

Gem Aromatics Ltd

IPO Note



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Innovating Fragrance, Enriching Industries

Gem Aromatics Limited is a leading Indian manufacturer of specialty ingredients, including essential oils, aroma chemicals, and value-added derivatives, with over two decades of industry experience. The company offers 70 products across categories such as mint derivatives, clove derivatives, phenol, and other synthetic and natural ingredients. Its manufacturing facilities include plants in Budaun (Uttar Pradesh), Silvassa (Dadra and Nagar Haveli), and Dahej (Gujarat), with a total installed capacity of 5,346 MTPA. Additionally, Gem Aromatics operates an in-house R&D facility in Maharashtra, focusing on product innovation and process improvements.

In FY25, Gem Aromatics generated INR 5,03.9 cr in revenue, with 69.12% from mint derivatives, and significant contributions from international markets, including the USA (31.04%). They maintain long-standing relationships with key clients such as Colgate Palmolive and dōTERRA, with 56.06% of revenue coming from the top 10 customers. The company employs 280 permanent employees and 15 contractual workers as of March 2025.

Strengths:

- Established market position with over 20 years of experience.
- Diversified product portfolio across multiple industries.
- Experienced leadership and global market reach.
- Strong R&D capabilities for continuous innovation.

Risks:

- High dependence on top customers, with the top 10 contributing 56.06% of revenue.
- Product concentration, with 69.12% of revenue from mint derivatives.
- Exposure to geopolitical risks and currency fluctuations in foreign markets.
- Dependence on a few key suppliers for 52.92% of expenses.
- Ongoing contingent liabilities, including tax and customs claims totaling INR 581.88 mn.

Key Consolidated Financial Data (INR Cr, unless specified)

	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/EBITDA (X)
FY23	424.8	66.2	44.7	15.6	10.5	8.6	34.4	24.9	23.8	38.0	26.8
FY24	452.5	78.4	50.1	17.3	11.1	9.6	44.1	21.7	22.2	33.9	22.9
FY25	504.0	88.5	53.4	17.6	10.6	10.2	54.4	18.8	16.1	31.8	21.7

Industry Chemicals
Scrip Details

Listing	BSE &NSE
Open Date	Aug 19, 2025
Close Date	Aug 21, 2025
Price Band	INR 309 – 325
Face Value	INR 2.0
Market Lot	46 Shares
Minimum Lot	1

Issue Structure

Issue Size (INR cr)	451.25
Issue Size (Shares)	1,38,84,615
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre Issue sh. (cr)	4.68
Post Issue sh. (cr)	5.22
Post Issue Market Cap (cr)	1,697.7

Shareholding (%)	Pre (%)	Post (%)
Promoter	75.0	55.1
Public	25.0	44.9
TOTAL	100	100

Issue Structure and Offer Details

Gem Aromatics IPO is a book build issue of INR 451.25 crores. The issue is a combination of fresh issue of 0.54 crore shares aggregating to INR 175.00 crores and offer for sale of 0.85 crore shares aggregating to INR 276.25 crores.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Offer
NII (HNI)	Not less than 15.00% of the Offer
Retail	Not less than 35.00% of the Offer

Number of shares based on a higher price band of INR 325

Source: Company Reports

Objects of the Issue

The Company Gem Aromatics IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

- Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by our Company and our Subsidiary, Krystal Ingredients Private Limited. (INR 140 cr).
- General Corporate Purposes.

