

October 15, 2025

Oriental Aromatics Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated Amount (Rs. crore)	Rating action
Long term-Fund based Term Loan	15.00	13.33	[ICRA]A- (Stable); reaffirmed
Long-term/Short-term-Fund-based/ Non-fund based	348.00	380.00	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed/ assigned for enhanced amount
Long-term/Short-term–Unallocated Limits	10.88	-	-
Total	373.88	393.33	

*Instrument details are provided in Annexure 1

Rationale

While assigning the credit ratings of Oriental Aromatics Limited (OAL), ICRA has taken a consolidated view of Oriental Aromatics Limited and its subsidiary Oriental Aromatics & Sons Limited (OASL), given the common management team and significant operational linkages between the companies.

The ratings of OAL factor in the company's established market position in the Indian camphor and aroma chemical industry, its diversified product mix and exposure to different end-user industries. Further, the capex done at the Baroda facility and the greenfield project at Mahad in Maharashtra are expected to support the revenue growth over the longer term.

ICRA notes that in FY2024, the operating margins were under pressure due to a substantial increase in domestic production capacities and significant influx of camphor imports from China. Additionally, weak demand in the European and American markets constrained the realisations and profitability of the aroma chemical segment. These challenging conditions led to inventory build-up and lower capacity utilisation, further impacting the margins. However, the situation improved in FY2025. The demand conditions have begun to stabilise, leading to better capacity utilisation and easing of margin pressures. As a result, the profitability rose in FY2025 and a steady improvement is expected hereafter.

The company's capital expenditure was primarily financed through debt, resulting in continued dependence on external borrowings. The elevated debt levels, combined with the pressure on profitability, had weakened the debt protection metrics in FY2024. However, the debt metrics have slightly improved with the recovery in profitability in FY2025 and are expected to further strengthen, going forward.

The ratings also remain constrained by the vulnerability of profitability to the fluctuations in raw material prices and the adverse forex movements due to significant raw material imports, although the forex risk is partly mitigated by the natural hedge from exports. The ratings also consider the high working capital intensity of OAL's business operations, along with intense competition from other established players in the industry as well as imports.

The Stable outlook reflects ICRA's expectation that OAL would continue to benefit from its diversified product portfolio and its position as one of the leading players in the camphor and aroma chemical market, which coupled with an expected improvement in profit generation is likely to result in comfortable cash flows from operations.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters and established market position in chemical industry – The Bodani family (promoters) has extensive experience in the chemical industry. Hence, the company continues to benefit from its promoters' experience and its position as one of the leading players in the Indian aromatic chemical and camphor market.

Reputed client base with a diverse product mix catering to different industries – OAL has a diverse product mix catering to different industries, such as personal care, food processing, pharmaceutical and industrial purposes, providing cushion against the demand fluctuations in a specific industry. Over the years, the company has established strong relationships with several reputable companies, resulting in repeat business.

Credit challenges

Vulnerability of profitability to volatility in raw material prices and foreign exchange fluctuations – Raw material costs constitute approximately 60% of OAL's revenue, making its profitability sensitive to fluctuations in input prices. The company's primary raw material, alpha-pinene, has historically experienced significant price volatility. In addition, ICRA notes that OAL engages in fixed-price contracts with certain customers, constraining its ability to immediately pass on rising input costs. Further, the company is exposed to forex fluctuation risks owing to significant exports and imports, though the risk is partly mitigated by a natural hedge. It keeps its foreign currency receipts in an EEFC account and makes payments for its imports from that account only, thereby creating a natural hedge to a large extent. The company has adequately passed on the fluctuations in raw material prices to its customers in the camphor segment.

High working capital intensity – The working capital intensity of operations remains elevated (NWC/OI of around 57%) because of OAL's high inventory holding period and debtor days. The inventory levels remain high at 5-6 months owing to the large number of products in the fragrance segment. These items are largely purchased in bulk, leading to higher inventory levels. For Bareilly and Baroda, the company typically keeps 2-3 months of raw material inventory. The company maintained its production activities despite subdued market realisations, temporarily halting powder sales. This led to an inventory build-up of approximately 400 tonnes. Sales have resumed with the recent improvements in pricing. As a result, the inventory levels remain elevated but are anticipated to normalise over the next 3–4 months. Further, the company typically makes spot purchases from vendors, with no long-term contracts, and the payments are also on sight; some credit is availed through letters of credit, which are sometimes rolled over to buyers' credit. OAL gives a credit period of 120-150 days for exports and 180 days for some customers in speciality chemicals and fragrances, thereby keeping the debtor days high. However, there are no challenges in recovering the receivables.

