

# ROSSARI BIOTECH LIMITED

## Issue highlights

- Incorporated on March 6, 2003, Rossari Biotech Limited ("Rossari Biotech") is one of the leading specialty chemicals manufacturing companies in India catering to various customers' needs across FMCG, Apparel, Poultry and Animal Feed industries through its diversified product portfolio comprising Home, Personal Care and Performance Chemicals; Textile Specialty Chemicals; and Animal Health and Nutrition Products.
- Company's business is organized in 3 main product categories – (i) Home, Personal Care and Performance Chemicals; (ii) Textile Specialty Chemicals; and (iii) Animal Health and Nutrition Products. As on May 31, 2020, it had a range of 2,030 different products sold across these categories.
- Rossari Biotech operates in India as well as in 17 foreign countries including Vietnam, Bangladesh and Mauritius.
- As on September 30, 2019, Rossari Biotech is the largest manufacturer of textile specialty chemicals in India providing textile specialty chemicals in a sustainable, eco-friendly yet competitive manner.
- Rossari Biotech manufactures majority of its products in-house from their manufacturing facility at Silvassa and currently setting up another manufacturing facility at Dahej in Gujarat with a proposed installed capacity of 132,500 MTPA.
- It has 2 R&D facilities– one within the Silvassa Manufacturing Facility and second in Mumbai.
- Rossari Biotech has pan-India distribution network through 204 distributors and 17 countries through 29 distributors.

## Brief Financial Details\*

(₹ In Cr)

Particulars	As at March 31,		
	2020	2019	2018#
Equity Share Capital	10.15	4.40	4.40
Reserves as stated	276.53	119.41	82.68
Net worth as stated	286.68	123.81	87.08
Long Term Borrowings	33.96	0.67	1.29
Short Term Borrowings	27.05	3.27	18.83
Revenue from Operations	600.09	516.22	299.06
Revenue Growth (%)	16.25%	72.61%	15.29%
EBITDA as stated	104.53	77.63	42.63
EBITDA (%) as stated	17.42%	15.04%	14.26%
Profit Before Tax	87.84	63.39	37.47
Net Profit for the year	65.25	45.68	25.40
Net Profit as % to Revenue	10.87%	8.85%	8.49%
EPS (₹)	13.42	9.44	5.25
RONW (%)	31.79%	43.32%	34.08%
NAV (₹)	56.48	25.58	17.99
ROCE	24.79%	50.93%	34.68%
Dividend (%)	-	50.00%	200.00%

Source: RHP, \* Restated Consolidated, # Proforma Ind AS

## Issue Details

**Fresh Issue of Equity shares aggregating up to ₹50 Cr and Offer for sale of up to 10,500,000 Equity Shares.**

## Issue highlights

Issue size: ₹ 494.15 Cr – 496.25 Cr  
No. of shares: 11,682,033 - 11,676,470 Shares  
Face value: ₹ 2

## Issue summary

Price band: ₹ 423 -425  
Bid Lot: 35 Shares and in multiple thereof

## Post Issue Implied Market Cap:

₹ 2,197 Cr – 2,207 Cr

BRLMs: Axis Capital, ICICI Securities

Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Monday, 13<sup>th</sup> July 2020

Issue closes on: Wednesday, 15<sup>th</sup> July 2020

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	20-07-2020
Refunds/Unblocking ASBA Fund	21-07-2020
Credit of equity shares to DP A/c	22-07-2020
Trading commences	23-07-2020

## Listing: BSE and NSE

## Issue break-up

Cat	No. of Shares	₹ In Cr	% of Issue
QIB*	5,841,016 – 5,838,234	247.78 – 248.12	50%
NIB	1,752,305 – 1,751,471	74.12 – 74.44	15%
Retail	4,088,712 – 4,086,765	172.95 – 173.69	35%

\*Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

## Shareholding (No. of Shares)

	Pre issue	Post issue^	Post issue~
No of shares	50,752,920	51,934,953	51,929,390

^@ Upper price Band #@ Lower Price Band

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoters Gr	95.06%	72.69%
Public	4.94%	27.31%
Total	100.00%	100.00%

## BACKGROUND

The company was initially incorporated as “*Rossari Labtech*” on March 6, 2003, as a partnership firm. The company promoters, Edward Menezes and Sunil Chari, commenced the specialty chemicals business as a partnership firm in the name of ‘Rossari Labtech’ which was subsequently changed to ‘Rossari Biotech’ and the business of the partnership was changed to that of manufacturing, purchase, sale, import, export and otherwise to deal in enzymes, textile auxiliaries, applications and products of biotechnology for textiles, leather, paper, construction materials, pharmaceuticals etc. The partners of the firm entered into a deed of partnership dated June 22, 2009 (the “**Conversion Deed**”) and declared themselves as a joint stock company in the name of ‘Rossari Biotech Limited’.

The company promoters are career-technocrats cumulatively having over 45 years of experience in the specialty chemicals industry. They have focused on providing customised solutions to its customers in a cost and time efficient manner. Its business operations have been led by the Promoters and assisted by the experienced Key Managerial Personnel who have over 80 years of cumulative experience in the specialty chemicals industry. Today, the company is a pioneering force in the Indian specialty chemicals market and ‘*Rossari*’ is considered a well-known brand in this market.

