Rossari Biotech Ltd.

Issue Snapshot:
Issue Open: July 13 – July 15, 2020

Price Band: Rs. 423 – 425

Issue Size: 11,676,471 eq shares
(Fresh issue 1,176,471* + Offer for sale of 10,500,000 eq sh)

Issue Size: Rs. 493.91 -496.25 cr

Reservation for:

QIB	upto 50% eq sh
Non Institutional	atleast 15% eq sh
Retail	atleast 35% eq sh

Face Value: Rs 2

Book value: Rs 56.48 (March 31, 2020)

Bid size: - 35 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs. 10.15 cr
Post issue Equity:	Rs. 10.39 cr

Listing: BSE & NSE

Book Running Lead Manager: Axis Capital Limited, ICICI Securities Ltd

Registrar to issue: Link Intime India Private Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	95.1	72.7
Public & Employee	4.9	27.3
Total	100.0	100.0

Source for this Note: RHP
* = assuming pricing at higher end of band

Background & Operations:

Rossari Biotech Ltd 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.

RBL operates in India as well as in 17 foreign countries including Vietnam, Bangladesh and Mauritius. It 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, it focuses on functionality and application of its products which form a key ingredient to its customer's manufacturing and industrial processes. It has focused on providing customised solutions to its customers in a cost and time efficient manner. RBL's success is the result of sustained efforts over the decades in every aspect of its business, such as product innovation, process improvements for its customer's production cycle, agile customised solutions, its sustainable ecofriendly portfolio of products and increased scale of operations. RBL's business operations have been led by its Promoters and assisted by its experienced Key Managerial Personnel who have over 80 years of experience in the specialty chemicals industry cumulatively.

RBL's business is organized in three 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 the three product categories.

Home, personal care and performance chemicals:
Leading manufacturer of acrylic polymers in India and currently manufactures over 300 products for customers in the soaps and detergent, paints, inks and coatings, ceramics and tiles, water treatment chemicals and pulp and paper industries. RBL also manufacture institutional cleaning chemical formulations for hospitality, facility management, airports, corporates, food service, commercial laundry, malls, multiplexes, educational sector, places of worship etc.

Textile specialty chemicals:
RBL provide specialty chemicals for the entire value-chain of the textile industry starting from fiber, yarn to fabric, wet processing and garment processing and as on May 31, 2020, manufactures and sales approximately 1,543 products for its customers in this product category. It has differentiated its product portfolio by focusing on providing diversified and value added speciality chemicals to enhance hydrophilic properties, antimicrobial properties, flame retardant properties, fragrance, water repellents and UV absorbing properties of the textiles.

Animal health and nutrition
RBL 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 its customers in this category.

It has a wide network of distributors through which it sells its products. Its pan-India distribution network has over 204 distributors as on May 31, 2020. It sell its home, personal care and performance chemicals; and textile specialty chemicals in a business-to-business model through distributors primarily to its customers in FMCG and apparel industries, respectively; and it sells animal health and nutrition products through distributors either in a business-to-business model or to retailers. RBL also has four regional branch offices in Delhi, Ludhiana, Ahmadabad and Surat for marketing of its products to the customers in the North and West India regions.

Objects of Issue:

The Offer consists of the Fresh Issue and the Offer for Sale.

Offer for Sale

The object of the Offer for Sale is to allow the Selling Shareholders to sell an aggregate of up to 10,500,000 Equity Shares held by them. RBL will not receive any proceeds from the Offer for Sale.

Fresh Issue

The net proceeds of the Fresh Issue, i.e. gross proceeds of the Fresh Issue less the Offer expenses apportioned to RBL ("Net Proceeds") and the proceeds from the Pre-IPO Placement are proposed to be utilised in the following manner:

- Repayment/prepayment of certain indebtedness availed by the Company (including accrued interest);
- Funding working capital requirements; and
- General corporate purposes.

Competitive Strengths

Diversified product portfolio addressing the needs of varied and long-standing customers across industries: RBL caters to various customers' needs across FMCG, apparel, and poultry and animal feed industries through diversified product portfolio comprising home, personal care and performance chemicals; textile specialty chemicals; and animal health and nutrition products. Apart from serving such different industry segments, it also has diverse products under each of these verticals and has multiple products customized for different stages of industrial production of textile. As on May 31, 2020, RBL manufactures and sells approximately 1,543 products in the textile specialty chemical sector. The large product portfolio helps it in retaining a customer in the textile industry across the entire value-chain as well as improving customer stickiness as procuring chemicals from different vendors for the same product creates significant logistical difficulty for the customers. It has also entered into a joint venture with Buzil for manufacturing institutional cleaning, hygiene and disinfection products. The addition of this product range has helped RBL to gain institutional customers for facility management services, hotels, airports, corporates, malls, hospitals and educational institutions. It also has a wide range of products in the animal health and nutrition category. Its products are used across different end industries. Further, it serves a large number of customers across these industry segments. RBL's customer base currently comprises a host of multinational, regional and local companies. It enjoys relationships in excess of five years with 11 out of its top 15 customers. Its approach of presenting a large portfolio of products for diversified customer applications has helped it enhance its growth and will continue to increase its brand loyalty among customers.

Largest textile specialty chemical manufacturer in India: RBL is the largest manufacturer of textile specialty chemicals in India as on September 30, 2019. It 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. With booming garment and textile industries, the demand for textile specialty chemicals in these countries is expected to grow at a robust pace over the next ten years and this gives good opportunity to Indian textile specialty chemical manufacturers for exports. Further, the Indian textile specialty chemicals market is also expected to grow at a CAGR of 12.0% from 2018 to 2023. Given RBL's position as the largest manufacturer of textile specialty chemicals in India, it is well positioned to benefit from these growth opportunities in the textile and apparel industry and in-turn textile specialty chemicals markets in next seven to ten years both in India and globally. the future growth opportunities in the textile specialty chemicals industry will be primarily driven by diversified and value-added specialty chemicals which provide sustainable solutions and it is well placed to benefit from such growth opportunities. RBL has continuously focused on manufacturing a wide range of ecofriendly 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: RBL's manufacture majority of its products in-house from the 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 ensures that it can manufacture any of these at any point of time depending on the specific requirements of its customers. This facility has a comprehensive range of testing as well as packaging capabilities. It also has an effluent treatment plant to ensure zero liquid discharge. The annual capacity utilization of its Silvassa Manufacturing Facility has moved from 74.19% in Fiscal 2018 to 93.94% in Fiscal 2019 and to 82.46% in Fiscal 2020. It is currently setting up another 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. The proposed state-of-the-art facility will be well-equipped with advanced technologies and will be commissioned in Fiscal 2021.

