



Gem Aromatics Limited

(Formerly Known as Gem Aromatics Pvt. Ltd.)

Manufacturer & Exporters of Essential Oils & Aromatics Chemicals

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Date: February 02, 2026

To,
Listing/ Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

To,
Listing/ Compliance Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

BSE CODE: 544491

NSE SYMBOL: GEMAROMA

Dear Sir/ Madam,

Subject: Transcript of Conference Call for Investor and Analysts

Pursuant to Regulation 30 and Para A of Part A of Schedule III and Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the conference call for investors and analysts on the Q3 & 9M FY26 results held virtually by the Company on Tuesday, January 27, 2026 at 5:30 P.M. IST.

This intimation is also being uploaded on the Company's website at www.gemaromatics.in

You are requested to take the same on your record.

Thanking you,

Yours faithfully,

For Gem Aromatics Limited

Akshita Deepak Gohil
Company Secretary & Compliance Officer
ACS: 71881

Encl: As Above



“GEM Aromatics Limited
Q3 and 9-month FY26 Conference Call”
January 27, 2026



MANAGEMENT: **MR. YASH PAREKH – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – GEM AROMATICS
LIMITED**
**MRS. KAKSHA PAREKH – WHOLE-TIME DIRECTOR,
CHAIRPERSON AND CHIEF FINANCIAL OFFICER –
GEM AROMATICS LIMITED**
**MR. SURAJ SHAH – DEPUTY CHIEF FINANCIAL
OFFICER – GEM AROMATICS LIMITED**
**MR. AADIT SHAH – CHIEF EXECUTIVE OFFICER'S
OFFICE – GEM AROMATICS LIMITED**

MODERATOR: **MR. AKHILESH GANDHI – STELLAR IR**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9-month FY26 Conference Call hosted by GEM Aromatics Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Akhilesh Gandhi from Stellar IR. Thank you and over to you, sir.

Akhilesh Gandhi: Thank you, Steve. Good evening, everyone. I, Akhilesh Gandhi, on behalf of Stellar Investor Relations, welcome you all to the GEM Aromatics Q3 and 9-month FY26 earnings conference call.

We shall be sharing the key operating and financial highlights for the third quarter and nine months ended on December 31, 2025. Today, we have with us the senior management team of GEM Aromatics Limited. We have Mr. Yash Parekh, he is the Managing Director and CEO. With him, we have Mrs. Kaksha Parekh, she is the Whole-Time Director, Chairperson, and CFO.

Along with them, we have Mr. Suraj Shah, he is the Deputy CFO and Mr. Aadit Shah from CEO's office. Before we begin, I would like to state that this call may contain some of the forward-looking statements which are completely based upon company's beliefs, opinions, and expectations as of today.

The statements made in today's call are not a guarantee of future performance and also involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statement to reflect development that occurs after the statement is made. Documents related to company's financial performance, including press release and investor presentation, have already been uploaded on the Stock Exchange.

I now invite Mr. Yash Parekh to share his initial remarks on the company's performance for the quarter 3 and 9 months ended on December 31, 2025. Thank you and over to you.

Yash Parekh: Good evening, everyone. Thank you for joining us today. On behalf of GEM Aromatics, I would like to welcome all our investors, analysts, and stakeholders to our quarter 3 and 9-month FY26 earnings call.

We appreciate your continued interest and engagement with the company. Before we begin, I would like to thank our investors, customers, partners, and employees for their continued trust and support. Your confidence encourages us as we progress through the next phase of our growth journey.

For those who may be joining us for the first time, GEM Aromatics is a specialty ingredients manufacturer with integrated capabilities across mint, clove, phenol, and other synthetic and natural chemistries. We cater to global flavor, fragrance, and personal care, as well as wellness, pharmaceuticals, and allied industries. We operate across four key product segments, mint and

mint derivatives, clove and clove derivatives, phenol, and anisole chemistries, and other synthetic and natural ingredients.

Our diversified portfolio comprises of approximately 80 products, enabling us to serve a wide range of end applications. Our manufacturing footprint includes facilities at Silvassa, Budaun, Uttar Pradesh, and Dahej, Gujarat. Supported by advanced process technologies and in-house research and development capabilities, we currently serve more than 260 customers across 18 countries, including leading flavor and fragrance houses and FMCG companies.

Over the years, we have steadily expanded beyond a mint-centric business towards a more diversified and integrated specialty ingredients platform, with a growing focus on higher value products and sustainable manufacturing practices. Coming to our performance for the quarter, Gross margins improved during the quarter and are trending towards normalized levels, with EBITDA margins also showing improvement, supported by a gradual recovery in mint prices and better customer alignment, leading to improved order inquiries during Q3 FY26.

Non-mint products such as clove and its derivatives continue to grow in line with the company's diversification strategy. However, revenues remain impacted by external headwinds, including tariff-related uncertainty and GST-related changes, which continue to influence customer procurement behavior and demand during the period.

