

Issue Details

Issue Size	Rs. 1546.62 Crore	Price Band:	Rs.880 – Rs.900
IPO Date:	07 th July 2021 to 09 th July 2021	Offer Ratio:	QIB: 50%, NII: 15%, Retail: 35%
Bid Lot:	16 Equity Shares and in multiples thereof		

Company Profile

Clean Science & Technology Limited company manufacture functionally critical specialty chemicals such as Performance Chemicals (MEHQ, BHA and AP), Pharmaceutical Intermediates (i.e. Guaiacol and DCC) and FMCG Chemicals (i.e. 4-MAP and Anisole). Within 17 years of incorporation, the company has grown to be the largest manufacturer globally of MEHQ, BHA, Anisole and 4-MAP, in terms of manufacturing capacities as of March 31, 2021 (Source: F&S Report). The company is among the few companies globally focused entirely on developing newer technologies using in-house catalytic processes, which are eco-friendly and cost competitive (Source: F&S Report).

The company's name was changed to 'Clean Science and Technology Private Limited' in 2006, to reflect their vision of focusing on sustainable chemistry led by innovative technology and lower effluents. The company's continued focus on product identification, process innovation, catalyst development, significant scale of operations as well as its measures towards strategic backward integration have all contributed to its success as one of the fastest growing and among the most profitable specialty chemical companies globally (Source: F&S Report). The company's products are used as key starting level materials, as inhibitors, or as additives, by customers, for products sold in regulated markets. Key customers include Bayer AG, SRF Limited, Gennex Laboratories Limited, Nutriad International NV and Vinati Organics Limited.

The company has two certified production facilities in India strategically located at Kurkumbh (Maharashtra), in close proximity to the JNPT port from where they export majority of their products. Each facility has an on-site R&D unit, quality control department, warehouse, and effluent treatment system that treats effluent, to make the company's facilities zero liquid discharge facilities. The Company has grown organically, and its revenues and profitability have consistently increased, to emerge as one of the most profitable specialty chemical companies globally. The company's promoters Ashok Ramnarayan Boob, Siddhartha Ashok Sikchi, both alumni of the Institute of Chemical Technology, Krishnakumar Ramnarayan Boob, and Parth Ashok Maheshwari, are all career-technocrats with a combined experience of over 60 years in the chemicals industry, and we benefit from their collective vision, experience and technical understanding.

Competitive Strengths

- Track record of strategic process innovation through consistent R&D initiatives
- Among the largest producers globally of functionally critical specialty chemicals used across various industries and geographies resulting in a de-risked business model
- Experienced Promoters and senior management with extensive domain knowledge
- Strong and long-standing relationships with key customers
- Automated manufacturing facilities with proven design and commercialization capabilities and strong focus on EHS
- Strong and consistent financial performance

Object of the Offer

The company will not receive any proceeds from the offer and all the offer proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer

Financials (Restated Consolidated)

(₹ In Millions)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Equity Share Capital	106.22	13.28	14.16
Reserves	5,290.45	3,407.69	2,706.41
Net Worth	5,396.67	3,420.97	2,720.57
Total Borrowings (pg 15)	3.31	26.90	25.96
Revenue from Operations	5,124.28	4,193.00	3,932.70
EBITDA (pg 129)	2,845.97	1,961.51	1,476.02
Profit Before Tax	2,673.01	1,823.16	1,365.36
Net Profit for the year	1,983.80	1,396.31	976.58

Comparison with peers

Company	FV/Share (₹)	EPS	RONW (%)	NAV (₹ per share)	P/E (times)
Clean Science and Technology Limited	1	18.68	36.76	50.81	-
Listed Peers					
Vinati Organics Limited	1	26.20	17.45	150.16	68.43
Fine Organics Industries Limited	5	39.25	16.45	238.57	75.93
Atul Limited	10	221.17	17.11	1,303.66	40.01
Camlin Fine Sciences Limited	1	4.13	9.16	55.93	47.65
SRF Limited	10	205.54	17.47	1,157.30	34.37
Navin Flourine International Limited	2	52.03	15.76	330.06	64.43
PI Industries Limited	1	49.92	13.82	352.13	56.83

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports as available of the respective company for the year ended March 31, 2021 submitted to stock exchanges.

Financial Information for Clean Science and Technology Limited is derived from the restated financial information for the year ended March 31, 2021

Notes:

1. P/E Ratio has been computed based on the closing market price of equity shares on NSE on June 11, 2021, divided by the Diluted EPS
2. Return on Net Worth (%) = Net Profit after Tax divided by Net worth for the year/period. Net worth represents the equity share capital, other equity and non-controlling interest (if any)
3. NAV is computed as the net worth divided by the outstanding number of equity shares

Key Risk Factors

- There are outstanding litigation proceedings against the Company and Directors. Any adverse outcome in such proceedings may have an adverse outcome on their reputation, business, financial condition, results of operations and cash flows.
- The company has certain capital commitments that have not been provided for in the company's financial statements, which if they materialise, may adversely affect their financial condition.
- Some of the company's Directors and Promoters may have interest in entities, which are in businesses similar to the company and this may result in conflict of interest with them.
- The company's group companies have incurred losses in the last three Financial Years.
- A significant proportion of the company's revenues are derived from sale of MEHQ and any reduction in the demand for MEHQ could have an adverse effect on their business, results of operations and financial condition.
- The company derive a significant portion of their revenues from operations from a limited number of markets and any adverse developments in these markets could adversely affect their business.
- The company is subject to strict quality requirements, regular inspections and audits by entities such as the USFDA and Bureau Veritas, and the success and wide acceptability of their products is largely dependent upon

their quality controls and standards. Any failure to comply with quality standards may adversely affect their business prospects and financial performance, including cancellation of existing and future orders which may expose them to warranty claims.

- Exchange rate fluctuations may adversely affect the company's results of operations as their sales from exports and a significant portion of their expenditures are denominated in foreign currencies.
- Restriction on import of raw materials and an increase in shipment cost may adversely impact the company's business and results of operations.
- The continuing impact of the COVID-19 pandemic on the company's business and operations is uncertain and it may be significant and continue to have an adverse effect on their business, operations and future financial performance.
- The company is dependent on third party transportation providers for the supply of raw materials and delivery of their products.
- The company is dependent on the company's Promoters, Directors, a number of Key Managerial Personnel and persons with technical expertise and the loss of or their inability to attract or retain such persons could adversely affect its business, results of operations and financial condition.
- The company in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.
- After the completion of the Offer, the company's Promoters along with the Promoter Group will continue to collectively hold substantial shareholding in the Company.
- The company's ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.
- The company will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.
- The company has issued Equity Shares at prices that may be lower than the Offer Price in the last 12 months.

(Please read carefully the Risk Factors given in detail in section II (page 20 onwards) in RHP)

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