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To,

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001, MH.

**National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra Kurla Complex, Bandra (E),  
Mumbai-400051, MH.

Scrip Code: **543534**

Symbol: **AETHER**

Dear Madam / Sir,

**Subject: Transcript of the Earning Conference Call**

In accordance with Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Transcript of the Earnings Conference Call scheduled on Friday, July 31, 2026, on the financial performance of the Company for the First Quarter ended on June 30, 2026, is enclosed herewith.

We request you to kindly take the information on your records.

Thank you.

**For Aether Industries Limited**

**Chitrarth Rajan Parghi**

Company Secretary & Compliance Officer

Mem. No.: F12563

Encl.: As attached



“Aether Industries Limited  
Post Results Conference Call”

July 31, 2026



**MANAGEMENT:** **DR. AMAN DESAI – PROMOTER AND WHOLE TIME  
DIRECTOR – AETHER INDUSTRIES LIMITED  
MR. ROHAN DESAI – PROMOTER AND WHOLE TIME  
DIRECTOR – AETHER INDUSTRIES LIMITED  
MR. FAIZ NAGARIYA – CHIEF FINANCIAL OFFICER –  
AETHER INDUSTRIES LIMITED  
MR. KUSHAL DOSHI – LEAD INVESTMENT RELATIONS  
– AETHER INDUSTRIES LIMITED  
MS. SHUBHANGI DESAI – EXECUTIVE INVESTOR  
RELATIONS – AETHER INDUSTRIES LIMITED**

**MODERATOR:** **MR. NILESH GHUGE – HDFC SECURITIES**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Aether Industries Post Results Conference Call hosted by HDFC Securities. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nilesh Ghuge from HDFC Securities. Thank you, and over to you, sir.

**Nilesh Ghuge:** Yes. Thank you, Elrik. Good afternoon, all. On behalf of HDFC Securities, I welcome everyone to this Aether Industries conference call to discuss the results for the quarter ended June 2026. From the Aether Industries, we have with us today Dr. Aman Desai, Promoter and Whole Time Director; Mr. Rohan Desai, Promoter and Whole-Time Director; Mr. Faiz Nagariya, Chief Financial Officer; Mr. Kushal Doshi, Lead Investor Relations; and Ms. Shubhangi Desai, Executive IR.

Without further ado, I will now hand over the floor to Mr. Kushal Doshi to begin with the earnings for the quarter of FY26. Over to you, Kushal.

**Kushal Doshi:** Thank you, Nilesh. A warm welcome to everyone. Today, our Board has approved the financial results for the first quarter of fiscal year 2027, and the same has been filed with the exchanges as well as updated over our website. Please note that this conference call is being recorded, and the transcript of the same will be made available on the website of Aether Industries Limited and the stock exchanges. Please also note that the audio of the conference call is a copyright material of Aether Industries Limited and cannot be copied, rebroadcasted or attributed in press or media without specific and written consent of the company.

Let me draw your attention to the fact that on this call, our discussion will include certain forward-looking statements, which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations on future performance of the company.

Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. Aether Industries Limited or its officials do not undertake any obligation to publicly update any forward-looking statements, whether as a result of future events or otherwise.

Now I hand the call to Mr. Rohan Desai, who will begin by sharing Aether's business outlook, the ongoing expansion and also discuss -- and then to Dr. Aman Desai, who will provide inputs on the R&D and the new client initiatives and strategy of the company going forward. And then Mr. Faiz Nagariya will cover the financial highlights for the period under review.

Now I hand over the call to Mr. Rohan Desai for his opening remarks. Over to you, Rohan.

**Rohan Desai:** Thank you, Kushal. Good afternoon, everyone. Thank you for joining us today. We have uploaded the investor presentation as well as the FAQs for your reading so that we can spend time on the call with respect to the current business environment as well as the business

initiatives, which will be critical for the growth of Aether. I'm pleased to report that financial year 2027 started as per our plan with growth in the core, discipline on the balance sheet and the new strategic vectors opening up that Aman and I are genuinely excited to talk to you about today.

Site 3++ block that we had commissioned in February 2026 is ramping up as per our expectations. The Baker Hughes contract continues to scale and our CRAMS and contract exclusive manufacturing pipeline is the deepest it has ever been.

