RATING RATIONALE

25 Aug 2026

Arora Aromatics Pvt. Ltd.

Brickwork Ratings is upgrading & assigning the long-term & short term ratings for the Bank Loan Facilities of Rs. 131.10 crores, respectively, for Arora Aromatics Pvt. Ltd.

Particulars:

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#		Regulator
	Previous	Present		Previous(16 Feb 2026)	Present	
Fund based	60	**76.75**	Long Term	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	**BWR BBB+ /Stable removal from ISSUER NOT COOPERATING* category/Upgraded**	RBI
	18	**15.35**				
	50	**(35.00)**				
	(25.00)	**(60.00)**				
	0.00	**19.00**		-	**BWR BBB+ /Stable / Assignment**	RBI
Non Fund Based	(2.50)	**(2.50)**	Short Term	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	**BWR A2+ removal from ISSUER NOT COOPERATING* category/ Upgraded**	RBI
	(5.00)	**(5.00)**				
	0.00	**5.00**		-	**BWR A2+/ Assignment**	RBI
	0.00	**15.00**				
Total	128.00	**131.10**	**(Rupees One Hundred Thirty One Crores and Ten lakhs Only)**			

Note:

*Please refer to BWR website **www.brickworkratings.com** for the definition of the ratings
** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has assigned & upgraded the long-term and short-term ratings of BWR BBB+ (Stable) and BWR A2+ for the bank loan facilities of Rs. 131.10 Crores of Arora Aromatics Pvt. Ltd.
For assigning the ratings, BWR has relied on the audited financials of the company up to FY25, provisional financials for FY26, projected financials for FY27-FY28, clarification provided by the company, and publicly available information.

Brickwork Ratings (BWR) has assigned the ratings of Arora Aromatics Pvt. Ltd., considering factors such as the Extensive experience of the promoters and capital structure.

The rating outlook is "Stable," reflecting BWR's expectation that Arora Aromatics Pvt. Ltd. will sustain its business risk profile over the medium term. This outlook suggests a minimal probability of rating revision within the foreseeable future. Upward revision to "Positive" may be considered should revenue and profitability demonstrate sustained growth, while a "Negative" revision could be triggered by a deterioration in the financial risk profile.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED
There are standard covenants as per the sanction letter.

KEY RATING DRIVERS

Credit Strengths-:
1. Experienced Promoters : Experienced Promoters with an established track record of more than three decades in the menthol industry Arora Aromatics Pvt Ltd (AAPL) is promoted by Mr. Arvind Kumar Arora & Family in 1976.The promoter family has more than three decades of experience in the industry. Mr. Arvind Kumar Arora is a graduate and looks after the ‘Production and Finance’ function in the company. Further, the second line generation has also joined the family business and are ably assisted by a team of professionals having rich experience in their respective domains

2.Diversified product portfolio along with strategic plant location : AAPL is into manufacturing of menthol (along its allied products). The product profile of AAPL is well-diversified & includes organic Certified Products, Natural Mentha Oil, Essential Oils & Fine Division, Dementholised Peppermint Oil (Tri-Rectified), Menthol Crystal,Spearmint Oil, Dementholised Oil Crude, Menthol Powder, Organic Menthol Crystal, Organic Basil Oil, etc. These products find application in several industries including Pharmaceuticals, Food, Oral care, Flavor, Fragrances, Tobacco, Cosmetics, and Paint. Manufacturing Facility: AAPL’s manufacturing facility is located in Sambhal, Uttar Pradesh, which is known for mentha based industry due to the easy availability of the raw material in districts like Bareilly, Chandausi, Rampur Sambhal, etc. Proximity of manufacturing plant to major mentha oil producing region gives AAPL an advantage in terms of regular supply of raw material and lower lead time of purchase.

3. Established relationships with reputed customers : The Company has been able to build and sustain strong relations spread over the past several years with many large national and international players, such as Atlantic Chemicals Trading Gmbh (Germany), Bertram (1958) Co. Ltd (Thailand), Norwest Ingredients (USA), Frey & Lau GMBH (Germany), The Suzuki Menthol Co. Ltd. (Japan), etc. The Company has a well-diversified customer base spread across various industries such as fragrances, flavours, food processing, pharmaceuticals, and paints. This also removes any customer or industry concentration risk, thus providing stable order flow and business

4. Moderate financial risk profile and comfortable capital structure : The total operating income of the company moderated by 10.25% from Rs. 294.15 crore in FY25 to Rs. 263.99 crore in FY26 on account of a marginal decline in quantity sold as compared to the previous year. The operating profit margin of the company improved from 4.91% in FY25 to 5.35% in FY26 due to a decrease in operating expenses. The overall gearing of the company increased from 0.36x as on March 31, 2025 to 0.48x as on March 31, 2026.

