

18 July 2025

India | Equity Research | Results Update

## Clean Science & Technology

### Speciality Chemicals

#### Demand slowdown impacting growth; margins holding up well

Clean Science's (CST) EBITDA grew only 5.5% YoY despite tailwinds of lower input prices, and HALS' offtake. Its established products revenue has grown 8% YoY, while lower sales were due to weak demand for new products. HALS' volumes were at 580te in Q1FY26 – far behind HALS' FY26 guidance of 4kte; however, CST is now planning more complex series with over 2x realisation in HALS. The company is also in the process of ramping up/commissioning DHDT, BHT, barbituric acid and two performance products, which are expected to accelerate revenue growth. We cut our FY26–27E EPS by 2–3% and change our TP to INR 1,330 (vs. INR 1,360) with a FY27E P/E multiple of 35x (unchanged). Downgrade to **REDUCE** (from *Hold*). Promoter has announced a sizeable 24% reduction in its equity stake, which would bring their holding to 51% from the current 75%.

#### Soft demand impacting growth

In Q1FY26, CST's revenue was up 8.4% YoY/down 7.9% QoQ to INR 2.4bn. Revenue in standalone grew 1.2% YoY (down 10.4% QoQ) to INR 2.2bn, and was impacted by lower sales in new products, while leadership products MEHQ/BHA revenue grew 5% QoQ/8% YoY. Also, guaiacol – comes as a co-product with MEHQ – a key product's pricing has remained stable despite the drop in prices for key raw material (phenol); and the company believes that if RM prices fall further, it may need to cut pricing for its products as well. The weakness in demand has been particularly seen in China and Europe; US has performed well despite some frontloading done in previous quarters in anticipation of custom duties. HALS' volumes have grown 8% QoQ, and exports volumes have been growing well (India mix in HALS has dropped 75% vs. 83% in Q4FY25).

CFCL's (subsidiary) revenue stood at INR 230mn, which is largely from sales of HALS; and it has seen an encouraging response for its new series (622/944/119) even in India. CFCL EBITDA break-even is possible at INR 100mn monthly sales.

Performance chemicals' revenue was up 16.3% YoY/down 1.2% QoQ to INR 1.8bn driven by volumes and ramp-up in HALS. Pharmaceutical intermediates' revenue dropped 3.6% YoY/29.2% QoQ to INR 389mn on volatility in guaiacol sales. FMCG chemicals' revenue declined 16.6% YoY/9.6% QoQ to INR 243mn.

#### Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	7,915	9,666	12,135	15,829
EBITDA	3,321	3,876	4,705	5,786
EBITDA Margin (%)	42.0	40.1	38.8	36.6
Net Profit	2,440	2,644	3,286	4,042
EPS (INR)	23.0	24.9	30.9	38.0
EPS % Chg YoY	(17.3)	8.3	24.3	23.0
P/E (x)	62.9	58.1	46.7	38.0
EV/EBITDA (x)	45.3	38.7	32.0	25.8
RoCE (%)	19.3	18.0	19.4	20.8
RoE (%)	22.1	20.2	21.5	22.7

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#### Market Data

Market Cap (INR)	154bn
Market Cap (USD)	1,784mn
Bloomberg Code	CLEAN IN
Reuters Code	CLEA BO
52-week Range (INR)	1,690 / 1,062
Free Float (%)	21.0
ADTV-3M (mn) (USD)	2.4

Price Performance (%)	3m	6m	12m
Absolute	22.9	1.3	(2.1)
Relative to Sensex	18.2	(6.0)	(4.0)

ESG Score	2023	2024	Change
ESG score	67.5	67.6	0.1
Environment	45.7	49.2	3.5
Social	73.1	73.1	0.0
Governance	81.2	80.6	-0.6

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(6.0)	(6.9)
EBITDA	(2.4)	(1.8)
EPS	(2.6)	(1.9)

#### Previous Reports

23-05-2025: [Q4FY25 results review](#)

31-01-2025: [Q3FY25 results review](#)

The company had commissioned a DHDT plant with revenue potential of INR 800-900mn. The plant has started commercial production and CST is sending samples for validation.

China geography's revenue fell 30.2% YoY to INR 360mn. India revenue grew 55.5% YoY to INR 1289mn. Europe revenue dipped 17.4% YoY to INR 333mn. Americas revenue, at INR 399mn, jumped 48.6% YoY.

### Planning more products in HALS series with significantly higher realisation

CST has commercialised targeted basket of HALS series including – HALS 622, HALS 944 and HALS 119; along with two earlier product HALS 701 and HALS 770. Also, a blend HALS-786 for a European customer. Cumulatively, the HALS series addresses significant demand within the HALS range; During the quarter, HALS 944 and 783 witnessed good volumes. Due to customer demand, the company now intends to launch more of advanced grade HALS series. CST is trying to broaden its HALS base by diversifying into more complex products (such as series 2020), which has significantly higher pricing of USD 11-30/kg; and these products are being demanded by the customers. In Q1FY26, the company sold 580te of HALS with revenue of INR 240mn. The company continues to hold its guidance of 4kte HALS for FY26 despite a slower Q1FY26. Gross profit margin in HALS is expected at 35%.

### DHDT, BHT, barbituric acid and new product in performance chemicals to also aid immediate growth

CST had commissioned DHDT plant with capex of INR 300mn and revenue potential of INR 800-900mn. The product finds application in anti-retroviral drug; and expects to cross-sell to existing DCC customers. DHDT is import substitution product, and India monthly imports ~200te, which the company expects to partly replace.

BHT is anti-oxidant, and used in blends along with its products BHA, ascorbyl palmitate and TBHQ where CST has a dominant position.

