

Gem Aromatics Ltd.

August 18, 2025



Gem Aromatics is an established Indian manufacturer of specialty ingredients, including essential oils, aroma chemicals, and value-added derivatives, with over two decades of operational experience. The company offers a diversified product portfolio spanning mother ingredients and their value-added derivatives, catering to industries such as oral care, cosmetics, nutraceuticals, pharmaceuticals, wellness and pain management, and personal care. Recognized as a leading player in essential oils and value-added derivatives, Gem Aromatics specializes in products derived from mint and clove oils, and holds a dominant market position in India across key segments including mint, clove, and eucalyptus oils. Its strong track record, broad portfolio, and brand recall have enabled the company to secure multiple leadership positions within its product categories.

Investment Rationale:

Specialty Ingredients & Essential Oils Manufacturer with Market Leadership:

- Leading Indian manufacturer of specialty ingredients, essential oils, and aroma chemicals with 20+ years of market presence.
- Diversified portfolio from core “mother ingredients” to high-value derivatives, with strong positions in mint, clove, and eucalyptus oil.
- Among the largest domestic procurers of piperita oil and top processors of DMO, clove oil, eugenol, and eucalyptus oil.
- Holds 12% share in DMO, 65% in eugenol, and 58% in the Indian eucalyptus oil market.
- Supplies to top global ingredient houses controlling 60%+ of the global market.

Strong R&D Focus Driving Product Innovation and Portfolio Expansion:

- 70 product portfolio in mint, clove, phenol, and other specialty ingredients; Dahej expansion into citral chemistry.
- Integrated R&D to scale up capability via centres in Silvassa and Maharashtra ensures efficiency and quality.
- Broad price-point and segment coverage reduces market dependence and boosts retention.
- Proprietary green processes for anisole and synthetic anethole, coupled with expertise in complex chemistries (Grignard, Friedel-Crafts), enhance sustainability and entry barriers.
- Backward integration through in-house catalyst manufacturing enhances control and super specialty production.
- Ongoing innovation in high-growth, high-margin products supports market differentiation.

Long-Standing Relationships with Well Established Global and Domestic Customers:

- Over 451 customers in last three fiscals, including leading F&F houses and FMCG brands.
- Strong client relationships, with over half of the top 15 clients associated for more than 5 years, reflecting trust and business stability.
- Strong track record and quality processes secure trusted supplier status.
- Marquee clients include Colgate-Palmolive, Dabur, Patanjali, SH Kelkar, Symrise, and dōTERRA.
- Strong customer retention with FY25 revenue from existing clients rising to ₹4,747.95 million, contributing 94.21% of total revenue.
- Plans to expand warehousing in Americas, Asia, and Australia to meet rising global demand.

Strategically Located, Technologically Advanced, and Sustainability-Focused Manufacturing Facilities:

- Operates plants at Budaun, Dadra, and Dahej with 5,346 MTPA capacity, ensuring low logistics costs and strong market reach.
- Capital expenditure rose sharply to ₹1,050.89 million in FY25, up from ₹144.07 million in FY23, reflecting asset base expansion.
- Uses advanced tech and chemistry for higher efficiency, cost control, and superior quality.
- Proprietary green anisole process eliminates hazardous effluents; India's second-largest producer with 7,000 MT capacity.
- Sustainability-driven with zero liquid discharge at parts of Budaun and use of non-toxic inputs.
- Expanding Dahej to add high-value products and 500 MT cooling agent capacity.
- Continuous debottlenecking, waste reduction, and IT upgrades boost scalability and control.

Sustained Revenue Growth with Healthy Margins and Returns:

- Revenue grew 11.38% YoY to ₹5,039.53 million, driven by strong domestic and international demand.
- EBITDA rose 12.9% to ₹884.52 million, with margins improving to 17.55% on process efficiencies and cost control.
- PAT stood at ₹533.84 million, maintaining a healthy 10.56% margin aided by strong operating leverage.
- ROE at 18.80% and ROCE at 16.02% reflect attractive returns on invested capital.
- Net debt-to-equity at 0.78x underscores balance sheet strength and investment headroom.

Valuation and Outlook: The Indian chemicals industry, valued at USD 235 Bn in FY25 (~4% of the global market), is projected to expand to USD 380 Bn by FY30 at a CAGR of 10%, providing a favourable growth backdrop for specialty ingredients and essential oils. Gem Aromatics, a leading domestic manufacturer with over two decades of operating history, commands significant market shares in key categories, 12% in DMO, 65% in eugenol, and 58% in the Indian eucalyptus oil market while catering to top global F&F players. Its diversified 70 product portfolio, integrated R&D capabilities, proprietary green processes, and backward integration support continuous innovation, margin accretive product expansion, and a durable competitive edge. Strategically located, technologically advanced, and sustainability focused manufacturing facilities at Budaun, Dadra, and Dahej, supported by ongoing capex, enhance efficiency, scalability, and cost competitiveness. Financially, Gem Aromatics has delivered consistent growth with FY25 revenue rising 11.4% YoY to ₹5,039.5 mn, EBITDA of ₹884.5 mn reflecting a healthy margin of 17.6%, and PAT of ₹533.8 mn with a margin of 10.6%. Return ratios remain robust, with ROE at 18.8% and ROCE at 16.0%, while a net debt-to-equity of 0.78x underscores balance sheet strength and financial prudence. We recommend subscribing to the issue, as the company's capacity is set to triple with the upcoming Dahej expansion for citral products, positioning it strongly to capture incremental demand and making it a compelling long term investment opportunity.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY23	4247.93	35.14	661.86	15.58	446.72	9.53	24.88	22.85
FY24	4524.52	6.51	783.54	17.32	501.04	10.69	21.73	21.10
FY25	5,039.53	11.38	884.52	17.55	533.84	11.39	18.8	16.02

