HOLD (Upgrade from REDUCE)

CMP: **INR 981** Target Price: **INR 930 (INR 1,330)** ▼ -5%

ICICI Securities

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07 November 2025

India | Equity Research | Results Update

Clean Science & Technology

Speciality Chemicals

Established products facing demand headwinds in near-term

Clean Science's (CST) performance was impacted from a dip in volumes owing to demand headwinds and a Chinese customer backward integrating. CST anticipates a muted Q3FY26 and a recovery emerging in Q4FY26 along with a rise in off-take for new products, including barbituric acid, performance chemical-1 and DHDT. The company is open to supporting its customers by cutting prices, and thereby, making them competitive against Chinese supplies in the end-market; it prioritises retaining leadership and market share. HALS performance has shown improvement with a consistent rise in volumes and improvement in gross profit margins. We cut our FY26–27E EPS by 16–19% and TP to INR 930 (vs. INR 1,330) with a FY27E P/E multiple of 30x (35x earlier). We upgrade to **HOLD** (from *Reduce*) and anticipate a recovery only in FY27.

Soft demand impacting growth

In Q2FY26, CST's revenue was up 2.7% YoY/0.7% QoQ to INR 2.4bn. Revenue in standalone dipped 7.3% YoY/3.9% QoQ to INR 2.1bn, and was impacted by lower sales in established products, while leadership products MEHQ/BHA revenue grew 5% QoQ/8% YoY. Standalone revenue was impacted on a YoY basis from pricing/volume dip of 2%/6%; and on a QoQ basis, it was down 3%/2%. The standalone revenue was impacted by one key product exported to China, where the buyer has either backward-integrated or is buying locally, which has impacted overall performance. Further, the uncertainty on demand also impacted off-take in western markets. CST anticipates that it may have to cut prices for its key products, if there is a drop in prices for key raw material (phenol); and probably, if needed, to support its customer to remain competitive compared to Chinese aggression. CST's focus is to protect its customers and own market share in leadership products.

CFCL's (subsidiary) revenue stood at INR 333mn, driven by progress in HALS; and it has seen an encouraging response for its new series (622/944/119), even in India. HALS' volumes have grown 25% QoQ, while subsidiary's revenue was up 45% QoQ due to better product mix, and sales of co-products. Export volumes have been growing well (India mix in HALS has dropped 75% vs. 83% in Q4FY25). CST's market share in HALS for India continues to improve now at ~50%, and it envisages higher off-take in exports with a larger product portfolio.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	9,666	11,084	14,022	17,053
EBITDA	3,876	3,987	4,774	5,711
EBITDA Margin (%)	40.1	36.0	34.0	33.5
Net Profit	2,644	2,746	3,271	4,063
EPS (INR)	24.9	25.8	30.8	38.2
EPS % Chg YoY	8.3	3.9	19.1	24.2
P/E (x)	39.4	38.0	31.9	25.7
EV/EBITDA (x)	26.0	25.4	21.0	17.4
RoCE (%)	18.0	16.1	17.0	18.9
RoE (%)	20.2	18.2	19.1	20.9

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Market Data

Market Cap (INR)	104bn
Market Cap (USD)	1,177mn
Bloomberg Code	CLEAN IN
Reuters Code	CLEA BO
52-week Range (INR)	1,600 /960
Free Float (%)	21.0
ADTV-3M (mn) (USD)	23.7

Price Performance (%)	3m	6m	12m
Absolute	(18.0)	(16.2)	(36.5)
Relative to Sensex	(21.5)	(19.5)	(40.1)

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	(8.7)	(11.4)
EBITDA	(15.3)	(17.5)
EPS	(16.4)	(19.1)

Previous Reports

18-07-2025: Q1FY26 results review

23-05-2025: Q4FY25 results review

Performance chemicals' revenue was up 13.1% YoY/3.4% QoQ to INR 1.9bn driven by HALS while established products saw a small decline. Pharmaceutical intermediates' revenue dropped 8.7% YoY/+0.7% QoQ to INR 391mn on volatility in guaiacol sales. FMCG chemicals' revenue declined 45% YoY/19.4% QoQ to INR 196mn.

China geography's revenue fell 2.5% YoY to INR 489mn due to an impact on FMCG product, for which a Chinese customer has backward integrated, resulting in loss of revenue for CST. India revenue grew 21.9% YoY to INR 905mn, and the company continues to benefit from higher sales of HALS. Europe revenue was up 1.9% YoY to INR 342mn. Americas revenue, at INR 489mn, dropped 13.1% YoY.

HALS progressing well with addition of new grades

CST continues to scale it HALS series portfolio, as volumes reached an average run-rate of 260te per month, up 25% QoQ, driven by good traction in customer validation and approvals. The company is broadening its HALS base by diversifying into more complex products and has commercialised HALS 2020. In Q2FY26, the company achieved 50% domestic market share with export mix advancing from 20% to 25% as shipments to US, Europe, and ME scale up. The capacity utilisation at HALS stood at 25% and material margins expanded to 35% (from 31%) on better product mix. The reported gross profit margin appears lower due to higher sale of finished inventory.

Update on new products

CST has commissioned a small capacity of 1ktpa of barbituric acid, which has application in manufacturing of yellow pigment. The plant is a refurbished erstwhile PBQ plant. The company would use the capacity to identify compatibility with potential pigment manufacturer, and assess potential replacement of Chinese procurement.