During the quarter, we made significant progress at our Greenfield Dahej facility, which is a key pillar of our long-term growth and diversification strategy. We commissioned the cooling agents vertical with WS23 and WS03, as well as the clove and eugenol verticals, as of 11 December, 2025. The plant is currently in the stabilization phase and has successfully completed the first-stage audits for FSSC 22000 Version 6, GHP, HACCP, ISO 9001, 14001, and 45001, underscoring our focus on building a globally compliant manufacturing platform.

The total capital expenditure for the Dahej facility is approximately INR270 crores, of which around INR250 crores has already been incurred and largely capitalized. This facility will increase the company's total capacity to approximately 16,000 MTPA, representing an effective 3x expansion in capacity. The Dahej site will have manufacturing capabilities across Clove and Clove Derivatives, Citral Derivatives, Phenol Derivatives, and Cooling Agents, which we believe significantly strengthens our product portfolio and long-term growth platform.

We have successfully launched select products and are continuing to progress towards the next phase of commercialization across multiple specialty chemistries. For Phenol Derivatives, catalyst preparation is currently underway and is expected to be completed by the end of Q4 FY '26. Following this, trial production of Anisole, MEHQ and Guaiacol is planned for Q1 FY '27.

With the commercial scale up expected post-successful trials, subsequently additional downstream Phenol Derivatives, such as 4-MAP and BHA, are planned to be introduced in a phased manner, further expanding the company's specialty chemical portfolio.

A key differentiator at Dahej is the adoption of our Continuous Flow Technologies for phenol chemistries, enabling effluent free processing compared to conventional routes. This enhances

product quality, operational efficiency, and environmental compliance, particularly for the export markets.

The strategic location near our raw material suppliers and the ports of Hazira also provide logistical advantages, optimizing raw material sourcing and export efficiency. Pilot trials for Citral Derivatives have been successfully completed with all necessary equipment now installed. The company is gearing up for commercialization, followed by a gradual ramp-up of capacity.

Overall, the Dahej facility has been designed as a flexible multipurpose manufacturing platform, enabling rapid product transitions, faster commercialization cycles, and improved asset utilization across multiple chemistries. Q3 FY '26 was a milestone quarter for us, with commissioning at Dahej, progress on diversification, and early signs of margin normalization. While external headwinds remain, we are encouraged by improving demand visibility and progress across product pipelines.

Looking ahead, we remain confident about the company's growth trajectory. We expect near-term uncertainty to gradually ease, which should support improved business momentum. At Dahej, we are focused on launching new products and ramping up capacity utilization, which we believe will be the key growth driver of growth going forward.

With an expanding product portfolio, improving asset utilization, and a strong focus on innovation and sustainability, we believe the company is well-positioned to deliver sustainable and profitable growth over the long term. The company is targeting revenue of INR1,050 crores to INR1,100 crores by FY '28, with EBITDA margins in the range of 16% to 18%.

I will now hand over the call to our Chief Financial Officer for a detailed financial review. Thank you.

Kaksha Parekh:

Thank you, Yash. Good evening, everyone. I will briefly take you through our financial performance of Q3 FY '26 and 9 months period, first on a stand-alone basis and then on a consolidated basis, followed by key drivers and outlook.

For Q3 FY '26, standalone revenue from operations stood at INR83.9 crores. Gross profit for the period was INR15.4 crores, with a gross margin of 18.4%. EBITDA for the period was INR7.6 crores, with an EBITDA margin of 9.1%. Net profit for the period was INR4.2 crores, resulting in a PAT margin of 5%, and cash PAT stood at INR6.2 crores.

For 9 months FY '26, standalone revenue from the operations stood at INR258.7 crores. Gross profit for the period was INR48.3 crores, with a gross margin of 18.7%. EBITDA for the period was INR24.2 crores, with an EBITDA margin of 9.4%. Net profit for the period was INR14.88 crores, resulting into a PAT margin of 5.7%, and the cash PAT stood at INR19.8 crores.

On a consolidated basis for Q3 FY '26, revenue from operations stood at INR78.9 crores. Gross profit for the quarter was INR18.2 crores, with a gross margin of 23%. EBITDA for the quarter was INR7 crores, with an EBITDA margin of 8.9%. Net loss for the quarter was INR5 crores, and cash PAT stood at INR3.7 crores.

For 9 months FY '26, consolidated revenue from operations stood at INR256.1 crores and gross profit for the period was INR56.6 crores, with a gross margin of 22.1%. EBITDA for the period was INR24.9 crores, with an EBITDA margin of 9.7%, and net profit for the period was INR0.4 crores, resulting in a PAT margin of 0.2%, and cash PAT stood at INR14 crores.

Coming to the business environment revenue, revenue during the Q3 FY '26 and nine-month FY '26 was impacted by tariff-related uncertainties and GST-related changes, which led customers to adopt cautious procurement behavior and optimize inventory. However, conditions improved during Q3 FY '26, with alignment of customers' blending requirements and leading to better order inquiries, supported by a gradual recovery in mint prices and growth in clove and its derivatives.