Barbituric acid is used to produce yellow pigment. And it would replace Chinese supplies for customers including Sudarshan Chemical, Pidilite, and others. Company expects to commission it from Aug'25.

The company is commissioning capex of INR 1.5bn for a performance product with application in various industries, including stabilisers and other. The plant is to be commissioned by Aug'25. The plant capacity is 10ktpa.

The company aims to commission capex on another plant for different performance molecule, which finds application in water treatment, with a total outlay of INR 1.5bn. The plant is expected to be commissioned by Feb'26. The plant capacity is 10ktpa.

### EBITDA margin up 137bps QoQ to 41.1%

CST's gross profit margin rose 180bp QoQ to 65.5%, gross profit increased 8.5% YoY/ down 5.3% QoQ to INR 1.6bn. Gross profit margin benefited higher sale of legacy products (83% of standalone revenue vs 75% in Q4FY25); and lower phenol prices. Other expenses up 13% YoY/ down 8.6% QoQ to 440mn, and employee expenses were up 17.2% YoY to INR 152mn. EBITDA was up 5.5% YoY/ down 4.7% QoQ to INR 999mn. Net profit increased 6.3% YoY/down 5.4% QoQ to INR 701mn, owing to higher depreciation cost of INR 187mn, up 18.2% YoY/ 7% QoQ.

### Other highlights

- Company expects that its addressable market will likely increase by USD 1.7bn after the launch of HALS series and two performance chemicals products in FY26.

- Over the next two quarters, company shall launch more advanced grade of HALS series within the price band of USD 11-30/kg, expected to yield higher margin.
- The capacity utilisation for the performance and FMCG segments were 75%, pharma was 68% and HALS was 22% during the quarter.
- Company has invested INR 800mn in its subsidiary Clean Fino-Chem in Q1FY26 and plans to infuse INR 1.7bn more during FY26.
- Boob family, the majority owner, is planning to sell their 24% stake in the company, reducing promoter holding to 51% from current 75%.

### Key risks

**Upside:** 1) Higher-than-expected sales from HALS; and 2) better-than-expected margins.

**Downside:** 1) Slower-than-expected acceptance of HALS in international markets; and 2) higher-than-expected discounting in HALS, which can hurt margins.

### Exhibit 1: Clean Science consolidated financials

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Revenue	2,240	2,381	2,408	2,637	2,429	(7.9)	8.4
COGS	775	895	879	958	839	(12.5)	8.2
<b>Gross profit</b>	<b>1,465</b>	<b>1,486</b>	<b>1,529</b>	<b>1,679</b>	<b>1,590</b>	<b>(5.3)</b>	<b>8.5</b>
GPM (%)	65.4	62.4	63.5	63.7	65.5		
Employee cost	130	142	141	150	152	1.1	17.2
% of revenue	5.8	6.0	5.9	5.7	6.3		
Other expenses	389	447	402	481	440	(8.6)	13.0
% of revenue	17.4	18.8	16.7	18.2	18.1		
<b>Total expenses</b>	<b>519</b>	<b>589</b>	<b>544</b>	<b>631</b>	<b>592</b>	<b>(6.3)</b>	<b>14.1</b>
<b>EBITDA</b>	<b>947</b>	<b>897</b>	<b>985</b>	<b>1,048</b>	<b>999</b>	<b>(4.7)</b>	<b>5.5</b>
EBITDA (%)	42.3	37.7	40.9	39.7	41.1		
Depreciation	158	175	183	174	187	7.0	18.2
<b>EBIT</b>	<b>789</b>	<b>722</b>	<b>802</b>	<b>873</b>	<b>812</b>	<b>(7.0)</b>	<b>2.9</b>
Other income	99	111	52	124	134	8.5	35.2
Finance cost	1	0	1	1	1		
<b>PBT</b>	<b>887</b>	<b>832</b>	<b>853</b>	<b>996</b>	<b>945</b>	<b>(5.1)</b>	<b>6.6</b>
Tax	228	245	196	255	245	(3.9)	7.5
ETR (%)	25.7	29.4	23.0	25.6	25.9		
Exceptional item	-	-	-	-	-		
<b>Net profit</b>	<b>659</b>	<b>587</b>	<b>656</b>	<b>741</b>	<b>701</b>	<b>(5.4)</b>	<b>6.3</b>
Net profit (%)	29.4	24.7	27.3	28.1	28.8		
EPS (INR)	6.2	5.5	6.2	7.0	6.6		

Source: I-Sec research, Company data

**Exhibit 2: Clean Science standalone financials**

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Revenue	2,173	2,281	2,316	2,454	2,199	(10.4)	1.2
COGS	730	823	816	889	704	(20.7)	(3.5)
<b>Gross profit</b>	<b>1,443</b>	<b>1,457</b>	<b>1,500</b>	<b>1,565</b>	<b>1,495</b>	<b>(4.5)</b>	<b>3.6</b>
GPM (%)	66.4	63.9	64.8	63.8	68.0		
Employee cost	118	124	123	131	130	(0.4)	10.4
% of revenue	5.4	5.4	5.3	5.3	5.9		
Other expenses	347	387	354	390	358	(8.1)	3.1
% of revenue	16.0	17.0	15.3	15.9	16.3		
<b>Total expenses</b>	<b>465</b>	<b>511</b>	<b>478</b>	<b>520</b>	<b>488</b>	<b>(6.2)</b>	<b>5.0</b>
<b>EBITDA</b>	<b>978</b>	<b>946</b>	<b>1,022</b>	<b>1,045</b>	<b>1,006</b>	<b>(3.7)</b>	<b>2.9</b>
EBITDA (%)	45.0	41.5	44.1	42.6	45.8		
Depreciation	111	112	112	109	111	1.6	0.1
<b>EBIT</b>	<b>867</b>	<b>834</b>	<b>910</b>	<b>936</b>	<b>895</b>	<b>(4.3)</b>	<b>3.3</b>
Other income	96	104	46	116	129	11.6	34.1
Finance cost	1	0	1	1	0		
<b>PBT</b>	<b>962</b>	<b>937</b>	<b>955</b>	<b>1,051</b>	<b>1,024</b>	<b>(2.5)</b>	<b>6.4</b>
Tax	241	263	214	265	258	(2.4)	7.3
ETR (%)	27.1	31.6	25.1	26.6	27.3		
Exceptional item	-	-	-	-	-		
<b>Net profit</b>	<b>722</b>	<b>674</b>	<b>741</b>	<b>786</b>	<b>766</b>	<b>(2.6)</b>	<b>6.1</b>
Net profit (%)	33.2	29.6	32.0	32.0	34.8		

