



Press Release

June 01, 2026

**GEM AROMATICS LIMITED (ERSTWHILE GEM AROMATICS PRIVATE LIMITED)
Rating Reaffirmed**

Product	Quantum (Rs. Cr) (SEBI)	Quantum (Rs. Cr) (Other FSR)	Long Term Rating	Short Term Rating	Regulated By
Bank Loan Ratings	0.00	126.00	ACUITE A+ Negative Reaffirmed	-	RBI
Bank Loan Ratings	0.00	70.00	-	ACUITE A1 Reaffirmed	RBI
Total Outstanding	0.00	196.00	-	-	-
Total Withdrawn	0.00	0.00	-	-	-

Note:- For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘ACUITE A+’ (read as ACUITE A plus) and the short term rating at 'ACUITE A1' (read as ACUITE A one) on the Rs. 196.00 Cr. bank facilities of Gem Aromatics Limited (GAL). The outlook is revised from 'Stable' to 'Negative'.

Rationale for rating and outlook revision

The outlook revision is on account of significant deterioration in the operating performance of the group in FY2026. The FY2026 performance of the group was largely impacted by external factors namely; US tariff imposition, GST rate revision, West Asia crisis. The rating reaffirmation, however, takes into account the healthy financial risk profile of the group. The rating also draws comfort from the established track record of operations and the experience of the management in the fragrance industry. However, timely commencement of operations of the phenol vertical remains susceptible to the ongoing West Asia crisis and will remain a key monitorable.

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. The company has set up a manufacturing facility in Dahej with a total installed capacity of 10,871 MTPA which commenced commercial operations on February 26, 2026. The product portfolio will include clove and clove derivatives, cooling agents, phenol derivatives and citral chemistry.

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. The consolidation is in view of 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

The financial risk profile of the group has remained healthy despite moderation in the operating performance in FY2026. The networth stood at Rs. 449.64 Cr. on March 31, 2026, post infusion of equity through IPO proceeds. These proceeds were utilized for partial prepayment of long term debt and working capital limits. The gearing improved and stood low at 0.34 times on March 31, 2026 from 0.79 times on March 31, 2025. The TOL/TNW levels also remain low at 0.41 times on March 31, 2026. The Debt-EBITDA levels, however increased to 3.65 times in FY2026 from 2.49 times in FY2025.

The financial risk profile is expected to improve over the medium term on account of no further debt funded capex plans.

Weaknesses

Moderation in the operating performance

The operating revenue of the group declined to Rs. 366.47 Cr. in FY2026 from Rs. 503.95 Cr. in FY2025. The operating performance was affected due to imposition of US tariffs, revision in GST rates, which had affected the overall sales volumes. Further, increase in the material costs led to moderation in the profitability margins. Also, due to the ongoing West Asia crisis prices of raw materials for the newly established phenol division have increased significantly, thereby leading to operational challenges in the same. However, despite moderation, the EBITDA margin stood healthy at 11.12 percent in FY2026. Going forward, improvement in the overall operating performance with increase in volumes of existing business and timely ramp up of operations in the new manufacturing facility will be a key monitorable.

Intensive working capital cycle

The working capital cycle of the group remains intensive, with high GCA (gross current assets) of 355 days in FY2026 as against 248 days in FY2025. These are majorly driven by the high inventory levels, which stood at 262 days in FY2026, up from 146 days in FY2025, majorly due to stock up for the new manufacturing facility. Post commencement of operations in the new manufacturing facility, the inventory levels are expected to moderate. Further, debtor days stood improved at 76 days in FY2026 as against 104 days in FY2025. On the other hand, the creditor days stood 25 in FY2026 as against 22 days in FY2025.

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, clove—sourced both domestically and from suppliers in countries such as Indonesia and Madagascar and phenol being a petrochemical making it's prices highly volatile to changes in crude prices. 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

Potential triggers (individual or collective) for an upward rating action:

- Improvement in operating performance with revenues reaching above Rs. 700-800 Cr at stable operating margins
- Improvement in working capital cycle

Potential triggers (individual or collective) for a downward rating action:

- Further deterioration in the operating performance with net cash accruals falling below Rs 40 Cr
- Increase in debt levels leading to deterioration of the financial risk profile

Liquidity Position

Adequate

The adequate liquidity position of the group is supported by generation of sufficient net cash accruals of Rs.24.01 Cr. against repayment obligations of Rs. 12.12 Cr. in FY2026. Going forward, the NCAs are expected to remain in the range of Rs. 40 – 60 Cr. against expected repayments of Rs. 5 - 6 Cr in FY2027 and FY2028. The current ratio stood healthy at 2.07 times on March 31, 2026. The company had an unencumbered cash and bank balance of Rs. 8.15 Cr. on March 31, 2026.

Outlook: Negative**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 26 (Actual)	FY 25 (Actual)
Operating Income	Rs. Cr.	366.47	503.95
PAT	Rs. Cr.	1.43	53.38
PAT Margin	(%)	0.39	10.59
Total Debt/Tangible Net Worth	Times	0.34	0.79
PBDIT/Interest	Times	3.28	11.15

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

Not Applicable

Any Other Information

FY2026 values are based on abridged financials

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, Acuite 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
10 Oct 2025	Working Capital Demand Loan (WCDL)	Long Term	20.00	ACUITE A+ Stable (Upgraded from ACUITE A Stable)
	Cash Credit	Long Term	66.00	ACUITE A+ Stable (Upgraded from ACUITE A Stable)
	Cash Credit	Long Term	40.00	ACUITE A+ Stable (Upgraded from ACUITE A Stable)
	Bills Discounting	Short Term	33.00	ACUITE A1 (Reaffirmed)
	Bills Discounting	Short Term	17.00	ACUITE A1 (Assigned)
	Packing Credit	Short Term	20.00	ACUITE A1 (Reaffirmed)
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)
	Bills Discounting	Short Term	33.00	ACUITE A1 (Reaffirmed)
	Packing Credit	Short Term	20.00	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	Listing Status	Regulated By	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
CITI Bank	Not avl. / Not appl.	Bills Discounting	Unlisted	RBI	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A1 Reaffirmed
AXIS BANK LIMITED	Not avl. / Not appl.	Cash Credit	Unlisted	RBI	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	66.00	Simple	ACUITE A+ Negative Reaffirmed Stable to Negative
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Unlisted	RBI	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A+ Negative Reaffirmed Stable to Negative
ICICI BANK LIMITED	Not avl. / Not appl.	Packing Credit	Unlisted	RBI	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 (WC DL)	Unlisted	RBI	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A+ Negative Reaffirmed Stable to Negative

Note:- For activities or ratings of instruments falling under the purview of Financial Sector Regulators other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

***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

Contacts

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List of instruments and names of regulators of the instruments

As required by SEBI Circular (SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026) dated February 10, 2026, a list of activities or instruments falling under the purview of various Financial Sector Regulators (FSRs), along with the names of respective FSRs, is being disclosed below:

A. Rating Activity:

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) ¹	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ²	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ³	-
15	Issuer Ratings ⁴	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) ¹	Investor-side Regulator such as IRDAI, PFRDA ⁵

¹ Includes securitisation transactions involving assignee payout, acquirer's payout.

² Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

³ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), Acuite shall separately capture the rated quantum details along with names of respective regulators.

⁴ There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

⁵ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies ⁶	Not applicable

⁶ permitted by SEBI vide SEBI Master Circular for CRAs.

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has also been duly disclosed by Acuite on its website. A link to the same has been provided below for ready reference:

<https://acuite.in/Activities-and-Regulators.html>

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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