Coming to margin on a consolidated basis, gross profit margins improved from 14% to 23% and is trending towards normalized levels, while EBITDA margins improved from 3% to 9% on a quarter-on-quarter basis, supported by improving mint prices. On reported profitability, profitability was impacted by higher depreciation of INR8.7 crores, which is a non-cash charge, following capitalization of a large portion of approximately INR250 crores incurred capex out of the total planned capex of around INR270 crores at the Dahej facility.

On the Dahej facility, commercial production of WS23 and WS3 cooling agents, along with clove and Eugenol, commenced at the Greenfield Dahej facility on 11 December 2025. Contribution from Dahej remained limited in Q3 FY '26, as operations were restricted to only approximately 20 days during the quarter. We expect a more meaningful contribution from Q4 FY '26 onwards as new products are launched and capacity ramp-up begins, which should support higher utilization and improved revenue and margin visibility.

Overall, while the operating environment remains challenging, we are encouraged by improving pricing trends, stabilizing demand, and increasing contribution from non-mint products. With Dahej ramping up and a strong product pipeline, we expect financial performance to improve gradually over the coming quarters.

With that, we will open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Kamlesh Bagmar with Lotus Asset Managers. Please go ahead.

Kamlesh Bagmar: Thanks for the opportunity. I had one question on the part of margins. Like, if I see standalone basis, our margins have improved around 440 odd...

Moderator: I am sorry to interrupt. Mr. Kamlesh, could you please use your handset? The voice is not coming clear.

Kamlesh Bagmar: So I was asking that, if we see the gross margin improvement, in standalone we have 438 bps odd around quarter on quarter. While on consol basis we have seen a sharp rise, roughly around double of that. So what has drove growth at? Because I believe it is more of a transfer pricing factor or what has driven this particular margins?

- Suraj Shah:** So, thank you for the question. So, it is a mix. It is actually improving realizations compared to Q2. It is also coming in from our US subsidiary, which is GEM LLC, where realization and demand to the extent that some inventory has been exhausted with a few customers, they have started ordering, although at a slower pace. So, that also helps realizations come up and then the margins.
- Kamlesh Bagmar:** Okay. And lastly, on your guidance, like say INR1,050 to INR1,100 crores by FY '28, and with the margins of, healthy margins of 16% to 18%. So, can you highlight the key drivers, like how that would move, like what contribution would be on the part of product mix, realizations, cost part? So, if you can break it up in those three or four buckets or efficiency improvement. So, that would be very helpful.
- Yash Parekh:** Thank you for the question. Yes, it is a combination of all the things that you have named, which is the ramping up of our Krystal unit, which is focused much more on specialties. It will also be automation that we have installed at our plant, thereby bringing in efficiencies. And also, we envision that now with the entire EU trade deal that has been signed, of course, the broader contours are only visible to all of us.
- But certainly, we see this as a net positive between the flavor and fragrance companies incoming and making this happen for us. Dahej facility has been designed effectively with capacities which are significant in nature. We are going to have much more downstream there. And as a result of which, we are certainly going to be in a position to have a much better product mix, much better automatization, and also exploring more and more geographies.
- Kamlesh Bagmar:** But how would we see this particular phase out of the margins or the improvement right from Q1 FY '27 or how that flow out? What do we see in mid of FY '27? How that would get phased out over the period of time?
- Suraj Shah:** So, tough to quantify that quarterly Kamlesh. But I think Krystal has all margin accretive products as we go more downstream. So, for example, cooling agents and eugenol are even exempt today from tariffs of the US.
- Now, given this production has started, so tough to say whether it will come from Q1 or Q2. But directionally, I think we are trying to ramp up at Krystal, which contains margin accretive products. And it's for us to execute and please monitor that.
- Moderator:** The next question comes from the line of Rohan Mehta with Ficom Family Office. Please go ahead.
- Rohan Mehta:** So, sir, I wanted to understand, are we currently producing menthofuran as part of our mint derivative segment? And firstly, I wanted to understand, A, what are the applications of this particular product? And secondly, what are the realizations for this product in dollars per kg?
- Yash Parekh:** So, we do produce this product, menthofuran specifically. It's a specialty product that is used in mints. And depending on the type of menthofuran purity and the different grades of which type of isomers it is, the range effectively varies from something close to -- so, that's one of the

products that we make. And there's a combination of different isomers that we can make, which really put the price effectively out.

Rohan Mehta: My apologies. I lost you on the pricing. Could you just repeat that?

Yash Parekh: No problem. Pricing could start from \$80 a kg, going up to \$200, depending on the level of purity and the type of product it is. So, it is on the isomer ratios.

Rohan Mehta: Okay. And where are these specifically used?

Yash Parekh: So, it is used, it's a part of the mint value chain, where effectively there is a product called mentha piperita, where menthofuran is naturally occurring out there. And the objective would be either synthesize it from a synthetic route, natural identical route, or to extract it directly from a mentha piperita, which is a basic essential oil.

So, there are different ways and means and all of them have a different objective. So, the clear cut objective would be to take the ingredient out of the mint and then have a standalone isomer of it, which again has an application in flavors and fragrances as well.