Source: I-Sec research, Company data

**Exhibit 3: Clean Science – consolidate minus standalone financials**

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Revenue	67	101	93	183	230	25.5	242.8
COGS	45	72	64	69	134	93.5	200.9
<b>Gross profit</b>	<b>22</b>	<b>29</b>	<b>29</b>	<b>114</b>	<b>95</b>	<b>(16.0)</b>	<b>326.4</b>
GPM (%)	33.4	28.7	31.3	62.1	41.6		
Employee cost	12	18	18	20	22	10.8	84.2
% of revenue	0.5	0.8	0.7	0.8	0.9		
Other expenses	42	60	48	91	81	(10.5)	95.5
% of revenue	1.9	2.5	2.0	3.4	3.3		
<b>Total expenses</b>	<b>54</b>	<b>78</b>	<b>66</b>	<b>111</b>	<b>103</b>	<b>(6.7)</b>	<b>92.9</b>
<b>EBITDA</b>	<b>(31)</b>	<b>(49)</b>	<b>(37)</b>	<b>3</b>	<b>(8)</b>		
EBITDA (%)	(46.6)	(49.0)	(40.0)	1.5	(3.5)		
Depreciation	47	63	71	65	75	16.0	61.1
<b>EBIT</b>	<b>(78)</b>	<b>(112)</b>	<b>(108)</b>	<b>(62)</b>	<b>(83)</b>		
Other income	3	7	6	8	5	(36.8)	70.7
Finance cost	0	0	0	1	0		
<b>PBT</b>	<b>(75)</b>	<b>(105)</b>	<b>(102)</b>	<b>(55)</b>	<b>(79)</b>		<b>4.4</b>
Tax	(13)	(18)	(18)	(10)	(14)		
ETR (%)	(1.5)	(2.2)	(2.1)	(1.0)	(1.4)		
Exceptional item	-	-	-	-	-		
<b>Net profit</b>	<b>(62)</b>	<b>(87)</b>	<b>(85)</b>	<b>(45)</b>	<b>(65)</b>		<b>4.6</b>
Net profit (%)	(93.0)	(86.3)	(91.4)	(24.7)	(28.4)		

Source: I-Sec research, Company data

## Exhibit 4: Clean Science segmental performance

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
<b>Segment revenue</b>							
Performance chemicals	1,546	1,643	1,662	1,819	1,797	(1.2)	16.3
Pharmaceutical intermediates	403	429	433	549	389	(29.2)	(3.6)
FMCG chemicals	291	356	267	269	243	(9.6)	(16.6)
Others	-	(46)	46	-	-		
<b>Total</b>	<b>2,240</b>	<b>2,381</b>	<b>2,408</b>	<b>2,637</b>	<b>2,429</b>	<b>(7.9)</b>	<b>8.4</b>
<b>Mix (%)</b>							
Performance chemicals	69.0	69.0	69.0	69.0	74.0		
Pharmaceutical intermediates	18.0	18.0	18.0	20.8	16.0		
FMCG chemicals	13.0	14.9	11.1	10.2	10.0		
Others	-	(1.9)	1.9	-	-		

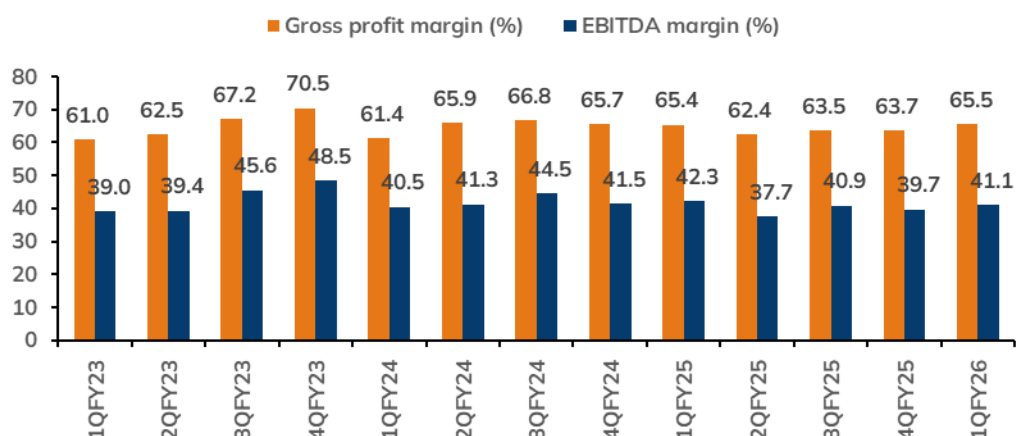
Source: I-Sec research, Company data

## Exhibit 5: Clean Science geographical revenue breakdown

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
<b>Geographical revenue</b>							
India	829	742	889	923	1,289	39.7	55.5
Export	1,411	1,639	1,519	1,714	1,140	(33.5)	(19.2)
Americas	269	563	433	378	399	5.7	48.6
Europe	403	336	315	396	333	(15.8)	(17.4)
China	515	501	530	580	360	(38.0)	(30.2)
ROW	224	238	241	360	48	(86.8)	(78.7)
<b>Mix (%)</b>							
India	37.0	31.2	36.9	35.0	53.1		
Export	63.0	68.8	63.1	65.0	46.9		
Americas	12.0	23.6	18.0	14.3	16.4		
Europe	18.0	14.1	13.1	15.0	13.7		
China	23.0	21.1	22.0	22.0	14.8		
ROW	10.0	10.0	10.0	13.7	2.0		