Issue Snapshot

Issue Open	19-Aug-25
Issue Close	21-Aug-25
Price Band	INR 309 - 325
Issue Size (Shares)	1,38,84,615
Market Cap (mln)	INR 16977

Particulars

Fresh Issue (INR mln)	INR 1750
OFS Issue (INR mln)	INR 2762.5
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure

Pre Issue Equity	4,68,52,523
Post Issue Equity	5,22,37,138
Bid Lot	46 Shares
Minimum Bid amount @ 309	INR 14214
Maximum Bid amount @ 325	INR 14950

Share Holding Pattern

	Pre Issue	Post Issue
Promoters	75.00%	51.00%
Public	25.00%	49.00%

Particulars

Face Value	INR 2
Book Value	INR 87.86
EPS, Diluted	INR 10.22

Objects of the Issue

- Prepayment and repayment of borrowings - INR 1400 million
- General corporate purposes

SUBSCRIBE

research@smifs.com

Gem Aromatics is an established Indian manufacturer of specialty ingredients, including essential oils, aroma chemicals, and value-added derivatives, with over two decades of operational experience. The company offers a diversified product portfolio spanning mother ingredients and their value-added derivatives, catering to industries such as oral care, cosmetics, nutraceuticals, pharmaceuticals, wellness and pain management, and personal care. Recognized as a leading player in essential oils and value-added derivatives, Gem Aromatics specializes in products derived from mint and clove oils, and holds a dominant market position in India across key segments including mint, clove, and eucalyptus oils. Its strong track record, broad portfolio, and brand recall have enabled the company to secure multiple leadership positions within its product categories.

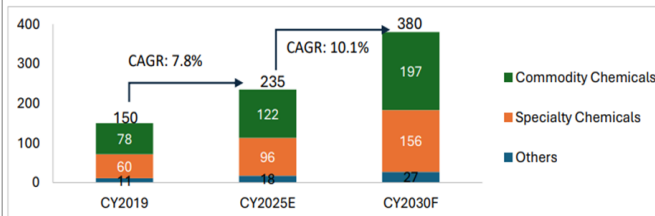
Product Portfolio

Product	Product description	Launch year	End use
Mint and mint derivatives			
Peppermint	Peppermint includes mentha arvensis and isomers, mentha piperita and isomers and all the other natural identical and synthetic products synthesized.	1998	Oral care, cosmetics, nutraceuticals, pharmaceuticals, wellness and pain management and personal care
Spearmint	Spearmint oil and isomers, as well all the other natural identical and synthetic products synthesized and relevant to spearmint oil.	1998	
Menthol	Menthol crystals, menthol flakes, menthol natural identical, menthol dl and other derivatives of menthol with are synthesized	2010	
Clove and clove derivatives			
Clove Oil	Clove oil rectified (different purity grades)	2003	Oral care, cosmetics, nutraceuticals, pharmaceuticals, wellness and pain management and personal care
Eugenol and Eugenol Derivatives	Eugenol & Eugenol Derivative: Iso Eugenol, Methyl Eugenol, Methyl Iso Eugenol, di hydro Eugenol, Eugenol Acetate, Iso Eugenol Acetate, Benzyl Iso Eugenol	2005	
Phenol			
Anethole	Anethole	2023	Oral care
Other synthetic and natural ingredients			
Eucalyptus and Eucalyptol	Different grade of Eucalyptus oils and Eucalyptol from Natural and Natural Identical sources	2004	Oral care, cosmetics, nutraceuticals, pharmaceuticals, wellness and pain management and personal care
Lemongrass	Extraction of Natural Citral	2016	
Miscellaneous	Products such Turmeric oil, Pomegranate seed oil and many other oils.	2008	

Indian Chemicals Market

The Indian chemicals market is valued at USD 235 Bn in FY25E and is projected to reach USD 380 Bn by FY30, reflecting a strong 10% CAGR. Commodity chemicals account for over 50% of the domestic market, while specialty chemicals, which form 40% of the market, are expected to grow at a faster pace of 10-12% CAGR during FY25-30. Rising domestic consumption, competitive manufacturing costs, and increasing export opportunities position India as a key growth driver in the global chemical landscape, with specialty chemicals emerging as the most lucrative

Exhibit 4A.1: Indian Chemicals Market, CY2019, 2025e and 2030f (USD Bn)



segment.

