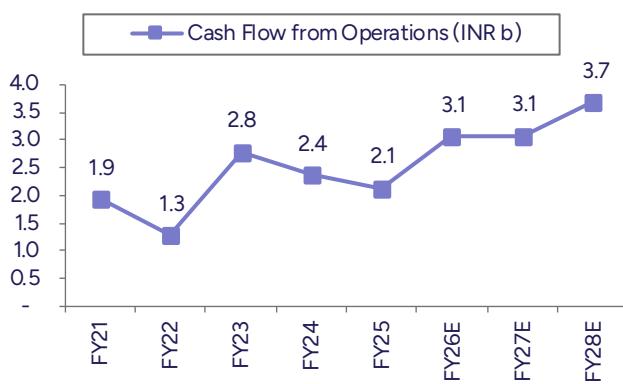
Source: Company, PL

Exhibit 7: Return ratios to be at 17%-18%



Source: Company, PL

Exhibit 8: Strong cash flow



Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|--------------|--------------|---------------|---------------|
| Net Revenues | 9,666 | 9,492 | 11,286 | 14,052 |
| YoY gr. (%) | 22.1 | (1.8) | 18.9 | 24.5 |
| Cost of Goods Sold | 3,507 | 3,607 | 4,345 | 5,410 |
| Gross Profit | 6,159 | 5,885 | 6,941 | 8,642 |
| Margin (%) | 63.7 | 62.0 | 61.5 | 61.5 |
| Employee Cost | 564 | 589 | 632 | 759 |
| Other Expenses | 1,719 | 1,851 | 2,201 | 2,740 |
| EBITDA | 3,876 | 3,446 | 4,108 | 5,143 |
| YoY gr. (%) | 16.7 | (11.1) | 19.2 | 25.2 |
| Margin (%) | 40.1 | 36.3 | 36.4 | 36.6 |
| Depreciation and Amortization | 691 | 776 | 914 | 1,075 |
| EBIT | 3,186 | 2,670 | 3,194 | 4,068 |
| Margin (%) | 33.0 | 28.1 | 28.3 | 28.9 |
| Net Interest | 4 | 5 | 5 | 5 |
| Other Income | 386 | 380 | 451 | 562 |
| Profit Before Tax | 3,567 | 3,045 | 3,641 | 4,625 |
| Margin (%) | 36.9 | 32.1 | 32.3 | 32.9 |
| Total Tax | 923 | 822 | 910 | 1,156 |
| Effective tax rate (%) | 25.9 | 27.0 | 25.0 | 25.0 |
| Profit after tax | 2,644 | 2,223 | 2,731 | 3,469 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 2,644 | 2,223 | 2,731 | 3,469 |
| YoY gr. (%) | 8.4 | (15.9) | 22.9 | 27.0 |
| Margin (%) | 27.4 | 23.4 | 24.2 | 24.7 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 2,644 | 2,223 | 2,731 | 3,469 |
| YoY gr. (%) | 8.4 | (15.9) | 22.9 | 27.0 |
| Margin (%) | 27.4 | 23.4 | 24.2 | 24.7 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 2,644 | 2,223 | 2,731 | 3,469 |
| Equity Shares O/s (m) | 106 | 106 | 106 | 106 |
| EPS (Rs) | 24.9 | 20.9 | 25.7 | 32.6 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 9,657 | 11,308 | 13,383 | 15,671 |
| Tangibles | 9,657 | 11,308 | 13,383 | 15,671 |
| Intangibles | - | - | - | - |
| Acc: Dep / Amortization | 2,512 | 3,287 | 4,201 | 5,276 |
| Tangibles | 2,512 | 3,287 | 4,201 | 5,276 |
| Intangibles | - | - | - | - |
| Net fixed assets | 7,145 | 8,020 | 9,182 | 10,395 |
| Tangibles | 7,145 | 8,020 | 9,182 | 10,395 |
| Intangibles | - | - | - | - |
| Capital Work In Progress | 302 | 1,651 | 2,075 | 2,288 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 3,809 | 3,809 | 3,809 | 3,809 |
| Net Deferred tax assets | (338) | (338) | (338) | (338) |
| Other Non-Current Assets | - | - | - | - |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 1,494 | 1,467 | 1,745 | 2,172 |
| Trade receivables | 2,034 | 1,997 | 2,375 | 2,957 |
| Cash & Bank Balance | 202 | 48 | 186 | 798 |
| Other Current Assets | 1,091 | 1,071 | 1,273 | 1,585 |
| Total Assets | 16,078 | 18,065 | 20,646 | 24,004 |
| Equity | | | | |
| Equity Share Capital | 106 | 106 | 106 | 106 |
| Other Equity | 14,058 | 15,923 | 18,215 | 21,126 |
| Total Networth | 14,164 | 16,029 | 18,321 | 21,232 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | 150 | 150 | 150 |
| Provisions | - | - | - | - |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 989 | 971 | 1,155 | 1,438 |
| Other current liabilities | 586 | 576 | 682 | 846 |
| Total Equity & Liabilities | 16,078 | 18,065 | 20,646 | 24,004 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|--------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 3,567 | 3,045 | 3,641 | 4,625 |
| Add. Depreciation | 691 | 776 | 914 | 1,075 |
| Add. Interest | 4 | 5 | 5 | 5 |
| Less Financial Other Income | 386 | 380 | 451 | 562 |
| Add. Other | (284) | - | - | - |
| Op. profit before WC changes | 3,978 | 3,825 | 4,559 | 5,705 |
| Net Changes-WC | (885) | 55 | (567) | (875) |
| Direct tax | (955) | (822) | (910) | (1,156) |
| Net cash from Op. activities | 2,138 | 3,058 | 3,082 | 3,674 |
| Capital expenditures | (1,420) | (3,000) | (2,500) | (2,500) |
| Interest / Dividend Income | 17 | - | - | - |
| Others | (115) | - | - | - |
| Net Cash from Inv. activities | (1,517) | (3,000) | (2,500) | (2,500) |
| Issue of share cap. / premium | - | 150 | - | - |
| Debt changes | - | - | - | - |
| Dividend paid | (531) | (357) | (439) | (558) |
| Interest paid | (3) | (5) | (5) | (5) |
| Others | 9 | - | - | - |
| Net cash from Fin. activities | (525) | (212) | (444) | (563) |
| Net change in cash | 96 | (154) | 138 | 611 |
| Free Cash Flow | 719 | 58 | 582 | 1,174 |

Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|----------------------------|-------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 24.9 | 20.9 | 25.7 | 32.6 |
| CEPS | 31.4 | 28.2 | 34.3 | 42.8 |
| BVPS | 133.3 | 150.8 | 172.4 | 199.8 |
| FCF | 6.8 | 0.5 | 5.5 | 11.0 |
| DPS | 4.0 | 3.4 | 4.1 | 5.2 |
| Return Ratio(%) | | | | |
| RoCE | 24.3 | 17.6 | 18.4 | 20.4 |
| ROIC | 18.2 | 13.0 | 13.9 | 15.7 |
| RoE | 20.2 | 14.7 | 15.9 | 17.5 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | 0.0 | 0.0 | - | 0.0 |
| Net Working Capital (Days) | 96 | 96 | 96 | 96 |
| Valuation(x) | | | | |
| PER | 34.6 | 41.2 | 33.5 | 26.4 |
| P/B | 6.5 | 5.7 | 5.0 | 4.3 |
| P/CEPS | 27.4 | 30.5 | 25.1 | 20.1 |
| EV/EBITDA | 23.6 | 26.6 | 22.3 | 17.7 |
| EV/Sales | 9.4 | 9.7 | 8.1 | 6.5 |
| Dividend Yield (%) | 0.5 | 0.4 | 0.5 | 0.6 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 2,637 | 2,429 | 2,446 | 2,197 |
| YoY gr. (%) | 15.9 | 8.4 | 2.7 | (8.8) |
| Raw Material Expenses | 958 | 839 | 961 | 862 |
| Gross Profit | 1,679 | 1,590 | 1,485 | 1,334 |
| Margin (%) | 63.7 | 65.5 | 60.7 | 60.7 |
| EBITDA | 1,048 | 999 | 871 | 722 |
| YoY gr. (%) | 10.9 | 5.5 | (2.9) | (26.7) |
| Margin (%) | 39.7 | 41.1 | 35.6 | 32.9 |
| Depreciation / Depletion | 174 | 187 | 188 | 193 |
| EBIT | 873 | 812 | 683 | 529 |
| Margin (%) | 33.1 | 33.4 | 27.9 | 24.1 |
| Net Interest | 1 | 1 | 1 | 2 |
| Other Income | 124 | 134 | 67 | 98 |
| Profit before Tax | 996 | 945 | 749 | 626 |
| Margin (%) | 37.8 | 38.9 | 30.6 | 28.5 |
| Total Tax | 255 | 245 | 194 | 167 |
| Effective tax rate (%) | 25.6 | 25.9 | 26.0 | 26.7 |
| Profit after Tax | 741 | 701 | 554 | 459 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 741 | 701 | 554 | 459 |
| YoY gr. (%) | 5.4 | 6.3 | (5.6) | (30.1) |
| Margin (%) | 28.1 | 28.8 | 22.7 | 20.9 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 741 | 701 | 554 | 459 |
| YoY gr. (%) | 5.4 | 6.3 | (5.6) | (30.1) |
| Margin (%) | 28.1 | 28.8 | 22.7 | 20.9 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 741 | 701 | 554 | - |
| Avg. Shares O/s (m) | 106 | 106 | 106 | 106 |
| EPS (Rs) | 7.0 | 6.6 | 5.2 | 4.3 |