Source: I-Sec research, Company data

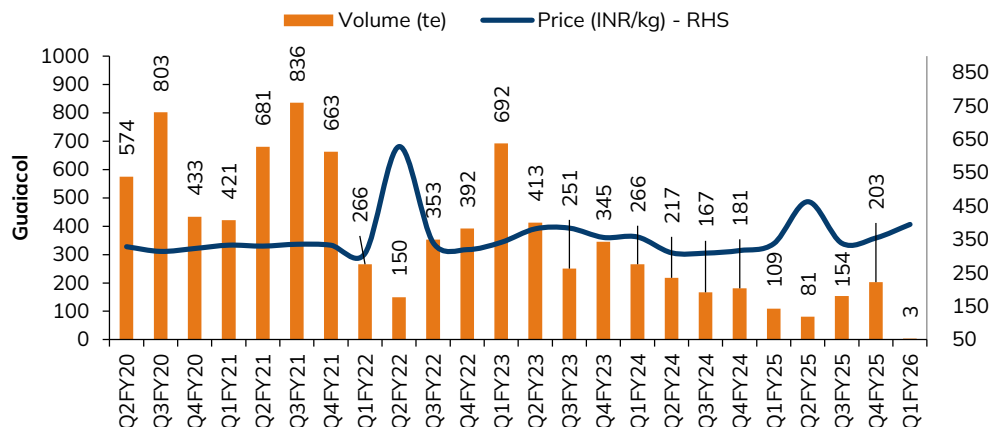
## Exhibit 6: Gross profit and EBITDA margin trends



Source: I-Sec research, Company data

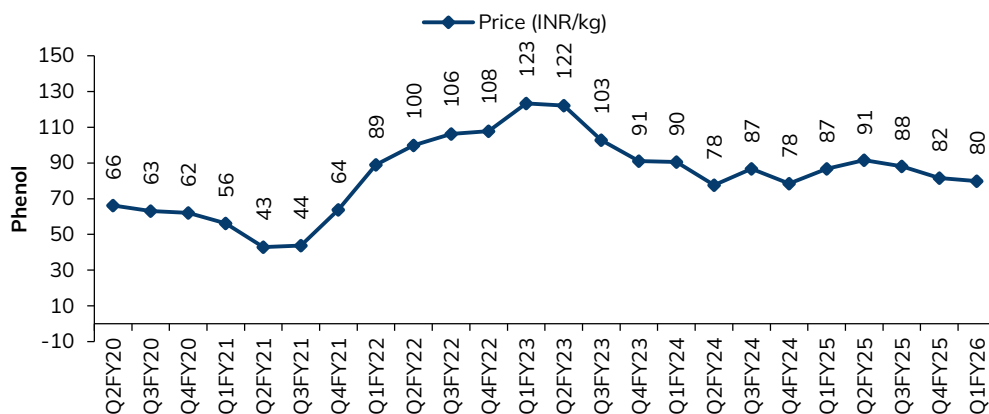
## Exim Data

### Exhibit 7: Guaiacol export prices rose 17.1% YoY



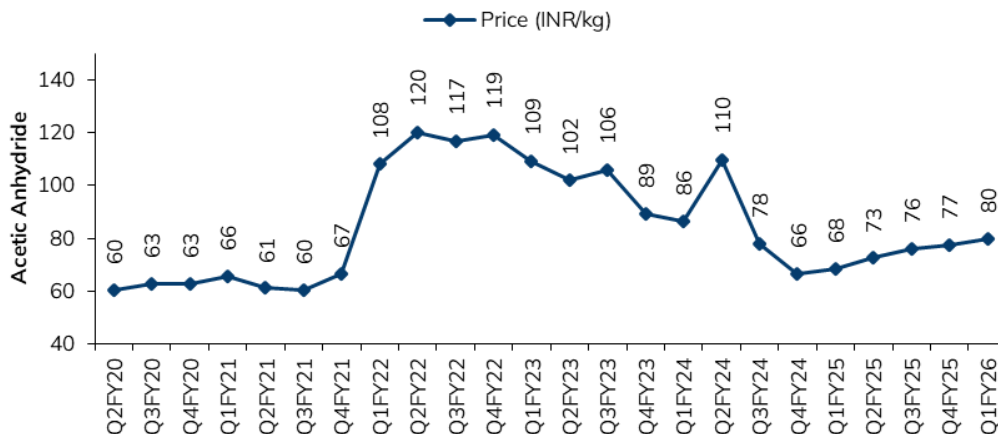
Source: I-Sec research, Company data; Note: Q1FY26 numbers includes data for only Apr'25

### Exhibit 8: Phenol (raw material) prices down 8% YoY



Source: I-Sec research, Company data; Note: Q1FY26 numbers includes data for only Apr'25

### Exhibit 9: Acetic anhydride (raw material) prices rose 16.9% YoY



Source: I-Sec research, Company data; Note: Q1FY26 numbers includes data for only Apr'25

