

**Price:** 658

**Recommendation:** Buy

**Industry:** Specialty Chemicals

**Sector:** Commodities

**Report Date:** 01-May-2025

Rossari Biotech Limited is a leading specialty chemicals manufacturer, delivering sustainable solutions across Home, Personal Care, and Performance Chemicals, Textile Specialty Chemicals, and Animal Health and Nutrition. With robust R&D, global presence in over 70 countries, and innovative eco-efficient processes, Rossari drives growth through diversification, customer-centric innovation, and scalability.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1432 Cr	Operating Profit(Year)	186 Cr	Operating Profit Margin	13.0 %
Previous Year	1203 Cr	Operating Profit(Quarter)	52.2 Cr	EBITDA Margin	13.41 %
Current Quarter	427 Cr	PAT (Year)	115 Cr	Net Profit Margin	8.01 %
Previous Quarter	368 Cr	PAT (Quarter)	32.4 Cr	EPS	20.7
Revenue (QYoY)	314 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	31.8	Sales Growth	19.0 %	Sales Growth	16.03 %
PEG Ratio	2.68	PAT Growth	18.07 %	Sales Growth QYoY	35.99 %
EV/EBITDA	19.2	EPS Growth	0.0 %	PAT Growth	5.88 %
P/B	3.38	Dividend Yield	0.08	PAT Growth QYoY	23.66 %
Capital Allocation		Holdings		Leverage	
RoE	11.3 %	Promoter	68.2 %	Debt/Equity	0.05
RoA	8.40 %	FII	3.98 %	Debt	49.7 Cr
RoCE	15.2 %	DII	17.6 %	Market Cap	3643 Cr
RoIC	21.9 %	Public	10.2 %	Enterprise value	3677 Cr
		No of Shares	5.54 Cr	Cash Equivalents	16.0 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Rossari Biotech Limited demonstrated robust performance in FY25, achieving its highest annual revenue of 2,080.3 crore, a 13.6% YoY growth, driven by strong export momentum and resilient volumes across key segments. The Home, Personal Care, and Performance Chemicals (HPPC) segment remained the primary growth driver, contributing 76% to total revenue, supported by deeper market penetration and traction in agrochemicals, personal care, and institutional cleaning. The Textile Specialty Chemicals (TSC) and Animal Health and Nutrition (AHN) segments also recorded modest growth, contributing 18% and 6%, respectively. Institutional and B2C businesses showcased remarkable progress, with a 67% YoY revenue growth, reflecting Rossari's ability to incubate scalable platforms in emerging verticals. However, EBITDA margins in these segments remained subdued due to ongoing investments and an evolving business model.

Rossari's strategic initiatives focused on capacity expansion, innovation, and global market penetration. The company announced a capex of 192 crore to enhance production capabilities across its subsidiaries, including Unitop Chemicals and Tristar Intermediates, and its own facilities. These expansions, expected to be commissioned by FY26, aim to support growth across key chemistries, improve operational efficiency, and enhance supply reliability. Additionally, Rossari's export presence expanded to over 70 countries, validating its investments in global partnerships and differentiated solutions. The company continues to leverage its R&D; capabilities to develop sustainable and innovative products, aligning with evolving customer needs and environmental priorities.

Future growth perspectives remain promising, with Rossari emphasizing sustainable, profitable growth through strategic diversification, customer-centric innovation, and sharp execution. The company is exploring new business lines, such as pet food and technical textiles, while strengthening its position in specialty chemicals and personal care. Digital transformation initiatives, including automation and data analytics, are expected to enhance operational efficiency and customer engagement. Rossari's focus on green chemistry and eco-efficient processes further positions it as a leader in sustainable solutions, driving long-term value creation.

Rossari's consistent growth trajectory, supported by its asset-light approach and strong balance sheet, reflects its resilience and adaptability in a dynamic operating environment. While near-term investments have moderated return metrics, the company remains confident in delivering improved ROCE and ROE as these initiatives yield results. With a diversified customer base, robust manufacturing capabilities, and a growing global footprint, Rossari is well-positioned to capitalize on rising demand across end-user industries, ensuring sustainable growth and scalability in the coming years.