The company is currently undergoing trials for its performance chemical-1 project, with a capacity of 10ktpa and revenue potential of INR 3bn at current low prices. CST expects commercial sampling to initiate by Dec'25, with sales commencing in Q4FY26. India imports its entire requirement, and the product shall cater to import substitution demand. For the second performance chemical plant, water trials to begin in Apr'26 with commercial production to start by Jun'26.

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. The product is undergoing validation process with potential revenue starting from Q4FY26

EBITDA margin down 550bps QoQ to 35.6%

CST's gross profit margin is down 480bps QoQ to 60.7%, gross profit decreased 0.1% YoY/6.6% QoQ to INR 1.5bn. Gross profit margin was partly impacted from lower sale of legacy products QoQ. Employee expenses fell 2.8% YoY to INR 138mn while other expenses increased 6.4% YoY to INR 476mn. EBITDA was down 2.9% YoY/12.8% QoQ to INR 871mn. Depreciation cost was at INR 188mn, up 7.6% YoY/ 0.9% QoQ. Net profit decreased 5.6% YoY/20.9% QoQ to INR 554mn, owing to lower other income of INR 67mn, down 40% YoY on forex losses.

Other highlights

- CST has expanded capacities of its food-grade antioxidants other than BHA.
- CST expects a flattish Q3FY26, and recovery should show up from Q4FY26 coupled with increased off-take for new products.
- Peak utilisation for new plant assumed three years from commercialisation.

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	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
Revenue	2,381	2,408	2,637	2,429	2,446	0.7	2.7
COGS	895	879	958	839	961	14.6	7.4
Gross profit	**1,486**	**1,529**	**1,679**	**1,590**	**1,485**	**(6.6)**	**(0.1)**
GPM (%)	*62.4*	*63.5*	*63.7*	*65.5*	*60.7*		
Employee cost	142	141	150	152	138	(9.1)	(2.8)
% of revenue	*6.0*	*5.9*	*5.7*	*6.3*	*5.7*		
Other expenses	447	402	481	440	476	8.3	6.4
% of revenue	*18.8*	*16.7*	*18.2*	*18.1*	*19.5*		
Total expenses	**589**	**544**	**631**	**592**	**614**	**3.8**	**4.2**
EBITDA	**897**	**985**	**1,048**	**999**	**871**	**(12.8)**	**(2.9)**
EBITDA (%)	*37.7*	*40.9*	*39.7*	*41.1*	*35.6*		
Depreciation	175	183	174	187	188	0.9	7.6
EBIT	**722**	**802**	**873**	**812**	**683**	**(15.9)**	**(5.4)**
Other income	111	52	124	134	67	(50.3)	(39.7)
Finance cost	0	1	1	1	1		
PBT	**832**	**853**	**996**	**945**	**749**	**(20.8)**	**(10.0)**
Tax	245	196	255	245	194	(20.7)	(20.6)
ETR (%)	*29.4*	*23.0*	*25.6*	*25.9*	*26.0*		
Exceptional item	-	-	-	-	-		
Net profit	**587**	**656**	**741**	**701**	**554**	**(20.9)**	**(5.6)**
Net profit (%)	*24.7*	*27.3*	*28.1*	*28.8*	*22.7*		
EPS (INR)	5.5	6.2	7.0	6.6	5.2		

Source: I-Sec research, Company data

Exhibit 2: Clean Science standalone financials

INR mn	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
Revenue	2,281	2,316	2,454	2,199	2,113	(3.9)	(7.3)
COGS	823	816	889	704	716	1.6	(13.0)
Gross profit	**1,457**	**1,500**	**1,565**	**1,495**	**1,397**	**(6.5)**	**(4.1)**
GPM (%)	*63.9*	*64.8*	*63.8*	*68.0*	*66.1*		
Employee cost	124	123	131	130	117	(10.0)	(5.6)
% of revenue	*5.4*	*5.3*	*5.3*	*5.9*	*5.5*		
Other expenses	387	354	390	358	380	6.0	(1.9)
% of revenue	*17.0*	*15.3*	*15.9*	*16.3*	*18.0*		
Total expenses	**511**	**478**	**520**	**488**	**497**	**1.7**	**(2.8)**
EBITDA	**946**	**1,022**	**1,045**	**1,006**	**900**	**(10.5)**	**(4.8)**
EBITDA (%)	*41.5*	*44.1*	*42.6*	*45.8*	*42.6*		
Depreciation	112	112	109	111	112	0.4	(0.6)
EBIT	**834**	**910**	**936**	**895**	**789**	**(11.9)**	**(5.4)**
Other income	104	46	116	129	71	(45.1)	(31.6)
Finance cost	0	1	1	0	0		
PBT	**937**	**955**	**1,051**	**1,024**	**859**	**(16.1)**	**(8.3)**
Tax	263	214	265	258	213	(17.6)	(19.0)
ETR (%)	*31.6*	*25.1*	*26.6*	*27.3*	*28.4*		
Exceptional item	-	-	-	-	-		
Net profit	**674**	**741**	**786**	**766**	**646**	**(15.6)**	**(4.2)**
Net profit (%)	*29.6*	*32.0*	*32.0*	*34.8*	*30.6*		