Financial Summary

Fig in INR Cr (unless specified)	FY23	FY24	FY25	Fig in INR Cr (unless specified)	FY23	FY24	FY25
Income Statement				Per share data & Yields			
Revenue	424.8	452.5	504.0	Adjusted EPS (INR)	8.6	9.6	10.2
YoY Growth (%)	35.1	6.5	11.4	Adjusted Cash EPS (INR)	9.5	10.8	11.6
Raw Material Cost	317.4	341.2	375.9	Adjusted BVPS (INR)	34.4	44.1	54.4
RM Cost to Sales (%)	74.7	75.4	74.6	Adjusted CFO per share (INR)	2.9	7.7	(4.8)
Employee Cost	10.8	11.1	12.8	CFO Yield (%)	0.9	2.4	(1.5)
Employee Cost to Sales (%)	2.5	2.5	2.5	Adjusted FCF per share (INR)	1.0	1.1	(23.7)
Other Expenses	30.4	21.8	26.7	FCF Yield (%)	0.3	0.3	(7.3)
Other Exp to Sales (%)	7.2	4.8	5.3	Solvency Ratio (X)			
EBITDA	66.2	78.4	88.5	Total Debt to Equity	0.5	0.5	0.8
Margin (%)	15.6	17.3	17.6	Net Debt to Equity	0.4	0.4	0.8
YoY Growth (%)	34.6	18.4	12.9	Net Debt to EBITDA	1.2	1.2	2.5
Depreciation & Amortization	4.8	6.3	7.3	Return Ratios (%)			
EBIT	61.4	72.1	81.1	Return on Equity	24.9	21.7	18.8
Margin (%)	14.5	15.9	16.1	Return on Capital Employed	18.2	15.6	11.4
YoY Growth (%)	37.0	17.4	12.5	Return on Invested Capital	23.8	22.2	16.1
Other Income	0.3	1.8	1.7	Working Capital Ratios			
Interest	5.6	6.3	8.1	Payable Days (Nos)	18	15	17
Fin Charges Coverage (X)	10.9	11.5	10.0	Inventory Days (Nos)	122	141	120
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	68	37	102
PBT	56.1	67.6	74.7	Net Working Capital Days (Nos)	173	162	206
Margin (%)	13.2	14.9	14.8	Net Working Capital to Sales (%)	47.3	44.4	56.3
YoY Growth (%)	26.4	20.5	10.5	Valuation (X)			
Tax Expense	11.4	17.5	21.3	P/E	38.0	33.9	31.8
Tax Rate (%)	20.4	25.9	28.5	P/BV	9.5	7.4	6.0
PAT	44.7	50.1	53.4	EV/EBITDA	26.8	22.9	21.7
Margin (%)	10.5	11.1	10.6	EV/Sales	4.2	4.0	3.8
YoY Growth (%)	43.2	12.2	6.5	Cash Flow Statement			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	56.1	67.6	74.7
Net Profit	44.7	50.1	53.4	Adjustments	15.5	(10.1)	4.7
Margin (%)	10.5	11.1	10.6	Change in Working Capital	(44.8)	0.1	(83.0)
YoY Growth (%)	43.2	12.2	6.5	Less: Tax Paid	(11.4)	(17.5)	(21.3)
				Cash Flow from Operations	15.3	40.1	(24.9)
Balance Sheet				Net Capital Expenditure	(14.4)	(39.1)	(104.9)
Share Capital	1.8	9.4	9.4	Change in Investments	0.0	(11.9)	12.4
Total Reserves	177.7	221.2	274.6	Cash Flow from Investing	(14.4)	(51.1)	(92.5)
Shareholders Fund	179.5	230.5	284.0	Change in Borrowings	12.1	21.6	110.7
Long Term Borrowings	0.3	24.0	68.7	Less: Finance Cost	(5.6)	(6.3)	(8.1)
Deferred Tax Assets / Liabilities	(0.7)	(1.2)	(1.9)	Proceeds from Equity	0.0	0.0	0.0
Other Long Term Liabilities	0.5	0.3	2.1	Buyback of Shares	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Dividend Paid	0.0	0.0	0.0
Long Term Provisions	0.0	0.0	0.0	Cash flow from Financing	6.4	15.4	102.6
Total Liabilities	179.6	253.7	352.9	Net Cash Flow	7.4	4.4	(14.8)
Net Block	35.8	49.6	54.4	Forex Effect	(3.3)	0.9	0.1
Capital Work in Progress	10.9	30.4	125.5	Opening Balance of Cash	6.5	10.6	15.9
Intangible assets under develop	0.0	0.0	0.0	Closing Balance of Cash	10.6	15.9	1.1
Non Current Investments	0.0	0.0	0.0				
Long Term Loans & Advances	3.9	6.9	9.9				
Other Non Current Assets	0.1	0.1	0.0				
Net Current Assets	128.9	166.7	163.0				
Total Assets	179.6	253.7	352.9				

Source: Company RHP

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