Intense competition from domestic manufacturers and imports – In the Indian market, competition in camphor and aromatic chemicals is driven by both domestic players and international suppliers. The flavours and fragrances segment also sees strong competition from established industry groups. Additionally, Chinese manufacturers have historically posed significant competitive pressure, particularly in camphor. However, this influence has waned in recent years due to stricter environmental regulations in China.

Environmental and social risks

OAL, being present in the chemical industry, is exposed to the risk of tightening regulations on environment and safety and potential penalties in case of any non-compliance. However, as per the disclosures in the audit report, the company is environmentally compliant and adheres to various industry standards. Further, it has appropriate waste management systems across its facilities. The company is also compliant with environmental law/regulations pertaining to water and air pollution.

The company's exposure to social risks mainly pertains to safe operations and remaining compliant with all environmental regulations to ensure the safety of employees and the community in the vicinity of its manufacturing units. As per the disclosures, the company has safety equipment in place at its units.

Liquidity position: Adequate

OAL's liquidity is expected to remain adequate, supported by undrawn lines of credit, even as the working capital requirement is likely to stay elevated amid high working capital intensity. Nevertheless, ICRA notes that the utilisation of the company's fund-based limits has remained low with an average utilisation of ~69% in the last 12 months, along with cash balances of around Rs. 10 crore, providing buffer to its liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade OAL's ratings if there is a consistent growth in turnover and profit generation, along with an improvement in the working capital cycle, translating into better debt protection metrics and liquidity profile.

Negative factors – Pressure on the ratings could arise in case of a significant decline in the operating income and profitability that would weaken the debt protection metrics and stretch the working capital cycle, impacting OAL's liquidity profile.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of Oriental Aromatics Limited (OAL) and its subsidiary, Oriental Aromatics and Sons Limited (OASL), as the entities are owned and managed by the same promoters and are involved in related business sectors and OASL is an extended arm of OAL

About the company

OAL is a listed company, manufacturing a variety of terpene chemicals, camphor, speciality aroma chemicals, fragrances and flavours. Its product range includes synthetic camphor, terpineol, pine oil, resins, astromusk, perfumery chemicals, fragrances and flavours, and other chemicals used in different industries (such as pharmaceuticals, soaps and cosmetics, rubber and tyres, paints and varnishes, and fast-moving consumer goods, or FMCG). The company has three manufacturing plants at Nandesari (Vadodara, Gujarat), Bareilly (Uttar Pradesh) and Ambernath (Maharashtra).

Oriental Aromatics & Sons Limited is a public limited company incorporated on December 27, 2019. It operates as a wholly-owned subsidiary of Oriental Aromatics Ltd. In November 2024, the company commissioned a new manufacturing facility at Mahad to produce specialised aroma chemicals. This plant has an annual production capacity of 250 metric tonnes.

Key financial indicators (audited)

Oriental Aromatics Limited (consolidated)	FY2024	FY2025	Q1 FY2026
Operating income (Rs. crore)	836.40	928.26	225.52
PAT (Rs. crore)	9.10	34.33	0.50
OPBDIT/OI	5.61%	10.06%	8.01%
PAT/OI	1.09%	3.70%	0.22%
Total outside liabilities/Tangible net worth (times)	0.57	0.73	-
Total debt/OPBDIT (times)	4.37	3.77	-
Interest coverage (times)	2.30	3.68	2.24