Our two contract-led model, contract exclusive manufacturing, CEM, and Contract Research and Manufacturing Services, CRAMS, have moved from promise to backbone. CEM runs at EBITDA margins north of 28% to 30%, so every point of mix that shifts towards this model makes our earnings both larger and more resilient. Under CEM sits real contractual relationships, long-term take-or-pay/minimum volumes offtake agreements with global leaders such as Baker Hughes, Seqens, Saudi Aramco, and Milliken.

In Q1 FY 2027, we have onboarded 10 new marquee clients and cleared more than nine customer and certification audits. In financial year 2027, the demand signal is the strongest we have ever seen from order visibility, rising urgencies from customers in the West, and the CRAMS to CEM conversion pipelines that keep deepening.

My headline is simple. CEM and CRAMS are compounding, getting more profitable as they scale, and we have a clear line of sight to these two models contributing 70+ of our -- percentage of our revenue in the next couple of years. The core business is performing well, but I do not want this call to be only about the good quarter.

I want to use today to tell you where Aether is heading next, and that brings me to what I believe is the most exciting chapter in this company story since we listed. Since last 13 years, India -- Aether has done difficult chemistries that we feel few companies in the world can do and have done it in India.

Today, the single largest material science opportunity of this decade is the semiconductors behind AI and 5G revolution. And here is the exciting part. Some of the chemistries those semiconductor segments depend on is a chemistry in Aether's core competencies. Every time the world moves faster, 5G, AI data centers, high frequency computing, the circuit board itself becomes the bottleneck. At this speed, ordinary board material leaks, gets overheated, and distorts signal.

The industry's answer is a class of advanced low dielectric materials, resins, and coupling agents engineered to carry high frequency signals with almost no loss. This goes into the copper-clad laminate and high-speed printed circuit boards inside every 5G base station, every AI server, and every advanced device. This is one of the fastest growing corners of the electronic materials.

Those light, low dielectric materials are built from the small family of specialty monomers and coupling agents made by only a handful producers globally, with no capacities in India. Few of them are the specialty monomers that Aether is actively developing.

It sits in several steps upstream of the 5G and AI hardware supply chain as a building block for silane coupling agents that bond and toughen the glass fiber and resin layers of the high-speed circuit board, high-performance PPE-type resins used in copper-clad laminate for high-speed PCBs. The low dielectric formulations that are today central to 5G and next-generation electronics materials.

These molecules that Aether will be manufacturing in its brand new site, Magnum, that is Site 5, is upstream input to the board inside 5G and AI hardware. This is low volume, high value, genuinely hard-to-make product, exactly our type of chemistry, and a rare and valuable place for an Indian specialty chemical company to stand. Why is it the right time for Aether to get into this?

The answer is twofold. India's semiconductor and electronic market is on the path from roughly \$50 billion today towards \$110 billion in 2030. On top of a global high-speed electronic market compounding on the back of 5G and AI. The pool is structural and not cyclical. The other is the global capacity for this specialty electronic monomers is concentrated in very few and is rationalizing, which makes a qualified cost-competitive Indian producer strategically valuable for both import substitution and exports.

So here is how I would like to frame it. Our core specialty and CRAMS plus CEM business is delivering 25% to 30% compounding growth you have come to expect. And on top of that, we are planting a seed today upstream of AI and 5G semiconductor supply chain, one that could grow into the most valuable material science franchise in the country.

With that, let me hand over to Dr. Aman Desai to take you inside our operations, strategic initiatives, and expansions. Over to you, Aman.

**Aman Desai:**

Thank you, Rohan, and a warm welcome to all from my side. Good afternoon. Rohan spoke about where the demand is heading. Let me take you inside the engine room, how we are building the capacity and the capability to meet it. I'll cover three things, where each of our expansion projects now stand, the momentum building in our contract and exclusive manufacturing business, and a milestone partnership that we announced just today.

Site 3++, commissioned at the end of February, is ramping quite well and contributing at healthy utilization. This is the site that we have established a Milliken supply agreement for. It has reached meaningful commercial contribution much faster than we had planned. Site 5, for our dedicated facility for the Baker Hughes and oil and gas sector, has been a standout and continues to scale on the back of our long-term strategy contract. The centerpiece of our capacity story is Magnum, which is the name for our Site 5 in Panoli, a mega site with 16 production blocks commissioned in phases.