Source: I-Sec research, Company data

Exhibit 3: Clean Science – consolidate minus standalone financials

INR mn	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
Revenue	101	93	183	230	333	45.0	230.4
COGS	72	64	69	134	245	82.7	241.4
Gross profit	**29**	**29**	**114**	**95**	**88**	**(8.0)**	**203.3**
GPM (%)	*28.7*	*31.3*	*62.1*	*41.6*	*26.4*		
Employee cost	18	18	20	22	21	(3.8)	16.6
% of revenue	*0.8*	*0.7*	*0.8*	*0.9*	*0.9*		
Other expenses	60	48	91	81	96	18.1	60.0
% of revenue	*2.5*	*2.0*	*3.4*	*3.3*	*3.9*		
Total expenses	**78**	**66**	**111**	**103**	**117**	**13.4**	**49.9**
EBITDA	**(49)**	**(37)**	**3**	**(8)**	**(29)**		
EBITDA (%)	*(49.0)*	*(40.0)*	*1.5*	*(3.5)*	*(8.9)*		
Depreciation	63	71	65	75	77	1.6	22.1
EBIT	**(112)**	**(108)**	**(62)**	**(83)**	**(106)**		
Other income	7	6	8	5	(4)		
Finance cost	0	0	1	0	0		
PBT	**(105)**	**(102)**	**(55)**	**(79)**	**(111)**		
Tax	(18)	(18)	(10)	(14)	(19)		
ETR (%)	*(2.2)*	*(2.1)*	*(1.0)*	*(1.4)*	*(2.5)*		
Exceptional item	-	-	-	-	-		
Net profit	**(87)**	**(85)**	**(45)**	**(65)**	**(92)**		
Net profit (%)	*(86.3)*	*(91.4)*	*(24.7)*	*(28.4)*	*(27.6)*		

Source: I-Sec research, Company data

Exhibit 4: Clean Science segmental performance

INR mn	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
Segment revenue							
Performance chemicals	1,643	1,662	1,819	1,797	1,859	3.4	13.1
Pharmaceutical intermediates	429	433	549	389	391	0.7	(8.7)
FMCG chemicals	356	267	269	243	196	(19.4)	(45.0)
Others	(46)	46	-	-	-		
Total	**2,381**	**2,408**	**2,637**	**2,429**	**2,446**	**0.7**	**2.7**
Mix (%)							
Performance chemicals	69.0	69.0	69.0	74.0	76.0		
Pharmaceutical intermediates	18.0	18.0	20.8	16.0	16.0		
FMCG chemicals	14.9	11.1	10.2	10.0	8.0		
Others	(1.9)	1.9	-	-	-		

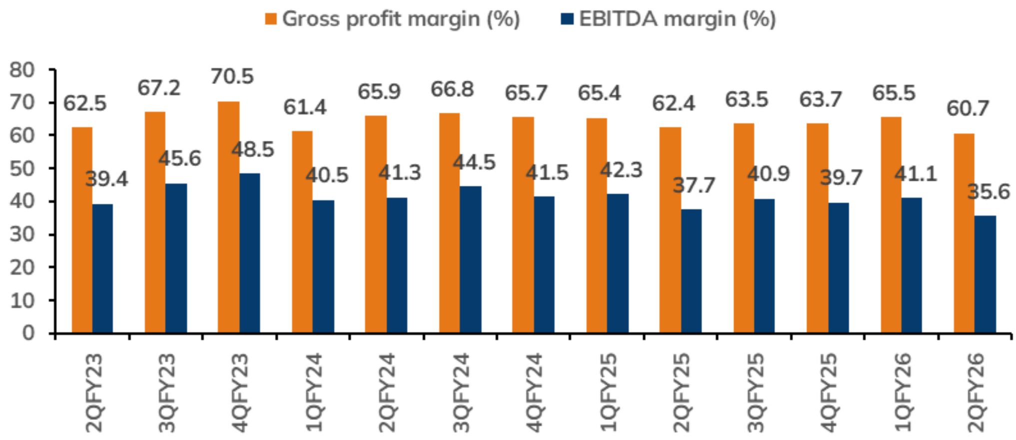
Source: I-Sec research, Company data

Exhibit 5: Clean Science geographical revenue breakdown

INR mn	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
Geographical revenue							
India	742	889	923	947	905	(4.4)	21.9
Export	1,639	1,519	1,714	1,482	1,541	4.0	(6.0)
Americas	*563*	*433*	*378*	*437*	*489*	*11.9*	*(13.1)*
Europe	*336*	*315*	*396*	*340*	*342*	*0.7*	*1.9*
China	*501*	*530*	*580*	*486*	*489*	*0.7*	*(2.5)*
ROW	*238*	*241*	*360*	*219*	*220*	*0.7*	*(7.6)*
Mix (%)							
India	31.2	36.9	35.0	39.0	37.0		
Export	68.8	63.1	65.0	61.0	63.0		
Americas	*23.6*	*18.0*	*14.3*	*18.0*	*20.0*		
Europe	*14.1*	*13.1*	*15.0*	*14.0*	*14.0*		
China	*21.1*	*22.0*	*22.0*	*20.0*	*20.0*		
ROW	*10.0*	*10.0*	*13.7*	*9.0*	*9.0*		