**Exhibit 10: Earnings revision**

INR mn	Revised		Earlier		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	12,135	15,829	12,913	17,011	(6.0)	(6.9)
Gross profit	7,502	9,111	7,618	9,216	(1.5)	(1.1)
GPM (%)	61.8	57.6	59.0	54.2		
<b>EBITDA</b>	<b>4,705</b>	<b>5,786</b>	<b>4,820</b>	<b>5,891</b>	<b>(2.4)</b>	<b>(1.8)</b>
EBITDA (%)	38.8	36.6	37.3	34.6		
PAT	3,286	4,042	3,372	4,122	(2.6)	(1.9)
<b>EPS (INR)</b>	<b>30.9</b>	<b>38.1</b>	<b>31.7</b>	<b>38.8</b>	<b>(2.6)</b>	<b>(1.9)</b>

Source: I-Sec research, Company data

## Financials

### Exhibit 11: Clean Science's segmental revenue

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%) FY25-27E
<b>Segmental revenue</b>								
Performance chemicals	3,548	4,720	6,507	5,174	6,555	8,549	11,432	32.1
Pharmaceutical intermediates	830	1,136	1,609	1,471	1,805	2,160	2,786	24.2
FMCG chemicals	632	808	1,012	1,021	1,140	1,243	1,412	11.3
Others	114	184	230	249	166	182	199	9.4
<b>Total</b>	<b>5,124</b>	<b>6,849</b>	<b>9,358</b>	<b>7,915</b>	<b>9,666</b>	<b>12,135</b>	<b>15,829</b>	<b>28.0</b>

Source: I-Sec research, Company data

### Exhibit 12: Clean Science's consolidated financials

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%) FY25-27E
<b>Financial</b>								
Revenue	5,124	6,849	9,358	7,915	9,666	12,135	15,829	28.0
COGS	1,236	2,247	3,260	2,771	3,507	4,632	6,718	
<b>Gross profit</b>	<b>3,888</b>	<b>4,602</b>	<b>6,098</b>	<b>5,144</b>	<b>6,159</b>	<b>7,502</b>	<b>9,111</b>	<b>21.6</b>
GMP (%)	75.9	67.2	65.2	65.0	63.7	61.8	57.6	
Growth (%)		18.4	32.5	(15.7)	19.7	21.8	21.4	
Employee cost	436	345	452	487	564	648	746	15.0
% of revenue	8.5	5.0	4.8	6.2	5.8	5.3	4.7	
Other expenses	863	1,258	1,625	1,337	1,719	2,149	2,579	22.5
% of revenue	16.8	18.4	17.4	16.9	17.8	17.7	16.3	
Total expenses	1,299	1,603	2,077	1,823	2,283	2,798	3,325	20.7
<b>EBITDA</b>	<b>2,590</b>	<b>2,999</b>	<b>4,021</b>	<b>3,321</b>	<b>3,876</b>	<b>4,705</b>	<b>5,786</b>	<b>22.2</b>
EBITDA (%)	50.5	43.8	43.0	42.0	40.1	38.8	36.6	
Growth (%)		15.8	34.1	(17.4)	16.7	21.4	23.0	
D&A	172	249	361	459	691	751	939	16.6
<b>EBIT</b>	<b>2,417</b>	<b>2,750</b>	<b>3,660</b>	<b>2,861</b>	<b>3,186</b>	<b>3,953</b>	<b>4,848</b>	<b>23.4</b>
Growth (%)		13.7	33.1	(21.8)	11.3	24.1	22.6	
Other income	256	300	298	413	386	424	467	10.0
Finance cost	1	1	2	9	4	4	4	
<b>PBT</b>	<b>2,673</b>	<b>3,048</b>	<b>3,956</b>	<b>3,265</b>	<b>3,567</b>	<b>4,374</b>	<b>5,310</b>	<b>22.0</b>
Growth (%)		14.0	29.8	(17.5)	9.3	22.6	21.4	
Tax expenses	689	763	1,005	825	923	1,088	1,268	17.2
ETR (%)	25.8	25.0	25.4	25.3	25.9	24.9	23.9	
<b>PAT</b>	<b>1,984</b>	<b>2,285</b>	<b>2,952</b>	<b>2,440</b>	<b>2,644</b>	<b>3,286</b>	<b>4,042</b>	<b>23.6</b>
Growth (%)		15.2	29.2	(17.3)	8.4	24.3	23.0	
<b>EPS (INR)</b>	<b>18.7</b>	<b>21.5</b>	<b>27.8</b>	<b>23.0</b>	<b>24.9</b>	<b>30.9</b>	<b>38.1</b>	<b>23.6</b>

Source: I-Sec research, Company data



## Exhibit 13: Balance sheet parameters

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%) FY25-27E
<b>Capital productivity</b>								
<b>Gross block</b>	<b>2,572</b>	<b>3,919</b>	<b>5,574</b>	<b>7,786</b>	<b>9,267</b>	<b>12,267</b>	<b>13,367</b>	<b>20.1</b>
Revenue/GB (x)	1.99	1.75	1.68	1.02	1.04	0.99	1.18	
EBITDA/GB (x)	1.01	0.77	0.72	0.43	0.42	0.38	0.43	
<b>Capex</b>								
<b>Capex</b>	<b>844</b>	<b>1,397</b>	<b>1,834</b>	<b>2,323</b>	<b>1,420</b>	<b>2,998</b>	<b>1,100</b>	
Intensity (% of revenue)	16.5	20.4	19.6	29.3	14.7	24.7	6.9	
D&A/capex (x)	0.2	0.2	0.2	0.2	0.5	0.3	0.9	
Capital employed	5,400	7,688	10,101	12,032	14,164	16,464	19,090	16.1
pre-tax ROCE (%)	54.6	42.0	41.2	25.9	24.3	25.8	27.3	
<b>Leverage</b>								
Net debt	(2,475)	(2,655)	(3,401)	(3,130)	(3,643)	(2,893)	(4,188)	
ND/EBITDA (x)	(1.0)	(0.9)	(0.8)	(0.9)	(0.9)	(0.6)	(0.7)	
<b>Cash conversion</b>								
Inventory days	38	47	42	57	56	56	56	
Debtor days	53	82	57	76	77	77	77	
Creditor days	43	54	31	50	37	37	37	
<b>Cash conversion</b>	<b>47</b>	<b>74</b>	<b>68</b>	<b>83</b>	<b>96</b>	<b>96</b>	<b>96</b>	
WC as % of revenue	12.9	20.4	18.6	22.6	26.3	26.3	26.3	

