

# MSEARCH

## IPO OFFERING

### ROSSARI BIOTECH LTD



### About Company

### Recommendation: Subscribe

Rossari Biotech Ltd is a decade old company based out of Mumbai. It is one of the leading specialty chemicals manufacturing company in India catering to various segments. It serves customers across FMCG, Apparel, Poultry and Animal Feed industries through its diversified product portfolio. Company's business is organized in 3 main product categories namely Home, Personal Care and Performance Chemicals, Textile Specialty Chemicals, Animal Health and Nutrition. As on May 31, 2020, it had a range of 2,030 different products sold across these categories. Rossari Biotech manufactures majority of its products in-house from their manufacturing facility at Silvassa and currently it is setting up another manufacturing facility at Dahej in Gujarat with a proposed installed capacity of 132,500 MTPA. It has pan India distribution network through 204 distributors and 17 countries through 29 distributors with operations in India as well in 17 foreign countries including Vietnam, Bangladesh and Mauritius.

Price Band	: Rs. 423 to 425 per share
Bid Lot size	: 35 Shares
Issue size	: Rs. 496 Cr
Issue Opens	: July 13 <sup>th</sup> 2020, Monday
Issue Closes	: July 15 <sup>th</sup> 2020, Wednesday
Min App Amount	: Rs. 14,875 /- at upper band

**Important Note:** All retail applications compulsory in UPI mode\*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

### Msearch View:

We expect global markets to de-risk their dependence on Chinese markets and diversify their base by exploring India which has immense scope of export growth. We are optimistic on the sector based on industry data which says Chinese export of specialty chemicals is over seven-fold of Indian exports, implying a robust multiyear export opportunity as well local demand to support for Indian specialty chemical industry in the current environment. While rising "Make in India" campaign would also add impetus to the emergence of India as a manufacturing hub for the specialty chemicals industry. India's largest textile specialty chemical manufacturer, Rossari biotech stands well to get the favourable and supportive Industry growth to drive sustainable business as well as profitable growth in medium to long term. We believe Rossari biotech is well positioned to tap the shifting global demand by having customized solutions to the apparel, animal & poultry feed and FMCG industries by offering a diversified product portfolio. On valuations parse at upper price band (Rs 425/-), the issue is asking for market cap Rs 2207 Cr with PE 33x times vs. industry average P/E at 27.7x, which seems offer is fully priced in while higher ROCE >30% justifies the premium. **Considering all the above factors we recommend high risk investors can "SUBSCRIBE" taking into consideration risk appetite of volatile equity markets ahead of COVID-19 spread while moderate to low risk investors can give a miss to the offer.**