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2026			FY2025		FY2024		FY2023	
			Oct 15, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	13.33	[ICRA]A-(Stable)	Jul 15, 2025	[ICRA]A-(Stable)	Jul 16, 2024	[ICRA]A-(Stable)	Jun 08, 2023	[ICRA]A-(Stable)	Jan 20, 2023	[ICRA]A (Negative)
Fund based/ Non-fund based	Long term/ Short term	380.00	[ICRA]A-(Stable)/ [ICRA]A2+	Jul 15, 2025	[ICRA]A-(Stable)/ [ICRA]A2+	Jul 16, 2024	[ICRA]A-(Stable)/ [ICRA]A2+	Jun 08, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Jan 20, 2023	[ICRA]A (Negative)/ [ICRA]A2+
Unallocated limits	Long term/ Short term	-	-	Jul 15, 2025	[ICRA]A-(Stable)/ [ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term - Fund based term loan	Simple
Long term/Short term - Fund-based/Non-fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - Fund based term loan	Jun 08, 2021	3M Repo + 1.5%; 3M T Bill + 2.09%	Jun 30, 2026	13.33	[ICRA]A- (Stable)
NA	Long term/Short term – Fund based/ Non-fund based	NA	NA	NA	380.00	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Oriental Aromatics and Sons Limited	100.00%	Full consolidation

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Ankit Jain

+91 12 4454 5865

ankit.jain@icraindia.com

Prashant Vasisht

+91 12 4454 5322

prashant.vasisht@icraindia.com

Himani Sanghvi

+91 79 6923 3024

himani.sanghvi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

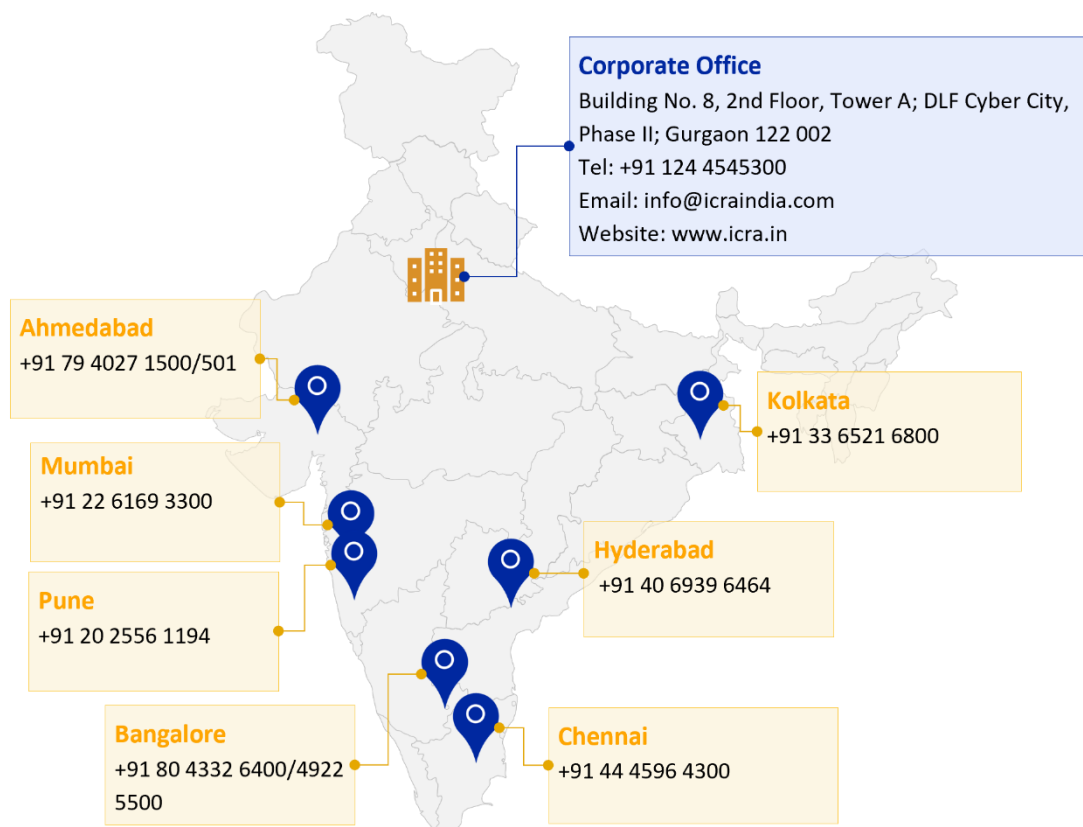


Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.