	Commodity Chemicals	Specialty Chemicals	Others
2019-25E	7.6%	8.0%	7.5%
2025E-30F	10.1%	10.3%	8.8%

Expected Segmental growth:

Total addressable market – Global and India

The exhibit below highlights the total addressable market (TAM) for key products in the global and Indian markets, along with India's production scale, global positioning, and GEM Aromatics' current market share by volume in FY25.

- High global positioning for India is evident in products like Peppermint Oil (75%), DMO (79%), Eugenol (9% but strong in GEM's share), and Eucalyptus Oil (3% but GEM has 58% share).
- GEM Aromatics holds notable market shares in certain categories - Eugenol (65%), Eucalyptus Oil (58%), Clove Oil (28%), and DMO (12%), supported by substantial production volumes.
- Some categories like 4MAP, BHA, and Cooling Agents are currently future strategic targets rather than major contributors.
- The company's stronghold lies in mentha and clove derivatives, aligning with India's competitive edge in global essential oils supply.

This positioning underscores GEM Aromatics' strategic leverage in high-growth, high-share niches while also signalling expansion opportunities in underpenetrated product categories.

Industry Overview:

Global Chemicals Market

The global chemicals market, estimated at USD 5,800 Bn in FY25E, is dominated by China with a 41% share, followed by the European Union (14%) and the United States (13%). India holds a 4.5% share, reflecting its growing role in the global supply landscape. The market is projected to expand at a CAGR of 4.4%, reaching USD 7,200 Bn by FY30. Over the medium term, Asia-Pacific is expected to be the fastest growing region, supported by rising industrial activity, increasing per capita consumption, and supply chain diversification. In contrast, the chemical markets in Europe and North America are relatively mature and are expected to witness slower growth rates during the forecasted period.

Exhibit 3A.1: Global Chemicals Market, CY2019, CY2025E and CY2030F, USD 4,750 Bn, USD 5,800 Bn and 7,200 Bn

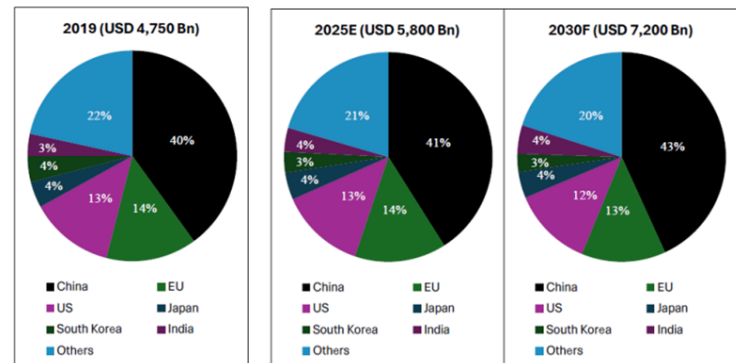


Exhibit 3A.3: Global chemicals market, 2019, 2025E and 2030F

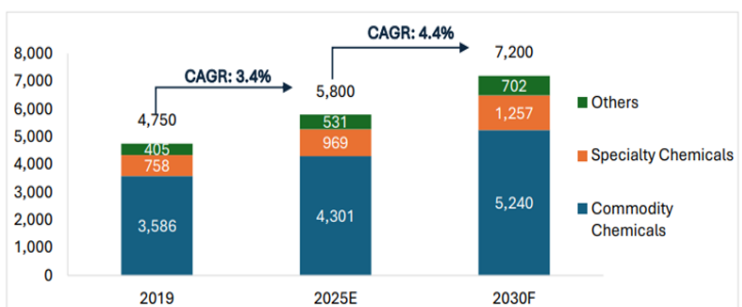


Exhibit 12.1 Total Addressable Market : Global and India

Product Category	Key End User Industries	Global Market Size (USD Million)-2025	India Market Size (USD Million)-2025	India Production on Size (USD Million)-2025	India Positioning (% share of global supply)-2025	GEM Aromatics' production on Value FY 25 (USD Million)	GEM Aromatics' production on Volume FY 25	India Production on Current Market Share of GEM (%) - 2025 Volume
Peppermint Oil	Food & Beverages, Pharma & Alternative Medicine, Cosmetics & Personal Care, Tobacco, Aromatherapy	796	546	597	75%	21.0	1,347	3%
Menthol		970	294	304	31%	12.8	989	5%
DMO		166	56	131	79%	19.13	1,257	12%
Clove Oil		113	21	20	18%	5.5	435	28%
Eugenol		104	13	9	9%	5.2	291	65%
Eucalyptus Oil		144	17	5	3%	1.8	202	58%
Anethole		195	23	15	8%	1.6	163	16%
MEHQ		149	41	82	55%	Future strategy		
Guaiacol		333	42	42	13%			
4MAP		45	5.1	10	22%			
BHA		155	97	50	32%			
Cooling Agents		248	1.5	NA	Negligible			

Investment Rationale:

Specialty Ingredients & Essential Oils Manufacturer with Market Leadership: GEM Aromatics is an established manufacturer of specialty ingredients, including essential oils, aroma chemicals, and value-added derivatives, with a track record of over two decades in the Indian market. The company operates across the value chain, offering a diversified portfolio ranging from core “mother ingredients” to high-value derivatives, and holds a dominant presence in essential oil-based products derived from mint, clove, eucalyptus, and other oils. In FY25, GEM was one of the largest procurers of piperita oil in India and ranked among the top processors of DMO, clove oil, eugenol, and eucalyptus oil by volume. The company commanded a 12% share in DMO and a significant 65% share in eugenol in terms of domestic production, in addition to being one of India’s largest mint oil producers. In the highly consolidated Indian eucalyptus oil market, GEM’s share exceeded 58%, underscoring its leadership position.