Source: I-Sec research, Company data

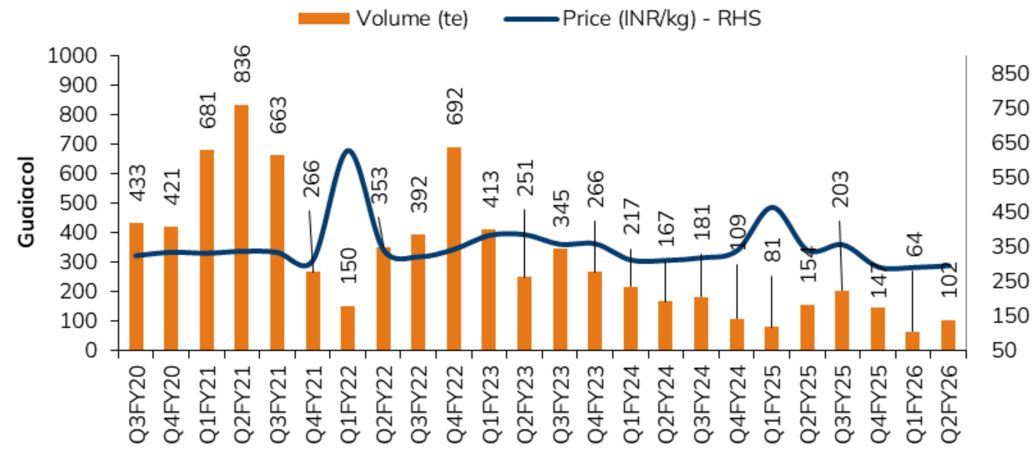
Exhibit 6: Gross profit and EBITDA margin trends



Source: I-Sec research, Company data

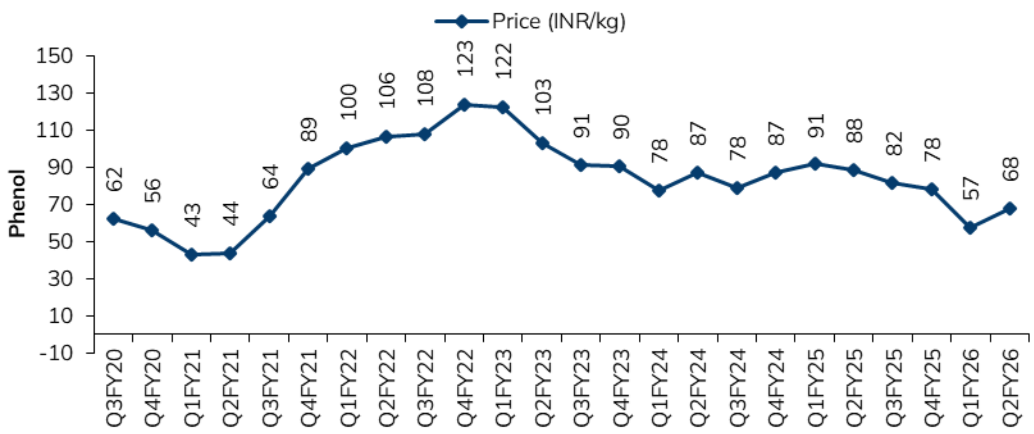
Exim Data

Exhibit 7: Guaiacol export prices down 13.2% YoY



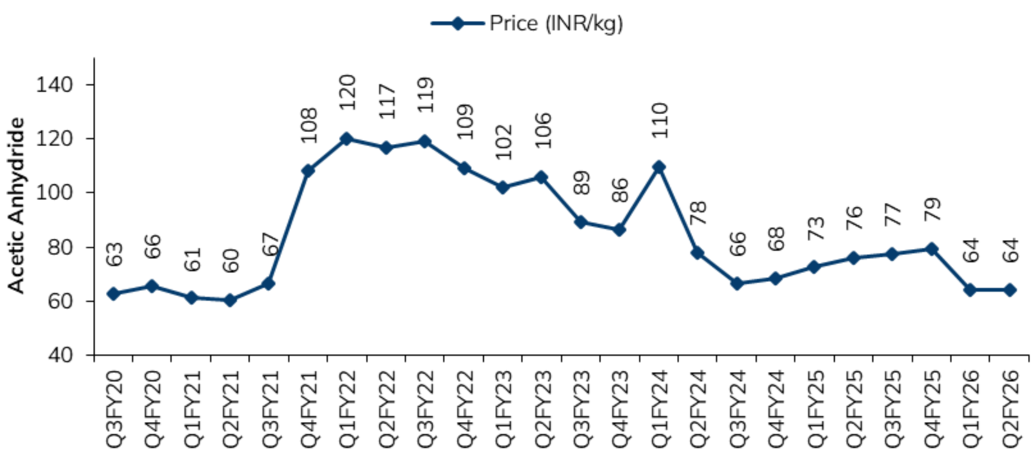
Source: I-Sec research, Company data; Note: Q2FY26-TD numbers include data for only Jul'25 & Aug'25

Exhibit 8: Phenol (raw material) prices down 22.9% YoY



Source: I-Sec research, Company data; Note: Q2FY26-TD numbers include data for only Jul'25 & Aug'25

Exhibit 9: Acetic anhydride (raw material) prices dipped 15.9% YoY



Source: I-Sec research, Company data; Note: Q2FY26-TD numbers include data for only Jul'25 & Aug'25

