DRT-Anthea Aroma Chemicals Private Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	9.03	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	106.00	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from DRT-Anthea Aroma Chemicals Private Limited (DAACPL) to monitor the ratings vide e-mail communication dated December 05, 2025, March 27, 2025, March 28, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. The company has, however, requested for withdrawal of ratings and shared the no objection/no dues certificates from the lenders, which will be considered in line with CARE Ratings' withdrawal policy. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. CARE Ratings has downgraded the outstanding ratings assigned to bank facilities of DAACPL. The rating on DRT- Anthea Aroma Chemicals Private Limited's Bank facilities will be denoted as **CARE BB+; Stable/ CARE A4+; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on January 10, 2024, the following were the rating strengths and weaknesses

Key weaknesses

High Product and customer concentration risk

DAACPL's top three products contributed 89% of the total sales in FY21 visà-vis 94% of total sales in FY20. The revenue contribution of Dihydromyrcenol has significantly increased from 26% of total sales in FY20 to 43% of total sales in FY21. DAACPL also has significant customer concentration around 60% of the revenue coming from the Firmenich group in FY21 (P.Y.72%). DAACPL supplies aroma ingredients to Firmenich which are in turn used for manufacturing of household products, soaps & detergents and fine perfumes. DAACPL's products are approved by Firmenich which translates into repeated orders from the latter. Thus, the customer concentration risk is partially mitigated by DAACPL's presence in the niche segment with relatively low competition.

Susceptibility of operating profit margin to volatility in raw material prices and foreign exchange rate

DAACPL procured around 80% of its raw material from DRT France in FY21 for which prices remain fixed for a six-month period. Similarly, DAACPL also enters into long term contract with its top clients for which prices remain fixed for six months. However, for the remaining suppliers, the price of raw material procured is market determined and the volatility in the prices may affect the profit margins to the extent of timing lag between the changes in raw material price and revision in price of its products. As on March 31, 2021, DAACPL had net un-hedged USD exposure of Rs.54.5 crore. As, DAACPL does not have any formal hedging policy, being a net exporter, it remains exposed to foreign currency exposure.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Moderation in working capital cycle
DAACPL's working capital cycle elongated to 101 days in FY21 vis-a-vis 64 days in FY20 on account of elongation in collection period from 68 days in FY20 to 82 days in FY21 and inventory period from 92 days in FY20 to 122 days in FY21. Normally, DAACPL maintains high level of inventory as majority of raw materials are procured through imports which takes longer time in transition from the suppliers to DAACPL's premises. Moreover, DAACPL derives majority of its revenue from exports, which leads to higher collection period

Key strengths
Extensive experience and technical expertise of promoters in specialty chemicals industry
The Anthea Group was founded by Dr. Vincent Paul in 1991, who has an extensive experience of over five decades in organic & aromatic chemicals. He is assisted by his sons Dr. Paul V. Menacherry and Mathew Menacherry, each having more than two decades of experience in the industry. Dr. Vincent Paul and Dr. Paul V Menacherry holds PhD in Organic chemistry (IISc Bangalore) and Chemical Engineering respectively. Over the years, the group has relied on its research and development team headed by Dr. Vincent Paul (Director) along with Dr. Paul Vincent Menacherry (Managing Director/Director technology), and business development team led by Mathew Menacherry (Director) to grow its scale.

Global presence of the JV partner in the perfumery business providing wide market access
In May 2020, DRT-France has been acquired by the Firmenich group. The acquisition is bringing more opportunities to wide market access for DAACPL as the Firmenich group is the largest importer of aroma Chemicals from India and with this acquisition coming in place, DAACPL will be the preferred supplier over other competitors as DAACPL has become a step-down JV of the Firmenich group. DAACPL derives more than 77% of its revenues from exports, particularly from markets like Switzerland (Europe), USA, Brazil, France etc with Firmenich Group being the prime clientele (contributing 58% of the overall revenue in DAACPL in FY21). DAACPL sells its products directly to the Fragrance houses/blenders (which in turn sell to FMCG companies). The marketing of products in global market is primarily handled by DRT France (Firmenich Group). Moreover, DRT France supplies 80% of raw material requirement of DAACPL.

Comfortable financials risk profile with improved leverage and coverage indicator
The company's overall gearing improved to 0.28x as on March 31, 2021 vis-à-vis 0.42x as on Mar 31, 2020 on account of significant scheduled repayment of debt and accretion of profits to tangible Networth of the company. Interest coverage improved to 17.67x as on March 31, 2021 vis-à-vis 0.29x as on Mar 31, 2020 on account of improved PBILDT in FY21. Total Debt to GCA has remained comfortable at 1.44x as on Mar 31, 2021 vis-à-vis 1.69x as on Mar 31, 2020.