- **Credit Risks-:**

  1. Foreign exchange fluctuation risk and volatility in raw material prices : AAPL garnered 90% of the total revenue (of which a substantial portion is from the related party) from the export market and is therefore exposed to currency fluctuation risk. Further, all the export receivables are completely hedged in form of forward contracts by the company. Crude Mentha Oil (CMO) which is the major raw material for AAPL is an actively traded commodity. Its price is, therefore, influenced by the trading activity as well as the vagaries of nature making the price vulnerable to fluctuations. Adverse movement in CMO prices can affect the AAPL's margin adversely. However, the prices of menthol are fixed taking into consideration the prevailing raw material prices.

  2. Elongation in operating cycle : The operating cycle of the company elongated from 133 days in FY25 to 165 days in FY26 due to increase in inventory days from 75 days to 88 days. The increase in inventory is mainly on account of increased raw material requirement during capacity enhancement of plant. The company gets credit for 1-2 days only from its suppliers as mentha oil is a cash crop .

  3. Susceptible to intense industry competition : APL operates in a fragmented, low-entry-barrier menthol industry marked by intense competition and limited product differentiation, giving buyers high bargaining power and constraining profitability (vertically integrated players fare better). The company also faces competition from cheaper, organized synthetic menthol, which has gained market acceptance. While rising demand is expected to partly offset increasing synthetic capacity, a sharp rise in synthetic menthol supply or falling dihydromyrcenol prices could adversely impact revenue and margins.

  4. Profitability is sensitive to movements in raw material costs. : Being seasonal commodities, mentha and mentha oil prices are largely governed by market dynamics and climatic factors. Given the high dependence of production costs and margins on these raw materials, even marginal price movements can materially impact profitability. Furthermore, adverse weather conditions could lead to supply shortages of these critical inputs.

ANALYTICAL APPROACH- Standalone

BWR has considered the standalone approach

APPLICABLE RATING CRITERIA

- **General Criteria**
- **Approach to financial ratios**
- **Manufacturing Companies**
- **Short Term Debt**

RATING SENSITIVITIES

Going forward, the ability of the company to improve its scale of operations, profitability margins, overall credit risk profile and efficiently manage its working capital requirement would be the key rating sensitivity.

Positive:

- A rating upgrade may be triggered by sustained growth in scale of operations, with total operating income exceeding Rs. 550 Crs, accompanied by PAT Margin above 6.75%.

Negative:

● A rating downgrade may be triggered by a material decline in scale of operations with TOI falling below Rs. 260 Crs, coupled with net profit margins declining below 4.50%.

● Any increase in leverage, with TOL/TNW deteriorating above 1.50x, indicating weakening of capital structure.

LIQUIDITY INDICATORS- Adequate
Despite a consistent decline in operating income in the FY 26 (Prov), healthy cash accruals were generated by the company of Rs.17.37 Crs during FY26(Prov) against the the current portion long term debt (CPLTD) which stands at Nill in FY26. In addition, the company does not have any major capex plans in next 2-3 years, which will act as a cushion to the liquidity. The current ratio is at around 1.75 times on March 31, 2026.

COMPANY's / FIRM' PROFILE

Macro Economic Indicator	*Sector*	*Industry*	*Basic Industry*
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Arora Aromatics commenced its operations in 1976 and was converted into Arora Aromatics Pvt. Ltd. (AAPL) in 2012. The company is registered with its head office in Sambhal, Uttar Pradesh. AAPL is an ISO-certified manufacturer and exporter of natural mint ingredients and aromatic chemicals. The company is a GOI-approved star export house and is HACCP & GMP certified in the food and pharma segments.
The directors of the company are Mr. Arvind Kumar Arora, Mr. Surender Arora, Mr.Sadhana Arora and Mr. Suresh Chand Arora.

ESG Profile
The company demonstrates a Evolving ESG profile based on its environmental, social, and governance practices.

Environmental: The company adheres to local and international environmental laws governing the sourcing of natural raw materials and processing. The company implements waste-minimization controls across ground, air, and water protocols. They prioritize recycling and have operational emergency response plans in place despite using non-hazardous base materials. Processes are actively monitored and optimized to conserve scarce natural resources. Manufacturing plants deploy energy-efficient systems to specifically minimize chlorofluorocarbon (CFC) emissions.

Social: The company follows national labor laws and industry benchmark standards. Overtime remains voluntary and is capped to avoid worker burnout. Compensations and employee benefits match or exceed prevailing local manufacturing industry standards.

Overtime pay is calculated via standard, legally binding rates. To prevent labor exploitation, employment contracts are legally formalized under national law.