Strong R&D capabilities with focus on innovation and sustainability: RBL's R&D efforts place significant emphasis on improving its production processes, improving the quality of its present products, creating new products and formulation and making production processes of its customers more efficient and sustainable through effective and eco-friendly products. RBL's R&D efforts are driven by customer's needs, in terms of meeting specific needs that it direct customers communicate to it prior to commencement of manufacturing of its products. As a specialty chemical manufacturing company, RBL continuously monitor industry trends so as to ensure that its products continue to remain relevant and help customers meet the evolving market demands. RBL has two R&D facilities – one within the Silvassa Manufacturing Facility and another one in Mumbai and it has a dedicated team of 22 employees in its R&D facilities. Its R&D covers all the three aspects of its products – synthesis research, formulation and development, and technical service. In line with their vision, RBL has over the years made continuous investments in R&D to expand its bouquet of product offerings and to streamline manufacturing process. Its emphasis on R&D has been a catalyst for the growth of businesses and contributes significantly to its ability to meet customer needs in a competitive market. Product and process innovations will be key factors going forward and RBL continued investment in R&D will prepare it to take advantage of any future opportunities in the specialty chemical industry.

Wide sales and distribution network: RBL's growth in business operations has been made possible by its wide sales and distribution network with whom it enjoy long-standing relationships. RBL'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. RBL has a wide network of 22 distributors spread over 9 states for its home, personal care and performance chemicals in India. Further, it has started selling certain of its end formulations in the home, personal care and performance chemicals to direct consumers under private label or in partnership with digital market platforms such as Amazon. In the textile specialty chemicals product category, RBL sell its 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. It has also set up international offices in Ho Chi Minh City, Vietnam and Dhaka, Bangladesh as these two are primary overseas markets for its textile chemical products. For RBL's animal health and nutrition products, it sell its poultry feeds through a business-to-business model and its pet grooming and pet treat products to retail shop owners through 37 distributors. Its sales and marketing team is also technically equipped and they closely work with its customers to understand the specific needs of the clients for customisation of its products and can provide on-the-spot solutions to the basic problems of its customers. RBL's 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: RBL has an experienced management team led by its founders and Promoters, Mr. Edward Menezes and Mr. Sunil Chari who have cumulatively over 45 years of experience in the chemicals industry and it benefit immensely from their expertise. The experience and relationships that its management team has, have enabled it to extend its operating capabilities, improved the technical quality of RBL's products and facilitated its growth in the specialties chemical industry. RBL has a strong second line of management and an experienced pool of Key Managerial Personnel.

Proven track record of robust financial performance: RBL's focus on functional and operational excellence has contributed to its track record of robust financial performance. From Fiscal 2018 to Fiscal 2020, as per the Restated Financial Statements, it has been able to increase its total revenue from Fiscal 2018 to Fiscal 2020 at a compound annual growth rate of 41.65%, EBITDA at a compound annual growth rate of 56.58% and its profit after tax has increased at a compound annual growth rate of 60.27% over the same period. RBL has been able to manage its sustained growth without compromising on profit margins of its products, without any external equity funding from strategic investors or private equity funds and without any high leverage from lenders. Its robust financial performance reflects the efficacy of the manufacturing and supply-chain management protocols that it has implemented. Its steady operating cash flows enable it to meet the present and future needs of the customers while its strong balance sheet and financial performance instil confidence in them. RBL's ability to make these investments helps strengthen trust and engagement with its customers, which enhances its ability to retain these customers and extend engagement across products and geographies

Business Strategy:

Expand manufacturing capacity and increase production efficiency: Rapid industrialization in India and China is expected to drive demand for specialty chemicals. The Asia Pacific countries are expected to dominate the market across the world, with a share of 40%, owing to the large customer base, leading to high demand for specialty chemicals, increasing industrial production, and robust growth of the construction sector in the region. The Asia Pacific is followed by North America and Europe. The global specialty chemicals market is expected to grow at a CAGR of 5.3% while the Asia Pacific is anticipated to grow at the fastest rate of 6-7% during the forecast period. The specialty chemicals industry in India is driven by both domestic consumption and exports. The growth of the market is in conjunction with the overall growth of the Indian economy. Export of specialty chemicals is expected to grow as India is becoming a central manufacturing hub for such chemicals. Tightening of environmental norms in developed countries and the slowdown of China are the driving factors for such growth in exports from India. The recently launched "Make in India" campaign is also expected to add impetus to the emergence of India as a manufacturing hub for the chemicals industry in the medium term. RBL 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. Its leading presence in the Indian specialty chemicals industry presents it with a significant advantage to benefit from the future growth opportunities in the specialty chemicals industry in India and overseas.

Introduce new products and focus on green products which promote sustainability: RBL seeks to continue to expand its specialty chemicals product portfolio to cater to the specific requirements of its customers and also expand into new business segments through introduction of new products. It continuously work on launch of new products through its focused R&D activities. Additionally, it is also working towards launch of products in the anti-microbial and electromagnetic protection range. It seeks to focus on formulations for water treatment plants in its home, personal care and performance chemicals category and primarily target to cross-sale this product to its existing customers. RBL is also planning to manufacture specialty chemicals for cement industry where it has formulated a specialty additive in-house which is used in the cement manufacturing and which improves the overall productivity and reduces production cost for cement manufacturers. Further, as the single largest textile specialty chemical manufacturer in India it want to ensure that its formulations are not only eco-friendly products but also improves the sustainability of the manufacturing and other industrial processes in the textile industry.

Continue to focus on innovation and grow business across customer segments: As a manufacturer of specialty chemicals, RBL understand that performance and functionality of its products are the primary drivers for their success with its customers. Accordingly, it seeks to continue to focus on its ability to customize its products according to the specific requirements of the customers through innovation including creation of new molecules and focusing on sustainable solutions. It continuously seeks to improve on its products to make them more effective for its customers and their applications and processes. RBL aims to innovate, manufacture and supply specialty chemicals which will make the processes followed by its customers more efficient, environmentally more sustainable as well as more cost efficient. It also seek 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. RBL also seeks to grow its business across diverse customer segments by focusing on innovation and customization of its solutions. RBL is 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. It is also planning to introduce certain new products in the personal care and cosmetics segments. Further, it plans 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. It also seeks 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: RBL's customer base currently comprises a host of multinational, regional and local FMCG companies. The long-standing relationships that it 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. Its continuing R&D endeavours and its reputation for quality will help increase overall market share for both of RBL's home, personal care and performance chemicals category and the textile specialty chemicals category, It intends to focus on increasing its wallet share with existing customers in the years to come. It has built long-standing relationships with its customers through various strategic endeavours, which it intends to leverage by capitalizing on the significant cross-selling opportunities that its diversified product portfolio offers. Further, it plans on utilizing its expanded geographical footprint to address the sourcing requirements of its existing multinational customers in the FMCG, textile and apparel industries as and when they enter new markets, thereby consolidating its position as a preferred supplier across geographies. Going forth, RBL intends to continue to leverage its sales and marketing network, diversified product portfolio and its industry standing to establish relationships with new multinational, regional and local customers and expand its customer base.