Exhibit 10: Earnings revision

INR mn	Revised		Earlier		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	11,084	14,022	12,135	15,829	(8.7)	(11.4)
Gross profit	6,784	8,098	7,502	9,111	(9.6)	(11.1)
GPM (%)	*61.2*	*57.8*	*61.8*	*57.6*		
EBITDA	**3,987**	**4,774**	**4,705**	**5,786**	**(15.3)**	**(17.5)**
EBITDA (%)	*36.0*	*34.0*	*38.8*	*36.6*		
PAT	2,746	3,271	3,286	4,042	(16.4)	(19.1)
EPS (INR)	**25.9**	**30.8**	**30.9**	**38.1**	**(16.4)**	**(19.1)**

Source: I-Sec research, Company data

Financials

Exhibit 11: Clean Science's segmental revenue

INR mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
Segmental revenue								
Performance chemicals	4,720	6,507	5,174	6,536	7,761	9,989	12,359	23.7
Pharmaceutical intermediates	1,136	1,609	1,471	1,689	1,904	2,434	2,924	20.1
FMCG chemicals	808	1,012	1,021	1,084	1,036	1,186	1,324	6.9
Others	184	230	249	357	384	413	445	7.7
Total	**6,849**	**9,358**	**7,915**	**9,666**	**11,084**	**14,022**	**17,053**	**20.8**

Source: I-Sec research, Company data

Exhibit 12: Clean Science's consolidated financials

INR mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
Financial								
Revenue	6,849	9,358	7,915	9,666	11,084	14,022	17,053	20.8
COGS	2,247	3,260	2,771	3,507	4,300	5,923	7,700	
Gross profit	**4,602**	**6,098**	**5,144**	**6,159**	**6,784**	**8,098**	**9,353**	**14.9**
GMP (%)	*67.2*	*65.2*	*65.0*	*63.7*	*61.2*	*57.8*	*54.8*	
Growth (%)	*18.4*	*32.5*	*(15.7)*	*19.7*	*10.1*	*19.4*	*15.5*	
Employee cost	345	452	487	564	648	746	805	12.6
% of revenue	*5.0*	*4.8*	*6.2*	*5.8*	*5.9*	*5.3*	*4.7*	
Other expenses	1,258	1,625	1,337	1,719	2,149	2,579	2,837	18.2
% of revenue	*18.4*	*17.4*	*16.9*	*17.8*	*19.4*	*18.4*	*16.6*	
Total expenses	1,603	2,077	1,823	2,283	2,798	3,325	3,642	16.8
EBITDA	**2,999**	**4,021**	**3,321**	**3,876**	**3,987**	**4,774**	**5,711**	**13.8**
EBITDA (%)	*43.8*	*43.0*	*42.0*	*40.1*	*36.0*	*34.0*	*33.5*	
Growth (%)	*15.8*	*34.1*	*(17.4)*	*16.7*	*2.8*	*19.7*	*19.6*	
D&A	249	361	459	691	751	939	952	11.3
EBIT	**2,750**	**3,660**	**2,861**	**3,186**	**3,235**	**3,835**	**4,758**	**14.3**
Growth (%)	*13.7*	*33.1*	*(21.8)*	*11.3*	*1.6*	*18.5*	*24.1*	
Other income	300	298	413	386	424	467	514	10.0
Finance cost	1	2	9	4	4	4	4	
PBT	**3,048**	**3,956**	**3,265**	**3,567**	**3,656**	**4,298**	**5,268**	**13.9**
Growth (%)	*14.0*	*29.8*	*(17.5)*	*9.3*	*2.5*	*17.6*	*22.6*	
Tax expenses	763	1,005	825	923	910	1,026	1,205	9.3
ETR (%)	*25.0*	*25.4*	*25.3*	*25.9*	*24.9*	*23.9*	*22.9*	
PAT	**2,285**	**2,952**	**2,440**	**2,644**	**2,746**	**3,271**	**4,063**	**15.4**
Growth (%)	*15.2*	*29.2*	*(17.3)*	*8.4*	*3.9*	*19.1*	*24.2*	
EPS (INR)	**21.5**	**27.8**	**23.0**	**24.9**	**25.9**	**30.8**	**38.2**	**15.4**

Source: I-Sec research, Company data

Exhibit 13: Balance sheet parameters

INR mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
Capital productivity								
Gross block	**3,919**	**5,574**	**7,786**	**9,260**	**12,260**	**13,360**	**14,570**	**16.3**
Revenue/GB (x)	*1.75*	*1.68*	*1.02*	*1.04*	*0.90*	*1.05*	*1.17*	
EBITDA/GB (x)	*0.77*	*0.72*	*0.43*	*0.42*	*0.33*	*0.36*	*0.39*	
Capex	**1,397**	**1,834**	**2,323**	**1,420**	**2,998**	**1,100**	**1,210**	
Intensity (% of revenue)	*20.4*	*19.6*	*29.3*	*14.7*	*27.0*	*7.8*	*7.1*	
D&A/capex (x)	*0.2*	*0.2*	*0.2*	*0.5*	*0.3*	*0.9*	*0.8*	
Capital employed	7,688	10,101	12,032	14,164	16,086	18,212	20,649	13.4
pre-tax ROCE (%)	42.0	41.2	25.9	24.3	21.4	22.4	24.5	
Leverage								
Net debt	(2,655)	(3,401)	(3,130)	(3,643)	(2,849)	(3,883)	(5,101)	
ND/EBITDA (x)	*(0.9)*	*(0.8)*	*(0.9)*	*(0.9)*	*(0.7)*	*(0.8)*	*(0.9)*	
Cash conversion								
Inventory days	47	42	57	56	56	56	56	
Debtor days	82	57	76	77	77	77	77	
Creditor days	54	31	50	37	37	37	37	
Cash conversion	**74**	**68**	**83**	**96**	**96**	**96**	**96**	
WC as % of revenue	*20.4*	*18.6*	*22.6*	*26.3*	*26.3*	*26.3*	*26.3*	