**Edward Menezes** is the Promoter and Executive Chairman of the company. He was previously associated with Clariant India Ltd (erstwhile Sandoz India Ltd). He has over 25 years of experience in the specialty chemicals industry and has more than 10 years of experience in different roles within the company and has been actively involved in the day-to-day running of the company.

**Sunil Chari** is the Promoter and Managing Director of the company. He has over 20 years of experience in the specialty chemicals industry. He has more than 10 years of experience in different roles within the company and has been actively involved in the day-to-day running of the company.

**Goutam Bhattacharya, Meher Castelino, Aseem Dhru, Robin Banerjee and Sharabh Pachory** are the Independent Directors of the company.

The company also has an advisory board which provides overall industry and business guidance to the Board of Directors. **The advisory board comprises of Dr. Annoottam Ghosh, Vikram Gupta, Jean Marcopoulos and Karl Klaus.**

### Key Management Personnel

**Puneet Arora** is the Chief Executive Officer – Textile Chemicals Global. He has been associated with the company since incorporation and has more than 10 years of experience in the field of sales and marketing of textile specialty chemicals and institutional and industrial cleaning chemicals.

**Rupesh Agarwal** is the chief executive officer of Rossari Personal Care, one of the company subsidiaries. He has over 25 years of experience.

**Prasad Gadkari** is the President - Manufacturing. He has been associated with the company since incorporation and has more than 10 years of experience in handling purchase, managing factory, industrial relations and managing productivity.

**Rajeev Jha** is the Vice President – HPPC. He has been associated with the company since incorporation and has over 10 years of experience in the field of sales and marketing of textile specialty chemicals and HPPC product categories.

**Dr. Anish Kumar** is the Vice President – AHN. He joined the company on April 25, 2012.

**Manjiri Paranjpe** is the Vice President – Research and Development. She has been associated with the company since incorporation and has more than 10 years of experience in research and development of textile specialty chemicals and HPPC product categories, enzymes, formulation, emulsification and institutional and industrial cleaning chemicals.

**Manasi Nisal** is the Chief Financial Officer. She joined the company on November 12, 2019.

**Parul Gupta** is the Company Secretary and Compliance Officer of the company. She joined the company on November 18, 2019.

**Mikhail Menezes** is the Director – Technical. He joined the company on September 23, 2016.

**Yash Chari** is the Director – Marketing and Business Development. He joined the company on December 15, 2014.

The company has won several Certificates of Recognition/ Certificates of Appreciation awards:

Year	Award
2018	• Arvind Limited awarded “Star Performer Award 2018” in the Dye & Chemicals Category
2017	• The India SME Forum awarded at the India SME 100 Awards for “scoring in the top 100 in the overall evaluation of Financial & Non - Financial Parameters amongst 33102 nominations”
2011	• The Council for Fair Business Practices awarded “CFBP – Jamnalal Bajaj Uchit Vyavahar Puraskar for Fair Business Practices”

## OFFER DETAILS

The Offer	
Fresh Issue (₹ 50 Cr)	Upto 1,182,033 <sup>^</sup> - 1,176,470 <sup>~</sup> Equity Shares
	( <sup>^</sup> at upper price band and <sup>~</sup> lower price band)
* Offer for sale by:	Upto 10,500,000 Equity Shares
Edward Menezes – The Promoter Selling Shareholder	Up to 5,250,000 Equity Shares
Sunil Chari - The Promoter Selling Shareholder	Up to 5,250,000 Equity Shares

## OBJECTS OF THE ISSUE

Objects	Amount
Repayment/prepayment of certain indebtedness availed by the company (including accrued interest)	65.00
Funding working capital requirements	50.00
General Corporate Purposes	[ • ]
<b>Total</b>	[ • ]

## BUSINESS OVERVIEW

Rossari Biotech Limited (“**Rossari Biotech**”) is one of the **leading specialty chemicals manufacturing companies in India** based on sales for Fiscal 2019 providing customized solutions to specific industrial and production requirements of **its customers primarily in the FMCG, Apparel, Poultry and Animal Feed industries** through its diversified **product portfolio comprising Home, Personal Care and Performance Chemicals; Textile Specialty Chemicals; and Animal Health and Nutrition Products**. Rossari Biotech operates in India as well as in 17 foreign countries including Vietnam, Bangladesh and Mauritius. According to the F&S Report, as on September 30, 2019, Rossari Biotech is the largest manufacturer of textile specialty chemicals in India providing textile specialty chemicals in a sustainable, eco-friendly yet competitive manner. As a manufacturer of specialty chemicals, they focus on functionality and application of their products which form a key ingredient to its customers’ manufacturing and industrial processes.

Company’s business is organized in 3 main product categories – **(i) home, personal care and performance chemicals (HPPC); (ii) textile specialty chemicals; and (iii) animal health and nutrition products (AHNP)**. As on May 31, 2020, it had a range of 2,030 different products sold across these categories.