Expand international operations: The global specialty chemicals market is expected to grow at a CAGR of 5.3% with the Asia Pacific market leading with an estimated growth rate of 6-7% during the forecast period. The specialty chemicals industry in India is driven by both domestic consumption and exports. Export of specialty chemicals is also expected to grow as India will gradually become the central manufacturing hub for such specialty chemicals. In line with the market opportunities, it seeks to expand its international footprint and increase sales from exports. Further, the demand for textile specialty chemicals have risen all over the world owning to the huge production of not just apparels but also rising demand for home furnishings, floor coverings and technical textile globally. The global textile specialty chemicals market is expected to grow at a CAGR of 4.0% (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. While China is the leading consumer and producer of textile specialty chemicals, markets like India, Vietnam and Bangladesh are expected to provide good opportunity in the textile specialty chemicals sector. In the home, personal care and performance chemicals products category, it seeks to expand its customer base for its detergent additives including enzymes. RBL also seeks to expand its products sold under its private label or in partnership with digital market platforms such as Amazon in foreign countries. In the animal health and nutrition products category, RBL itself or through its distributors have started statutory registrations (with many products already registered) in many countries like Nepal, Bangladesh, Myanmar, Vietnam, Philippines, Egypt, Kenya, Nigeria and Mauritius. To this purpose, it has also participated in many exhibitions in some of these countries.

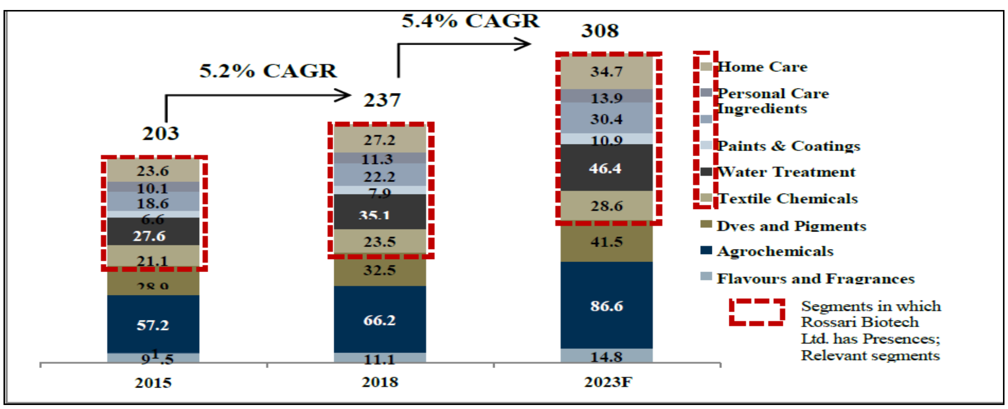
RBL is well positioned to exploit the opportunities offered by the expected growth in the specialty chemicals industries internationally due to its strong manufacturing capabilities, strong R&D capabilities and wide product portfolio. It intends to focus on leveraging such opportunities to increase its international operations.

Inorganic growth through strategic acquisitions: Going forward, RBL's strategic investments and acquisitions of businesses in the specialty chemicals industry may act as an enabler of growing business. Its efforts at diversifying into new segments of the specialty chemicals industry or into new domestic or international markets can be facilitated by investing in similar business opportunities or making acquisitions of existing brands or businesses with manufacturing facilities, market share or growth potential, whose operations, resources, capabilities and strategies are complementary to the Company. Vertical integration in the value chain is expected to increase market consolidation and the specialty chemicals industry will become more competitive, leading to further consolidation of the organized market. Leveraging on this consolidation, RBL intends to evaluate growth opportunities to inorganically grow its specialty chemicals operations. It has identified certain strategic investment or acquisition opportunities which include entering into a joint venture agreement with certain third parties and acquisition of balance stake in its Subsidiary, Buzil Rossari. While it seeks to make such strategic investments or enter into any such acquisitions on an opportunistic basis it has not entered into any agreement or arrangement towards these.

Industry

Global Specialty Chemical Industry Based on value addition, the chemicals industry can be classified into two broad segments - basic and specialty. In general, basic chemicals are high-volume and low-value products that are sold to other industries for processing further. They are usually manufactured in continuous process plants and there is no major product differentiation across several manufacturers. Sales of basic chemicals are largely driven by price. However, specialty chemicals are low-volume and high-value products which are sold on the basis of their quality or utility, rather than composition. Thus, they may be used primarily as additives or to provide a specific attribute to the end product. Specialty chemicals are more likely to be prepared and processed in batches. The focus is on value addition to the end-product and the properties or technical specifications of the chemical.

The 10 segments that have been covered cumulatively constitute a market of USD 237 billion in 2018 globally and are expected to grow at 5.4% p.a. to reach USD 308 billion by 2023. Paints & Coating additives and construction chemicals, are expected to be the fastest growing segments at 6.5% CAGR during the five year forecast period. Global Specialty Chemicals Market, Value (USD billion), 2015, 2018 and 2023F



Growth Drivers

Growing consumption of green chemicals (environmentally friendly products)

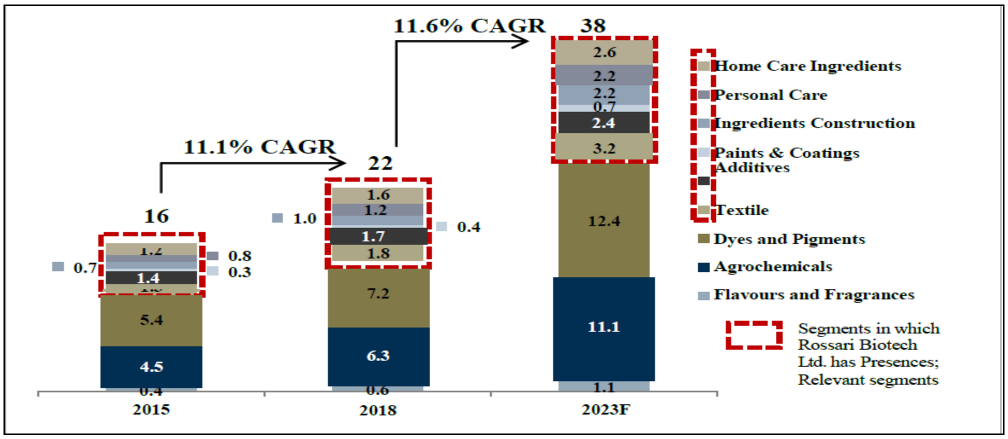
With increased awareness of the ill-effects of certain chemicals on human and the environment, there is a growing trend in the chemicals industry to shift towards what is known as "green" chemicals or more accurately sustainable chemistry . These are products which are bio-degradable and which show a significant reduction in environmental when applied-this can be either through reducing energy and water consumption in the process or reducing the chemical and biochemical oxygen demand of the waste generated which reduces treatment costs and is kinder to the environment. The classification across the life cycle of any chemical product including its design, manufacture, application and disposal. The products can be used for various applications such as food ingredients, home and personal care products, water treatment, and industrial cleaning products. The demand for green chemicals is particularly high from the textile industry which is one of the major end-users of chemicals. The evolution of green chemistry in the chemical industry will be a critical trend fuelling the growth of the green chemicals market. Global Green Chemicals market will grow at a CAGR of 10.5% during 2019-2023.

Indian Specialty Chemical Industry

The specialty chemicals industry is driven by both domestic consumption and exports. Home and personal care chemicals, water chemicals, construction chemicals, etc. are areas where specialty chemicals find applications. The growth of the market is in conjunction with the overall growth of the Indian economy. Exports are on the rise as India is becoming a central manufacturing hub for such chemicals. Tightening of environmental norms (eg. REACH regulations) in developed countries and the slowdown of China are contributing to the growth of exports.