Governance: The company maintains transparent compliance reporting, adhering to Good Manufacturing Practices (GMP), HACCP (Hazard Analysis Critical Control Point) plans, and GFSI certificates to ensure safety and traceability.

KEY FINANCIAL INDICATORS

Key Parameters	Unit	FY 23-24	FY 24-25	FY 25-26
Result Type		**Audited**	**Audited**	**Provisional**
Operating Income	Rs. Crs	263.85	297.05	266.50
EBITDA	Rs. Crs	7.15	8.33	18.67
PAT	Rs. Crs	11.46	14.59	14.25
Tangible Net Worth	Rs. Crs	163.60	178.19	192.44
Total Debt/Tangible Net Worth	Times	0.47	0.36	0.48
Current Ratio	Times	1.32	1.63	1.75

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY-

No outstanding ratings with other CRAs.

ANY OTHER INFORMATION- Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

<table>
<tr><th>Facilities</th><th colspan="3">Current Rating (2026)</th><th colspan="2">2026</th><th colspan="2">2025</th><th colspan="2">2024</th></tr>
<tr><th>Type</th><th>Tenure</th><th>Amount (Rs.Crs.)</th><th>Rating</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th><th>Date</th><th>Rating</th></tr>
<tr><td rowspan="2">Fund Based</td><td rowspan="2">Long-term</td><td rowspan="2">111.10</td><td>BWR BBB+ /Stable removal from ISSUER NOT COOPERATING* category/Upgraded</td><td rowspan="4">16 Feb-2026</td><td rowspan="2">BWR BB/Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed</td><td rowspan="4">10-Feb-2025</td><td rowspan="2">BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded</td><td rowspan="4">2-Feb-2024</td><td rowspan="2">BWR BB+/Stable ISSUER NOT COOPERATING* /Downgrade</td></tr>
<tr><td>BWR BBB+ /Stable / Assignment</td></tr>
<tr><td rowspan="2">Non-Fund Based</td><td rowspan="2">Short-term</td><td rowspan="2">20.00</td><td>BWR A2+ removal from ISSUER NOT COOPERATING* category/ Upgraded</td><td rowspan="2">BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed</td><td rowspan="2">BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Downgraded</td><td rowspan="2">BWR A4+ ISSUER NOT COOPERATING* /Downgrade</td></tr>
<tr><td>BWR A2+/ Assignment</td></tr>
<tr><td colspan="2">Grand Total</td><td>131.10</td><td colspan="7">(Rupees One Hundred Thirty One Crores and Ten Lakhs Only)</td></tr>
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Analytical Contacts	
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Arora Aromatics Pvt. Ltd.

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the instrument*
1	Indian Bank	Packing Credit PC -Sanctioned	76.75	-	76.75	Simple
2		SLC (Gold Card) -Sanctioned	15.35	-	15.35	Simple
3		Post Shipment -Sanctioned	(35.00)	-	(35.00)	Simple
4		Sub-Limit (PCFC) - Sanctioned	960.00)	-	(60.00)	Simple
5		IND CGSE Term Loan	19.00	-	19.00	Simple
6		Sub-Limit (Foreign Letter of Credit) -Sanctioned	-	(2.50)	(2.50)	Simple
7		Sub-Limit (Bank Guarantee)	-	(5.00)	5.00)	Simple
8		Forward Cover (CCF)	-	5.00	5.00	Simple
9		ADHOC LIMIT	-	15.00	15.00	Simple
		Total	**111.10**	**20.00**	**131.1.0**	

***For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf**

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILSANNEXURE III

Instrument	Issue Date	Amount [Rs.Crs.]	Coupon Rate	Maturity Date	ISIN Particulars	Complexity of the instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

List of entities consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil

Annexure IV : List of instruments and names of regulators of the instruments

A.	Rating activities	
Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs,HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.
~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs

subsequent to issuance(s), Brickwork Ratings India Private Limited shall separately capture the rated quantum details along with names of respective regulators.
^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.
@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.
$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.
Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating such as research for Economy, Industries and Companies *	NA

***permitted by SEBI vide SEBI Master Circular for CRAs**

Grievance Management: For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available
For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com.

DISCLOSURE ON CONFLICT OF INTEREST

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committee or review, discuss or evaluate any credit rating during the Board meetings.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

Disclaimer

Nature of Ratings & Information: BWR ratings are opinions on the relative ability of an entity/instrument to meet its financial obligations and are based on information obtained from issuers and other sources believed to be reliable. BWR does not conduct audits, due diligence, or independent verification of such information and does not guarantee its accuracy, adequacy, or completeness. Ratings are current only as of the date of publication and may be revised based on new or unavailable information.

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