Rohan Mehta: Got it. And currently, how much capacity do we have to produce this?

Yash Parekh: That's a specialty product. To be honest, it is something that is a part of the mint portfolio. We don't give individual specific product capacities, but it's part of the mint portfolio and it complements whatever we're trying to do.

And we continuously keep working on extracting components from the mint value chain of essential oils, which are in absolutely -- if the individual ingredient has a value in the world of flavors and fragrances, our objective would be to extract it in the most cost-effective manner and then make it available to our customers. Thank you.

Moderator: Thank you. Mr. Rohan, I would request you to please come back in the queue for further questions. The next question comes from the line of Nishita with Sapphire Capital. Please go ahead.

Nishita: So, I just had two questions. One is on the margin. So, I just wanted to understand, given a 16% to 18% EBITDA margin target by FY '28. So, can you give a sustainable margin in FY '27? Where do you see the margin in FY '27?

Suraj Shah: So, thank you for that question, Nishita. So, right now, if you look at the margin that we've reported this quarter, EBITDA margin is close to 9%. Now, because Krystal expenses are coming through and the revenues haven't begun to come in.

Now, as the ramp-up at Krystal happens, you know, the overall EBITDA margins would improve. So, with a lot of moving parts, tough to again give, like I said, tough to give a quarterly guidance or a yearly guidance, which is why you want to stick to what we've said on the last call, where we continue to believe that standing today as well, we'll be able to achieve FY '28 numbers that we've guided for.

Nishita: Right. So, like when will we see Krystal becoming PAT positive?

Suraj Shah: Right. So, I think, again, a lot of parts have to fall in place, but we expect Krystal to cash break even in the next year.

Nishita: Okay. And my next question is on the facility, the new Dahej facility, how fast can we ramp this facility to our peak utilization and what will be the revenue at peak utilization that we expect?

Suraj Shah: Right. So, we've spent INR250-odd crores on Dahej, some INR20-25 crores is left. We are working with an asset turn of 3x. So, and there is, of course, 30% free space. So, at current expansion, I think, INR750 to INR800 crores is what we can reach in 2 to 3 years. And so, that's it. Your first question was, sorry?

Nishita: How fast can we see that ramp up to like 70%?

Suraj Shah: Right. So, I think the goal is to have all products come in, come online by like Q1 of next year. And then we observe our execution and we expect like 50%-60% by next year, by next year end.

Nishita: So, when you say Q1 of next year, you mean by Q1 of FY '27, right?

Suraj Shah: Yes. Q1 of FY '27 is when all our products will become, will be online...

Nishita: And will reach 50%-60% utilization by Q1 of FY '28?

Suraj Shah: Yes, that's a good assumption.

Nishita: And in 2 to 3 years, we can reach the revenue of INR150 crores, INR180 crores?

Suraj Shah: Sorry, no, no, I meant we can reach the revenue of INR750 crores, INR800 crores in Krystal, which is like 3x the asset turn. So, like in three years out, the somewhere in FY '29, we can do that.

Nishita: In Krystal.

Suraj Shah: In Krystal.

Nishita: And from the Dahej facility, how much, what is the asset turn in the Dahej facility?

Suraj Shah: So, ma'am, I was referring to the Dahej facility, which is Krystal ingredients. I was talking all along for Dahej only.

Nishita: Okay. Okay. Thank you for clarifying this. All the best.

Suraj Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Jatin with Svan Investments. Please go ahead.

- Jatin:** Good evening, sir. And thank you for the opportunity. So, just wanted to clarify, you indicated that the Krystal will be breakeven in the next financial year. So, what sort of utilization we are assuming that it will operate at?
- Suraj Shah:** So, I meant, hello, Jatin, thanks for the question. I meant cash breakeven, because obviously there is depreciation as well. So, like somewhere in the range of 45% is when our calculations are that we should break even at like cash.
- Jatin:** Suraj, I lost you
- Suraj Shah:** Yes. Hello. Am I audible now?
- Jatin:** Yes.
- Suraj Shah:** Yes. So, I was saying I was referring to cash breakeven at roughly 45% odd capacity utilization, we should reach that cash breakeven level by next year.
- Jatin:** And you indicated that the 3x asset turnover, I mean INR750 crores to INR800 crores of revenue over the next 3 years, right? Which will be by 2029, we should be operating at the rated capacity. So, how shall one look at the existing facility operation? Because in the initial remark, Mr. Parekh indicated INR1,050 crores to INR1,100 crores of 16% margin. So, how shall one look at the ramp up and the contribution from the existing facility and what sort of margin contribution one can get it from that?
- Suraj Shah:** So, you mean GEM?
- Jatin:** GEM like. Yes.
- Suraj Shah:** So, of course, so what Yash, spoke about in his opening remarks was on a conservative basis for INR1100 crores. I was saying that at peak capacity currently what so we are assuming a 3x asset turn. Now, we are also moving clove from GEM to Krystal. So, we will try to consolidate clove and expand there.
- So, depending on how capacities open up at GEM and what products we pick there, it could also vary accordingly. So, it's the best estimate that we can make at this point. But we'll have to see what products we do when we move clove from GEM to Krystal gradually.
- Jatin:** No, because my question was coming from things at Krystal, which is the Dahej. We are probably changing our product mix, bringing our some specialty fragrance out there, having a better margin as compared to our existing product mix, which is a silvassa and UP right. So, currently, if you look on the standalone last year also, we did near about 16-17% margin on a standalone basis.
- Now, with the Dahej coming in and with the operating efficiency is much higher than the existing one, the only thing we should have a better margin at the console level. Once the capacity operated on around 65%-70%...