Phase 1 has become online and once fully operational, we expect asset turn of 1.5 to 1.75. The total investment is in the order of INR2,200 crores to INR2,300 crores. Phase 2, FY 2030. Several customers have already pre-audited sites, have already completed the pre-audits for Site 5, and the demand is lined up well ahead of the capacity. R&D, as always, remains our true engine.

Our interim expansion is complete. Additional fume hoods and a new 400 megahertz NMR are in service. A much larger R&D facility, as you know, with around 15 new labs and close to 160 cumulative fume hoods, is on track for commissioning in FY 2028. This is what lets us take on more complex chemistry for more customers at higher value in a continuously increasing rate. Contract and Exclusive Manufacturing has truly become the growth engine of the company.

The mix shift is margin-accretive. CRAMS and CEM carry materially higher margins than large-scale manufacturing, and every quarter we convert more CRAMS relationships into long-term Exclusive Manufacturing contracts. We see a clear rise in the urgency from customers, especially in Europe, where the economics of manufacturing at home have become difficult, if not impossible.

Each new audit cleared and customer onboarded is a foundation for durable contracted high-quality revenue for Aether. Let me close with a milestone that we have announced on the 30th of July, i.e., today Aether and Dow Chemical have launched one of India's first dedicated collaborative research programs to develop new manufacturing technologies for silicones.

It is an exclusive multi-year program with all research and pilot plant scale-up activities to be carried out at Aether's facilities of R&D and pilot plant in Surat, Gujarat. Why does this matter? Silicones are a strategically important class of high-performance materials used across construction, transportation, electronics, healthcare, renewable energy, and personal care. And India today imports bulk of silicones, especially the foundational molecules are all imported. There is no manufacturer of these foundational molecules in India.

That dependence is exactly the kind of gap Aether exists to close. Dow choosing us as its exclusive research partner in India validates our process chemistry and technology competencies and scale capabilities.

The agreement also establishes a framework for long-term strategic partnership, including the potential commercialization and industrial scale manufacturing of the technologies that we develop together. So while this begins as a research and pilot project, the door it opens is much larger, a platform technology development to address India's multibillion-dollar silicones market in step with the Make in India vision.

Every decade, specialty chemical companies have one opportunity to enter a new platform chemistry. Twenty years ago, it was fluorochemicals. Today, it is advanced silicones. If we can develop differentiated manufacturing technology with Dow, we are not adding one product, we are opening the door to decades of innovation and combined value creation.

So, to sum up my part, capacity is coming online on schedule. CEM is accelerating our profitability margins. Our R&D engine is always expanding and we have now today opened a landmark partnership with Dow.

I'll now hand over to the financial review. Faiz, over to you.

**Faiz Nagariya:**

Thank you, Dr. Aman, and good afternoon, everyone. I am glad to present the financial results of Aether Industries Limited for Q1 of FY27. The consolidated revenue for Q1 of FY27 has

increased by 27% year-over-year, and it has reached INR3,266 million in this quarter as against INR2,566 million in Q1 of FY26. The EBITDA has reached INR1,028 million in Q1 FY27, as against INR785 million in Q1 of FY26, which is an increase of 31% year-over-year.

EBITDA margins stood at 31% in this Q1 of FY27 as against 30% in Q1 FY26. The PAT amounted to INR627 million in Q1 of FY27, as against INR470 million in Q1 FY26, which is an increase of 33% year-over-year. The PAT margin stood at 19% in Q1 of '27, as against 18% of Q1 of FY26. The final claim for the fixed assets lost in the fire accident on November 29, 2023, has been received from the insurance company in Q1 of FY27. With this, we have received the entire claim from the insurance company.

We remain fully cognizant on the working capital discipline, and its sustained reduction continues to be a clear operational priority. While overall working capital intensity has improved, inventory levels remain elevated, primarily reflecting strategic raw material positioning and semi-finished materials for Site 3++ and Site 5.

We expect a progressive decline in working capital days as revenues from Site 3++ materialize and Site 5 comes on stream. In parallel, the growing contributions from CEM contracts and the expansion of our CRAMS capabilities are expected to further ease working capital intensity and strengthen overall capital efficiency. The total capex for Q1 of FY27 was INR943 million.

The capex expected for FY27 is expected to be between INR3,000 million to INR3,500 million. The capex of FY27 will primarily be to Site 5 and also for the new R&D site, which is already progressing well. The capacity utilization at all plants stands as under Site 2, 74% Site 3, 69% and Site 4, 59%.

Thank you once again, and we look forward to better outcomes than this in future as well. Back to you, Kushal.