ROSSARI Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
<b>SRF</b>	89191.27	77.77	12.22%	1.96%	14.36%	34.58%	6.96%
<b>Linde India</b>	54033.41	124.43	12.88%	-4.50%	-14.21%	9.20%	-2.70%
<b>Gujarat Fluoroch</b>	42761.31	93.77	7.69%	-3.37%	15.73%	4.13%	57.50%
<b>Godrej Industrie</b>	36500.56	47.22	0.65%	0.41%	34.39%	-34.57%	76.86%
<b>Rossari Biotech</b>	3643.21	31.75	11.26%	15.85%	35.96%	5.65%	23.65%

Aspect	Commentary
<b>Revenue</b>	Rossari Biotech achieved a record annual revenue of Rs.2,080.3 crore, driven by strong export momentum and growth in Home, Personal Care, and Performance Chemicals. Quarterly revenue grew 16.03% QoQ and 35.99% QYoY, showcasing robust demand across key segments.
<b>Profit &amp; Loss</b>	Operating profit for FY25 stood at Rs.186 crore, reflecting a margin of 13%. PAT grew 18.07% YoY to Rs.115 crore, with quarterly PAT growth of 23.66% QYoY. EPS remained stable at 20.7, indicating consistent profitability despite subdued EBITDA margins in emerging segments.
<b>Profitability Matrix</b>	Operating profit margin was 13%, while EBITDA margin stood at 13.41%. Net profit margin was 8.01%, reflecting efficient cost management. ROCE of 15.2% and ROIC of 21.9% highlight strong operational efficiency and returns on invested capital.
<b>Valuation Matrix</b>	Trailing P/E of 31.8 and PEG ratio of 2.68 suggest moderate valuation relative to growth. EV/EBITDA of 19.2 indicates premium valuation. Dividend yield of 0.08% is low, reflecting reinvestment focus. P/B ratio of 3.38 aligns with sector benchmarks.
<b>Growth (YoY)</b>	Sales grew 19% YoY, driven by strong export momentum and deeper market penetration. PAT growth of 18.07% YoY reflects improved profitability. EPS growth was flat, indicating stable earnings despite investments in capacity expansion and new verticals.
<b>Growth (QoQ)</b>	Quarterly sales grew 16.03% QoQ, supported by resilient volumes across segments. PAT growth of 5.88% QoQ reflects steady profitability. QYoY sales growth of 35.99% and PAT growth of 23.66% highlight robust demand and operational execution.
<b>Capital Allocation</b>	RoE of 11.3% and RoA of 8.4% reflect moderate return metrics, impacted by ongoing investments. Cash equivalents of Rs.16 crore and debt/equity of 0.05 indicate strong liquidity and low leverage. Capex of Rs.192 crore aims to enhance production capabilities.
<b>Holdings</b>	Promoter holding is strong at 68.2%, ensuring stability. FII and DII holdings stand at 3.98% and 17.6%, respectively, reflecting institutional confidence. Public holding is 10.2%, indicating limited retail participation. Market cap is Rs.3,643 crore.
<b>Leverage</b>	Debt/equity ratio of 0.05 and total debt of Rs.49.7 crore reflect a conservative leverage approach. Enterprise value of Rs.3,677 crore aligns with market cap, showcasing balanced valuation. Asset-light strategy supports scalability and financial resilience.

**Analyst viewpoint:** Rossari Biotech Limited has demonstrated impressive growth momentum, with quarterly revenue increasing by 16.03% QoQ and 35.99% QYoY, driven by strong export performance and deeper market penetration across its Home, Personal Care, and Performance Chemicals segment, which contributes 76% of total revenue. The company's PAT growth of 23.66% QYoY and consistent EPS of 20.7 reflect stable profitability despite subdued EBITDA margins in emerging verticals. Strategic investments, including a capex of Rs.192 crore for capacity expansion, are expected to enhance production capabilities and operational efficiency, positioning Rossari for sustained growth. With a low debt/equity ratio of 0.05, strong promoter holding of 68.2%, and robust ROCE of 15.2%, the company showcases financial resilience and operational efficiency, making it a compelling investment opportunity in the specialty chemicals sector.

Rossari's valuation metrics, including a trailing P/E of 31.8 and EV/EBITDA of 19.2, suggest a premium valuation supported by its growth trajectory and innovative eco-efficient processes. The company's focus on diversification, customer-centric innovation, and global market penetration further strengthens its competitive edge against peers like SRF and Gujarat Fluorochemicals. However, near-term return metrics such as ROE of 11.3% remain moderated due to ongoing investments. Despite this, Rossari's asset-light approach, strong balance sheet, and expanding global footprint position it well to capitalize on rising demand across end-user industries, ensuring sustainable growth in the short to mid-term.

Please read detailed disclosure on next page.

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BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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