



Press Release

October 10, 2025

GEM AROMATICS LIMITED (ERSTWHILE GEM AROMATICS PRIVATE LIMITED)

Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	126.00	ACUITE A+ Stable Upgraded	-
Bank Loan Ratings	17.00	-	ACUITE A1 Assigned
Bank Loan Ratings	53.00	-	ACUITE A1 Reaffirmed
Total Outstanding	196.00	-	-
Total Withdrawn	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE A+**' (**read as ACUITE A plus**) from '**ACUITE A**' (**read as ACUITE A**) and reaffirmed the short term rating at '**ACUITE A1**' (**read as ACUITE A one**) on the Rs. 179.00 bank facilities of Gem Aromatics Limited (GAL). The outlook remains '**stable**.'

Further, Acuite has assigned the short-term rating of '**ACUITE A1**' (**read as ACUITE A one**) on the Rs. 17.00 Cr bank facilities of Gem Aromatics Limited (GAL).

Rationale for upgrade

The rating upgrade takes into account the improvement in the overall financial risk profile of the group post successful fund raise through initial public offer (IPO) in August 2025, which has led to increase in the network and decline in the long term debt of the group. The rating also factors in the stable growth in the overall operating performance of the group over the past years. Further, the rating takes into account the established track record of operations and experienced management in the fragrance industry. However, the rating is constrained on account of the intensive working capital operations of the group and susceptibility to volatility in raw material prices.

About the Company

Incorporated in 1997 by Mr. Vipul Parekh and Mrs. Kaksha Parekh, Mumbai based, Gem Aromatics Limited (Erstwhile Gem Aromatics Private Limited) is engaged in manufacturing of essential oils and aroma chemicals. Their product portfolio includes mint & clove along with its derivatives, phenol, etc. which is catered to diversified industries including oral care, flavour and fragrance formulation houses, cosmetic manufacturers, food and beverages industries, incense sticks manufacturers, pharmaceutical, wellness & nutraceutical industries within India and worldwide. The manufacturing facilities of the company are located in Silvassa and Budaun.

About the Group

Krystal Ingredients Private Limited

Mumbai based Krystal Ingredients Private Limited (KIPL) is a 100% subsidiary of Gem Aromatics Limited. Incorporated in the 2021, the company is setting up a manufacturing facility of natural identical/synthetic products and aroma chemicals derived from phenol and other ingredients in Dahej at a total cost of ~Rs. 230 Cr. The partial operations have commenced from Aug 2025 onwards and full operationalisation is expected by end of FY2026.

Gem Aromatics LLC

Gem Aromatics LLC is a 100% subsidiary of Gem Aromatics Limited established to focus on the North American market. It acts as a distributor of essential oils for Gem Aromatics Limited.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has considered the consolidated financial and business risk profile of GAL including its subsidiaries as against standalone approach previously. The change in approach factors the common promoter group, significant financial and operational linkages between the entities.

Key Rating Drivers

Strengths

Established track record and experienced management

GAL was formally established in 1997 by Mr. Vipul Parekh and Mrs. Kaksha Parekh, who bring in more than two decades of experience in the flavour and fragrance sector. They are ably supported by Mr Yash Parekh who joined the business in 2011 and has expanded the company's presence in international markets, contributing to the increased export orders. The group has a diversified global customer base across multiple markets.

Acuite believes that, the promoters' experience in industry, will continue to drive the business over the medium term.

Healthy financial risk profile

While tangible networth stood improved at Rs. 283.89 Cr. on March 31, 2025 from Rs. 230.48 Cr. on March 31, 2024 due to accretion of profit, the increase in the working capital borrowings and capex induced debt led to moderation in the Debt-EBITDA from 1.40 times in FY2024 to 2.49 times in FY2025. The gearing also stood moderated at 0.79 times in FY2025 from 0.49 times in FY2024, however, it continues to remain below unity. However, during FY2026, following the IPO, the networth of the group has improved by Rs. 162.87 Cr. (net off issue expenses). Further, with prepayment of the term loan from IPO proceeds, the group is now expected to have minimal exposure to external long term debt with healthy debt protection metrics.

Stable revenue growth

The group's operating revenue increased by approximately 11 percent to Rs. 503.95 crore in FY2025 from Rs. 452.45 crore in FY2024, driven by higher sales volumes and improved price realizations. The EBITDA margin also improved 17.55 percent in FY2025 versus 17.31 percent in FY2024. Further, the group reported revenue of Rs. 87.63 crore in Q1 FY2026. While the group exports nearly 30% to United States, however, few of the key products sold are exempted from the tariffs and therefore marginal to moderate impact is anticipated on the operating performance of the group.