Operating in a domestic flavours and fragrances market valued at USD 2.7 billion in 2025 and projected to grow to USD 4.1 billion by 2030, GEM is well positioned to benefit from industry trends, particularly in essential oils, which are forecast to grow at a CAGR of 8.8% due to their natural, eco-friendly profile and the unique Indian demand from incense stick manufacturing and single aroma applications. The company’s presence in three of the four largest essential oil segments - mint, clove, and eucalyptus further strengthens its market relevance. GEM supplies to leading global flavour and fragrance ingredient houses, including Firmenich, Givaudan, Symrise, and International Flavors & Fragrances, Inc., which collectively control more than 60% of the global market, as well as to other prominent players such as Sensient Technologies, Mane, Takasago, Frutarom, and Robertet, reflecting its entrenched position within the international supply chain.

Strong R&D Focus Driving Product Innovation and Portfolio Expansion: The company has built a wide and differentiated product portfolio comprising 70 products as of March 31, 2025, spread across four key categories – (i) mint and mint derivatives; (ii) clove and clove derivatives; (iii) phenol; and (iv) other synthetic and natural ingredients. Its capabilities extend to emerging categories such as citral, with capacity expansion currently underway at the Dahej facility to meet growing demand. Leveraging advanced processes developed through its dedicated R&D facilities earlier located only at Silvassa and now also in Maharashtra, the company has progressed seamlessly from lab trials to pilot runs and full-scale manufacturing, ensuring high efficiency and product quality. Its manufacturing infrastructure, including equipment designed for the complete range of citral based products, is expected to facilitate smooth scale-up, while its comprehensive portfolio across price points and demand segments reduces dependence on any single driver and enhances customer stickiness in a fragmented market. This breadth positions the company well to capture future growth opportunities and expand its addressable market.

Product Value Chain			
Mint and Mint Derivatives	Clove and Clove Derivatives	Phenol Chemistry	Other Synthetic and Natural Ingredients
Peppermint	Clove Oil	Anethole	Eucalyptus and Eucalyptol
Menthol	Eugenol and Eugenol Derivatives		Lemongrass
Spearmint	Other Derivatives		Miscellaneous
Other Derivatives			

The company’s in-house manufacturing and R&D capabilities have been instrumental in driving product innovation, process improvements, and consistent quality. Over the years, in-house R&D capabilities have significantly increased the number of products developed internally, enabling the company to leverage its experience and market reach to explore both existing and new opportunities. The R&D team’s expertise spans complex chemistries such as Grignard’s, amide coupling, Friedel-Crafts, cross-coupling, photochemical reactions, and methoxylation using green chemistry, supported by advanced technologies like continuous and high-pressure reaction systems, fixed-bed reactors, process automation, and high-vacuum fractional distillation. Ongoing initiatives include developing products under existing categories, introducing new product categories, and improving processes to meet customer demand, enhance quality, and comply with evolving regulatory standards.

Since 2021, R&D has enabled the introduction of multi-step derivatives in the mint and clove value chains, the development of synthetic anethole, citral chemistry (including saffranal and dameascons), effluent-free anisole production from phenol, and effluent-free synthetic anethole processes. Further, in 2022, the company developed capabilities for:

- citral chemistry, including saffranal and dameascons.
- effluent free and vapour phase based process for production of anisole from phenol.
- effluent free process for synthetic anethole.

The company launched anethole in 2023 and continues to engage closely with customers to identify and develop products with higher growth potential and better margins, thereby improving profitability. Its innovation focus includes forward and backward integration from menthol to cooling agents, from anisole to MEHQ, guaiacol, and 4MAP, and from guaiacol to eugenol derivatives through an in-house developed catalyst. This breakthrough, achieved via proprietary clean methylation processes, sets a global benchmark for sustainable specialty chemical manufacturing. Additionally, the in-house production of key catalysts strengthens backward integration, giving the company robust process control, consistent quality, and scope for developing super-specialty products tailored to customer needs. Increased investment in R&D and expansion of the R&D team by hiring additional experienced personnel are expected to create long term growth opportunities, strengthen the company’s ability to meet evolving market requirements, and ensure it remains distinctive and well differentiated in the industry.

