



**Press Release**  
**ARORA AROMATICS PRIVATE LIMITED**  
**June 24, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE BBB+   Stable   Assigned	-
Bank Loan Ratings	100.00	-	ACUITE A2+   Assigned
Total Outstanding Quantum (Rs. Cr)	118.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of 'ACUITE BBB+' (read as ACUITE triple B plus) on the Rs.18 Cr. bank loan facilities and short-term rating 'ACUITE A2+' (read as ACUITE A two plus) on the Rs. 100 Cr. of bank loan facilities of Arora Aromatics Private Limited (AAPL). The Outlook is 'Stable'.

**Rationale for Rating**

The assigned rating reflects the established track record of operations and the extensive experience of the management in the same line of industry for more than four decades. The rating also factors the significant growth in scale of operations & profitability, healthy financial risk profile, and strong liquidity position of the company. However, these strengths are partially offset by susceptibility of profitability to fluctuations in raw material prices and intensive working capital operations.

**About the Company**

Delhi Based Arora Aromatics Private Limited was Incorporated In 2012. The company manufactures and exports natural mint ingredients and aromatic chemicals such as menthol, crystals, mint oils, spearmint oil, and various essential oils that are used in the cosmetic, pharmaceutical, confectionery, and food industries. The directors of the company are Mr. Surender Arora, Mr. Arvind Kumar Arora, Mrs. Sadhna Arora and Mr. Suresh Chand Arora.

**Unsupported Rating**

Not Applicable.

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Arora Aromatics Private Limited (AAPL).

**Key Rating Drivers**

**Strengths**

**Experienced Management**

With over four decades of experience in the menthol industry, AAPL's promoters have built excellent relationships with their customers and suppliers. AAPL's standing as a 3-Star Export House, approved by the DGFT (Directorate General of Foreign Trade), highlights its position among the top menthol exporters worldwide. This

extensive background has been instrumental in developing strong domestic and international connections, setting the company up for securing substantial international orders over the medium to long term.

**Scale of Operations & Profitability**

The revenue from operations of the company has improved by 12.57%, thereby increasing the topline from Rs. 263.89 Cr. in FY 2024 to Rs. 297.06 Cr. in FY 2025 (Prov.). The company has sold more volume units in FY 25

(Prov.) against previous year FY 24; however, the average price realization declined on the account of decline in raw material procurement price. The operating margin of the company improved by 62 bps which stood at 7.27% in FY 25 (Prov.) against 6.65% in FY 24. The Net margin improved by 30 bps which stood at 4.64% in FY 25 (prov.) against 4.34% in FY 24. The net profit of the company stood at Rs. 13.79 Cr. in FY 2025 (Prov.) against the Rs. 11.46 Cr. in FY 2024. Acuite believes that the operating revenue & margins will improve in near to medium term on the account of better volumes sold by the company.

### **Healthy Financial Risk Profile**

The company's financial risk profile is marked by healthy net worth, gearing and debt protection metrics. The tangible net worth of the company improved & stood at Rs. 176.87 Cr. as on March 31, 2025 (Prov.), against Rs. 163.60 Cr. as on March 31, 2024 due to accumulation of profits into reserves. The Gearing ratio of the company improved and stood below unity at 0.36 times as on March 31, 2025 (prov.), as against 0.47 times as on March 31, 2024. The company is only relying on the short-term working capital facilities as no long-term debt outstanding as on date. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved and stood at 0.44 times as on March 31, 2025 (prov.), as against 0.65 times as on March 31, 2024. The debt protection metrics is healthy marked by ISCR at 4.25 times and DSCR at 3.60 times as on March 31, 2025 (Prov.) The Debt-EBITDA stood at 2.38 times for FY 25 (Prov.). Acuite believes that going forward the financial risk profile of the group will remain strong backed by steady accruals and no debt funded capex planned.

### **Weaknesses**

#### **Working Capital Operations**

The working capital operations of the company is intensive marked by Gross Current Assets (GCA) of 154 days for FY 25 (prov.) improved from 195 days for FY 24. The inventory holding and debtor days stood at 74 and 57 days. Despite average debtor days is high, the company is timely repaying to its creditors on an average of three days. Acuite believes the working capital operations will remain at a same level due to nature of operations of the company.

#### **Susceptibility of profitability to fluctuations in raw material prices**

Given the seasonal nature of mentha and mentha oil, their costs are primarily dictated by market dynamics and climatic conditions. As production costs and profit margins heavily rely on these raw material prices, even minor fluctuations can significantly affect profitability. Moreover, adverse weather presents a risk of scarcity for these essential inputs.

### **Rating Sensitivities**

- Movement in scale of operations and profitability margins
- Elongation in the working capital operations

### **Liquidity Position**

#### **Strong**

The liquidity profile of the company is strong marked by generating net cash accruals of Rs. 16.60 Cr. in FY 25 (prov.) against absence of maturities of debt obligations for the same year. The company has a free cash & bank balance of Rs. 5.34 Cr. as on 31st March 2025 (prov.). The current ratio of the company is 1.62 times for FY 25 (prov.). The average fund-based bank limit utilization for last nine months ended March 2025 is 70.42%. The liquidity of the company is expected to remain strong in near to medium term with steady accruals and no debt obligations in near term.

### **Outlook - Stable**

#### **Other Factors affecting Rating**

None.

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	297.06	263.89
PAT	Rs. Cr.	13.79	11.46
PAT Margin	(%)	4.64	4.34
Total Debt/Tangible Net Worth	Times	0.36	0.47
PBDIT/Interest	Times	4.25	4.65

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

BWR, vide its press release dated February 10th, 2025 had denoted the rating of Arora Aromatics Private Limited as BWR BB/Stable/ A4 'Downgraded and Issuer not co-operating'.

### Any other information

None.

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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](http://www.acuite.in).

### Rating History :

Not Applicable.

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A2+   Assigned
Indian Bank	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A2+   Assigned
Indian Bank	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A2+   Assigned
Indian Bank	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB+   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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