Source: I-Sec research, Company data

## Exhibit 14: Clean Science's capex trend

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	CAGR (%) FY25-27E
Ops CF (after tax & lease)	2,076	2,482	3,222	2,664	3,023	3,616	4,518	22.3
% of EBITDA	80.2	82.8	80.1	80.2	78.0	76.9	78.1	
Chg of WC	(149)	(1,210)	(428)	(295)	(885)	(802)	(1,171)	
<b>CFO</b>	<b>1,926</b>	<b>1,272</b>	<b>2,794</b>	<b>2,369</b>	<b>2,138</b>	<b>2,815</b>	<b>3,348</b>	<b>25.1</b>
% of revenue	37.6	18.6	29.9	29.9	22.1	23.2	21.1	
Capex (incl acquisition)	(844)	(1,397)	(1,834)	(2,323)	(1,420)	(2,998)	(1,100)	
<b>FCF</b>	<b>1,082</b>	<b>(124)</b>	<b>960</b>	<b>46</b>	<b>719</b>	<b>(183)</b>	<b>2,248</b>	
% of revenue	21.1	(1.8)	10.3	0.6	7.4	(1.5)	14.2	
Finance cost	20	30	61	29	17	424	467	
<b>FCFE</b>	<b>1,102</b>	<b>(94)</b>	<b>1,021</b>	<b>75</b>	<b>736</b>	<b>241</b>	<b>2,715</b>	

Source: I-Sec research, Company data

## Peer Comparison

### Exhibit 15: Specialty chemicals coverage valuation snapshot

INR mn	CMP (INR)	Mcap (INR bn)	Revenue			CAGR (%) FY25-27E	EPS (INR)			CAGR (%) FY25-27E
			FY25A	FY26E	FY27E		FY25A	FY26E	FY27E	
SRF	3,203	949	1,46,931	1,71,964	1,90,832	14%	42.2	67.8	82.0	39%
Navin Fluorine	4,960	246	23,494	31,394	36,708	25%	58.2	91.7	111.1	38%
Gujarat Fluoro	3,430	377	47,370	60,158	70,378	22%	49.7	87.0	98.4	41%
Atul Ltd	7,278	214	55,834	68,654	77,647	18%	164.3	228.9	277.8	30%
Deepak Nitrite	1,960	267	82,819	99,958	1,10,500	16%	51.1	59.5	66.7	14%
Chemplast	443	70	43,461	52,142	54,553	12%	(7.2)	9.0	14.0	
Galaxy	2,607	92	42,237	48,296	49,155	8%	86.0	101.7	117.1	17%
Rossari	739	41	20,803	24,648	28,752	18%	24.6	27.2	36.9	22%
EPL	238	76	42,133	46,471	51,365	10%	11.2	13.9	16.0	20%
Sudarshan	1,261	87	28,050	32,144	35,025	12%	24.6	36.7	41.5	30%
Tatva Chintan	935	22	3,827	5,529	6,981	35%	2.4	31.0	40.1	305%
Clean Science	1,445	154	9,666	12,135	15,829	28%	24.9	30.9	38.1	24%
BlueJet Healthcare	971	168	10,300	12,583	14,339	18%	17.6	20.4	22.3	13%
Archean Chemical	688	85	10,410	16,633	18,919	35%	13.1	35.7	41.6	78%
PCBL	422	159	84,043	91,191	98,235	8%	13.3	14.2	18.7	19%
Himadri	518	256	46,126	55,990	69,027	22%	11.3	14.3	16.5	21%
<b>Median</b>						<b>18%</b>				<b>24%</b>

Source: I-Sec research, Company data

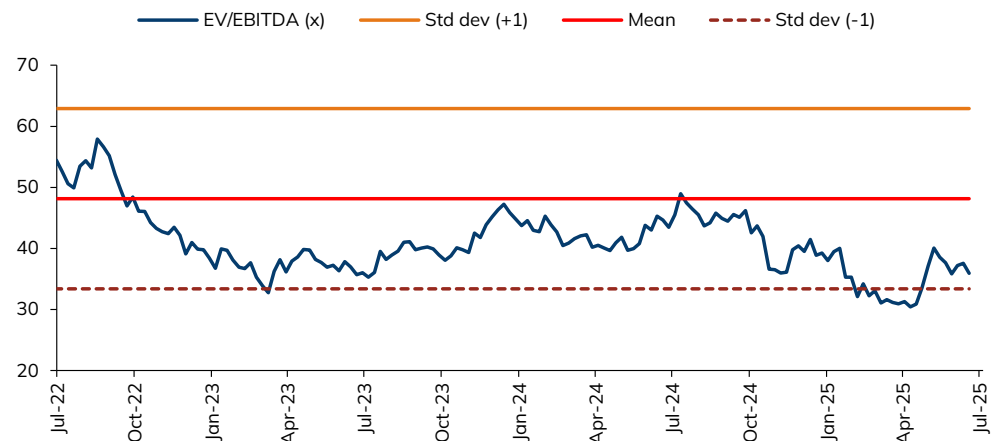
### Exhibit 16: Specialty chemicals coverage valuation snapshot

