

November 14, 2022

DCS-CRD BSE Limited First Floor, New Trade Wing Rotunda Building, Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 023 Fax No.2272 3121/2037/2039 Stock Code: 543213	Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor Plot No.C/1, 'G'Block, Bandra- Kurla Complex Bandra East Mumbai 400 051 Fax No.2659 8237/8238 Stock Code: ROSSARI
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Dear Sir/Madam,

Sub: Reaffirmation of Credit Rating by ICRA Limited

Ref: Intimation under Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the ICRA Limited has reaffirmed the ratings as follows:

Sr. No.	Rating Agency	Instrument	Current Rated Amount (Rs. crore)	Particulars	Rating Assigned
1.	ICRA Limited	Fund-Based Working Capital Facilities	147.00	Long Term Rating	[ICRA]AA- (Stable)
2.		Unallocated Limit	7.39	Long Term Rating	[ICRA]AA- (Stable)
3.		Non-Fund Based Limit	25.61	Short Term Rating	[ICRA]A1+

The same may please be taken on record and suitably disseminated to all concerned.

Thanking you,

Yours Sincerely,
For Rossari Biotech Limited

PARUL GUPTA
Digitally signed
by PARUL GUPTA
Date: 2022.11.14
19:29:05 +05'30'



Parul Gupta
Company Secretary & Compliance Officer
Membership No.: A38895

ROSSARI BIOTECH LIMITED

(An ISO 9001:2015 & 14001:2015 Certified Company), CIN: L24100MH2009PLC194818

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Factory : Plot No. 10 & 11, Survey No. 90/1/10/ & 90/1/11/1, Khumbharwadi, Village Naroli, Silvassa - 396235, Dadra & Nagar Haveli (U.T.), India. T : 0260-669 3000

: Plot No. D3/24/3, Opposite ATC Tyre Phase III, G.I.D.C Dahej, Village Galanda, Taluka Vagra, Bharuch-Gujarat - 392130, India. T : +91 2641-3505 03

info@rossari.com

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ICRA Limited

Ref: ICRA/Rossari Biotech Ltd./09092022/1

Date: September 09, 2022

Mr. Sunil Chari
Managing Director
Rossari Biotech Ltd

201 A - B, 2nd Floor, Akruiti Corporate Park,
L.B.S Marg, Next to GE Gardens,
Kanjurmarg (W)
Mumbai - 400078

Dear Sir,

Re: Surveillance of ICRA-assigned Credit Rating for Rs. 180.0 crore Bank Facilities (details as per Annexure) of Rossari Biotech Ltd.

Please refer to the Rating Agreement/Statement of Work dated September 23, 2020 executed between ICRA Limited ("ICRA") and your Company, whereby, ICRA is required to review its rating(s), on an annual basis, or as and when the circumstances so warrant. Based on a review of the latest developments, the Rating Committee of ICRA, after due consideration has retained a long-term Rating of **[ICRA]AA- (pronounced ICRA Double A Minus)** and a short-term Rating of **[ICRA]A1+ (pronounced ICRA A One Plus)**. Outlook on the long-term Rating is **Stable**. For Rating definition(s), please refer to ICRA website at www.icra.in.

In any of your publicity material or other document wherever you are using the above Rating(s), it should be stated as **[ICRA]AA-(Stable)/[ICRA]A1+**.

The aforesaid Rating(s) will be due for surveillance any time before September 08, 2023. However, ICRA reserves the right to review and/or, revise the above Rating(s) at any time on the basis of new information becoming available, or the required information not being available, or other circumstances that ICRA believes could have an impact on the Rating(s). Therefore, request the lenders and Investors to visit ICRA website at www.icra.in for latest Rating(s) of the Company.

The Rating(s) are specific to the terms and conditions of the LOC as indicated to us by you, and any change in the terms or size of the same would require a review of the Rating(s) by us. In case there is any change in the terms and conditions or the size of the rated LOC, the same must be brought to our notice before the LOC is used by you. In the event such changes occur after the Rating(s) have been assigned by us and their use has been confirmed by you, the Rating(s) would be subject to our review, following which there could be a change in the Rating(s) previously assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

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RATING • RESEARCH • INFORMATION

The Rating(s) assigned must be understood solely as an opinion and should not be treated, or cause to be treated, as recommendation to buy, sell, or hold the rated LOC availed/issued by your company.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We look forward to your communication and assure you of our best services.