The recently launched "Make in India" campaign is also expected to add impetus to the emergence of India as a manufacturing hub for the chemicals industry in the medium term.

Indian Specialty Chemicals Market, Value (USD billion), 2015, 2018 and 2023F



A. HPPC Industry

Global HPPC Industry

The global home care ingredients market was valued at USD 23.6 billion in 2015 and it grew to USD 27.2 billion in 2018 registering a CAGR of 4.8%. The home care and cleaning products market has growing rapidly due to dynamic factors including a growing population, the rising awareness of health and hygiene concerns, and increasing income levels, particularly in developing countries. These factors have triggered the sales of cleaning products to grow at double-digit figures in certain countries in the last few years. As a result, sales of ingredients used in these products have also witnessed a strong performance in the past couple of years.

Global personal care ingredients market

Personal care ingredients are a series of raw material used in personal care products and in cosmetic formulas to carry out an action on the skin compatible with the results they claim to deliver. It includes the surfactants conditioning polymer emulsifier and emollients and others. These ingredients are mainly used in skin care, hair care cosmetic and oral care products as they fight inflammation, enhance collagen production, free radical damage, oppose glycation, assist in cell regeneration, and help speed cell turnover or prevent and reverse photo aging. The market for personal care ingredients is broadly classified into commodity, fine chemical, and specialty chemical ingredients. Specialty ingredients are further classified as active and inactive ingredients based on their functionality in consumer products.

Personal care active ingredients are ingredients are added in personal care and cosmetic products to enhance their functional properties. Active ingredients fulfil anti-aging, exfoliation, sun protection, moisturizing, antimicrobial, and other functions such as skin lightening. They are utilized in various skin care products such as facial and body creams, lotions, masks, and other formulations.

Personal care inactive ingredients refer to those ingredients that provide physical and process able properties to a formulation as opposed to active properties. They are added to personal care products for three main reasons viz., as a vehicle to deliver active ingredients to the skin; as a preservative to help maintain reasonable shelf life for the product; and to make it feel, smell and look nice.

Global personal care ingredients market accounts for 2.6% of total specialty chemicals market. The personal care ingredients market was historically sized at ~USD 10.1 billion in 2015 and was pegged at USD 11.3 billion in 2018 recording a growth rate of CAGR 3.8% between 2015 and 18. Currently, active ingredients constitute about 35% of specialty chemicals. This share is expected to increase with increasing consumer awareness and a growing demand for dedicated personal care products. Personal care products, particularly anti-aging, conditioning, and other functionalities such as UV filter ingredients are expected to steer the growth of active ingredients. This coupled with the global market shift toward natural active ingredients for personal care products is expected to make active ingredients all the more attractive.

Growth Drivers

High consumption base in developing nations: Personal care spending per capita is correlated to the GDP growth of a nation. Demand for personal care products from rapidly growing economies such as Brazil, India, and China as well as emerging economies such as Thailand, Indonesia, and Malaysia presents a number of opportunities for the industry. With rapidly expanding urban populations, there has been an increase in purchasing power among the middle class populations. This in turn has driven spending on personal care products. These growing economies will remain important growth drivers for the active ingredient market till 2023. Another important parameter that makes these growing economies attractive is the large population base. China having done away with its "one-child" policy, growth in the Asian region is expected to gain momentum in the future. Market forecast and major tailwinds

The global personal care ingredients market will be driven by increased purchasing power of consumers and change in the standard of living in emerging economies. Moreover, growth in demand for multifunctional ingredients and increase in geriatric population will boost the market growth. However, stringent government regulations and rise in demand for natural ingredients restrict the market growth of synthetic ingredients. Manufacturers and industry suppliers have started to move towards naturally- sourced ingredients which are positive developments in the personal care ingredients industry. With rising awareness among consumers, who are more concerned about the health effects of ingredients they use, all-natural solutions for hair care, oral care, and cosmetics have increasingly gathered traction in recent times. The personal care ingredients market has also seen rewarding avenue in the rising research into botanicals, which may pave way for more successful personal care ingredients.

Indian HPPC Industry

Indian market size (historic and present) The Indian home care ingredients market was valued at USD 1.2 billion in 2015 and it grew to USD 1.6 billion in 2018 registering a CAGR of 10.8%. The ingredients market was driven by growth in the home care products market in India which has flourished over the past years due to the increased awareness about health and hygiene, as well as considerable increase in per capita disposable income. These factors have triggered the sales of cleaning products to grow at double-digit figures in certain countries in the last few years. As a result, sales of ingredients used in these products have also witnessed a strong performance in the past couple of years.

Within homecare market, the household segment accounts for the majority share owing to large population base of the country leading to higher consumption of homecare products in home. The industrial and institutional segment accounts for less than 20% of the total market. Within I&I, the institutional chemicals captured a majority share on the back of rising demand from rising number of universities, colleges, hospitals, hotels, restaurants chains, laundry and dry cleaning services, corporate offices, etc. The segment is anticipated to maintain its dominance through 2023. Hotel and lodging end use industry dominated the institutional cleaning chemicals market in India in 2016. The second largest share in I&I was captured by office spaces due to rising urbanization and surging investments in construction activities.

Fabric care is a major category accounting for 68% of the household care sector. Non-automatic detergents, such as hand-wash detergents and bars, are the most popular forms. Liquid and powder detergents are becoming more prevalent as the Indian middle class prefers speedy and convenient household care. While fabric care is a well-established market, other segments of home care market such as air care and specialty surface cleaners are emerging markets. The dish soap category is the second largest category in India. The penetration of dish cleaning agents is low in India and they still use traditional methods of cleaning utensils. However the usage of dish cleaning agents is high in urban areas where dishwashing liquids and bars are more preferred rather than traditional dishwashing powders. The surface care segment, accounting for third largest segment, consists of household cleaners and antimicrobial products. Reckitt Benckiser's liquid antiseptic Dettol and multipurpose cleaners Colin, and Lizol, etc. are the most prominent followed by Hindustan Unilever's Cif household cleaner. Some of the leading players operating in homecare ingredients market are Diversey India Private Limited, Schevaran Laboratories Private Limited, Satol Chemicals, Ecolab India, Buzil Rossari Private Limited, Haylide Chemicals Private Limited, Altret Industries Private Limited, Croda India Company Private Limited, and BASF India Limited, among others.