**Kushal Doshi:** Thank you, Faiz. We shall now request the moderator to open the forum for questions and answers.

**Moderator:** The first question comes from the line of Nilesh Ghuge with HDFC Securities.

**Nilesh Ghuge:** Yes, thanks. First of all, let me congratulate Aether team for their collaboration with Dow India for the research program to advance silicone manufacturing technology development. The press release also mentioned that the agreement framework for a long-term strategic partnership, including the commercialization and industrial scale manufacture of technologies in there.

My question is related to those. Guide us on any orders that you have in hand for the semiconductor segment and the products you are planning to manufacture in this. And to Aman particularly, which are the chemistries involved in this, which fit in your address markets?

**Rohan Desai:** Let me take this, Aman. I'll take the first question that -- which is related to the semiconductors, as Nilesh asked that do we have any orders in hand. So Nilesh, for the competitive reasons, we don't break out our order book or the product count for the program at this stage. However, we will update you on the contracts being done in the due course. So please bear with us.

We'll announce them once we sign off with various multinational customers. But we are pursuing a focused market, a small number of high-value molecules, not a broad range of products because the whole thesis here is the depth, not the breadth. On chemistry, it draws directly on our core process chemistries and coupling [inaudible 0:19:00].

The same competencies our CRAM and CEM businesses, which is exactly [inaudible 0:19:12] and don't have to start from the scratch. I hope I am answering your question in an indirect way, but please bear with us for the time until we announce to the public once we sign up the contract. Over to you, Aman.

**Aman Desai:**

Yes, Niles, to answer the competencies question, it's a good question. Its the Dow program, manufacturing silicones and developing new technology to manufacture silicones aligns perfectly well with our existing core competencies, and this is why Dow has chosen us for our capabilities of chemistry and technology competencies and our ability to scale up such complex technologies and stuff like continuous technology, extreme process conditions, chemistries, high pressure, very high pressure, very high temperature chemistries, catalysis. These are all going to be involved in these processes that we develop together with Dow, and they are a perfect fit for our competencies.

**Niles Ghuge:**

And the second question is, how is order book for our LSM products, which you have started selling from Magnum site, the Site 5 at Panoli. Tell me, if it is possible for you to share the name of the products or the end users of these products. Thank you.

**Rohan Desai:**

Great question, Niles. Magnum, that is our Site 5, which is at Panoli, began commercial sales of the new LSM products during this quarter. And we expect them to start contributing to our revenue in Quarter 2 of financial year 2027. This is the first set of three new LSM products across pharmaceutical, agrochemicals, and material science sector, priced roughly at \$30 to \$40 per kilo range. Importantly, these are the molecules made in India for the first time.

So there are -- this is a clear import substitution products and eventual having an export opportunities also. Order buildup is in progress. As we already started manufacturing this particular pharmaceutical intermediate in Site 3 for the time being at a 10 to 15 metric tons per month capacity to save time. On the specific names, we cannot disclose the name of the product for confidentiality reasons...

**Moderator:**

Hello. I'm sorry, your voice is a little muffled. Please come a little closer to the microphone.

**Rohan Desai:**

Sure. So, on the name of the pharmaceutical product, we cannot disclose. We want to keep it confidential for competitive reasons. But let me disclose that the application on the pharmaceutical side is to lower the blood cholesterol and triglyceride levels and to prevent heart attack and strokes. Does that answer your question, Niles?

**Moderator:**

The next question comes from the line of Chaitanya Kamdar with Avestha Fund Management LLP. Please go ahead.



**Chaitanya Kamdar:**

Congratulations on the results. I had a few questions. Could you help us understand the scope of the Dow collaboration, specifically what is being developed under this program? Is it mainly silicone products or something else? And who are the major players in India?

Secondly, what's the path to commercialization and timeline, if there is any? And what should investors like us track over the next few quarters or years out here? And finally, beyond the CRAMS revenue, what else is Aether's economic upside out here?

**Aman Desai:**

Thank you for the question. Let me take this step by step. The program develops new manufacturing technologies for silicones, not a single product. It's a whole platform technology that we are developing. Silicones, as you know, are a high-performance glass used across construction, mobility, electronics, healthcare and other fields.

India imports the majority of the silicone needs today, mainly from China, Germany and the U.S. In India, there are no companies that manufacture the foundational elements of the silicones. They are mostly imported. They're largely imported. The global majors, of course, include Dow, but other global majors include Wacker, Momentive, Elkem, Shin-Etsu.