With kind regards,
Yours sincerely,
For ICRA Limited

Digitally signed by Sabyasachi Majumdar
Date: 2022.09.09 12:25:40 +05'30'

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Annexure

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Cash Credit/ PCFC/ Overdraft		
HDFC Bank	20.50	[ICRA]AA-(Stable)	September 09, 2022
HSBC Bank	30.00	[ICRA]AA-(Stable)	September 09, 2022
State Bank of India	11.50	[ICRA]AA-(Stable)	September 09, 2022
Axis Bank	35.00	[ICRA]AA-(Stable)	September 09, 2022
Citi Bank	50.00	[ICRA]AA-(Stable)	September 09, 2022
Total	147.00		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Letter of Credit /Bank Guarantee Limits/PSR		
HDFC Bank	23.31	[ICRA]A1+	September 09, 2022
Axis Bank	2.00	[ICRA]A1+	September 09, 2022
State Bank of India	0.30	[ICRA]A1+	September 09, 2022
Total	25.61		

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
	Unallocated Limits		
Unallocated Limits	7.39	[ICRA]AA-(Stable)	September 09, 2022
Total	7.39		

September 09, 2022^(Revised)

Rossari Biotech Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based Working Capital Facilities	82.00	147.00	[ICRA]AA- (Stable); reaffirmed
Unallocated Limit	74.39	7.39	[ICRA]AA- (Stable); reaffirmed
Non-fund Based Limit	23.61	25.61	[ICRA]A1+; reaffirmed
Total	180.00	180.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation considers the extensive experience of the management and the established track record of Rossari Biotech Ltd. (Rossari) in the speciality chemical manufacturing business, spanning around two decades. The ratings also consider the company's healthy financial risk profile, characterised by healthy profit margins and moderate working capital intensity. Further, the capital structure and coverage indicators are strong, aided by healthy cash accruals, funds raised through IPO and QIP in recent years and negligible debt levels.

ICRA also takes note of the healthy growth in revenue and profits in FY2022, aided by both organic growth and the impact of acquisitions undertaken during the year, although there was some moderation in profit margin due to the sharp increase in raw material prices. The acquisitions are expected to help the company diversify its product portfolio and other synergy benefits and the same will be monitored. The ratings also factor in the company's established market position in the textile speciality chemical industry, its strong in-house research and development (R&D) facilities and established relationships with a wide customer base.

The ratings are, however, constrained by the exposure of Rossari's profitability to the adverse movement in raw material prices, though the company has been able to pass on the price rise to its customers to a certain extent. Further, the ratings factor in the competition in the specialty chemicals segment from domestic players as well as large multinational companies, which restricts the pricing flexibility.

The Stable outlook on the [ICRA]AA- rating reflects ICRA's expectation that Rossari's credit profile will remain healthy in the medium term, aided by its strong market position in several specialty chemical segments, experience of promoters, R&D capabilities, scaling up of recently added capacities and benefits from acquisitions. With no major capex plan in the near term, the leverage levels are expected to be maintained at healthy levels.

Key rating drivers and their description

Credit strengths

Experienced management and established market position with diversified product portfolio – The promoters are technocrats, with an extensive experience in the chemical industry spanning over three decades. Rossari is well-established in the specialty chemical business and caters to three broad segments – i) textile speciality chemicals (TSC) ii) home, personal care and performance chemicals (HPPC), and iii) animal health and nutrition (AHN). It has a large diversified product portfolio for various end-user industries.

Over the years, Rossari has emerged as a leading player in the textile chemical industry. In the last few years, it has also gained traction in the HPPC segment, the share of which increased to 65.1% in FY2022 from 56% in FY2021, aided by organic growth and the acquisitions done during the year. The company had acquired two entities – Unitop Chemicals Pvt Ltd (Unitop) and Tristar Intermediates Pvt Ltd (Tristar) - and also acquired a 50.1% stake in Romakk Chemicals Pvt Ltd (Romakk), which was funded through funds raised from QIP and internal accruals. Partial pending payments for the acquisitions will be done over the next two years. These acquisitions are expected to aid the company's diversification and growth strategy and provide synergy benefits in production and R&D and stronger presence in the high potential categories of HPPC and cross-sell opportunities.

Strong R&D facilities for new product development and process innovations – While the company had in-house R&D capabilities, the new acquisitions in the last one year have added to the Group's R&D capabilities in complementary as well as new chemistries, which will aid in new product development. New products being developed include green products in the TSC segment, nanotechnology-based cleaning product and water treatment chemicals etc.

