

CMP: INR 166

Outlook: Positive

Stock Info

BSE	544491
NSE	GEMAROMA
Bloomberg	GEMAROMA:IN
Sector	Specialty Chemicals
Face Value (INR)	2
Equity Capital (INR mn)	104
Mkt Cap (INR bn)	7.66
52w H/L (INR)	350/ 133
Avg Yearly Volume (in 000')	580

Shareholding Pattern %

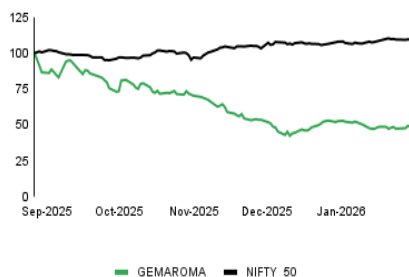
(As on August, 2025)

Promoters	55.10
DII	4.59
FII	0.79
Public & Others	39.60

Stock Performance (%)

	1m	6m	12m
GEMAROMA	-0.91	-47.99%	-47.99%
NIFTY	-2.60%	1.65%	8.67%

GEMAROMA vs Nifty



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Gem Aromatics Limited is an established manufacturer of specialty ingredients in India, with over two decades of operational experience. The company offers a diversified portfolio of approximately 70 products spanning four main categories: mint and mint derivatives, clove and clove derivatives, phenol-based compounds, and other synthetic and natural ingredients. Serving a broad range of high-growth sectors including oral care, cosmetics, nutraceuticals, pharmaceuticals, and personal care, Gem Aromatics has built a strong presence through its leadership in key essential oils such as Dementholized Mint Oil (DMO), Eugenol, eucalyptus, and clove oils. Its strategic manufacturing facilities are located near raw material sources and export hubs, reinforcing its operational efficiency and global competitiveness. The company's robust R&D capabilities, forward and backward integration in product chains, and longstanding relationships with marquee customers both domestically and internationally position it as a prominent player in the specialty chemicals and aroma ingredients industry.

Dahej Facility – Key Takeaways

Gem Aromatics' Dahej facility adds 10,829 MTPA capacity across clove and clove derivatives, citral derivatives, phenol derivatives and cooling agents, increasing group capacity above 16,000 MTPA (from 5300 MTPA in FY25). Phase-II commissioned on November 30, 2025. MEHQ and guaiacol production commences Q1 FY27; cooling agents capacity of 500+ MTPA (largest in India) commenced December 2025. Vapor-phase technology provides effluent-free processing versus conventional sulphate methods. Facility located at Dahej reduces raw material logistics costs through proximity to phenol suppliers and Hazira Port. Total investment amounts to INR 2.75bn across Phases I-II ; net block of INR 2.1bn as of September 2025 (Gross block going up to ~INR 2.23 Bn from 0.63 Bn) , balance to be capitalized majorly by FY26 end.

- Phase-I clove vertical operates at 60% utilization and manufacturing of Eugenol derivatives are starting. Company received most requisite Certifications. First stage audit for rest of the certifications have been successfully completed.
- Phase-II anisole line trial production underway; MEHQ pilots scheduled Q1 FY27.
- Capital structure reflects INR 970mn debt repayment from IPO proceeds, reducing net debt-to-equity ratio to 0.3x from 0.8x. Krystal Ingredients qualifies for perpetual 15% corporate tax rate. DCS automation targets 95%+ yields with 40% lower operator error versus manual systems.
- Multi-purpose configuration supports 20+ products with batch-to-continuous conversion within 24 hours.

Capacity enhancement along with portfolio diversification

- Phenol derivatives comprise 70% of Phase-II capacity, covering anisole (7,000 MTPA), MEHQ, guaiacol, 4-MAP, and BHA. Only second company in the world to produce all these products by clean vapor-phase technology. Production expected to commence April'26. Total revenue potential in phenol derivatives stands at ~INR 1,250 mn by FY27.
- Cooling agents (WS3, WS5, WS23) (500 MTPA) utilize in-house menthol feedstock, targeting confectionery and pain management segments.
- Citral derivatives (safranal, damascones) completed pilot stage with equipments installed.
- R&D team of 13 scientists validates all process transitions from laboratory to commercial scale.

Expected utilisation trajectory:

- FY26: Stabilization Phase
- FY27: 60-70%
- FY28: 85%+

Environmental safety protocol

Effluent treatment employs multi-effect evaporators and best-in-class effluent treatment technologies enabling reduction in effluent volumes . Dahej industrial ecosystem handles residual discharge. PESO-approved reactors record zero safety incidents since commissioning. Vapor-phase processes reduce hazardous waste by 90% relative to legacy methods, supporting EU REACH compliance for exports.