INR mn	PE (x)		EV/EBITDA (x)		ROCE (pre-tax)		GB turnover (x)		Capex (INR mn)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
SRF	47.2	39.1	26.6	22.5	16.2	17.4	0.8	0.8	25,379	24,404
Navin Fluorine	54.1	44.6	31.9	27.0	15.2	16.5	0.8	0.9	5,000	5,250
Gujarat Fluoro	39.4	34.9	22.5	19.3	13.8	14.0	0.8	0.9	15,190	7,595
Atul Ltd	31.8	26.2	17.2	14.4	14.0	15.4	1.4	1.5	3,000	2,700
Chemplast	33.0	29.4	21.2	21.0	14.3	12.0	2.1	2.2	17,730	32,867
Galaxy	49.5	31.7	15.3	13.1	9.9	11.6	1.1	1.1	2,800	2,940
Rossari	25.6	22.3	15.6	13.4	16.1	16.7	2.5	2.4	1,500	1,650
EPL	27.2	20.0	14.5	11.5	14.8	17.5	2.4	2.4	2,570	953
Sudarshan	17.1	14.8	8.1	7.1	19.4	20.6	1.0	1.0	3,800	3,500
Tatva Chintan	34.4	30.4	17.7	15.6	19.7	19.7	1.5	1.6	1,000	1,000
Clean Science	30.2	23.3	18.2	14.4	10.1	11.2	0.8	0.8	1,121	1,534
BlueJet Healthcare	46.7	38.0	32.0	25.8	25.8	27.3	1.0	1.2	2,998	1,100
Archean Chemical	47.7	43.5	36.4	32.7	34.2	31.9	2.2	2.1	2,000	1,000
PCBL	19.3	16.5	12.8	10.5	24.6	24.1	0.9	1.0	1,000	1,100
Himadri	29.7	22.5	14.0	11.5	9.9	11.9	1.7	1.6	6,000	7,000
<b>Median</b>	<b>33.0</b>	<b>29.4</b>	<b>17.7</b>	<b>14.4</b>	<b>15.2</b>	<b>16.7</b>	<b>1.1</b>	<b>1.2</b>		

Source: I-Sec research, Company data

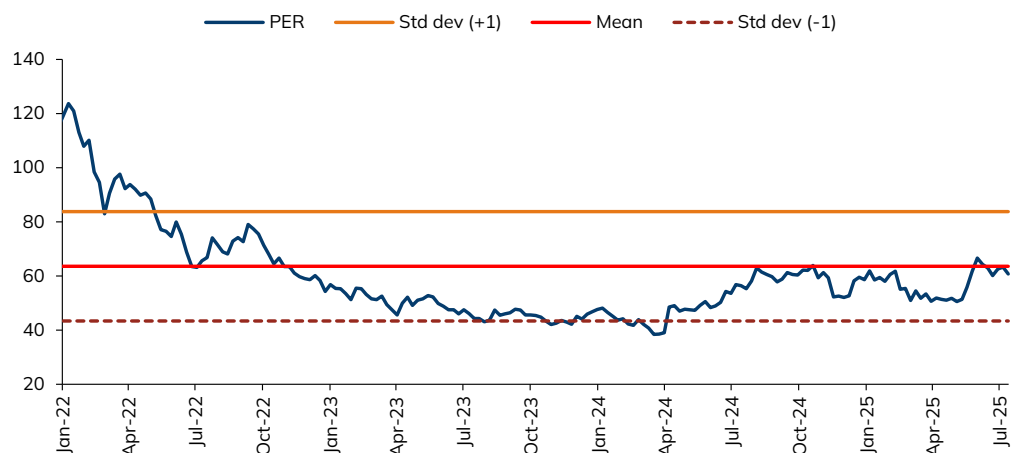
## Band Charts

**Exhibit 17: Clean Science's one-year forward EV/EBITDA**



Source: I-Sec research, Bloomberg

**Exhibit 18: Clean Science's one-year forward PE**



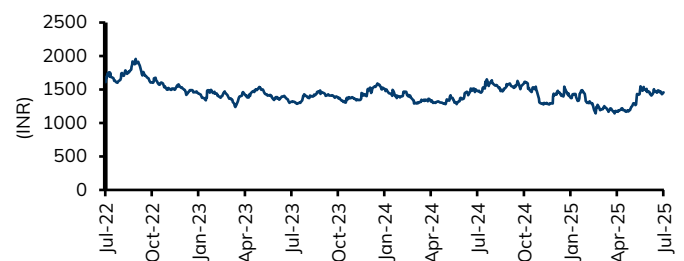
Source: I-Sec research, Bloomberg

**Exhibit 19: Shareholding pattern**

%	Dec'24	Mar'25	Jun'25
Promoters	75.0	75.0	75.0
Institutional investors	10.6	11.8	12.2
MFs and others	4.3	4.5	4.6
FIs/Banks	0.0	0.0	0.0
Insurance	0.1	1.0	1.1
FIIIs	6.2	6.3	6.5
Others	14.4	13.2	12.8

Source: Bloomberg, I-Sec research

**Exhibit 20: Price chart**



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 21: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Net Sales</b>	<b>7,915</b>	<b>9,666</b>	<b>12,135</b>	<b>15,829</b>
Operating Expenses	4,594	5,790	7,430	10,042
<b>EBITDA</b>	<b>3,321</b>	<b>3,876</b>	<b>4,705</b>	<b>5,786</b>
EBITDA Margin (%)	42.0	40.1	38.8	36.6
Depreciation & Amortization	459	691	751	939
EBIT	2,861	3,186	3,953	4,848
Interest expenditure	9	4	4	4
Other Non-operating Income	413	386	424	467
<b>Recurring PBT</b>	<b>3,265</b>	<b>3,567</b>	<b>4,374</b>	<b>5,310</b>
<b>Profit / (Loss) from Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Taxes	825	923	1,088	1,268
PAT	2,440	2,644	3,286	4,042
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
<b>Net Income (Reported)</b>	<b>2,440</b>	<b>2,644</b>	<b>3,286</b>	<b>4,042</b>
<b>Net Income (Adjusted)</b>	<b>2,440</b>	<b>2,644</b>	<b>3,286</b>	<b>4,042</b>