Established relationship with wide customer base of distributors and institutional customers – The company has a wide customer base of over 500 clients, comprising reputed institutional players and distributors. The company has had long-term relationships with several customers, getting repeat orders. In several cases, it supplied customized products to customers, which improved the stickiness of relationship. The company's exports have increased and it has explored new customer segments and channels. The developments on this front will be monitored.

Strong financial risk profile – The company continued to witness healthy revenue growth in FY2022, with 55% growth at a standalone level and 110% growth on a consolidated basis, aided by the acquisitions. The growth was also aided by a ramp-up in operations of the Dahej unit, which had commenced operations in FY2021. The profits also witnessed healthy growth, although profit margins witnessed some moderation with OPM at 11.95% and NPM at 6.48% on consolidated basis, compared to OPM of 17.35% and NPM 11.23% in FY2021, mainly due to a sharp increase in raw material costs that could not be fully passed on. The operations continued to have moderate working capital intensity and the capital structure and coverage indicators remained healthy with minimal debt levels and healthy cash accruals.

Credit challenges

Susceptible to volatility in sharp raw material price fluctuations and forex movements – The company's profitability remains vulnerable to the volatility in raw material prices and foreign currency exchange rate fluctuations. The company's key raw materials are acrylic acid, acetic acid, silicone oil, etc, whose prices are linked to crude oil and are volatile in nature. In FY2022, due to the sharp movement in raw material prices, the OPM of the consolidated entity moderated to 11.95% from 17.35% in FY2021, although the absolute profits witnessed growth. The impact was, however, mitigated by partial pass-through of input cost fluctuations by the company.

Moreover, imports contribute ~20% to its raw material consumption and the natural hedge in the form of exports remains limited, making the company's profitability vulnerable to sharp foreign currency exchange rate fluctuations to the extent unhedged. However, ICRA takes note of the steps taken by the company to reduce imports. Moreover, exports have been increasing, improving the natural hedge.

Intense competition - The company faces competition from domestic and international players, which limits the pricing flexibility and restricts the margin to an extent in several segments.

Liquidity position: Strong

The consolidated entity witnessed a healthy growth in cash accruals in FY2022 and is expected to grow in the current fiscal too. The healthy expected cash accruals, unencumbered cash and investments (~Rs. 52.53 crore as on March 31, 2022) and unutilised working capital limits (Rs. 172 crore fund-based limits with negligible utilisation in last 12 months) support the

company's strong liquidity position against which it has modest capex plans and no long-term repayment obligations, although it has deferred liabilities related to the acquisition of Rs. 152.8 crore to be paid over FY2023 and FY2024.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company is able to demonstrate a healthy improvement in scale and margins along with the diversification of revenue mix and customer base on a sustained basis, while maintaining the working capital intensity and credit metrics.

Negative factors - The ratings could be downgraded if there is a sustained decrease in the scale of operations, or profitability, or higher-than-anticipated debt-funded capex or stretch in the working capital cycle that will weaken the liquidity position.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Chemical Industry
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Rossari. The subsidiaries and JVs of Rossari that have been considered are enlisted in Annexure 2.

About the company

Rossari Labtech was established in 2003 as a partnership firm of Mr. Edward Meneze and Mr. Sunil Chari. It was subsequently rechristened as Rossari Biotech Limited and converted to a limited company in 2009. On July 23, 2020, the company got publicly listed on the BSE and the NSE. Rossari Biotech Limited manufactures speciality chemicals with focus on three business verticals - home, personal care, performance chemicals (HPPC), textile speciality chemicals (TSC) and animal health and nutrition (AHN). Within the three verticals, it has over 4,250+ products catering to diverse end-user industries. Its manufacturing facility at Silvassa has a current annual installed capacity of 1,20,000 MTPA. It has also set up a new unit at Dahej with an annual capacity of 1,32,500 MTPA, which was fully operational by March 2021. It also has two state-of-the-art R&D laboratories at its Silvassa plant and IIT Mumbai. The promoters of the company are technocrats and have an extensive experience of over 25 years in the chemical industry.