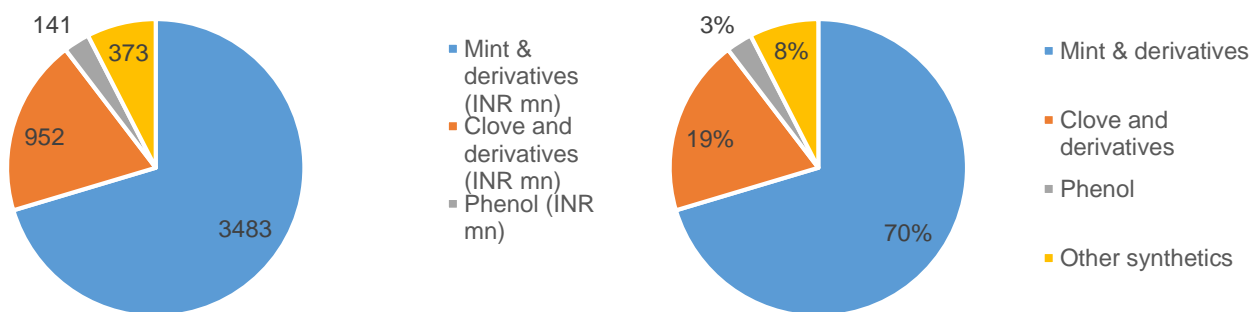
Company Overview:

Gem Aromatics Limited is a well-established Indian manufacturer of specialty ingredients, backed by over two decades of operational expertise. The company has built a diversified portfolio of ~70 products across four key segments—mint and mint derivatives, clove and clove derivatives, phenol-based compounds, and other synthetic and natural ingredients. Its products cater to multiple high-growth end-use industries, including oral care, cosmetics, nutraceuticals, pharmaceuticals, and personal care. Gem Aromatics holds a strong market position in select essential oils such as Dementholized Mint Oil (DMO), Eugenol, eucalyptus oil, and clove oil. Strategically located manufacturing facilities near raw-material catchments and export hubs enhance supply-chain efficiency and global competitiveness. Supported by robust in-house R&D, forward and backward integration across value chains, and long-standing relationships with marquee domestic and international customers, the company is well positioned as a leading player in the specialty chemicals and aroma ingredients space.

Gem Aromatics Revenue Breakdown by Product Categories - FY2025

Gem Aromatics maintains strategic positions across multiple high-growth product categories, with particularly strong market shares in specialized derivatives like Eugenol (65% in India) and Eucalyptus Oil (58% in India).

Mint and mint derivatives dominate the revenue mix at 70%, followed by clove and clove derivatives at 19%. This diversified portfolio reduces dependency on any single product category while leveraging the company's core competencies in essential oils processing.



Product Categories Analysis

Mint and Mint Derivatives (69% of revenue)

- Global peppermint oil market: USD 796 mn (2025).
- India accounts for 75% of global supply.
- Gem's production value: USD 21.0 mn in FY25.
- Forward integration capabilities into menthol and cooling agents.

Clove and Clove Derivatives (19% of revenue)

- Global clove oil market: USD 113 mn (2025).
- Strong positioning in eugenol production with 65% India market share.
- Raw material sourcing from Madagascar and Indonesia.

Emerging Categories

- Phenol-based products showing growth with new capacity additions.
 - Citral chemistry under development at Dahej facility.
 - Cooling agents capacity of 500 MT planned.

Gem Aromatics is among India's largest procurers of piperita oil and processors of key essential oils, positioning it as one of the prominent manufacturers in the specialty ingredients sector.

Gem Aromatics manufactures ~70 products across four strategic categories

Product Category	Key Products	End-use Industries
Mint and Mint Derivatives	Peppermint oil, Menthol, Dementholized Mint Oil	Oral care, cosmetics, nutraceuticals, pharmaceuticals, wellness
Clove and Clove Derivatives	Clove oil, Eugenol	Oral care, personal care, pharmaceuticals
Phenol Derivatives	Anethole, MEHQ, Guaiacol, 4-Methoxy Acetophenone	Cosmetics, pharmaceuticals, polymers
Other Synthetic / Natural	Eucalyptus oil, Cooling agents	Personal care, food & beverages, pharmaceuticals

Company Financials

Summary (INR, Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,248	4,525	5,040	4,268	6,257	8,665
EBITDA	662	784	885	624	1,071	1,617
EBITDA Margin %	16%	17%	18%	15%	17%	19%
PAT	447	502	534	265	564	909
PAT Margin %	11%	11%	11%	6%	9%	10%
EPS	8.6	9.6	10.2	5.1	10.8	17.4
ROE %	24.9	24.5	20.8	8.9	16.8	23.0
PE (x)	19.4	17.3	16.2	32.7	15.4	9.5
ROCE %	22.8	23.6	19.1	11.4	21.0	28.4
Net Debt to Total Equity	0.4	0.4	0.8	0.2	0.4	0.5

Source: Company, Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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