### Home, personal care and performance chemicals

Rossari Biotech is the leading manufacturer of acrylic polymers in India (Source: F&S Report) and currently manufactures over 300 products for its customers in the soaps and detergent, paints, inks and coatings, ceramics and tiles, water treatment chemicals and pulp and paper industries. They also manufactures institutional cleaning chemical formulations for hospitality, facility management, airports, corporates, food service, commercial laundry, malls, multiplexes, educational sector, places of worship etc.

They are in advanced stages of expanding its home, personal care and performance product portfolio to water treatment formulations, specialty formulation for breweries as well as dairies. They are also planning to introduce certain new products in the personal care and cosmetics segments.

While they primarily operate in a business-to-business model for its home, personal care and performance products, they also sell certain of its end formulations to direct consumers under private label or in partnership with digital market platforms such as Amazon.

The revenue from sale of HPPC constituted 46.81% of the total revenue in Fiscal 2020.

### **Textile specialty chemicals**

Rossari Biotech provides specialty chemicals for the entire value-chain of the textile industry starting from fibre, yarn to fabric, wet processing and garment processing as on May 31, 2020, manufactures and sales approximately 1,543 products for its customers in this product category. They have differentiated its product portfolio by focusing on providing diversified and value added specialty chemicals to enhance hydrophilic properties, anti-microbial properties, flame retardant properties, fragrance, water repellents and UV absorbing properties of the textiles.

Rossari Biotech focuses on providing eco-friendly sustainable chemical solutions to its customers which either replaces the highly polluting chemicals being used by its customers or reduces the impact of environmental pollution by suitably modifying the overall industrial process.

The Revenue from sale of textile specialty chemicals constituted 43.71% of its total revenue in Fiscal 2020.

### **Animal health and nutrition**

Rossari Biotech has also diversified into animal health and nutrition and currently supply poultry feed supplements and additives, pet grooming and pet treats including for weaning, infants and adult pets and currently manufacture over 100 products for their customers in this category. They forayed into pet grooming sub-category pursuant to its acquisition of the '**Lozalo**' brand and related trademarks, intellectual property and employees in Fiscal 2019.

While almost all its products under the AHNP category are manufactured in-house, its pet treats are manufactured through job-work contracts. The company sell its poultry feed products through a business-to-business model and its pet grooming and pet treat products to retail shop owners, in both cases through distributors.

The Revenue from sale of AHNP constituted 9.48% of its total revenue in Fiscal 2020.

Rossari Biotech manufactures majority of its products in-house from their manufacturing facility at Silvassa in the Union Territory of Dadra & Nagar Haveli. The Silvassa Manufacturing Facility, located on 8.6 acres of land, has an installed capacity of 120,000 MTPA. The Silvassa Manufacturing Facility has flexible manufacturing capabilities for powders, granules and liquids. Further, the company can interchange capacities across home, personal care and performance chemicals; textile specialty chemicals; and animal health and nutrition products categories, which ensures that they can manufacture any of these products at any point of time depending on the specific requirements of its customers and this facility also has a comprehensive range of testing as well as packaging capabilities. The annual capacity utilization of its Silvassa Manufacturing Facility has grown from 74.19% in Fiscal 2018 to 93.94% in Fiscal 2019 and it was 82.46% in Fiscal 2020. Rossari Biotech is currently setting up another manufacturing facility at Dahej in Gujarat with a proposed installed capacity of 132,500 MTPA which will enjoy proximity to the deep-water, multi-cargo port of Dahej. The proposed state-of-the-art facility will be well-equipped with advanced technologies and will be commissioned in Fiscal 2021.

In Fiscal 2020, Fiscal 2019 and Fiscal 2018, Rossari Biotech generated

- Total revenue of ₹ 603.82 crore, ₹ 517.12 crore and ₹ 300.43 crore, respectively;
- EBITDA of ₹ 104.53 crore, ₹ 77.63 crore and ₹ 42.63 crore, respectively and
- Net profit after tax of ₹ 65.25 crore, ₹ 45.68 crore and ₹ 25.40 crore, respectively.

They have been able to increase the Total Revenue from Fiscal 2018 to Fiscal 2020 at a CAGR of 41.65%, EBITDA at a CAGR rate of 56.58% and the Profit after Tax has increased at a CAGR of 60.27% over the same period.

The Return on Net Worth of 31.79%, 43.32% and 34.08% for Fiscal 2020, Fiscal 2019 and Fiscal 2018 respectively, with a total Debt to Equity ratio of 0.23 for Fiscal 2020.

The Return on Capital Employed of 24.79%, 50.93% and 34.68% for Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

## **BUSINESS UPDATE – COVID 19**

- Manufacturing of disinfectants & sanitizers as part of the Home, Personal Care & Performance Chemicals led the Company's products to get categorized under essential goods, therefore, manufacturing facility at Silvassa was not shut down.
- During the initial stages of the lockdown, the Company faced limited availability of labour, supply chain constraints and logistical problems due to which the Silvassa facility operated at a sub-optimal capacity in the month of Apr-20.