Source: I-Sec research, Company data

Exhibit 14: Clean Science's capex trend

INR mn	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%) FY25-28E
Ops CF (after tax & lease)	2,482	3,222	2,664	3,023	3,077	3,747	4,505	14.2
% of EBITDA	*82.8*	*80.1*	*80.2*	*78.0*	*77.2*	*78.5*	*78.9*	
Chg of WC	(1,210)	(428)	(295)	(885)	(469)	(931)	(960)	
CFO	**1,272**	**2,794**	**2,369**	**2,138**	**2,608**	**2,817**	**3,545**	**18.4**
% of revenue	*18.6*	*29.9*	*29.9*	*22.1*	*23.5*	*20.1*	*20.8*	
Capex (incl acquisition)	(1,397)	(1,834)	(2,323)	(1,420)	(2,998)	(1,100)	(1,210)	
FCF	**(124)**	**960**	**46**	**719**	**(390)**	**1,717**	**2,335**	
% of revenue	*(1.8)*	*10.3*	*0.6*	*7.4*	*(3.5)*	*12.2*	*13.7*	
Finance cost	30	61	29	17	424	467	514	
FCFE	**(94)**	**1,021**	**75**	**736**	**35**	**2,183**	**2,848**	

Source: I-Sec research, Company data

ICICI Securities

Peer Comparison

Exhibit 15: Specialty chemicals coverage valuation snapshot

INR mn	CMP (INR)	Mcap (INR bn)	Revenue (INR mn)			CAGR (%) FY25-27E	EPS (INR)			CAGR (%) FY25-27E
			FY25A	FY26E	FY27E		FY25A	FY26E	FY27E	
SRF	2,899	859	1,46,931	1,62,195	1,82,972	12%	42.2	70.2	82.3	40%
Navin Fluorine	6,081	302	23,494	31,534	37,888	27%	58.2	115.2	143.1	57%
Gujarat Fluoro	3,647	401	47,370	62,363	72,362	24%	49.7	89.6	100.9	42%
Atul Ltd	5,761	170	55,834	67,380	75,774	16%	164.3	216.4	263.8	27%
Deepak Nitrite	1,733	236	82,819	90,077	1,01,761	11%	51.1	56.4	65.1	13%
Chemplast	373	59	43,461	56,143	58,236	16%	(7.0)	(2.2)	12.7	
Galaxy	2,255	80	42,237	53,012	50,903	10%	86.0	97.8	115.9	16%
Rossari	640	35	20,803	24,030	28,059	16%	24.6	28.4	37.9	24%
EPL	196	63	42,133	46,471	51,365	10%	11.2	13.9	16.0	20%
Tatva Chintan	1,453	34	3,827	5,221	6,549	31%	2.4	23.7	35.5	282%
Clean Science	981	104	9,666	11,084	14,022	20%	24.9	25.9	30.8	11%
BlueJet Healthcare	562	97	10,300	11,280	13,547	15%	17.6	17.4	20.5	8%
Archean Chemical	649	80	10,410	16,101	18,669	34%	13.1	30.7	40.2	75%
PCBL	355	134	84,043	86,307	92,973	5%	11.5	9.1	17.0	22%
Himadri	456	225	46,126	55,990	69,027	22%	11.3	14.3	16.5	21%
Median						**16%**				**24%**

Source: I-Sec research, Company data

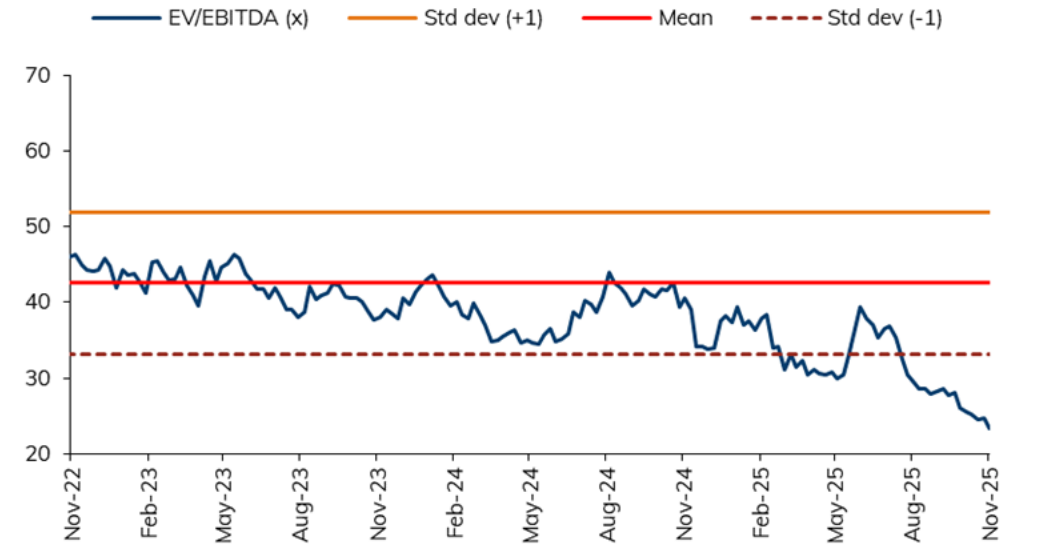
Exhibit 16: Specialty chemicals coverage valuation snapshot