B. Textile Chemical Industry

Global Textile Chemical Industry

Global market size (historic and present)

Textile industry involves manufacturing practices which involves use of varied chemicals to prepare, treat and colour the fabrics. A different type of chemical is required for every procedure. Textile chemical products vary from highly specialized chemicals (biocides, flame retardants, water repellents, and warp sizes, for example) to relatively simple commodity chemicals (such as bleaches) or mixtures thereof (such as emulsified oils and greases, starch, sulfonated oils, waxes, and some surfactants). Textile chemicals are added during fabric processing to impart specific features such as sweat absorbency, antimicrobial properties, wrinkle resistance, stain resistance, desired texture, and finish to the fabrics. Chemicals used for the purpose of pre-treatment like coatings and sizing chemicals are largely consumed products since these are used for increasing the strength and abrasion resistance of yarns. The risks associated with weaving such as fraying and breaking of yarn during the weaving process is significantly reduced with the use of sizing chemicals. Ingredients that can be offered enhanced abrasion resistance and flexibility to the yarn is expected to gain significant demand over the forecast period. Accounting for 29%, second largest product to be used is Dyes. Textile dyes are however losing sheen due to emerging eco-friendly alternatives such as organic colours being preferred by many manufacturers in the industry, as well as growing concerns of using synthetic dyes. Other products occupying the textile chemicals share were finishing agents at 19%, followed by de-sizing agents at 8%, bleaching agents, yarn lubricants, and surfactants.

Product innovation trends

Textile industry consumes a large amount of water and significantly contributes towards water pollution, air pollution as well as solid-waste pollution. With rising environmental concerns, in textile chemicals there has been a shift of focus by major manufacturing companies towards green (bio-based) chemicals, which are eco-friendly in nature. Green chemicals, made from animal and plant fats/oils, are eco-friendly and cost-efficient in comparison to their conventional counterparts. Due to availability of low-cost feedstock, companies involved in manufacturing bio-based chemicals are cost competitive. Market forecast and growth drivers The Indian textiles industry is expected to reach USD 250 billion by 2019. Indian domestic apparel market size is expected to grow from about USD 70 billion in 2018 to USD 118 billion in 2023, growing at a CAGR of 11%. Apparel segment's growth is supported by a robust growth in the organized apparel segment and entry of players such as H&M, Zara and Marks & Spencer.

C. Animal Health and Nutrition Industry

Global Animal Health and Nutrition

Animal or pet food additives are defined as nutritional ingredients that are supplemented to improve the quality and digestibility of the feed and the performance of animals. The primary additives considered in this report include amino acids, vitamins/carotenoids, enzymes, organic acids, organic trace minerals, probiotics, prebiotics, and omega-3 fatty acids. Growth in the demand for high-quality meat products and protein-rich diets are the primary factors driving the demand for animal feed additives. Increased awareness regarding the benefits of including functional ingredients in pet food and growth in the demand for highly premium pet food products are the key drivers for additives in the pet food market. The total market for animal and pet nutrition ingredients has grown to USD 16.6 billion in 2018 from USD 14.2 billion in 2015, recording a compound annual growth rate (CAGR) of 5.3% during the period.

Growth Drivers and Market Forecast

Growing per Capita Consumption of Meat Products with High Demand for Animal Protein will drive the Demand for Feed Additives, Especially Amino Acids: According to the United Nations Food and Agriculture Organization (FAO), the per capita meat consumption in developing economies is expected to increase from 26.8 kilograms in 2017 to 28 kilograms by 2025. Similarly, the per capita meat consumption in developed nations is expected to rise from 67.2 kg in 2017 to 69.2 kg by 2025. This growth in demand is expected to primarily stem from population and income growth especially in Asia- Pacific, Latin American, and Middle Eastern countries. Such growth in the demand for animal protein is expected to drive the demand for feed additives, such as amino acids. This aids in improving the feed conversion ratio and, in turn, the protein concentration. To meet the growing demand for high quality meat and other animal products, there is increased pressure on farmers to improve quality, productivity and sustainability. Thus, to meet the quality and productivity directives, the practice of supplementing diets with additives such as vitamins, amino acids, organic acids, enzymes, pigments, and probiotics is expected to intensify There is also a growing shift toward landless commercial production systems, which further drives the need for supplementing diets with additives that can promote healthy and faster growth and improve the feed conversion ratio.

Indian Animal Health and Nutrition

Indian market size (historic & present)

Indian Animal and Pet Nutrition Ingredients market is one of the world's fastest growing feed additives market. Rising health-consciousness among consumers and a growing demand for animal protein are driving the demand for high-quality meat products. Increased awareness among livestock producers and adoption of intensive animal farming practices to meet the growing demand are expected to propel the demand for feed additives. The India market for animal and pet nutrition ingredients in 2018 was estimated at about USD 0.25 billion.

Amino acids accounted for a share of 56.7% in 2018 in the India animal and pet nutritional ingredients market, followed by vitamins/carotenoids. A growing requirement for animal protein and rising focus on the quality and appearance of animal products are the key factors driving the demand for amino acids and vitamins/carotenoids in the region. The enzymes and organic acid segments are expected to record a CAGR of 6.6% and 6.5% respectively from 2018 to 2023. This growth is primarily attributed to the growing awareness regarding the benefits of adding enzymes to the feed and the growing demand for antibiotic-free meat. Moreover, the demand for probiotics and prebiotics in India is expected to surge, driven by rising awareness among consumers.

Poultry segment dominates in terms of the demand for feed additives in the region, with a market share of 48% in 2018. The sector is expected to record a CAGR of 6.5% until 2023. As per the USDA's recent estimates, India ranks first in terms of cattle inventory. However, due to the unorganized nature of cattle farming, current usage of feed additives is lesser compared to poultry. The demand for aquaculture ingredients is expected to witness staggering growth during the forecast period. However, growth in the pet industry is expected to remain slow.

Global Pet Food Market

The global pet food market was worth US$ 98.3 Billion in 2018, growing at a CAGR of 5.3% during 2015-2018. The market is further projected to reach a value of US$ 128.4 Billion by 2024, growing at a CAGR of 4.5% during 2019-2024. Over the years, the growing number of pet-owners has resulted in an extensive demand for pet food. Research and studies conducted by the manufacturers have also increased their knowledge of pet nutrition. In-line with this, they are now offering products which ensure palatability and meet the nutritional requirements of pets. Moreover, several pet food associations and federations have introduced strict legislation for the manufacturers to produce safe and high-quality pet food.

Key Concerns:

The continuing effect of the COVID-19 pandemic on business and operations is highly uncertain and cannot be predicted: In late calendar 2019, COVID-19, commonly known as "novel coronavirus" was first reported in Wuhan, China. Since then, the virus has progressively spread globally to many countries. The World Health Organization declared the COVID-19 outbreak as a health emergency of international concern on January 30, 2020 and thereafter categorised the outbreak as a pandemic on March 11, 2020. In order to contain the spread of COVID-19 virus, the Government of India initially announced a 21-day lockdown on March 24, 2020, which, after being subject to successive extensions, is being relaxed currently. During the duration of the lockdown, there were several restrictions in place including travel restrictions and directive to all citizens to not move out of their respective houses unless essential. Whilst the lockdown required private, commercial and industrial establishments to remain closed, manufacturing units of essential commodities were permitted to be functional. Since certain of RBL's products such as sanitizers and disinfectants were categorised as essential items, manufacturing at its Silvassa facility was not shut down.