What's effectively absent is any indigenous development of silicone manufacturing technology, and that's the wide space that this program addresses, which is why we call it one of India's first collaborative programs of its kind. And so we are not entering into a crowded domestic field. We are, in fact, creating a whole platform field in India. What should investors track?

Think of it in stages, R&D and process development first, pilot scale validation, and then in the -- this agreement also establishes a framework for the potential manufacturing and commercialization of this technology.

And so we are at a very early stage. We announced it today. We will start the research and pilot plant program, which is intensive and significant. So the markers that you know as investors you could track is, first, the progress and completion of the pilot work at Surat. Second, in the future, transitioning from research into a definitive commercial framework with Dow.

And the third, potentially in the future, would be a capex commitment, I suppose, on a dedicated block on an entire site earmarked for the platform silicones technology. So we'll flag it, each one of it, as it happens, of course. As you can understand, we can't put a revenue date on this right now. What else does Aether get from this? It's part of our CRAMS portfolio, but we are building new capabilities.

We are building a new platform technology with deep process knowhow in silicone chemistry, which is one of the largest material classes which we weren't in at all before. A global silicone leader like Dow choosing us as its exclusive research partner is a powerful endorsement, I believe, of our process chemistry technologies and technology competencies and scale-up capabilities.

It deepens our silicones and silanes platform, which is adjacent to our advanced material opportunities, specifically the semiconductor opportunities that Rohan has been highlighting.

And it creates, finally, a long-term platform to tap into India's multi-billion-dollar silicones market. So hopefully I answered each part of your questions. Happy to answer more. Thank you.

**Moderator:**

The next question comes from the line of Keshav Bharadia with Wallfort Financial.

**Keshav Bharadia:**

Congratulation on a great set of numbers as well as the tie-up with Dow Chemical. Just wanted to understand if we could get some broad timeline of when we could expect a meaningful breakthrough in the research and when it could convert into a large-scale industrial manufacturing, as well as how large would the opportunity be to be able to potentially dedicate an entire site to it?

Like in terms of production blocks, what could we look at from this? Another extension to that, since Dow is also present across other multiple product segments, is there potential to collaborate on other product segments within Dow's portfolio as well?

**Aman Desai:**

So, thank you for the question, Keshav. Sorry, in terms of a time line, this is a multiyear research program. But as soon as we get promising results, you could potentially think about moving it up ahead in the value chain. So let us not comment on a specific time line right now, but it is a firm program. It's a dedicated program. And needless to say, the point of it is to scale and the point of it is to go upwards in the value chain. And so and then -- I'm sorry, I missed the last part of your question.

**Keshav Bharadia:**

Yes, the question was, is there potential for collaboration for other products as well in Dow's portfolio?

**Aman Desai:**

So we have -- some of you might recollect, we have significant history with Dow Chemicals. I myself worked in Dow's core R&D organization for 3 years. Our CTO is Dr. James Ringer, -- he spent 30-plus years at a director level at Dow. Our business development leader, Ray Roach, is also 30-plus years with Dow.

And so there's a lot of history and between Aether and -- some of Aether's key people and Dow. And so this is our first program that we are officially launching, right? And it's a significant program in itself with the potential of tapping into the almost \$1 billion silicones market in India, which is projected to grow at a CAGR of 7% to 10%, I believe. And of course, needless to say, Dow is one of the largest chemical companies of the world.

Once you have the first program initiated and aligned and are established as a trusted partner, then needless to say, yes, it will -- it should open the door towards other opportunities with Dow Chemical, considering especially the history that we have together. So fully expecting that, but currently focusing on this program, getting it off the ground and having fun in the lab right.

**Keshav Bharadia:**

Great, sir. Just a follow-up question I had was, it's been remarkable how we've been able to onboard new customers when it comes to the CEM model. Sir, could you talk a little bit about what other kind of customers are we in conversations with, new European or U.S. majors who are looking to shift manufacturing to low-cost bases such as India, and potentially when could we hear of those announcements?

**Aman Desai:**

Yes. If you look at the announcements that we've made over the last few years, they include marquee names like Baker Hughes, Milliken, Seqens, now Dow Chemical, Polaroid, Otsuka in Japan, and so on and so forth, and a few more. So there are marquee names, and if you analyze the Business domains, industry domains we are in, they include pharmaceuticals, they include petrochemicals, they include material sciences, they include oil and gas, performance materials, Dow Chemical, now a pure play chemical company.