- Suraj Shah:** That's a fair assumption to have, Jatin. We've just factored in. So, the way we look at this is given the uncertainties right now, assuming all remains as is. And this is a bare minimum, which we are guiding at. Of course, whatever you laid down in your explanation made sense. So, fair to expect that.
- Jatin:** Thank you. That's all from my side and all the best.
- Moderator:** The next question comes from the line of Disha with IIFL Capital Services. Please go ahead.
- Disha:** Yes. Okay. So, my first question is on the Phenol Derivative business. As we know, Anisole is one of the key ingredients. Do we intend to manufacture it in-house or source it locally?
- Yash Parekh:** So, at this stage, of course, while we are ramping up the entire unit, we have a clean-vapor phase-based technology that is ready to go for Anisole. And our intent is to manufacture and produce the Anisole in-house to go ahead and give us the necessary cost competitive advantages for going downstream from there, towards MEHQ, Guaiacol, and then eventually BHA, as well as there are other products such as 4-MAP and Anethole that we are going to be using from Anisole as a base.
- Disha:** All right. And another question on the same line. As we know, in MEHQ, we already have legacy players like Clean Science, Solvay and now even Vinati is entering the business. How do we intend to compete and how do we see the market going ahead, the demand, and also, we've seen some softening in realisation? So, how do we expect the overall market to grow from here?
- Yash Parekh:** Great. So, we are convinced about our technology or what we have invested in a thorough backward integration starting from Anisole. Some of the names that you have mentioned do not really follow the Anisole path. Some do, some don't. But we are confident of our technology. We have connected and our plant is currently under approvals by a handful of majors who are consumers worldwide of these products.
- And as our capacity is ready to go, we emphasize that there should be not a significant challenge in selling what we are producing out here. In addition to that, even in some of the down streams, such as from the Anisole vertical, we are going towards Anethol, and from the Guaiacol vertical, we are forward integrating into other F&F products, which are kind of unique to some of the names that you've mentioned out here.
- And these are much more downstream derivatives that are focused upon the flavor and fragrance industry. So, that's also a differentiation and it's also margin accretive. So, that's where we are, based on our surveys and the journey we are on so far, we don't envisage a challenge in selling these products.
- Disha:** Got it, these are going to be export focused or domestic?
- Yash Parekh:** The combination of both, but more focus would be heavier towards exports.
- Disha:** And are we going to follow a contracted volume basis or just sell in open markets? Do we have anything on that?

- Yash Parekh:** Sure. So, when you're starting out any product, the first goal is towards selling these towards distributors and traders worldwide, because those are kind of the easiest doors to knock and they will open fast if the quality and the pricing and other points match well. Of course, the intent in long term is to clearly get our product approved with global majors who also want to see the stability records, the consistent performance, all of that is in place.
- So, in the first couple of years, we see more of traders and distributors coming with bulk of the orders, but certainly, and with minor coming from the big majors. But then towards year two and year three, we certainly see the big end consumers really coming on board and taking majority of the volume.
- Disha:** All right. So, you mentioned in Q1FY27 is when your capacity is going to be coming online for MEHQ and Guaiacol. What is the size of these two combined? Or if you can give me product-wise, that would be helpful.
- Yash Parekh:** So, you're talking about product-wise capacity? I'm sorry, your line was not very clear. If you could repeat the question, please.
- Disha:** Yes, yes. I wanted product-wise capacity, if that's possible.
- Yash Parekh:** So, we, of course, know the product-wise capacities, but we are not giving that out as a part of our strategy. So, at this stage, we will not be able to provide that.
- Moderator:** The next question comes from the line of Nikhil Ostwal with Ostwal Investments.
- Nikhil Ostwal:** So, I think one of the previous participants asked this question, but the line was pretty patchy, so I couldn't hear it. I just want to know what is the estimated peak revenue from the new Dahej facility? Is it around INR750 crores and the margin profile?
- Suraj Shah:** So, we've considered a asset turn of three times and there is 30% free space after that. So, we've spent closer to INR250 crores. So, with this current capacity, we can do INR750 crores to INR800 crores by FY29 is our assumption at peak. And then we'll see how, I mean, we get, because it's an 85% multipurpose plant.
- So, depending on which product gets more traction, we could utilize the facility that way and accordingly see with minimal capex, how do you kind of completely optimize it, See, on margins, like we've been alluding to that Krystal as a plant, the products that we've selected are all margin accretive than the current products that we deal in. So, Yes, so blended, I think it should do better margins.
- Nikhil Ostwal:** Okay, sir. And so what -- the ramp up, what you're expecting next year is around 45%, 50%, right?
- Suraj Shah:** Yes.
- Moderator:** Thank you. The next question comes from the line of Vinay Shah with TCD. Please go ahead.