However, during the initial stages of the lockdown RBL's business operations were temporarily disrupted and faced limited availability of labour, supply chain constraints and logistical problems, thereby causing Silvassa facility to operate at a sub-optimal capacity in the month of April 2020. It also faced limitation on transportation of its products from its manufacturing facility at Silvassa and the operation of its offices and branches were also adversely affected amidst the lockdown and public transport restrictions. It cannot be assured that it may not face any difficulty in its operations due to such restrictions and such prolonged instances of lockdown may adversely affect the business, financial condition and results of operations. while RBL has seen a higher demand of hygiene products, there is significant uncertainty on the impact of COVID-19 on global and Indian economy and it may not be able to accurately predict its near term or long term impact on its business.

Reliant on the demand from the textile industry for a significant portion of revenue: RBL is the largest manufacturer of textile specialty chemicals in India and its business and financial performance is significantly dependent on sale of specialty chemicals to Indian textile manufacturers and export of its specialty chemicals to textile manufacturers in Bangladesh, Vietnam, and other global markets. In Fiscals 2020, 2019 and 2018 revenue from sale of TSC products represented 43.71%, 52.13% and 71.54% respectively, of its revenue from operations. As a result of RBL's dependence on the textile industry, its sales volumes, profitability and liquidity are closely tied to the demand for textiles in India and globally and a slowdown in the textile industry may result in a reduction in the volume of the textile chemicals business, which could materially and adversely affect the business, financial condition and results of operations.

Derive a significant portion of revenue from a few major institutional customers in TSC and HPPC product categories: A majority of RBL's revenue from operations is from sales to its institutional customers in the TSC and HPPC product categories. Revenue from sale of HPPC and TSC products cumulatively constituted 90.52%, 90.00%, and 90.17% of its revenue from operations for Fiscals 2020, 2019 and 2018, respectively, within which it depends on a limited number of customers for a significant portion of its revenues. Revenue from its top five customers across product categories constituted 43.95% of its revenue from operations for Fiscal 2020. Revenue from top 10 customers across product categories constituted 53.72% of its revenue from operations for Fiscal 2020. Reliance on a limited number of customers for business may generally involve several risks. These risks may include, but are not limited to, reduction, delay or cancellation of orders from significant customers, failure to negotiate favourable terms with its key customer, the loss of these customers, all of which would have a material adverse effect on the business, financial condition, results of operations, cash flows and future prospects of the Company. Further, there is no guarantee that it will retain the business of its existing key customers or maintain the current level of business with each of these customers. Furthermore, RBL typically do not have firm commitment in the form of long-term supply agreements with its key customers and instead rely on purchase orders to govern the volume and other terms of its sales of products. Further, it may not find any other customers for the surplus or excess capacity, in which case it may be forced to incur a loss.

Manufacturing facility situated in Silvassa is critical for business and any disturbance, slowdown or shutdown of Silvassa Manufacturing Facility, may have an adverse impact on the business, results of operations and financial conditions: RBL currently conduct its operations through sole manufacturing facility located in Silvassa. This facility has an installed capacity of 120,000 MTPA. Its business is dependent on its ability to effectively manage its manufacturing facility, which is subject to various operating risks, including those beyond control, such as the breakdown and failure of equipment or industrial accidents and natural disasters. The recent outbreak of the COVID-19 pandemic initially resulted in limited availability of labour, logistics and supply chain constraints due to which the manufacturing facility was operating at sub-optimal capacity utilization in the month of April. RBL depends on heavy and expensive machinery for manufacture of its products which are susceptible to damage due to the flammable, toxic and corrosive properties of certain chemicals used during the manufacturing process and any significant malfunction, breakdown and damage of its machinery may entail high repair and maintenance costs and cause delays in its operations. If it is unable to repair malfunctioning machinery in a timely manner or at all, its operations may need to be suspended until it procures machinery to replace them, which may adversely affect the business and results of operations.

Increase in the cost of raw materials as a percentage of revenue could have a material adverse effect on results of operations and financial conditions: RBL's largest expense is its cost of raw materials. RBL's primary raw materials are acrylic acid, surfactants and silicone oil. Its cost of materials consumed represented 61.53%, 68.81% and 65.73% of its revenue from operations for Fiscals 2020, 2019 and 2018, respectively. RBL does not have long term agreements with any of its raw material suppliers and it acquire such raw materials pursuant to its purchase orders from suppliers as a result of which, it is required to forecast its supply and demand. RBL's inability to correctly forecast demand and supply may have a material adverse impact on its working capital, its business and its results of operations.

Success depends on the ability to develop and commercialize new products in a timely manner: In order to remain competitive, RBL must develop, test and manufacture new products, which must meet the technical specifications and quality standards of its customers. It continuously seeks to identify changing trends and introduce innovative products to value add and improve the functionality and properties of the products manufactured by its customers. To accomplish this, RBL commits substantial effort, funds and other resources towards its R&D activities and it has set- up a dedicated R&D centre at its Silvassa Manufacturing Facility and another one in Mumbai. R&D in the specialty chemicals and industrial enzymes industry is expensive and prolonged and entails considerable uncertainty as to its returns and results. RBL's ongoing investments in new product launches and R&D for future products could result in higher costs without a proportionate increase in revenues. The process of developing new products takes it significant amount of time and investment from discovery through testing to initial product launch. There can be no assurance that its expenditure on R&D activities will yield proportionate results of substantial commercial value or commercially viable products may be developed or launched as a result of such R&D activities. Further, research undertaken by competitors may lead to the launch of competing or improved products. Failure to predict and respond effectively to this competition could render its existing, new or candidate products less competitive in terms of price and quality. Delays or failure in developing new or commercially viable products could adversely affect the business, financial condition and results of operations.

Commercial success depends on the success of customer's products with end consumers: RBL's products are used by the customers as raw materials in the production of textiles, soaps and detergents, paint and coatings and other specialty applications. Its commercial success also depends to a large extent on the success of its products with end consumers. The success of the end products manufactured by its customers depends on the customers' ability to identify early on, and correctly assess consumer market preferences. It cannot be assured that its customers will correctly assess consumer preferences in a timely manner or that demand for goods in which its products are used will not decline. If the demand for the products in which RBL's products are used declines, it could have a material adverse effect on its business, financial condition and results of operations.

RBL does not have any long term agreements with most of the customers: RBL typically do not have firm commitment long-term supply agreements with most its customers and instead rely on short term purchase orders to govern the volume and other terms of its sales of products, from its customers. The purchase orders RBL receives from its customers specify a price per unit, delivery schedule, and the quantities to be delivered, however, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact the revenue and production schedules. RBL often increase staffing, increase capacity and incur other expenses to meet the anticipated demand of its customers, which could cause reductions in its margins if an order gets delayed or cancelled or modified.

Business depends on the ability to protect patents, trademarks, its technical know-how and trade secrets against third parties: RBL's success depends on its ability to protect its patents, trademarks, technical know-how and trade secrets in respect to its formulations and processes. While, it has received one patent and 28 trademark registrations and applied for 24 trademark registrations, it primarily relies on trade secrets to protect proprietary formulations, which do not require RBL to publicly file information regarding such trade secrets. However, its trade secrets may become known or independently developed by its competitors, and in such cases, RBL may no longer enjoy the exclusive use of some of its formulations or maintain the confidentiality of information relating to its products. Additionally, RBL may face claims that it is infringing the intellectual property rights of others. If RBL is subject to any adverse rulings or decisions, it manufactures and sale of such products could be significantly restricted or prohibited and it may be required to pay substantial damages or on-going licensing fees. Any of the foregoing could have an adverse effect on the business, results of operations, cash flows and financial condition.