- The plant utilization subsequently has improved with raw material suppliers resuming operations and supply & logistics becoming more regular.
- The HPPC segment has been positively impacted with higher demand for disinfectants & sanitizers however the textile specialty chemicals segments witnessed a temporary reduction in demand.
- Due to the COVID-19 pandemic, import of a few raw materials were restricted but were substituted with domestic suppliers in time without impact on continuity of operation.
- Higher levels of inventories may have to be maintained to ensure continuity of production.
- Some of the customers have requested for extended payment terms due to the lockdown.

## RESEARCH & DEVELOPMENT

As a specialty chemical manufacturing company, it continuously monitors industry trends so as to ensure that its products continue to remain relevant and help its customers meet the evolving market demands. Rossari Biotech is driven by technical innovation in formulations and applications of its products in order to provide specific and customised solutions to their customers. The qualified and experienced in-house R&D team focuses on the development of new products and formulations including collaborative product development with its customers to customize its products to customer expectations and end-user preferences, whilst simultaneously focusing on shorter lead-times and cost competitiveness. Rossari Biotech has 2 R&D facilities— one within the Silvassa Manufacturing Facility and second in Mumbai. The R&D facilities are recognized by the Department of Scientific and Industrial Research, GoI and are also certified by a number of organizations including the Global Organic Textile Standards and the American National Standards Institute.

Rossari Biotech has a wide network of distributors through which they sell their products. Their pan-India distribution network has over 204 distributors as on May 31, 2020. They sell their home, personal care and performance chemicals; and textile specialty chemicals in a business-to-business model through the distributors primarily to their customers in FMCG and apparel industries, respectively; and they sell its animal health and nutrition products through distributors either in a business-to-business model or to retailers. They also have 4 regional branch offices in Delhi, Ludhiana, Ahmadabad and Surat for marketing of its products to the customers in the North and West India regions. Their regional branch office in Surat also has a R&D support laboratory which provides localized and expedient technical support to its customers in that region. Rossari Biotech also has 29 distributors spread in over 17 countries. They have also set up international offices in Ho Chi Minh City, Vietnam and Dhaka, Bangladesh as these two are primary overseas markets for its textile specialty chemical products.

## INDUSTRY OPPORTUNITIES

The global specialty chemicals market cumulatively constitutes a global market of approximately USD 237 billion in 2018 and is expected to grow at 5.4% per annum to reach approximately USD 308 billion by 2023. Company's presence in the specialty chemicals market, particularly in the home, personal care and performance chemicals; textile specialty chemicals; and animal health and nutrition products, presents significant growth opportunities due to the following factors: (i) demographic overview and rapid urbanisation leading to consumption growth, (ii) growing demand for environmentally sustainable chemicals and (iii) positive regulatory focus from the Indian governmental authorities on manufacturing activities in India.

Its relevant global market is expected to grow from revenue of approximately USD 127 billion in 2018 to approximately USD 167 billion in 2023 at a CAGR of 5.6%. For the same period the relevant Indian specialty chemicals markets for Rossari Biotech is expected to grow from a revenue of approximately USD 7.7 billion in 2018 to approximately USD 13.3 billion in 2023 at a CAGR of 11.6% (Source: F&S Report)

### Home, personal care and performance chemicals

In the home, personal care and performance chemicals category, according to the F&S Report, their dominance in the home care ingredients market (consisting of both household segment and industrial and institutional segments) is in enzymes and acrylic polymers which account for approximately 10% of the total homecare ingredients market and are expected to showcase robust growth due to the increased awareness about health and hygiene, as well as considerable increase in per capita disposable income. The addressable market for Rossari Biotech in India home care ingredients is approximately USD 1.6 billion. The personal care ingredients market is divided into active and inactive ingredients. Rossari Biotech has a presence in the inactive ingredients with special focus on silicone ingredients. This segment is 32% of the inactive ingredients market and 21% of total personal care ingredients market (active and inactive).



The addressable market for Rossari Biotech in India personal care ingredients is approximately USD 0.8 billion. (Source: F&S Report). The company is also planning to venture into construction chemicals market and water treatment formulations market, for which the addressable market for Rossari Biotech is approximately USD 1.1 billion and USD 1.7 billion respectively.

### Textile specialty chemicals

According to the F&S Report, Rossari Biotech has presence in the entire textile specialty chemicals market across all segments (excluding the dyes sub-segment while they do have presence in dyeing auxiliaries). Accordingly, the addressable market for Rossari Biotech in Indian textile specialty chemicals is approximately USD 1.2 billion. The F&S Report states that this segment provides significant potential for the company to gain market share considering its existing position as an established market player. Due to increasing awareness of the ill-effects of certain chemicals on humans and the environment, the demand for environmentally sustainable green chemicals is increasing, particularly from the textile industry. The evolution of green chemistry in the chemical industry will be a critical trend fuelling the growth of the environmentally sustainable green chemicals market. Global green chemicals market is expected to grow at a CAGR of 10.5% during 2019 to 2023.

According to the F&S Report, company's product portfolio comprising of synthetic organic chemicals is aligned to the changing global and Indian trend of environmentally sustainable chemicals and the company is well positioned to leverage the trend to attain aggressive growth rates.