Source Company data, I-Sec research

### Exhibit 22: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Total Current Assets</b>	<b>3,572</b>	<b>4,549</b>	<b>6,947</b>	<b>9,968</b>
of which cash & cash eqv.	105	201	1,452	2,747
<b>Total Current Liabilities &amp; Provisions</b>	<b>1,600</b>	<b>1,556</b>	<b>1,953</b>	<b>2,547</b>
<b>Net Current Assets</b>	<b>1,972</b>	<b>2,993</b>	<b>4,994</b>	<b>7,421</b>
Investments	3,394	3,809	1,809	1,809
Net Fixed Assets	6,568	7,087	9,334	9,495
ROU Assets	366	360	360	360
Capital Work-in-Progress	573	302	300	300
<b>Total Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other assets	26	238	261	288
Deferred Tax Assets	-	-	-	-
<b>Total Assets</b>	<b>13,963</b>	<b>16,078</b>	<b>18,755</b>	<b>21,976</b>
<b>Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax Liability</b>	<b>299</b>	<b>338</b>	<b>338</b>	<b>338</b>
Provisions	8	-	-	-
Other Liabilities	23	20	-	-
Equity Share Capital	106	106	106	106
Reserves & Surplus	11,925	14,058	16,357	18,984
<b>Total Net Worth</b>	<b>12,032</b>	<b>14,164</b>	<b>16,464</b>	<b>19,090</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>13,963</b>	<b>16,078</b>	<b>18,755</b>	<b>21,976</b>

Source Company data, I-Sec research

### Exhibit 23: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
<b>Net Sales</b>	<b>2,381</b>	<b>2,408</b>	<b>2,637</b>	<b>2,429</b>
% growth (YOY)	31.5	23.7	15.9	8.4
EBITDA	897	985	1,048	999
Margin %	37.7	40.9	39.7	41.1
Other Income	111	52	124	134
Extraordinaries	0	0	0	0
<b>Adjusted Net Profit</b>	<b>587</b>	<b>656</b>	<b>741</b>	<b>701</b>

Source Company data, I-Sec research

### Exhibit 24: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Operating Cashflow</b>	<b>2,665</b>	<b>3,023</b>	<b>3,616</b>	<b>4,518</b>
Working Capital Changes	(295)	(885)	(802)	(1,171)
Capital Commitments	(2,323)	(1,420)	(2,998)	(1,100)
<b>Free Cashflow</b>	<b>48</b>	<b>719</b>	<b>(183)</b>	<b>2,248</b>
<b>Other investing cashflow</b>	<b>464</b>	<b>(98)</b>	<b>2,424</b>	<b>467</b>
Cashflow from Investing Activities	464	(98)	2,424	467
Issue of Share Capital	-	-	-	-
Interest Cost	(8)	(3)	(4)	(4)
Inc (Dec) in Borrowings	9	-	-	-
Dividend paid	(531)	(522)	(986)	(1,415)
Others	(2)	-	-	-
Cash flow from Financing Activities	(532)	(525)	(990)	(1,420)
<b>Chg. in Cash &amp; Bank balance</b>	<b>(20)</b>	<b>96</b>	<b>1,251</b>	<b>1,295</b>
Closing cash & balance	104	200	1,453	2,748

Source Company data, I-Sec research

### Exhibit 25: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	23.0	24.9	30.9	38.0
Adjusted EPS (Diluted)	23.0	24.9	30.9	38.0
Cash EPS	27.3	31.4	38.0	46.9
Dividend per share (DPS)	5.0	6.0	9.3	13.3
Book Value per share (BV)	113.2	133.3	154.9	179.6
Dividend Payout (%)	21.8	24.1	30.0	35.0
<b>Growth (%)</b>				
Net Sales	(15.4)	22.1	25.5	30.4
EBITDA	(17.4)	16.7	21.4	23.0
EPS (INR)	(17.3)	8.3	24.3	23.0
<b>Valuation Ratios (x)</b>				
P/E	62.9	58.1	46.7	38.0
P/CEPS	53.0	46.1	38.0	30.8
P/BV	12.8	10.8	9.3	8.0
EV / EBITDA	45.3	38.7	32.0	25.8
EV/SALES	19.0	15.5	12.4	9.4
Dividend Yield (%)	0.3	0.4	0.6	0.9
<b>Operating Ratios</b>				
Gross Profit Margins (%)	65.0	63.7	61.8	57.6
EBITDA Margins (%)	42.0	40.1	38.8	36.6
Effective Tax Rate (%)	25.3	25.9	24.9	23.9
Net Profit Margins (%)	30.8	27.4	27.1	25.5
NWC / Total Assets (%)	14.1	18.6	26.6	33.8
Net Debt / Equity (x)	(0.3)	(0.3)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.9)	(0.9)	(0.6)	(0.7)
<b>Profitability Ratios</b>				
RoCE (%)	19.3	18.0	19.4	20.8
RoE (%)	22.1	20.2	21.5	22.7
RoIC (%)	36.7	32.8	32.8	34.0
Fixed Asset Turnover (x)	1.0	1.0	1.0	1.2
Inventory Turnover Days	57.0	56.4	56.4	56.4
Receivables Days	75.5	76.8	76.8	76.8
Payables Days	50.0	37.3	37.3	37.3

Source Company data, I-Sec research

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