Distribution network is vital to its business and inability to expand or effectively manage its distribution network would lead to an adverse impact on the business, financial condition and results of operations: RBL relies to a significant extent on the relationships it has with its third-party distribution partners, as they play a significant role in enhancing customer awareness of its products and maintaining its brand name. Its pan-India distribution network has over 204 distributors as on May 31, 2020. RBL primarily sell its home, personal care and performance chemicals; and textile specialty chemicals in a business-to-business model through its distributors to its customers in FMCG and apparel industries, respectively; and it sell its animal health and nutrition products to retailers through distributors. RBL may not be able to effectively manage its existing distribution network as it does not have any long-term contracts with any of its distribution partners. RBL seeks to increase the penetration of its products by expanding its distributor network targeted at different customer groups and geographies. There can be no assurance that it will be able to successfully identify or appoint new distribution partners. Its competitors may have exclusive arrangements with certain distributors who may be unable to stock and distribute its products, which may limit its ability to expand its distribution network as it typically do not have exclusive arrangements with its distributors. If RBL is unable to effectively manage its distribution network, its business, financial condition and results of operations may be adversely affected.

As part of RBL's growth strategy, it is in the process of establishing a manufacturing facility at the Dahej. Implementation risks along with possible time or cost overruns could adversely affect the business and results of operations: RBL is in the process of establishing its new manufacturing unit at the Dahej, Gujarat. It estimate that its Dahej Manufacturing Facility will achieve commercial operation by Fiscal 2021. The proposed completion time of its Dahej Manufacturing Facility is based on management estimates and in the event such estimates prove to be incorrect, its business plans and consequent results of operations may be adversely affected. Further, RBL's decision to undertake the Dahej Manufacturing Facility is based on its understanding of the demand in the markets of the products that it manufacture and operate in, globally and in India. In the event its estimates prove to be incorrect or in the event RBL is unable to operate the under construction manufacturing facility successfully, its investment in the Dahej Manufacturing Facility would suffer and so would its results of operations.

RBL is subject to risks associated with its strategic partnership with Buzil: RBL has entered into joint venture in India with BUZIL-WERK Wagner GmbH & Co. KG ("Buzil"), in relation to, among other things, its institutional cleaning business. While RBL owns controlling interest in Buzil Rossari, the terms of the joint venture provide Buzil with certain contractual rights in relation to the business and operations of Buzil Rossari. Accordingly, it need the cooperation and consent of Buzil in connection with the operations of Buzil Rossari, which may not always be forthcoming and it may not always be successful at managing its relationships with Buzil. There can be no assurance that RBL will always be successful at managing its strategic partnership with Buzil. In the event any risks in relation to its relationship with Buzil materialize, its results of operations and financial condition may be adversely affected.

RBL may not be able to successfully grow its new product categories, which may result in an adverse impact on its business prospects and results of operations: As part of RBL's growth strategy, it has also introduced additional products in its pet grooming and pet treats product sub-category, which are relatively new to its portfolio. It started the pet grooming product sub-category pursuant to its acquisition of the 'Lozalo' brand, related trademarks and intellectual property in Fiscal 2019. Further, it has also launched new products in the pet food and pet treats product subcategories in Fiscal 2019. RBL has limited or no experience in some of the recently launched products in the pet grooming and pet treats product sub-categories, which are targeted at a completely different customer product category. Further, the process of launching new businesses requires that RBL make long-term investments and commit significant resources before knowing whether these investments will eventually result in businesses that achieve customer acceptance and generate the revenues required to provide desired returns. Since, it is targeting direct sales to the end consumer with its products in the pet grooming and pet treats product subcategories, it will be required to undertake significant expenses for marketing its products and brand building. Further, RBL's products in the new product subcategories may not generate sufficient demands in the market, which may result in an adverse effect on its business, results of operations and financial condition.

Exposed to the risk of losing market share to cheaper imports from other countries which could adversely affect the business, financial condition and results of operations: RBL operates in a globally competitive industry and faces competition from specialty chemicals manufacturers from other countries as well as from imports from low cost manufacturing destinations. Some of its global competitors may have certain advantages, including low cost labour, greater financial resources, technology, research and development capability, greater market penetration and operations in India and product portfolios, which may allow its competitors to offer their products competing with its in terms of price and quality. There is no assurance that RBL will remain competitive and be able to match the low cost imports from other countries. It may not be able to compete effectively with its global competitors across its product portfolio, which may lead to its customers preferring to opt for such competitors over it, thereby having an adverse impact on its business, financial condition, results of operations and future prospects.

RBL's ability to accurately forecast demand and manage inventory or working capital balances may have an adverse impact on its business, market position and result of operations: RBL evaluate its inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in its product sales mix. Efficient inventory management is a key component of the success of its business, results of operations and profitability. To be successful, RBL must maintain sufficient inventory levels and an appropriate product sales mix to meet its customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely affects its results of operations. If a customer defaults in making its payment on a product to which it has devoted significant resources, it may also affect its profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in its working capital requirements. If RBL is unable to finance its working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect the business, growth prospects and results of operations.

RBL is subject to extensive government regulation: RBL's operations are subject to extensive government regulation and it is required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in the geographies in which it operates, generally for carrying out its business and for its manufacturing facilities. The approvals required by RBL is subject to numerous conditions and it cannot be assured that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by RBL to comply with the applicable regulations or if the regulations governing its business are amended, it may incur increased costs, be subject to penalties, have its approvals and permits revoked or suffer a disruption in its operations, any of which could adversely affect the business.

Competition from existing players and new entrants and consequent pricing pressure could have a material adverse impact on the prospects and results of operation: The specialty chemicals and industrial enzyme industry is highly competitive. Competition in business is based on pricing, relationships with customers, product quality, customisation and innovation. RBL expects that competition will continue to intensify both through the entry of new players and consolidation of existing players. Its competitors may succeed in developing products that are more effective, more popular or cheaper than any it may develop, which may render its products obsolete or uncompetitive and adversely affect the business and financial results.

If any of RBL's products cause or are perceived to have caused side effects, its reputation, revenues and profitability could be adversely impacted: RBL develop, manufacture and market a diverse range of specialty chemicals and industrial enzymes which are primarily used as raw materials for host of products in the textile, consumer-centric home and personal care and animal health and nutrition related businesses. If its customers' products cause, or are perceived to cause, severe side effects to their end-users, it may face a number of consequences, including, a severe decrease in the demand for, and sales of, the relevant products, the recall or withdrawal of the relevant products, withdrawal or cancellation of regulatory approvals for its manufacturing facility, damage to its reputation and brand name and exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or sanctions. As a result of these consequences, RBL's reputation, revenues and profitability may be adversely affected.