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	41.3	35.2	23.5	20.4	16.7	17.4	0.8	0.8	27,516	26,754
Navin Fluorine	52.8	42.5	32.6	27.0	18.5	20.2	0.8	0.9	5,000	5,250
Gujarat Fluoro	40.7	36.2	23.4	20.1	14.1	14.3	0.8	0.9	15,190	7,595
Atul Ltd	26.6	21.8	14.1	11.6	13.2	14.7	1.4	1.5	3,000	2,700
Deepak Nitrite	30.7	26.6	20.4	19.9	13.5	11.7	2.3	2.4	18,061	33,214
Chemplast	(168.4)	29.3	20.8	11.3	3.6	10.6	1.2	1.1	2,800	2,940
Galaxy	23.1	19.5	14.0	11.6	15.5	16.6	2.8	2.5	1,500	1,650
Rossari	22.6	16.9	12.4	9.9	15.3	17.8	2.3	2.4	2,570	953
EPL	14.1	12.2	6.8	5.9	19.4	20.6	1.0	1.0	3,800	3,500
Tatva Chintan	61.3	40.9	33.9	24.0	7.9	10.2	0.8	0.8	1,121	1,534
Clean Science	38.0	31.9	25.4	21.0	21.4	22.4	0.9	1.0	2,998	1,100
BlueJet Healthcare	32.2	27.4	24.3	20.3	29.1	29.8	2.0	2.0	2,000	1,000
Archean Chemical	21.1	16.1	13.9	10.3	21.3	23.9	0.9	1.0	1,000	1,100
PCBL	39.1	20.8	14.6	11.0	9.5	13.3	1.7	1.6	6,000	7,000
Himadri	31.9	27.7	22.8	19.9	20.8	20.5	2.0	1.7	5,500	11,500
Median	**31.3**	**27.0**	**20.6**	**16.6**	**16.1**	**17.6**	**1.3**	**1.3**		

Source: I-Sec research, Company data

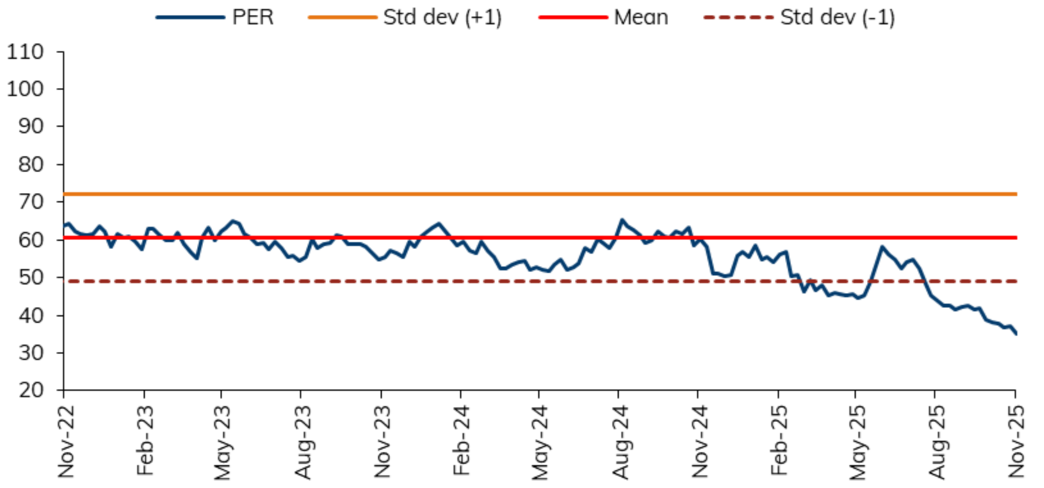
Band Charts

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



Source: I-Sec research, Bloomberg

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



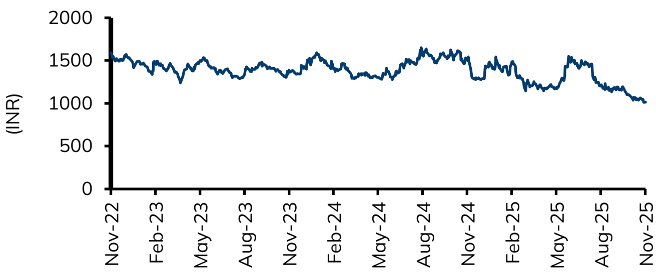
Source: I-Sec research, Bloomberg

Exhibit 19: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	75.0	75.0	51.0
Institutional investors	11.8	12.2	30.1
MFs and others	4.5	4.6	12.5
FIs/Banks	0.0	0.0	0.0
Insurance	1.0	1.1	4.3
FIIs	6.3	6.5	13.3
Others	13.2	12.8	18.9