Long-Standing Relationships with Well Established Global and Domestic Customers: The formulated flavours and fragrance (F&F) blends segment is dominated by global suppliers due to the significant investment required in research and product development, with high entry barriers such as intellectual property protection, a loyal customer base, strong branding, and robust R&D capabilities. FMCG companies are generally reluctant to change suppliers, as even minor alterations in fragrance or flavour profiles risk losing end consumers. Leveraging these industry dynamics, the company has built long-standing relationships with over 451 customers across various geographies over the last three fiscals, spanning leading players in the F&F industry as well as global and domestic FMCG brands. This extensive and loyal client base drives consistent repeat business, ensuring stable revenues and supporting sustained growth momentum.

Particulars	1-5 years	5-10 years	More than 10 years
Top five	2	1	2
Top 10	4	4	2
Top 15	8	4	3

Tenure Profile of Top 15 Employees by Rank

Becoming a supplier to marquee FMCG players or to flavours and fragrances houses who, in turn, service FMCG and other industries entails a rigorous qualification process. This involves comprehensive assessments of product composition, quality

control processes, certifications, and proven track record. Over more than two decades of operations, the company has developed strong, enduring relationships with both Indian and global customers, including Colgate-Palmolive (India) Limited, Dabur India Limited, Patanjali Ayurved Limited, SH Kelkar and Company Limited, Rossari Biotech Limited, Symrise Private Limited, dōTERRA, Ventos So Brasil Eireli, and Anhui Houtian Spices Co. Ltd. The company has a substantial presence in the oral care segment, supplying to leading brands such as Colgate, Dabur, and Patanjali, alongside other major players like Close-up, Pepsodent, Sensodyne, Oral-B, Meswak, Dabur Red Toothpaste, Himalaya, among others.

As of the date of the Red Herring Prospectus, the company maintains a valid supply agreement with dōTERRA Global Limited, originally executed on April 11, 2019, and subsequently amended on November 4, 2023. Over the past three fiscals, the company has supplied 15 products to dōTERRA under this agreement, which specifies annual minimum quantities and standard liability clauses pertaining to quality and delivery.

Revenue Composition by Customer Type

Particulars	Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Amount (₹ in million)	% of revenue from operations	Amount (₹ in million)	% of revenue from operations	Amount (₹ in million)	% of revenue from operations
<i>Sale of Products</i>						
Existing/ repeat customers	4,747.95	94.21	3,495.18	77.25	3,711.44	87.38
New customers	201.29	3.99	968.70	21.41	474.61	11.17
<i>Other operating revenue</i>						
Other operating revenue	90.29	1.79	60.64	1.34	61.87	1.45
Total	5,039.53	100.00	4,524.52	100.00	4,247.93	100.00

As of March 31, 2025, the company's clientele spans India with an established pan-India presence. Strategic priorities include strengthening its distribution network, expanding geographical reach, and enhancing visibility through participation in industry-specific conferences and events worldwide. On the global front, the company plans to expand warehousing capabilities in the Americas, Asia, and Australia to support growing international demand. It currently has a presence in the United States, China, Singapore, Brazil, France, Thailand, Spain, Germany, and the United Kingdom. With its differentiated product portfolio and focus on quality, the company anticipates significant growth in export sales.

Strategically Located, Technologically Advanced, and Sustainability-Focused Manufacturing Facilities:

As of March 31, 2025, the company operates three manufacturing facilities in Uttar Pradesh, Dadra and Nagar Haveli and Daman and Diu, and Gujarat, with 177 manufacturing personnel and a total installed capacity of 5,346 MTPA. Their strategic locations ensure efficient access to raw materials, lower logistics costs, and improved market reach. The Budaun facility, in India's mint cultivation belt, secures abundant natural mint oil supply. The Silvassa facility's proximity to Jawaharlal Nehru Port reduces export timelines and import costs for raw materials from multiple countries. The Dahej facility, near major ports and highways, benefits from proximity to large phenol suppliers and an established effluent discharge ecosystem.

Capital expenditure surged to ₹1,050.89M in FY25 (55.59% of gross PPE & intangibles) from ₹391.41M in FY24 and ₹144.07M in FY23, reflecting a significant acceleration in asset creation and capacity expansion.

Capital expenditure from FY23 – FY25

Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024		For the year ended March 31, 2023	
	Amount (₹ in million)	% of the Gross property, plant and equipment* & Intangible Assets	Amount (₹ in million)	% of the Gross property, plant and equipment* & Intangible Assets	Amount (₹ in million)	% of the Gross property, plant and equipment* & Intangible Assets
Capital expenditure	1,050.89	55.59	391.41	46.47	144.07	31.91

*Also includes capital work-in-progress.

Manufacturing expertise combines advanced technologies such as DCS process automation, fixed and high-pressure reaction, continuous reaction, and high vacuum distillation with sophisticated chemistry, enhancing efficiency and cost competitiveness. Dahej's multipurpose plant supports CRO, CMO, and CDMO models for specialty chemicals, catering to domestic and global FMCG and F&F companies.