Key financial indicators (audited)

Rossari Consolidated	FY2021	FY2022
Operating income	709.35	1,482.97
PAT	79.64	96.15
OPBDIT/OI	17.35%	11.95%
PAT/OI	11.23%	6.48%
Total outside liabilities/Tangible net worth (times)	0.37	0.56
Total debt/OPBDIT (times)	0.00	0.05
Interest coverage (times)	41.13	14.01

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)			Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on March 31, 2022 (Rs. crore)	Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021	Date & rating in FY2020
					September 09, 2022	July 26, 2021		
1 Working Capital	Long term	147.00	-	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	-	-
2 Unallocated Limit	Long term	7.39	-	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	-	-
3 Non Fund-based limit	Short term	25.61	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Working Capital	Very Simple
Unallocated Limit	Very Simple
Non Fund-based limit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Working Capital	NA	NA	NA	147.00	[ICRA]AA- (Stable)
NA	Unallocated Limit	NA	NA	NA	7.39	[ICRA]AA- (Stable)
NA	Non Fund-based limit	NA	NA	NA	25.61	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	RBL Ownership	Consolidation Approach
Buzil Rossari Private Limited	100.00%	Full Consolidation
Rossari Personal Care Products Private Limited	100.00%	Full Consolidation
Unitop Chemicals Pvt. Ltd.	65.00%	Full Consolidation
Tristar Intermediates Private Limited	76.00%	Full Consolidation
Romakk Chemicals Private Limited	50.10%	Equity Method
Hextar Unitop SDN BHD	50.00%*	Equity Method

*Holding by Unitop Chemicals Pvt Ltd

Source: RBL;

Corrigendum:

Document dated September 09, 2022 has been revised with changes as below:

- Revision in the key financial indicators for FY2022 on page number 3

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



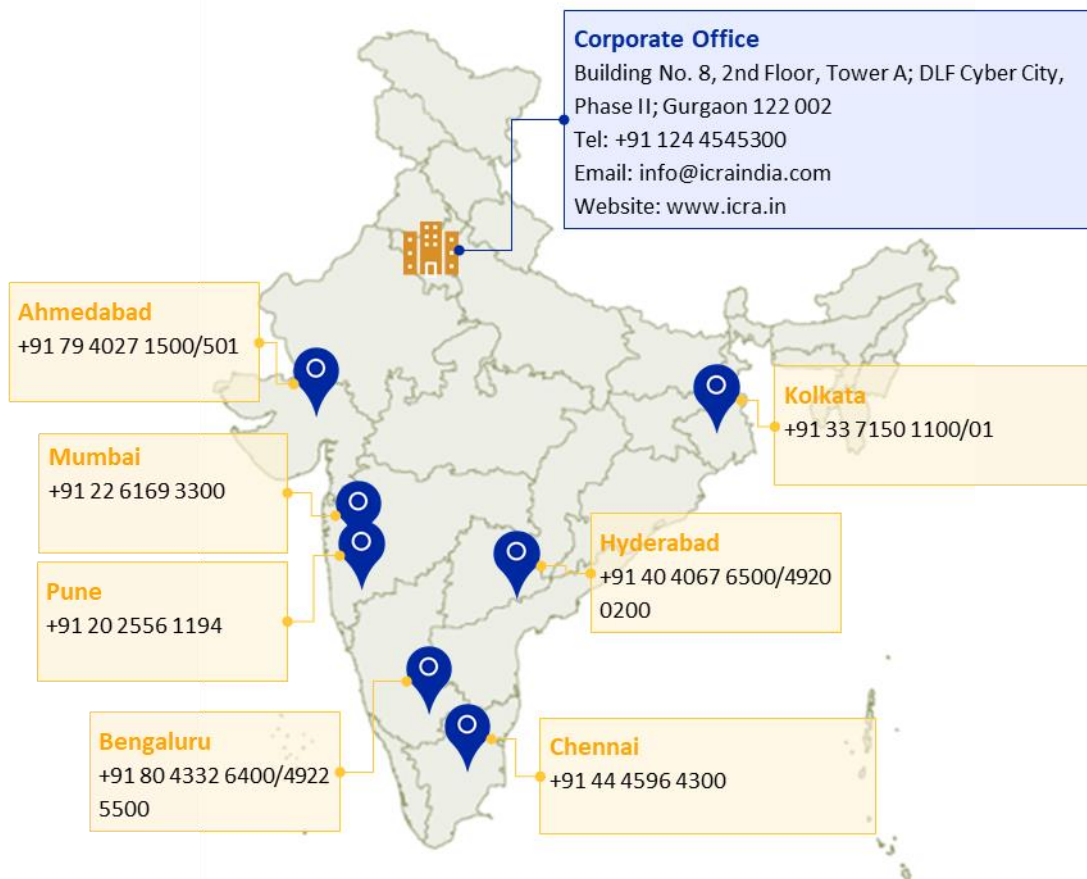
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Branches



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