Source: Company Data, PL Research

Price Chart



Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1 | 07-Jan-26 | Hold | 892 | 865 |
| 2 | 06-Nov-25 | Hold | 1,002 | 981 |
| 3 | 07-Oct-25 | Hold | 1,111 | 1,068 |
| 4 | 18-Jul-25 | Hold | 1,425 | 1,445 |
| 5 | 07-Jul-25 | Hold | 1,354 | 1,483 |
| 6 | 22-May-25 | Hold | 1,354 | 1,329 |
| 7 | 08-Apr-25 | Hold | 1,224 | 1,167 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|-------------------------------------|------------|---------|------------------|
| 1 | Aarti Industries | Accumulate | 401 | 375 |
| 2 | Bharat Petroleum Corporation | Accumulate | 381 | 349 |
| 3 | Bharti Airtel | Accumulate | 2,259 | 2,113 |
| 4 | Clean Science and Technology | Hold | 892 | 865 |
| 5 | Deepak Nitrite | Hold | 1,729 | 1,626 |
| 6 | Fine Organic Industries | BUY | 5,103 | 4,274 |
| 7 | GAIL (India) | BUY | 202 | 169 |
| 8 | Gujarat Fluorochemicals | Hold | 3,639 | 3,485 |
| 9 | Gujarat Gas | Accumulate | 422 | 399 |
| 10 | Gujarat State Petronet | Hold | 296 | 303 |
| 11 | Hindustan Petroleum Corporation | Accumulate | 457 | 428 |
| 12 | Indian Oil Corporation | Accumulate | 175 | 164 |
| 13 | Indraprastha Gas | Hold | 196 | 190 |
| 14 | Jubilant Ingrevia | Hold | 755 | 744 |
| 15 | Laxmi Organic Industries | Reduce | 153 | 162 |
| 16 | Mahanagar Gas | BUY | 1,356 | 1,074 |
| 17 | Mangalore Refinery & Petrochemicals | Accumulate | 162 | 151 |
| 18 | Navin Fluorine International | Accumulate | 6,722 | 5,751 |
| 19 | NOCIL | Hold | 152 | 148 |
| 20 | Oil & Natural Gas Corporation | BUY | 307 | 242 |
| 21 | Oil India | BUY | 538 | 426 |
| 22 | Petronet LNG | Hold | 281 | 295 |
| 23 | Reliance Industries | BUY | 1,683 | 1,458 |
| 24 | SRF | Hold | 2,894 | 2,883 |
| 25 | Vinati Organics | BUY | 1,887 | 1,615 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II, Mr. Tejas Kadam- BCom Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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