Improved scale of operations during FY21 and 9M FY22 along with improvement in PBILDT margins
DAACL achieved significant growth of 23% in TOI during FY21 and the turnover increased from ₹272 crore in FY20 to 334 crore in FY21 due to higher demand of handwash, soaps, detergents due to pandemic situation and work from home scenario. Furthermore, significant growth of 52% in TOI from Rs 238 crores in 9MFY21 to ₹363 crore in 9M FY22 is observed on back of robust demand of the chemicals manufactured for pharma, soap, sanitiser manufacturing companies. DAACPL's PBILDT margin declined to 7.22% FY19 and 0.75% in FY20 due to fire incident at manufacturing plant in February 2018. DAACPL's manufacturing plant consisting of more than 80% of the capacity was destroyed in fire. Due to lower capacity available, DAACPL had to outsource the manufacturing of the products from domestic players in order to cater to its primary customer the Firmenich group. However, from FY20 onwards, DAACPL resumed its manufacturing activities but due to high overhead cost incurred in reconstructing the facility, the operating profitability got impacted. However, PBILDT margin regained to pre-fire incidence level during FY21 and stood at 21.16%. Furthermore, PBILDT margin improved to 27.98% in 9MFY22 vis-à-vis 20.89% in 9M FY21 on account of operational efficiency due to newly installed ultra-model plant post fire incident.

Liquidity: Strong
Strong Liquidity is marked by expected gross cash accruals of ₹88.97 crores in FY22 repayment obligations of ₹5.92 crores out of which ₹4.05 crore have already repaid by December 31, 2021. DAACPL has free cash balance of ₹22.47 crore as on December 31, 2021 and un-encumbered FD of ₹46.71 crores as on December 31, 2021. The average utilization of working capital limits in last months ending December 2021 stood at 56%.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers]
[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Financial Ratios – Non financial Sector]
[Manufacturing Companies]
[Short Term Instruments]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals

Incorporated in March 2008, DRT- Anthea Aroma Chemicals Private Limited (DAACPL) is an equal JV between Anthea Aromatics Pvt Ltd (AAPL), a promoter entity of the Anthea Group, and Les Dérivés Résiniques et Terpéniques – (DRT), France. In May 2020, DRT-France was acquired by Firmenich Group which is one of the world leaders in flavours and fragrances. DAACPL is engaged in the manufacturing of perfumery chemicals, which are extensively used in the detergents, soaps, and perfumes industry. DAACPL currently has three products contributing to majority of its revenue: Anthamber, Methyl Pentenone (MPO) and Dihydromyrcenol (DHM). DAACPL's manufacturing facility is located in Roha, Maharashtra. DAACPL derives more than 77% of its revenues from exports, particularly from markets like Switzerland (Europe), USA, Brazil, France etc with the Firmenich group being the prime clientele (contributing 58% of the overall revenue in DAACPL in FY21). DAACPL sells its products directly to the Fragrance houses/blenders (which in turn sell to FMCG companies). The marketing of products in global market is primarily handled by DRT France. Moreover, DAACPL imports around 86% of its raw material requirement. On the other hand, the manufacturing operations are handled by AAPL. DAACPL will be the preferred supplier over other competitors as DAACPL has become a step-down JV of Firmenich Group.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	507.29	535.76
PBILDT	78.59	106.57
PAT	45.37	61.38
Overall gearing (times)	0.15	0.10
Interest coverage (times)	11.21	15.36

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	3.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	Oct-2023	6.03	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-EPC/PSC	-	-	-	-	82.00	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	-	24.00	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	6.03	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (10-Jan-24) 2)CARE BBB; Stable; ISSUER NOT COOPERATING* (28-Jun-23)	1)CARE A-; Stable; ISSUER NOT COOPERATING* (24-Mar-23) 2)CARE A-; Positive (07-Apr-22)	-
2	Fund-based - LT-Cash Credit	LT	3.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (10-Jan-24)	1)CARE A-; Stable; ISSUER NOT COOPERATING* (24-Mar-23)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
						2)CARE BBB; Stable; ISSUER NOT COOPERATING* (28-Jun-23)	2)CARE A-; Positive (07-Apr-22)	
3	Fund-based - ST-EPC/PSC	ST	82.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (10-Jan-24) 2)CARE A3+; ISSUER NOT COOPERATING* (28-Jun-23)	1)CARE A2+; ISSUER NOT COOPERATING* (24-Mar-23) 2)CARE A2+ (07-Apr-22)	-
4	Non-fund-based - ST-BG/LC	ST	24.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (10-Jan-24) 2)CARE A3+; ISSUER NOT COOPERATING* (28-Jun-23)	1)CARE A2+; ISSUER NOT COOPERATING* (24-Mar-23) 2)CARE A2+ (07-Apr-22)	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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