Further, with commencement of partial operations in KIPL, the overall revenue of the group is expected to improve over the near to medium term.

Weaknesses

Working capital intensive operations

The operations of the group continue to remain working capital intensive, as evident from gross current assets (GCA) of 248 days in FY2025 as against 216 days in FY2024. The GCA days are primarily driven by inventory and debtor levels which stood at 146 days and 104 days respectively in FY2025. On the other hand, the creditor days stood low at 22 in FY2025 as majority of the payments are to be made on an advance/immediate basis. Therefore, the group significantly relies on short term bank limits to fund the gap/shortfall in the working capital cycle. Hence, the average bank limit utilisation stood moderately high at ~87 percent for the last six months ended Aug 2025.

Profitability susceptible to volatility in raw material prices and foreign exchange fluctuation risk

The group's operating profitability is exposed to volatility in prices of key raw materials— notably mint, eucalyptus and clove—sourced both domestically and from suppliers in countries such as Indonesia and Madagascar. Further, its export sales to markets including the USA, Germany and Brazil create foreign-exchange risk that can affect realized margins. However, this exposure is partly offset by a natural hedge from import–exports and the group also has a hedging mechanism in place.

Rating Sensitivities

- Growing scale of operations at sustainable margins
- Significant increase in debt levels thereby impacting the financial risk profile
- Restriction of further elongation in the working capital cycle

Liquidity Position

Strong

The strong liquidity position of the group is evident from the net cash accruals of Rs. 60.73 Cr. against repayment obligations of Rs. 3.74 Cr. in FY2025. Going forward, the NCA are expected to remain in the range of Rs. 80 – 100 Cr. for FY2026 – FY2027 against minimal repayment obligations. The current ratio stood healthy at 1.92 times on March 31, 2025. The group also had an unencumbered cash and bank balance of Rs. 1.13 Cr. on March 31, 2025. However, the average bank limit utilisation stood at ~87 percent for the last six months ended August, 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	503.95	452.45
PAT	Rs. Cr.	53.38	50.08
PAT Margin	(%)	10.59	11.07
Total Debt/Tangible Net Worth	Times	0.79	0.49
PBDIT/Interest	Times	11.15	12.78

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Jul 2024	Working Capital Demand Loan (WCDL)	Long Term	20.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	66.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE A Stable (Reaffirmed)
	Packing Credit	Short Term	20.00	ACUITE A1 (Reaffirmed)
	Bills Discounting	Short Term	33.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE Not Applicable (Withdrawn)
	Proposed Long Term Bank Facility	Long Term	0.65	ACUITE Not Applicable (Withdrawn)
26 Apr 2023	Working Capital Demand Loan (WCDL)	Long Term	12.00	ACUITE A Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	8.00	ACUITE A Stable (Assigned)
	Secured Overdraft	Long Term	20.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	36.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.65	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE A Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	1.00	ACUITE A1 (Reaffirmed)
	Bills Discounting	Short Term	25.00	ACUITE A1 (Reaffirmed)
	Bills Discounting	Short Term	8.00	ACUITE A1 (Assigned)
24 Mar 2023	PC/PCFC	Long Term	12.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Working Capital Demand Loan (WCDL)	Long Term	12.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Secured Overdraft	Long Term	20.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Cash Credit	Long Term	22.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Cash Credit	Long Term	2.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Proposed Long Term Bank Facility	Long Term	0.65	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Bank Guarantee/Letter of Guarantee	Short Term	1.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Bills Discounting	Short Term	25.00	ACUITE A1 (Upgraded from ACUITE A2+)
01 Feb 2023	PC/PCFC	Long Term	12.00	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	12.00	ACUITE A- Stable (Reaffirmed)
	Secured Overdraft	Long Term	20.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	22.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE A- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.65	ACUITE A- Stable (Reaffirmed)

	Bank Guarantee/Letter of Guarantee	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Bills Discounting	Short Term	25.00	ACUITE A2+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
CITI Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A1 Reaffirmed
CITI Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE A1 Assigned
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	66.00	Simple	ACUITE A+ Stable Upgraded (from ACUITE A)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A+ Stable Upgraded (from ACUITE A)
ICICI Bank Ltd	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A1 Reaffirmed
DBS Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A+ Stable Upgraded (from ACUITE A)

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1	Gem Aromatics Limited
2	Krystal Ingredients Private Limited
3	Gem Aromatics LLC

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