Sustainability is core to operations, with integrated effluent systems enabling zero liquid discharge at parts of Budaun. Proprietary green manufacturing technology for anisole uses a vapour-phase continuous process that eliminates hazardous effluents, producing only water as a by-product. This method, both eco-friendly and cost efficient, positions the company as India's second largest anisole manufacturer with 7,000 MT capacity. Use of non-toxic raw materials, automation, process optimisation, and product mix adjustments further enhance efficiency.

Robust quality systems ensure compliance with domestic and international standards, while large-scale capabilities reduce per-unit costs and enhance pricing flexibility. The company is expanding Dahej to add products such as saffranal and damascene under citral, and to establish one of India's largest cooling agent capacities (500 MT). Continuous investments in debottlenecking, waste minimisation, and IT infrastructure - including a company-wide SAP platform and a dedicated 4 member data analytics team strengthen integration, inventory control, customer insights, and scalability.

By expanding capacity, adopting green technologies, and leveraging economies of scale, the company aims to enhance cost efficiency, margins, and environmental performance while maintaining its reputation for high-quality production.

Sustained Revenue Growth with Healthy Margins and Returns: In FY25, Gem Aromatics delivered another year of robust financial performance, reinforcing its position in the specialty ingredients industry. Revenue from operations increased 11.38% year-on-year to ₹5,039.53 million, driven by healthy demand across domestic and international markets and a diversified product mix. EBITDA grew 12.9% to ₹884.52 million, with the EBITDA margin expanding to 17.55% from 17.32% in FY24, reflecting process efficiencies, higher capacity utilisation, and effective cost management. Profit after tax rose to ₹533.84 million, sustaining a healthy PAT margin of 10.56%, supported by strong operating leverage and disciplined expense control.

Return ratios remained strong, with Return on Equity at 18.80% and Return on Capital Employed at 16.02%, underscoring the company's ability to generate attractive returns on invested capital. Capital expenditure surged to ₹1,050.89 million in FY25, more than double the previous year's outlay representing 55.59% of gross PPE and intangibles. This investment reflects a strategic push in asset creation and capacity expansion, positioning the company for higher output and an expanded product portfolio in the years ahead. Even amid this aggressive growth phase, the balance sheet remained resilient, with a net debt-to-equity ratio of just 0.78x, providing ample headroom for future investments. This combination of consistent revenue growth, margin improvement, healthy profitability, and prudent capital structure underscores Gem Aromatics' operational excellence and strategic foresight, setting a strong foundation for long term value creation.

Valuation and Outlook: The Indian chemicals industry, valued at USD 235 Bn in FY25 (~4% of the global market), is projected to expand to USD 380 Bn by FY30 at a CAGR of 10%, providing a favourable growth backdrop for specialty ingredients and essential oils. Gem Aromatics, a leading domestic manufacturer with over two decades of operating history, commands significant market shares in key categories, 12% in DMO, 65% in eugenol, and 58% in the Indian eucalyptus oil market while catering to top global F&F players. Its diversified 70 product portfolio, integrated R&D capabilities, proprietary green processes, and backward integration support continuous innovation, margin accretive product expansion, and a durable competitive edge. Strategically located, technologically advanced, and sustainability focused manufacturing facilities at Budaun, Dadra, and Dahej, supported by ongoing capex, enhance efficiency, scalability, and cost competitiveness. Financially, Gem Aromatics has delivered consistent growth with FY25 revenue rising 11.4% YoY to ₹5,039.5 mn, EBITDA of ₹884.5 mn reflecting a healthy margin of 17.6%, and PAT of ₹533.8 mn with a margin of 10.6%. Return ratios remain robust, with ROE at 18.8% and ROCE at 16.0%, while a net debt-to-equity of 0.78x underscores balance sheet strength and financial prudence. We recommend subscribing to the issue, as the company's capacity is set to triple with the upcoming Dahej expansion for citral products, positioning it strongly to capture incremental demand and making it a compelling long term investment opportunity.

Revenue Decomposition

Particulars	FY25		FY24		FY23	
	Revenue (₹ million)	% of Revenue	Revenue (₹ million)	% of Revenue	Revenue (₹ million)	% of Revenue
Mint and mint derivatives	3483.32	69.12	3297.9	72.89	2972.56	69.98
Clove and clove derivatives	952.5	18.9	683.02	15.1	640.92	15.09
Phenol	140.86	2.8	17.54	0.39	1.58	0.04
Other synthetic and natural ingredients	372.56	7.39	465.42	10.29	571	13.44
Total	4949.24	98.21	4463.88	98.67	4186.06	98.55

Revenue by Geography

Particulars	FY25		FY24		FY23	
	Revenue (₹ million)	% of Revenue	Revenue (₹ million)	% of Revenue	Revenue (₹ million)	% of Revenue
Sale of products						
India	2398.18	47.55	2222.02	49.11	1522.73	35.85
Uttar Pradesh	926.5	18.38	944.67	20.88	125.88	2.96
Assam	279.11	5.54	182.74	4.04	244.69	5.76
Maharashtra	274.35	5.44	206.9	4.57	497.57	11.71
Goa	290.34	5.76	256.85	5.68	172.58	4.06
Others	625.88	12.43	630.86	13.94	481.99	11.36
USA	1564.34	31.04	1487.08	32.86	1768.31	41.63
China	134.71	2.67	216.65	4.79	233.36	5.49
Brazil	322.94	6.41	212.94	4.71	135.34	3.19
Singapore	0.49	0.01	40.52	0.9	148.32	3.49
Rest of the world	530.58	10.53	284.67	6.29	378	8.9
Other operating revenue						
Other operating revenue	90.29	1.79	60.64	1.34	61.87	1.45
Total	5039.53	100	4524.52	100	4247.93	100