### Animal health and nutrition

According to the F&S Report, its presence in the animal health and nutrition products is largely in poultry and pets. These segments account for approximately 55% of the total market. The addressable market for Rossari Biotech in Indian animal health and nutrition products is approximately USD 0.14 billion.

The F&S Report also states that Rossari Biotech has a significant presence in the poultry segment (largest end-use industry) and is in the process of expanding its footprints in the feed additive of aquaculture segment (fastest growing end-use industry).

According to the F&S Report, the current environment is more conducive for specialty chemical companies riding strong growth opportunities in India and globally. As, on one hand, robust growth in user industries in India will support growth, on the other, emerging opportunities in exports led by clamp down in China and outsourcing opportunity from western countries are expected to spur growth in exports and import substitution. Rossari Biotech's agility in product delivery and ability to provide custom made solutions for its customers gives them an edge to enhance its customer outreach and relationship and consequently to also garner a higher market share and a unique position in the country and export market for specialty chemicals.

## COMPANY PRODUCTS

Company's products can be divided into 3 primary product categories – (i) home, personal care and performance chemicals; (ii) textile specialty chemicals; and (iii) animal health and nutrition.

Product category	Applications	Fiscal 2020		Fiscal 2019		Fiscal 2018	
		Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total	Revenue (₹ Cr)	% to Total
Home, personal care and performance chemicals	Specialty chemicals for detergents, surface cleaners, water treatment, paints, coatings, ceramics etc.	280.89	46.81%	195.19	37.81%	55.72	18.63%
Textile specialty chemicals	Specialty chemicals catering to the entire value chain including pre-treatment, processing, dyeing, finishing etc.	262.30	43.71%	269.38	52.18%	213.96	71.54%
Animal health and nutrition	Poultry feed supplements, pet grooming and pet treats including for weaning, infants and adult pets	56.90	9.48%	51.64	10.00%	29.39	9.83%
<b>Total</b>		<b>600.09</b>	<b>100.00%</b>	<b>516.22</b>	<b>100.00%</b>	<b>299.06</b>	<b>100.00%</b>

The company forayed into the home, personal care and performance chemicals in 2013 and currently manufactures and provide home, personal care and performance chemical products to its customers in the soaps and detergent, paints and coatings, ceramics and tiles, and pulp and paper industries. They are in advanced stages of expanding its home, personal care and performance chemicals product portfolio to water treatment formulations, specialty

formulation for breweries as well as dairies. The company is also planning to introduce certain new products in the personal care and cosmetics segments. They also plan to introduce new formulations including special formulations for mobile-antibacterial for screens and non-alcohol sanitizers. Additionally, they are planning to manufacture specialty chemicals for cement industry where they will manufacture specialty additive which is used in the cement manufacturing and which improves the overall productivity and reduces production cost for cement manufacturers.

List of the home, personal care and performance chemical products manufactured by the company in the soaps and detergent, paints and coatings, ceramics and tiles, and pulp and paper industries.

#### Home, personal care and performance chemicals

Industry	Product application
Soaps and detergents	<ul style="list-style-type: none"> <li>Anti re-deposition agent -4 variants: Dispa 2050 HN; Detpro 2048 AD; Detpro2040 CP; and Detpro 2045 HP</li> <li>Water softener</li> <li>Stain busters</li> <li>Detergent cake and others</li> </ul>
Paints and coatings	<ul style="list-style-type: none"> <li>Different types of acrylic emulsions</li> <li>Different types of additives: E.g. Dispersing agent thickeners, defoamer and wetting agents, etc.</li> </ul>
Ceramics and tiles	<ul style="list-style-type: none"> <li>Body binder</li> <li>Deflocculent</li> <li>Polishing agent</li> <li>CMC</li> </ul>
Pulp and paper	<ul style="list-style-type: none"> <li>Acrylic emulsions</li> <li>Additives</li> <li>E.g. Dispersing agent, DSR, cross linking agent and various products for water treatment</li> </ul>
<b>Proposed</b>	
Cement and construction chemicals	<ul style="list-style-type: none"> <li>Specialty additive for cement processing</li> </ul>
Water treatment formulations	<ul style="list-style-type: none"> <li>Boiler chemicals</li> <li>Cooling tower chemicals</li> <li>RO chemical</li> <li>Waste water treatment</li> </ul>
Specialty formulation for breweries as well as dairies	<ul style="list-style-type: none"> <li>Hinder bacterial growth</li> <li>Break molasses</li> <li>Cleaning sugar syrup</li> </ul>
Sanitizers for electronic gadgets	<ul style="list-style-type: none"> <li>Mobile-antibacterial sanitizers for screens</li> <li>Non-alcohol sanitizers</li> </ul>

