

July 05, 2021

IPO NOTE

ISSUE DETAILS

Price Band: ₹ 880 to ₹ 900
Issue Opens on: July 07, 2021
Issue Closes on: July 09, 2021
Lot Size: 16 Shares & in Multiples thereafter

ISSUE HIGHLIGHTS

Issue Size :	₹ 1,546.62 Cr.
No of Shares :	17,184,682
Face Value :	₹ 1

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	1,546.62
Total	1,546.62

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	773.31
HNI	15	231.99
Retail	35	541.32
Total	100	1,546.62

* 60% Shares of the QIB Portion to Anchor Investors

Listing

BSE & NSE

Lead Managers

- AXIS Capital Ltd.
- JM Financial Ltd.
- Kotak Mahindra Capital

Registrar

Link Intime India Private Limited

ANALYST

Krishna Rana

krishna.rana@sushilfinance.com
+91 22 4093 6081

SALES

Manan Divan

manan.divan@sushilfinance.com
+91 22 4093 6091 / +919819819979

COMPANY OVERVIEW

Clean Science & Technology Ltd. (CSTL) is among the few companies globally focused entirely on developing newer technologies using in-house catalytic processes, which are eco-friendly and cost competitive. This has enabled the company to emerge as the largest manufacturer globally of certain specialty chemicals in terms of installed manufacturing capacities as of FY21. It manufactures functionally critical specialty chemicals such as Performance Chemicals (MEHQ, BHA, and AP), Pharmaceutical Intermediates (Guaiacol and DCC), and FMCG Chemicals (4-MAP and Anisole).

Their specialty chemicals have a wide range of applications that cater to a diverse base of customers across industries. Their customers include manufacturers and distributors in India as well as in international markets including China, Europe, the USA, Taiwan, Korea, and Japan. The company has two production facilities at Kurkumbh (Maharashtra) with an aggregated installed production capacity of 29,900 MTPA as of FY21.

CSTL'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 Ltd, Gennex Laboratories Ltd, Nutriad International NV and Vinati Organics Ltd.

HIGHLIGHTS

1. Track record of strategic process innovation through consistent R&D initiatives
2. It is among the largest producers globally of functionally critical specialty chemicals
3. Strong and long-standing relationships with key customers
4. Automated manufacturing facilities with proven design and commercialization capabilities
5. International presence with export to several countries i.e. China, USA, Korea, Japan, Taiwan, etc.

Objects of the issue

1. To carry out offer for sale of equity shares aggregating to Rs. 1,546.62 million
 3. Achieve the benefits of listing the Equity Shares on the Stock Exchanges.
- Company shall not receive any proceeds from offer for sale

OUR VIEW

Clean Science & Technology Ltd. is the largest manufacturer globally of specialty chemical products. The company's each manufacturing facilities are zero liquid discharge and has an on-site R&D unit, quality control department, warehouse, and effluent treatment system. The company has automated manufacturing facilities with proven design and commercialization capabilities and strong focus on EHS (Environment, Health & Safety).

The company is one of the fastest growing and among the most profitable specialty companies globally. Company has grown organically, and its revenues and profitability have consistently increased. Revenue from operations grew at a CAGR of 14.15% EBITDA grew at 38.9% and PAT grew at 42.5% over FY19 to FY21. ROE and ROCE for FY21 stood at 36.68% and 73.9% respectively. Its asset turnover ratio is among the highest in the chemical industry i.e. 2.8x. Company has paid consistent dividend since FY2012. Also it's a debt free company. At upper price band the issue is priced at a P/BV of 17.71 based on its NAV of Rs. 50.81 as on FY21, and P/E of around 48 based on FY21 earnings.

Being leader in the industry with strong brand presence and profit metrics compared to listed peers, the issue is reasonably priced. We recommend investors to invest for long term horizon.

Brief Financials

PARTICULARS	₹ in Million		
	FY '21	FY '20	FY'19
Total Income	5,380.71	4,301.65	4,045.63
Total Expenditure	2,707.70	2,478.49	2,680.27
Profit before Tax	2,673.01	1,823.16	1,365.36
Profit after Tax	1,983.80	1,396.31	976.58
E.P.S. [diluted (Rs.)]	18.68	13.15	9.19
P/E (x)	48.18		
RONW (%)	35.90	40.82	36.76

PRICE CHART (@ ₹ 900)

LOT SIZE	Amount
16	14,400
32	28,800
48	43,200
64	57,600
80	72,000
96	86,400
112	100,800
128	115,200
144	129,600
160	144,000
176	158,400
192	172,800
208	187,200

Please go through the RHP for salient features.

(https://www.sebi.gov.in/filings/public-issues/jul-2021/clean-science-and-technology-ltd-_50870.html)

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	14/07/2021
Initiation of refunds/unblocking ASBA Fund	15/07/2021
Credit of Equity Shares to demat accounts of Allottees	16/07/2021
Commencement of trading of the Equity Shares on the Stock Exchanges	19/07/2021

Disclaimer

This report has been furnished to you for your general information only & should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent & is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views &/or opinions & should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. Investors are advised to seek independent professional advice & arrive at an informed trading/investment decision before executing any trades or making any investments.

The price & value of the investments referred to in this material & the income from them may go down as well as up, & investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data & other sources believed by us to be reliable. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy & reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc. whatsoever from the information/opinions/views contained in this Report & investors are requested to use the information contained at their risk. We do not undertake to advise you as to any change of our views expressed in this Report.

Sushil Financial Services Private Limited (SFSP) & its connected companies, & their respective Directors, Officers & employees or their relative, may have a long or short position in the subject companies mentioned in the report & it may not be construed as potential conflict of interest with respect to any recommendation & related information & opinions. Reports based on technical & derivative analysis center on studying charts company's price movement, outstanding positions & trading volume, as opposed to focusing on a company's fundamentals &, as such, may not match with a report on a company's fundamental analysis.

SFSP has different business segments/Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc. & therefore may at times have different contrary views on stocks sector & markets. Research Report may differ between SFSP's RAs on account of differences in research methodology, personal judgment & difference in time horizons for which recommendations are made. User should keep this risk in mind & not hold - SFSP, its employees & associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSP or its affiliates or employees are under no obligation to update the information. SFSP or its affiliates or employees shall not be in any way responsible & liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. SFSP or its affiliates &/or its employees may have financial interest in the subject companies. SFSP or its affiliates &/or employees may have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report.

SFSP or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSP/its Associates/ Research Analyst/ his Relatives may have any other material conflict of interest at the time of publication of the research report.

SFSP/its Associates/ Research Analyst/ his Relatives have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

SFSP SEBI Research Analyst (RA) No: INH000000867