Inability to successfully expand the business in international markets may affect the growth which may have an adverse effect on the business, results of operations and financial condition. Expansion into new international markets is important to RBL's long-term growth. Competing successfully in international markets requires additional management attention and resources to tailor its products to the unique aspects of each new country. In increasing its headcount and revenue generated in foreign countries, it face various risk which could adversely affect its international expansion and growth, and could have an adverse effect on the business, results of operations and financial condition.

Exposed to foreign currency exchange rate fluctuations: Revenues are influenced by the currencies of those countries where RBL sells its products. The exchange rate between the Indian Rupee and foreign currencies, primarily the US$, has fluctuated in the past and its results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. During times of strengthening of the Indian Rupee, RBL expects that its overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in its results of operations in any given financial period due to other variables impacting the business and results of operations.

RBL has high working capital requirements and may require additional financing: RBL requires working capital to finance the purchase of raw materials and for the manufacture and other related work before payment is received from customers. The actual amount and timing of RBL's future working capital requirements may differ from estimates as a result of, among other factors, calamities, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the specialty chemicals and industrial enzyme industry If RBL decide to raise additional funds through the incurrence of debt, its interest and debt repayment obligations will increase, and could have a significant effect on the profitability and cash flows and it may be subject to additional covenants, which could limit RBL's ability to access cash flows from operations.

Conflicts of interest may arise out of common business objects shared by the Company and some of its Group Companies and members of the Promoter Group: Certain RBL's Group Companies, namely RBIPL, RMIPL and RSCPL and certain of the members of the Promoter Group, namely Rossari Hydra Chemicals Private Limited and Suisse Silicon Specialties Private Limited, share the common business objects and the constitutional documents of these Group Companies and members of the Promoter Group permit them to operate in the same line of business as it, which may lead to competition with such Group Companies and members of the Promoter Group. However, the aforesaid Group Companies and the members of the Promoter Group are not currently involved in any business activities similar to that of the Company. Any violation, non-compliance (whether in whole or in part) or unenforceability of such non-compete obligations may have an adverse effect on the results of its operations and financial condition.

Customer consolidation and drastic change in the management set up of customers could impact RBL's relationship with customers: Customers in RBL's markets, especially customers in the home, personal care and performance chemicals product category, may consolidate and grow in a manner that could affect their relationship with it. Additionally, if its customers become larger and more concentrated, they could exert pressure in pricing and payment terms on all suppliers, including it. Accordingly, its ability to maintain or raise prices in the future may be limited, including during periods of increase in the price of raw materials and other costs. If RBL is forced to reduce prices or maintain prices during periods of increased costs, or if it lose customers because of their acquisition, pricing or other methods of competition, its financial position, results of operations and cash flows may be adversely affected.

Any delay or default in payments from distributors or customers could result in the reduction of Profits: RBL extend credit to certain of its customers and distributors. Consequently, it is exposed to the risk of the uncertainty regarding the receipt of these outstanding amounts. As of March 31, 2020, its trade receivables were Rs. 941.36 million on a consolidated basis. If a significant portion of its customers or distributors default in making these payments its profits margins could be adversely affected. RBL's financial position and profitability therefore depend on the credit-worthiness of its customers and distributors.

Operates in a hazardous industry: RBL operates in a hazardous industry and is subject to a broad range of increasingly stringent laws, regulations and standards as the research, development and manufacturing of its products involve handling often volatile, inflammable and hazardous chemicals, processes and by-products. They result in high compliance costs and could expose RBL to legal liability. These requirements are comprehensive and cover many activities including, air emissions, waste water discharges, the use and handling of hazardous materials and by-products, waste disposal practices and the clean-up of existing environmental contamination. In addition, currently unknown environmental problems or conditions may be discovered. If RBL is unable to comply with these standards, it may lose customer orders, suffer from damage to its reputation, or be subject to monetary penalties, criminal sanction or other enforcement actions by regulatory bodies including plant closures or product withdrawal, which could further adversely affect the business, financial condition and results of operations.

Profit & Loss **Rs in million**

Particulars	FY20	FY19	FY18
Revenue from Operations	6000.9	5162.2	2990.6
Other Income	37.2	9.1	13.7
Total Income	**6038.2**	**5171.2**	**3004.3**
Total Expenditure	4953.5	4385.9	2564.3
Cost of materials consumed	3692.6	3552.3	1965.8
Excise Duty	0.0	0.0	68.9
Changes in inventories of finished goods and workin- progress	24.4	-159.6	10.8
Employee benefits expense	372.1	275.2	198.4
Other expenses	864.4	718.1	320.5
PBIDT	**1084.7**	**785.3**	**440.0**
Interest	35.6	28.8	13.6
PBDT	1049.1	756.6	426.5
Depreciation	168.5	122.6	51.7
PBT	**880.6**	**633.9**	**374.7**
Share of Loss of Joint Venture	-2.2	0.0	0.0

Tax (incl. DT & FBT)	225.9	177.1	120.7
Tax	238.0	178.9	108.4
Deferred Tax	-12.2	-1.8	12.4
PAT	652.5	456.8	254.0
EPS (Rs.)	12.86	20.8	11.5
Equity	101.5	44.0	44.0
Face Value	2.0	2.0	2.0
OPM (%)	17.5	15.0	14.3
PATM (%)	10.9	8.8	8.5

Balance Sheet: **Rs in million**

Particulars	FY20	FY19	FY18
Assets			
Non-current assets	**1451.9**	**900.9**	**550.1**
Property, plant and equipment	817.55	680.3	437.3
Right of Use Assets	70.2	70.9	71.7
Capital work in progress	217.5	28.3	24.0
Intangible Assets	47.7	59.7	0.4
Financial assets			
Investments	41.8	0.0	0.0
Other financial assets	4.0	3.5	3.1
Deferred tax asset	0.5	0.51	0.23
Other non-current assets	237.1	42.11	13.36
Income tax asset	15.8	15.53	0.16
Current Assets	**3263.2**	**1597.6**	**1099.4**
Inventories	581.7	549.0	346.1
Financial assets			
Investments	137.3	0.0	69.1
Trade receivables	941.4	859.2	615.6
Cash and cash equivalents	292.1	57.4	6.3
Bank Balances other than cash and cash equivalents	980.2	2.7	3.4
Other financial assets	53.9	13.7	9.0
Other current assets	276.7	115.63	49.91
Total Assets	**4715.2**	**2498.5**	**1649.5**
Equity & Liabilities			
Equity	**2866.8**	**1238.1**	**870.8**
Equity share capital	101.5	44.0	44.0
Other equity	2765.3	1194.1	826.8
Non-Current Liabilities	**361.3**	**42.4**	**45.8**
Financial liabilities			
Borrowings	339.6	6.7	12.9
Provisions	16.3	17.5	12.5
Deferred tax liabilities	5.4	18.1	20.5
Current Liabilities	**1487.1**	**1218.0**	**732.9**
Financial liabilities			
Borrowings	270.5	32.7	188.3
Trade payables	970.0	1059.8	439.6
Other financial liabilities	161.9	100.4	76.6
Provisions	6.7	6.0	4.6
Current Tax Liabilities (Net)	36.6	0.3	14.4
Other current liabilities	41.4	18.8	9.4
Total Equity & Liabilities	**4715.2**	**2498.5**	**1649.5**

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