- Vinay Shah:** Yes. Good evening, sir. I wanted to ask, sir, any implications, any export opportunities that you have from Europe or this FTA or then again, USA because USA the tariffs are so high. So, what exactly is the current contribution from USA and how do you see forward? Thank you.
- Yash Parekh:** So, there are two questions, sir. First, of course, what you're mentioning about Europe, we are continuously increasing our focus on territories outside the US to kind of have a much more open basket of products and markets to serve. So far in terms of FY25 a large portion of our exports, almost 60% of our total exports was to the US market.
- And majority of it, as you rightly mentioned is under tariffs. And that is also clearly being reflected in some of the pains that we are seeing with customers that accepted to purchase the product with the tariffs, but they are exhausting their complete inventory. And we do see some of that coming back, but clearly that is the reason why the pain is currently there.
- Now, as we go into the next generation products, which are at Krystal, like it was mentioned by our team briefly on this call, a majority of those products are actually tariff exempt. That's point number one for the US. And we certainly are hopeful that once the tariffs in US, as it has been suggested by recent media reports, there could be a potential trade deal or at least a reduction of the 25% Russian penalty.
- We will certainly see a much more positive turn towards export in the US market. That's one. Now, coming to the Europe section. Now, as this happened the endeavor was to start expanding in other territories. Europe is a major flavour and fragrance hub for the world. And our objective is to have a fairly significant exposure in the European markets, based on the media reports that are currently there about the India-EU trade deal happening. Of course, the broader contours are going to be finalized over the next few months by the governments of both the countries, but definitely, it is a significant positive for our industry of flavors and fragrances.
- Vinay Shah:** Sir, I wanted to ask one more question that out of the total revenue that you have, what is the recurring revenue from the sticky customers who don't prefer to change the fragrance or flavor provider, who remain with your company? So, what are the proportion of that business in terms of percentage, if you can just mention?
- Yash Parekh:** So, a large portion of our business is with sticky customers. And the numbers of the top five customers pretty much have not changed in the last decade or so because once your ingredients are approved in their composition, it becomes very difficult for them to onboard someone else and bring them on. So, of course, the numbers within the top five may change year-on-year, depending on different factors. But largely, the top five customer profile has stayed the same.
- Vinay Shah:** Thank you. That should be all. Thank you. And best of luck.
- Yash Parekh:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Saiganesh with Square 64 capital Advisors. Please go ahead.
- Saiganesh:** Yes. Thank you for the question, sir. Am I audible?

Management: Yes. Please go ahead.

Saiganesh: What will be the capacity bifurcation for our 9,000-odd metric ton capacity at Dahej?

Yash Parekh: Could you please repeat the question?

Saiganesh: What would be the capacity bifurcation for our 9,000-odd metric ton capacity at Dahej?

Yash Parekh: Saiganesh your line was not clear. Could you please repeat again?

Saiganesh: Is it clear now, sir?

Yash Parekh: Yes. Please go ahead.

Saiganesh: What would be the capacity bifurcation for our new 9,000-odd metric ton capacity at Dahej?

Suraj Shah: So, like Yash mentioned earlier on the call, we're not breaking down the capacities by product.

Saiganesh: Okay. And, sir, how will be the working capital cycle looking for Krystal? Given that our current business typically requires 45% of our earnings as working capital?

Suraj Shah: Right. So, see, initially, while we ramp up Krystal, of course, we'll load up more inventory so that you have adequate stock before you can go and start selling to those large customers. But given the nature of products like, for example, phenol derivatives, citral derivatives, for that matter, even clove and eugenol and further derivatives would not require us to carry so much inventory because they're easily available.

So, from that sense, our inventory days should come down. And on debtor days, we are actively evaluating off-balance sheet alternatives like factoring, which we've also implemented in the last quarter for two of our customers. So, while we do all of this, we look at the overall working capital cycle to get better. So, cash moves faster and we become more efficient. But that's how you should look at it.

Saiganesh: Okay. Sir, are there any broad sense you can give? Like, in FY '28, you have guided that 1,000 or 1,050 odd crores revenue? How will you do working capital requirement?

Suraj Shah: No, I think it's tough to give that 3 years out from a balance sheet standpoint. But the endeavor is to bring it down, both on inventory and receivables. But I think let's observe for a few more quarters of how that shapes up before we can comment.

Saiganesh: Okay, sir. And you talked about the current EU trade deal. What are the current duties applicable on Indian export to Europe for our products?

Suraj Shah: Could you repeat that question, Saiganesh?

Saiganesh: Yes, what are the current duties applicable on Indian exports to Europe for our products currently?