Capacity Utilisation

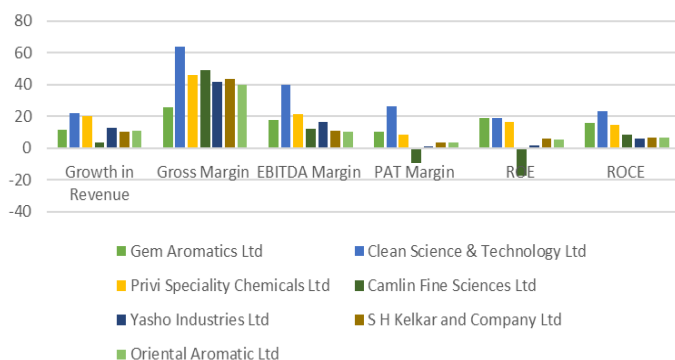
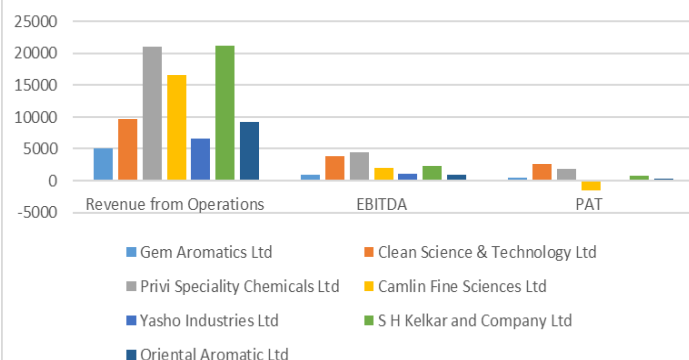
Facility	FY25			FY24			FY23		
	Installed Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Installed Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)	Installed Capacity (MT)	Actual Production (MT)	Capacity Utilisation (%)
Budaun Facility									
Mint and mint derivatives	2800	2226.43	79.52	2200	2193.82	99.72	1825	1456.95	79.83
Clove and clove derivatives	400	239.88	59.97	400	229.22	57.31	400	154.29	38.57
Other synthetic and natural ingredients	300	191	63.67	300	244.85	81.62	300	274.53	91.51
Phenol	300	116.03	38.68	300	14.19	4.73	300	1.12	0.37
Silvassa Facility									
Mint and mint derivatives	500	303.6	60.72	500	497.98	99.6	500	257.11	51.42
Clove and clove derivatives	600	445.49	74.25	600	343.83	57.31	500	286.53	57.31
Other synthetic and natural ingredients	200	102.85	51.42	200	150.07	75.03	200	183.02	91.51
Phenol	200	45.12	22.56	200	7.64	3.82	200	0.92	0.46
Dahej Facility									
Clove and clove derivatives	46	25.1	54.57	3.8	0.49	12.89	0	0	0

Facility	Installed Capacity (MT)	Built-up area (sq. mt.)
Budaun Facility	3800	5915
Silvassa Facility	1500	1340
Dahej Facility	46	100
Total	5346	7355

Peer Comparison

Name of the company	Diluted EPS 2025 (₹)	Price as on August 12, 2025	P/E (x)
Gem Aromatics Ltd	11.39	325	28.53
Clean Science & Technology Ltd	24.88	1159.7	46.61
Privi Speciality Chemicals Ltd	47.87	2429.7	50.76
Camlin Fine Sciences Ltd	-7.95	214.9	-
Yasho Industries Ltd	5.32	1734.9	326.11
S H Kelkar and Company Ltd	5.4	227.35	42.10
Oriental Aromatic Ltd	10.2	327.7	32.13

Particulars FY25	Unit	Gem Aromatics Ltd	Clean Science & Technology Ltd	Privi Speciality Chemicals Ltd	Camlin Fine Sciences Ltd	Yasho Industries Ltd	S H Kelkar and Company Ltd	Oriental Aromatic Ltd
Revenue from Operations		5039.53	9666.44	21011.91	16665.27	6685	21234	9282.56
Growth in Revenue	%	11.38	22.13	19.91	3.31	12.62	10.02	10.98
Gross Profit	₹ million	1280.08	6159.32	9696.99	8172.68	2784.9	9275.3	3687.99
Gross Margin	%	25.4	63.72	46.15	49.04	41.65	43.68	39.73
EBITDA	₹ million	884.52	3876.15	4535.14	1987.4	1095.2	2350	933.9
EBITDA Margin	%	17.55	40.1	21.58	11.93	16.38	11.07	10.06
PAT	₹ million	533.84	2644.05	1847.5	-1581.19	61.1	730.1	343.28
Total Income	₹ million	5056.4	10052.31	21218.37	16809.79	6772.5	21472.5	9315.32
PAT Margin	%	10.56	26.3	8.71	-9.41	0.9	3.4	3.69
ROE	%	18.8	18.67	16.74	-17.54	1.46	5.74	5.18
ROCE	%	16.02	22.9	14.61	8.7	6.02	6.82	6.69
Gross Fixed Assets Turnover Ratio	times	2.51	-	1	1.35	-	1.43	1.45
Net Debt to Total Equity	times	0.78	-0.01	0.97	0.55	1.31	0.52	0.51
Net Working Capital Cycle	days	205.61	95.88	135.55	104.66	181.87	141.57	187.56