#### Textile Specialty Chemicals

Stage	Product application
Yarn production	<ul style="list-style-type: none"> <li>Yarn dyeing and finishing</li> <li>Yarn lubricants</li> <li>Performance enhancers</li> </ul>
Man-made fiber production	<ul style="list-style-type: none"> <li>Lubricants</li> <li>Water based and non-water based</li> <li>Antistats</li> <li>Antimicrobial</li> </ul>
Thread production	<ul style="list-style-type: none"> <li>High performance thread lubricants</li> <li>Water based and non-water based</li> <li>Thread finishing</li> </ul>
Digital printing	<ul style="list-style-type: none"> <li>Performance enhancers and base treatment for digital printing technology</li> </ul>
Fabric processing	<ul style="list-style-type: none"> <li>Pre-treatment of cellulose</li> <li>Comprehensive pre-treatment range of product based on complex combination of chemistry of wetting, sequestering and dispersant sustainable chemistry focus</li> </ul>
Dyeing auxiliaries	<ul style="list-style-type: none"> <li>Full range of products based on dispersant, chelating agents and levelling agents</li> </ul>
Finishing range	<ul style="list-style-type: none"> <li>Nano, Micro and Macro silicones</li> <li>Block silicones</li> <li>Special hydrophilic amido silicones</li> <li>Cold water soluble Flakes</li> <li>Easy care finishes</li> <li>Rope opening</li> </ul>

Stage	Product application
	<ul style="list-style-type: none"> <li>▪ Cationics</li> <li>▪ Wax emulsions</li> </ul>
Garment finishing	<ul style="list-style-type: none"> <li>▪ Comprehensive pre-treatment range of product based on complex combination of chemistry polymer science and nano technology</li> <li>▪ Performance products</li> <li>▪ Enzymes and biochemical finishing range</li> </ul>
Printing	<ul style="list-style-type: none"> <li>▪ Thickeners, Binders, fixers, softeners</li> <li>▪ Base treatment for digital printing</li> <li>▪ Special aids</li> </ul>

#### Animal Health and Nutrition

Stage	Product application
Poultry feed	<ul style="list-style-type: none"> <li>▪ Enzymes</li> <li>▪ Vitamin premix</li> <li>▪ Trace minerals</li> <li>▪ Toxin binders</li> <li>▪ Acidifiers</li> <li>▪ Liquid essential oil</li> <li>▪ Liquid acidifiers</li> <li>▪ Disinfectants</li> <li>▪ Anticocci and AGP</li> </ul>
Pet grooming	<ul style="list-style-type: none"> <li>▪ Lozalo shampoo for dogs, cats and horse</li> </ul>
Pet treats	<ul style="list-style-type: none"> <li>▪ Dog and cat treats (chicken, meat, fish, milk, carrot, paneer)</li> </ul>

## MAJOR CUSTOMERS

FMCG Companies	Apparel and Textile Companies	Poultry Feed, Animal Feed or Food-Service Companies
<ul style="list-style-type: none"> <li>• RSPL Ltd (Ghadi detergent);</li> <li>• IFB Industries Ltd;</li> <li>• Hindustan Unilever Ltd;</li> <li>• BSH Household Appliances Manufacturing Pvt Ltd;</li> <li>• CICO Technologies Ltd;</li> <li>• Rentokil Initial Hygiene India Pvt Ltd;</li> <li>• Millennium Papers Pvt Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Arvind Ltd;</li> <li>• Ashnoor Textile Mills Ltd;</li> <li>• Bhaskar Industries Pvt Ltd;</li> <li>• European Textile Chemical Corporation;</li> <li>• Shahi Exports Pvt Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Hitech Hatch Fresh Pvt Ltd;</li> <li>• Gokul Poultry Industries;</li> <li>• Sarvottam Poultry Feed Supply Centre Pvt Ltd;</li> <li>• Sneha Farms Pvt Ltd.</li> </ul>

## COMPETITIVE STRENGTHS

### • Diversified product portfolio addressing the needs of varied and long-standing customers across industries

The company caters to various customers' needs across FMCG, apparel, and poultry and animal feed industries through its diversified product portfolio comprising home, personal care and performance chemicals; textile specialty chemicals; and animal health and nutrition products.

- In the home, personal care and performance chemicals category, it currently manufactures and sell over 366 products for its customers in the soaps and detergent, paints, inks and coatings, ceramics and tiles, water treatment chemicals and pulp and paper industries.
- In soaps and detergents segment, it manufactures products with varied anti re-deposition agent which enhances product efficacy at different thresholds depending on their respective applications.
- In the paints and coatings segment, it manufactures different types of acrylic emulsions and additives like dispersing agent thickeners and defoamers depending on the application as an interior or an exterior paint.
- In the textile specialty chemicals segment, it covers the entire gamut of products for the entire life-cycle of textile – starting from specialty chemical required for yarn dyeing, yarn lubricants to thread production, dyeing auxiliaries, garment finishing and printing.

Rossari Biotech has customized multiple products for different stages of industrial production of textile. As on May 31, 2020, it **manufactures and sells approximately 1,543 products in the textile specialty chemical sector. They have also entered into a joint venture with Buzil for manufacturing institutional cleaning, hygiene and disinfection products.** It has a wide range of poultry feed supplements from enzymes to vitamin premix, trace minerals, acidifiers, disinfectants etc. It also provides shampoos for pets under the brand name 'Lozalo'.