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)

	FY25A	FY26E	FY27E	FY28E
Net Sales	9,666	11,084	14,022	17,053
Operating Expenses	**5,790**	**7,098**	**9,248**	**11,342**
EBITDA	3,876	3,987	4,774	5,711
EBITDA Margin (%)	**40.1**	**36.0**	**34.0**	**33.5**
Depreciation & Amortization	691	751	939	952
EBIT	3,186	3,235	3,835	4,758
Interest expenditure	4	4	4	4
Other Non-operating Income	386	424	467	514
Recurring PBT	3,567	3,656	4,298	5,268
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	**923**	**910**	**1,026**	**1,205**
PAT	2,644	2,746	3,271	4,063
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	2,644	2,746	3,271	4,063
Net Income (Adjusted)	**2,644**	**2,746**	**3,271**	**4,063**

Source Company data, I-Sec research

Exhibit 22: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	4,549	6,404	8,805	11,432
of which cash & cash eqv.	201	1,407	2,441	3,660
Total Current Liabilities & Provisions	1,556	1,784	2,256	2,744
Net Current Assets	**2,993**	**4,620**	**6,548**	**8,688**
Investments	3,809	1,809	1,809	1,809
Net Fixed Assets	7,087	9,334	9,495	9,753
ROU Assets	360	360	360	360
Capital Work-in-Progress	302	300	300	300
Total Intangible Assets	-	-	-	-
Other assets	238	261	288	316
Deferred Tax Assets	-	-	-	-
Total Assets	**16,078**	**18,208**	**20,807**	**23,731**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**338**	**338**	**338**	**338**
Provisions	-	-	-	-
Other Liabilities	20	-	-	-
Equity Share Capital	106	106	106	106
Reserves & Surplus	14,058	15,980	18,106	20,542
Total Net Worth	**14,164**	**16,086**	**18,212**	**20,649**
Minority Interest	-	-	-	-
Total Liabilities	**16,078**	**18,208**	**20,807**	**23,731**

Source Company data, I-Sec research

Exhibit 23: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
Net Sales	2,408	2,637	2,429	2,446
% growth (YOY)	23.7	15.9	8.4	2.7
EBITDA	985	1,048	999	871
Margin %	40.9	39.7	41.1	35.6
Other Income	52	124	134	67
Extraordinaries	0	0	0	0
Adjusted Net Profit	656	741	701	554

Source Company data, I-Sec research

Exhibit 24: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**3,023**	**3,077**	**3,747**	**4,505**
Working Capital Changes	(885)	(469)	(931)	(960)
Capital Commitments	(1,420)	(2,998)	(1,100)	(1,210)
Free Cashflow	**719**	**(390)**	**1,717**	**2,335**
Other investing cashflow	**(98)**	**2,424**	**467**	**514**
Cashflow from Investing Activities	(98)	2,424	467	514
Issue of Share Capital	9	-	-	-
Interest Cost	(3)	(4)	(4)	(4)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(531)	(824)	(1,146)	(1,626)
Others	-	-	-	-
Cash flow from Financing Activities	(525)	(828)	(1,150)	(1,630)
Chg. in Cash & Bank balance	**96**	**1,206**	**1,034**	**1,218**
Closing cash & balance	200	1,408	2,442	3,661

Source Company data, I-Sec research

Exhibit 25: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	24.9	25.8	30.8	38.2
Adjusted EPS (Diluted)	24.9	25.8	30.8	38.2
Cash EPS	31.4	32.9	39.6	47.2
Dividend per share (DPS)	6.0	7.8	10.8	15.3
Book Value per share (BV)	133.3	151.4	171.4	194.3
Dividend Payout (%)	24.1	30.0	35.0	40.0
Growth (%)				
Net Sales	22.1	14.7	26.5	21.6
EBITDA	16.7	2.8	19.7	19.6
EPS (INR)	8.3	3.9	19.1	24.2
Valuation Ratios (x)				
P/E	39.4	38.0	31.9	25.7
P/CEPS	31.3	29.8	24.8	20.8
P/BV	7.4	6.5	5.7	5.0
EV / EBITDA	26.0	25.4	21.0	17.4
EV/SALES	10.4	9.2	7.2	5.8
Dividend Yield (%)	0.6	0.8	1.1	1.6
Operating Ratios				
Gross Profit Margins (%)	63.7	61.2	57.8	54.8
EBITDA Margins (%)	40.1	36.0	34.0	33.5
Effective Tax Rate (%)	25.9	24.9	23.9	22.9
Net Profit Margins (%)	27.4	24.8	23.3	23.8
NWC / Total Assets (%)	18.6	25.4	31.5	36.6
Net Debt / Equity (x)	(0.3)	(0.2)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.9)	(0.7)	(0.8)	(0.9)
Profitability Ratios				
RoCE (%)	18.0	16.1	17.0	18.9
RoE (%)	20.2	18.2	19.1	20.9
RoIC (%)	32.8	27.2	27.8	31.9
Fixed Asset Turnover (x)	1.0	0.9	1.0	1.2
Inventory Turnover Days	56.4	56.4	56.4	56.4
Receivables Days	76.8	76.8	76.8	76.8
Payables Days	37.3	37.3	37.3	37.3

Source Company data, I-Sec research

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