- Yash Parekh:** So, if we've heard the question correctly, what you mean to ask is what is the current duties in Europe for our products?
- Saiganesh:** Yes.
- Yash Parekh:** So, as we mentioned at the beginning of this particular call, there are about close to 80 products that we have. Each one clearly has a different import tax as it stands today. And we would need to kind of evaluate this on a much more holistic level once the EU trade deal, the contours of those trade deals are much more visible to all of us. And then come back if that's what your question is eventually leading, which is how will the EU trade deal really impact?
- Saiganesh:** Yes, sir. Yes. Thank you, sir.
- Yash Parekh:** That's what the answer is.
- Moderator:** Thank you. The next question comes from the line of Pratik Kulkarni with KoSh Wealth Management. Please go ahead.
- Pratik Kulkarni:** Hello, sir. Thank you for the opportunity.
- Moderator:** Sorry to interrupt, Mr. Pratik. You're not audible well. Could you please use your handset?
- Pratik Kulkarni:** Yes, so I just wanted an update on like last two quarters, we have been facing issues on tariffs. And last quarter also, there was one issue regarding the GST revision, where our products offtake on domestic market wasn't encouraging. So you have given the updates on the tariff issue, but what are the updates on the GST issue, which we faced last quarter?
- Yash Parekh:** Sure. So largely, the answer to the GST is that this has been something which is far more with the unorganized and fragmented smaller suppliers and smaller customers, where price is the only consideration. We feel that the GST issue is here to stay for some time.
- Pratik Kulkarni:** Okay. Thank you.
- Suraj Shah:** I just want to add to what he has said. So on demand, what we are seeing is on the last call, what we observed is that companies were reworking their formulations, and they had to adjust to the two rate structure, right, on menthol, which is a starting point.
- So the observation is that, the clarity has emerged, people have understood that to be the new normal, and they've adjusted their blend requirements. So we see like green shoots in demand coming from there. And what Yash was alluding to is the other part where a few players would only have price as a factor.
- So there, obviously, that part hasn't improved, but we see that, the clarity has emerged with the buyers where now, I think they've understood that there are two different rate structures, and they've worked with the blend requirements and that demand has started to come back.
- Pratik Kulkarni:** Okay, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Akshada Deo with Niveshaay. Please go ahead.

Akshada Deo: Okay. There were two things I wanted to know from Yash, if possible I wanted to know more on the cooling agent side. What is the update there? I mean, that was 500 metric tons worth capacity, and I think that was a good customer also who was expected to come in. So has that happened?

And second, I wanted to know more on the new order side. This Q4 is typically when most of the order gets booked for the company. So how are we facing, how are we expecting that to come up?

Yash Parekh: Okay, thank you. So I'll answer the first part of the question, which is about cooling agents. Yes, large customers have reached out. There are multiple stage audits that they undertake. So the first stage of the audits have successfully been completed. Now, as the production ramps up, because they really want to see three to five production batches, and then they come in for a follow-up audit.

And as that has happened, we are, and it's also been scheduled. So we expect that those audits to be completed, hopefully by March and April, and post which we would start seeing a ramp up in the sales to large institutional customers for specifically the cooling agent range. That's the question number one.

Second is in Q4, yes, historically Q4 of the financial year from January to March has been always the strongest quarter for the company. And a large portion of that is from the United States and from the exports. So that is also one area where we are seeing now an uptick because majority of the inventories have been utilized by our customers over Q2 and Q3. And much more inquiries and those order flows are expected to come in in Q4.

Akshada Deo: Do we believe that we'll be able to maintain the numbers that we did last year, or we should expect some amount of these groups, Q1, Q2 and Q4 as well?

Yash Parekh: It's tough to say, to be honest, at this stage, considering there are far more modalities out here. Plus, also, if you're exporting in the months of February and March to COP index, accounting practices, it will not reach most likely the American seaport.

So even that would not be factored into the part of the revenue directly at the end of March 31st reporting. But the inquiries and the order flows are certainly much higher than what they have been sequentially over Q2 and Q3.

Akshada Deo: Okay, okay. And considering that tariffs have been there for almost a year now, I think we have to adjust for normalizing that this is the environment and whenever it happens, it happens. But as a risk mitigation, are there any strategies that we were able to implement throughout?

Yash Parekh: Yes. So we have been able to implement, and we are working actively on pursuing a number of strategies because our ingredients go into flavors and fragrances. There is significant amount of due diligence that is required on any US plus one strategy where the value addition criteria need to be met, as well as the production facilities need to be of a certain standard.

And even our end customers who are large institutional buyers would need to come and approve those third-party facilities that we would be effectively, taking on lease or renting them out or contracting them. So it's a fairly long due diligence process where we are sending the intermediates, is going out there, there's a certain degree of manufacturing as per that respected country where the finished goods are going to be finally met considering all the compliances and the valuation norms are being met.

And then also approved by the customer, where they have to come in and check the facility out and then it goes into there. So it's a long cycle. We've done a lot of work to do this, but clearly the headwinds from a standpoint of changing global scenarios by the current geopolitics that we see also makes it very challenging.