FY25 Peer Comparison**FY25 Peer Comparison**

Income Statement				Balance Sheet			
Y/E (INR mn)	FY23	FY24	FY25	Y/E (INR mn)	FY23	FY24	FY25
Revenue	4,247.93	4,524.52	5,039.53	Source of funds			
Expenses:				Equity Share Capital	17.85	93.71	93.71
Cost of Material Consumed	3165.12	3444.24	3641.44	Reserves	1777.46	2211.77	2746.10
Employee Cost	108.07	111.34	128.27	Total Share holders funds	1795.31	2305.48	2839.81
Total Expenses	3,690.04	3,866.31	4,309.25	Total Debt	893.61	1,111.25	2,223.69
EBITDA	661.86	783.54	884.52	Current Liabilities	1,154.58	1,137.42	1,797.89
EBITDA Margin %	15.58	17.32	17.55	Trade Payables	211.43	189.12	232.32
Interest	56.40	62.70	80.82	Total Non-Current Liabilities	7.75	242.78	707.49
Depreciation	47.57	62.63	73.42	Total Liabilities	2,957.64	3,685.68	5,345.19
Other Income	3.00	17.73	16.57				
PBT	560.89	675.94	747.15	Application of funds			
PAT	446.72	501.04	533.84	Fixed Assets	263.26	402.76	433.41
EPS	9.53	10.69	11.39	Capital Work in Progress	108.72	303.58	1255.03
				Cash and Bank	105.73	163.59	21.54
				Current Assets	2443.70	2804.64	3427.85
				Trade Receivables	796.36	453.30	1409.94
				Other current assets	111.92	304.47	333.30
				Total Assets	2,957.64	3,685.68	5,345.19
Cash Flow				Key Ratios			
Y/E (INR mn)	FY23	FY24	FY25	Y/E (INR mln)	FY23	FY24	FY25
Profit Before Tax	560.89	675.94	747.15	Growth Ratio			
Adjustment	158.06	104.38	153.11	Net Sales Growth(%)	35.14	6.51	11.38
Changes In working Capital	-390.57	-221.58	-894.24	EBITDA Growth(%)	28.33	18.38	12.89
Cash Flow after changes in Working Capital	328.38	558.74	6.02	PAT Growth(%)	43.24	12.16	6.55
Tax Paid	-175.33	-157.42	-255.18	Margin Ratios			
Cash From Operating Activities	153.05	401.32	-249.16	EBITDA	15.58	17.32	17.55
Cash Flow from Investing Activities	-143.58	-510.50	-925.37	PBT	13.2	14.94	14.83
Cash from Financing Activities	64.37	153.60	1026.38	PAT	10.51	11.03	10.56
Net Cash Inflow / Outflow	73.85	44.41	-148.15	Return Ratios			
Opening Cash & Cash Equivalents	64.98	105.73	158.84	ROA	16.71	15.08	11.82
Closing Cash & Cash Equivalent	105.73	158.84	11.31	ROE	24.88	21.73	18.8
				ROCE	22.85	21.10	16.02
				Turnover Ratios			
				Asset Turnover(x)	1.59	1.36	1.12
				Inventory Turnover(x)	3.07	2.85	2.96
				Fixed Asset Turnover (x)	7.66	4.76	2.51
				Solvency Ratios			
				Debt/Equity(x)	0.44	0.36	0.78
				Current Ratio(x)	2.12	2.47	1.91
				Quick Ratio(x)	0.88	0.93	0.98
				Interest Cover(x)	10.94	11.78	10.24
				Valuation Ratios			
				P/E	-	-	28.53
				P/B	-	-	3.70
				EV/EBITDA	-	-	21.68
				EV/Sales	-	-	3.81

Analyst Certification:

I, **Kabir Sharma**, Research Analyst of SMIFS Limited (in short "SMIFS / the Company"), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

Terms & Conditions and Other Disclosures:

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of SMIFS Limited. While we would endeavour to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at www.nseindia.com and/or www.bseindia.com, www.mcxindia.com and/or www.icex.com.

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SMIFS and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Specific Disclosures

1. SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
3. SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
4. SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as director/officer/employee in the subject company
6. SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
9. SMIFS has not received any compensation or other benefits from third party in connection with the research report.
10. SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5414 / +91 33 6634 5414

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com