- ***Largest textile specialty chemical manufacturer in India***

According to the F&S Report, Rossari Biotech provides specialty chemicals for the entire value-chain of the textile industry starting from products for yarn production, production of man-made fibre, thread production, digital printing, fabric processing, dyeing auxiliaries, finishing range, garment finishing to products for printing. Its operations are backed by a strong manufacturing infrastructure for production of textile specialty chemicals, a technically knowledgeable marketing team which understands the specific requirements of its customers in textile industry and an innovative and technically robust R&D team which is able to provide the right solutions with speed and efficiency based on consultations with the marketing team.

Rossari Biotech is very well positioned to exploit the growth opportunities in the South and South-East Asian countries and particularly in Vietnam and Bangladesh. They have already set up offices in Dhaka, Bangladesh and Ho Chi Minh City, Vietnam to serve its local customers in the South and South-East Asian countries. The company has continuously **focused on manufacturing a wide range of eco-friendly sustainable products including Greenacid, Greensoda, Bioclay (a clay based product), Greenhydro 400 Pdr, Greenboost which both eco-friendly and cost-competitive.**

- ***Extensive manufacturing and technical capabilities***

Rossari Biotech manufactures majority of its products in-house from the ISO 9001:2015 and ISO 14045:2015 certified Silvassa Manufacturing Facility, located on 8.6 acres of land. This facility has an installed capacity of 120,000 MTPA. The Silvassa Manufacturing Facility has flexible manufacturing capabilities for powders, granules and liquids which ensure that it can manufacture any of these at any point of time depending on the specific requirements of its customers.

They are currently setting up another state-of-the-art, well-equipped with advanced technologies, manufacturing facility at Dahej in Gujarat with a proposed installed capacity of 132,500 MTPA to expand its manufacturing capacity in line with its growth in overall business. The Dahej Manufacturing Facility will also enjoy a proximity to the deep-water, multi-cargo port of Dahej which is a cost and logistical advantage.

- ***Strong R&D capabilities with focus on innovation and sustainability***

Company's R&D efforts are driven by customers' needs, in terms of meeting specific needs that their direct customers communicate to the company prior to commencement of manufacturing of its products. As a specialty chemical manufacturing company, they continuously monitor industry trends so as to ensure that its products continue to remain relevant and help its customers meet the evolving market demands. Rossari Biotech is driven by technical innovation in formulations and applications of its products in order to provide specific and customised solutions to its customers. Their qualified and experienced in-house R&D team focuses on the development of new products and formulations including collaborative product development with its customers to customize the products in line with customer expectations and end-user preferences, whilst simultaneously ensuring shorter lead-times and cost competitiveness.

- ***Wide sales and distribution network***

Company's pan-India distribution network has over 204 distributors as on May 31, 2020. It primarily follows a business-to-business or a business-to-business-to-consumer model for its home, personal care and performance chemicals, and textile specialty chemicals product categories. It has a wide network of 22 distributors spread over 9 states for its home, personal care and performance chemicals in India. They also have 4 regional branch offices in Delhi, Ludhiana, Ahmadabad and Surat for marketing of its products to the customers in the North and West Indian regions. Further, they have started selling certain of its end formulations to direct consumers under its private label or in partnership with **digital market platforms such as Amazon.**

In the textile specialty chemicals product category, they sell their products through a network of 109 distributors spread over 13 states in India and through 19 overseas distributors spread over 16 countries including in the USA, Portugal, the UAE, Vietnam, Sri Lanka, South Korea, Mexico and Turkey. The sales and marketing team has 157 dedicated employees and is responsible for increasing pan-India as well as global reach of its products.

- ***Experienced Promoters with strong management team having domain knowledge***

Rossari Biotech has an experienced management team led by its founders and Promoters, Edward Menezes and Sunil Chari who have cumulatively over 45 years of experience in the chemicals industry and the company benefits immensely from their expertise.

The Key Managerial Personnel cumulatively have over 80 years of experience in the specialty chemicals industry. The experience and relationships that its management team has, have enabled them to extend its operating

capabilities, improved the technical quality of the products and facilitated its growth in the specialties chemical industry.

## KEY BUSINESS STRATEGIES

- **Expand manufacturing capacity and increase production efficiency**

Rossari Biotech seeks to capitalize on the growth opportunities in the specialty chemicals industry based on its well positioned operations, network of distributors and dealers and being led by an experienced management team.

Majority of its products are currently manufactured and formulated in-house at their Silvassa Manufacturing Facility. The installed capacity of the Silvassa Manufacturing Facility is 120,000 MTPA. In line with the industry growth opportunities and its own growth track record, they seek to expand its manufacturing capacity by commissioning the Dahej Manufacturing Facility by Fiscal 2021. The proposed installed capacity of the Dahej Manufacturing Facility is 132,500 MTPA.

- **Introduce new products and focus on green products which promote sustainability**

The company is planning to launch 2 new products in the textile finishing range. Additionally, they are also working towards launch of products in the anti-microbial and electromagnetic protection range. They are also planning to manufacture specialty chemicals for cement industry which improves the overall productivity and reduces production cost for cement manufacturers.

- **Continue to focus on innovation and grow its business across customer segments**

The company seeks to improve its agility and flexibility in offering customized products to its customers at short notice which will be a differentiator among the companies engaged in manufacturing specialty chemicals in near future. Further, they plan to introduce new formulations including special formulations for mobile-antibacterial for screens, non-alcohol sanitizers and also introduce technologies in newer markets of spin finish, technical textile and textile sizing. They also seek to expand its product portfolio in the pet food sub-segment and introduce new formulations in this segment.