But we are working on a dual one US plus one strategy from a standpoint of getting that approved. So even if the tariffs stay as they are, we are cognizant of this and we're taking all the necessary steps to ensure that it no longer becomes a major hurdle in the coming quarters.

Akshada Deo: And the GST question...?

Moderator: Sorry to interrupt. Ma'am, I would request you to please come back in the queue for further questions. Thank you. The next question comes from the line of Darshan Garg, with Tiger Assets. Please go ahead.

Darshan Garg: Hello. Yes, hi, sir. So we have given the guidance of FY'28 of INR1,100 odd crores with 16% to 18% margins. So as your statement was made that by Q1 2028, the Dahej plant will reach 50% utilization. So do we see this ramp up happening quickly from the Budaun plant where, from INR320 odd crores of annual top line to INR700 crores over a period of next two years is possible?

Yash Parekh: Could you please repeat the question, Darshan? Sorry.

Darshan Garg: No problem. Am I audible now?

Yash Parekh: Yes.

Darshan Garg: So we have given the guidance of INR1,100 crores by FY'28 with 16% to 18% EBITDA margins, I believe. So with the Dahej plant ramping up 50% utilization by Q1 or Q2 FY'28, so that comes out at around INR400 odd crores. Will we see the Budaun plant ramp up from current INR80 crores quarter top line to close to around INR130 or to INR140 odd crores quarter top line in a period of next two years?

Kaksha Parekh: Budaun alone is not going to be, but from INR350 it's not going to take up to...

Darshan Garg: Sorry, ma'am, I'm not able to hear your voice. Your voice is not audible.

Kaksha Parekh: Yes. So if we've understood this rightly, the Budaun plant is INR350-400 crores and the rest will come up from Krystal Ingredients. It's not going to be ramping up from Budaun itself. So if I understood and answered your question correctly.

- Darshan Garg:** Correct. But ma'am, previously there was this mention that by Q1 FY'28 that the Dahej plant will be 50% utilization. So will we be able to ramp up it to 100% in FY'28 itself?
- Suraj Shah:** So I think it wasn't Q1 FY'28. So there were multiple questions on peak revenue capacity and all that. Right. But so the way, see, so if I have to lay down as we stand today, how that INR1100 crores may look like, and this can change, of course, given, but our sense is, it still would be like INR650 to INR700 from Krystal. The balance would be GEM. But again, there's a factor if we're able to move a lot of clove from GEM to Krystal, then Krystal* could be higher. So I mean, but that is how the split will look as of now.
- Darshan Garg:** Okay. And how much of the Krystal revenue is dependent on US markets sir?
- Suraj Shah:** Right. So Krystal, see, so we are doing, if I were to break it into four broad categories, cooling agents, citral derivatives, clove and eugenol.. So Darshan, does that answer your question of the split?
- Darshan Garg:** Sir, we were not able to hear your voice completely.
- Suraj Shah:** Okay. So I'm saying that the INR1100 crores that we talk about, the split that we see is INR700 by Krystal and INR400 by GEM. And I was telling you, you were asking how many products we are dependent on the US. So cooling agents is exempt from tariffs as per annex II. Eugenol is exempt from US tariffs. Citral derivatives is largely an import substitution play. And phenol derivatives is also a mix between domestic and export, but non-US.
- Darshan Garg:** Okay. Fair enough. So sir, right now by GEM, in GEM, we are doing for the INR320 odd crores of annual top line, considering the Q2 and Q3 run rate. So the ramp up of INR400 crores, isn't it a very conservative target coming by FY'28?
- Suraj Shah:** No, no. So again, so I'm not looking at, this year. We have to understand that it is affected by tariffs, like two quarters. So tough to look at current things. And then what I mean is that from a revenue split standpoint, because there is a product vertical, which we are gradually moving and we will have to refill that.
- And something else would make up and reach INR400. So that's the moving part, which is why we kind of talk consolidated, because you want to see how this shapes up, and a few decisions would be made as we get more customers, as we get traction on a few products. But this is the best estimate you can have three years out.
- Moderator:** Thank you, sir. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Yash Parekh for closing comments.
- Yash Parekh:** Thank you all for your questions and for continued interest in the company. We remain confident about our growth trajectory and are encouraged by the progress we are making on diversification, capacity ramp-up at dahej, improving demand visibility. We expect near-term uncertainties to gradually ease, which should support improved business momentum. With an expanding product portfolio, improving asset utilization and a strong focus on innovation and sustainability, we believe we are well-positioned to deliver sustainable and profitable growth over the long term.

*Due to an inadvertent error, "Gem" was mentioned instead of "Krystal" during the call.

The company is targeting revenue of INR1,050 to INR1,100 crores by FY'28 with an EBITDA margin in the range of 16% to 18%. If you have any further questions or require additional information, please feel free to get in touch with our investor relations team at Stellar Investor Relations. Thank you once again for joining the call and for your continued support. Thank you.

Moderator:

Thank you. On behalf of GEM Aromatics Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.