- **Increase wallet share with existing customers and continued focus to expand customer base**

The long-standing relationships that the company has enjoyed with its customers over the years and the repeat and increased orders received from them are an indicator of its position as a preferred supplier to leading FMCG, apparel, textile and poultry feed companies. The company has served 593 customers in Fiscal 2018 and 743 customers in Fiscal 2020. They also regularly take part in trade shows, road shows and exhibitions, and their employees have been invited as speakers at various industry forum.

- **Expand the international operations**

Rossari Biotech seeks to expand its international footprint and increase its sales from exports. In Fiscal 2020, Fiscal 2019 and Fiscal 2018, the revenue from exports was 11.04%, 13.92% and 13.77% of its total revenue, respectively. **The global textile specialty chemicals market is expected to grow at a CAGR of 4% (by value) from 2018 to 2023.** The F&S Report predicts that the Asia-Pacific region will drive the future growth in the textile specialty chemicals.

To this purpose, Rossari Biotech has set up a separate team for exports with the primary objective of expanding its business operations in international markets, create a distribution network and channel partners across geographies and build capabilities to serve such jurisdictions.

The company also seeks to enter into co-branding arrangements with such companies. Collaboration with apparel and textile industry brands will be their primary expansion focus in certain geographies. In the animal health and nutrition products category, they themselves or through their distributors have started statutory registrations (with many products already registered) in many countries like Nepal, Bangladesh, Myanmar, Vietnam, Philippines, Egypt, Kenya, Nigeria and Mauritius.

- **Inorganic growth through strategic acquisitions**

The company will consider opportunities for inorganic growth in India and the Asia Pacific region, particularly to:

- Consolidate the market position in existing business lines;
- Achieve operating leverage in key markets by unlocking potential efficiency and synergy benefits;
- Strengthen and expand the product portfolio; Enhance the depth of experience, knowledge-base and know-how;
- Increase the network of distributors, customers and geographical reach.

## COMPARISON WITH LISTED INDUSTRY PEER (AS ON 31<sup>ST</sup> MARCH 2020)

Name of the company	Standalone/ Consolidated	Face Value	Total Income (₹ Cr)	EPS (Basic)	NAV	P/E	RoNW (%)
Rossari Biotech Ltd	Restated	2	600.1	13.42	56.48	[ • ]	31.79%

### Listed Peers

Aarti Industries Ltd	Consolidated	5	4,186.3	30.77	176.39	30.93	18.89%
Vinati Organics Ltd	Standalone	1	1,028.8	32.48	124.48	30.45	28.65%
Atul Ltd	Consolidated	10	4,093.0	224.69	1,072.58	19.94	22.70%
Galaxy Surfactants Ltd	Consolidated	10	2,596.3	64.99	301.20	22.02	23.70%
Fine Organics Industries Ltd	Consolidated	5	1,038.0	53.75	201.86	35.24	29.45%

Source: For Rossari Biotech Ltd: Based on the Restated Financial Information for the year ended Mar'31,2020. For listed industry peer mentioned above is on a consolidated basis (except Vinati Organics Ltd which is on standalone) and is sourced from www.bseindia.com for the Financial Year ending March 31, 2020; P/E Ratio has been computed based on the closing market price of equity shares on BSE on June 26, 2020.

## COMPETITION

Home, Personal Care and Performance Chemicals	Textile Specialty Chemicals	Animal, Health and Nutrition products
<b>Multinational Companies:</b> <ul style="list-style-type: none"> <li>Wacker AG</li> <li>Merck</li> <li>BASF</li> <li>Croda</li> </ul> <b>Indian Companies:</b> <ul style="list-style-type: none"> <li>Aarti Industries</li> <li>Galaxy Surfactants</li> <li>Atul</li> </ul> <b>Institutional Cleaning Chemicals:</b> <ul style="list-style-type: none"> <li>Diversey India Pvt. Ltd.</li> <li>Scheveran Laboratories Pvt. Ltd.</li> <li>Satol Chemicals</li> <li>Ecolab India</li> <li>Haylide Chemicals Pvt. Ltd.</li> <li>Altret Industries Pvt. Ltd.</li> <li>Croda India Company Pvt. Ltd.</li> <li>BASF India Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Archroma</li> <li>CHT</li> <li>Rudolf</li> <li>Croda international</li> <li>Huntsman Corporation</li> <li>Fineotex Chemical</li> <li>Resil Chemicals</li> <li>Sarex Chemicals</li> <li>Dai-ichiKarkaria</li> <li>Britacel Silicones</li> <li>Indokem Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Cargill India Private Limited</li> <li>Zydus AH, a division of Cadila Healthcare Ltd</li> <li>Bayer Animal Health</li> <li>Boehringer Ingelheim Animal Health</li> <li>Ceva Sante Animale</li> <li>Sequent Scientific</li> <li>Elanco</li> <li>Merial</li> <li>Virbac</li> </ul>

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