It's really across the board that our partnerships are in the CRAM space. Behind every Dow Chemical that we are able to get permission from them to name, there are at least four to five others that we are already working with as well at various stages where the ability to -- of these companies to give permissions for their names to be announced together in the public domain is a very significant and tedious exercise, and not everybody approves that, right?

And so behind every one that we are able to announce, there are at least four to five others in the same domain space that we are working with at various stages. It's a very exciting time, I believe, for our company, especially with the foundations firmly in place and these partnerships firmly established. And we are -- you probably named the innovator in these spaces, and we are already talking to them at some of the other levels. It's a very exciting time and hopefully many more announcements to come in the near future and midterm future. Thank you.

**Keshav Bharadia:**

That's great to hear. Sir, just a last question from my side. Sir, just on the semiconductor materials, what kind of product applications would these chemicals have? If you could talk a little bit about that. As well as would we have any benefit from the upcoming ISM 2.0?

Because I believe that is more on the equipment and chemicals and the raw material side. So any benefit there? As well as, we have announced for one production block by Q3 FY27, how confident are we to commercialize that? Going forward, just based on the discussions you're having with customers, what could be the potential size of this opportunity?

**Rohan Desai:**

So, I'll take these questions. So the applications are basically in the 5G and AI hardware supply chain. It is used as a building block for silane coupling agents that bond and toughen the glass fibers and resin layers of high-speed circuit boards. Also, it is used in high-performance PPE-type resins, used in copper-clad laminates for high-speed PCBs, printed circuit boards, and also low dielectric formulations that are today, which are very important to keep 5G and next generation chipsets cooled enough. So that's the application.

We are starting with capacities of 400 tons at this point of time, which is supposedly going to grow 3x by 2030. That's what we are looking at. So that's the size of the business. The average product value is approximately \$50 a kilo. And so it's a high-end, low volume, high value, very hard to make product which falls into our core competency, and where nobody in India is manufacturing this product. Does this answer your question?

**Keshav Bharadia:**

Yes, sir. If you could just talk a little bit about, is there any benefit or are we looking to participate in ISM 2.0 for this?

**Rohan Desai:**

Yes, we are looking into it. We are applying into it. I'll not promise anything at the moment because the structure is still not clear. We are getting clarity at this moment, and as soon as we

have clarity, we believe that we fall into this space, and so we can take advantage of this structure which government has introduced.

**Keshav Bharadia:** Perfect, sir. Congratulations again, and all the best for the future.

**Moderator:** The next question comes from the line of Sajal Kapoor with Antifragile Thinking.

**Sajal Kapoor:** Hi. Congratulations team. What an alliance, what an announcement. A couple of questions. You've described a clear path from joint research to pilot validation and potentially dedicated manufacturing. At what point does this relationship become genuinely hard for either Dow or Aether to replace rather than simply being a very successful research partnership?

**Aman Desai:** Thank you. A very interesting question. It is a genuine partnership already. It's a multi-year research program, and borrowing on our core competencies already that have been established. But yes, once we hit success with the program, once the alignment happens on the scale-up and the ultimate potential manufacturing, that's really when it becomes a hardcore inseparable partnership, especially towards commercialization as well, right?

And so that will take some time, a few months to a few years. But very much the target is that, right? So the fact that we could do such an announcement with quotations from very senior leadership within Dow India and the Dow US really sends a very strong signal from them towards this partnership that we are building, right?

And so it's set on very solid foundations. The fundamentals are very strong of the partnership, and then it's up to us now, of course, as you say, the R&D and the pilot plant will be done, activities will be done at Aether.

The bulk of the development will be done by Aether and at Aether, the ball is really in our hands now to take this ball that has been given to us and hit a sixer with it out of the stadium, which we fully intend to. Thank you. More to come.

**Sajal Kapoor:** Yes, yes. No, I'm definitely keeping our fingers crossed for that. So -- and then just my last question is, you said Dow will help Aether build deep process know-how in a chemistry you weren't in before. How much of that learning becomes an Aether capability that can compound beyond the Dow program versus remaining specific to just this kind of an alliance. I mean what would tell us that transfer has happened and the capability is compounding years after that alliance may or may not exist?

**Aman Desai:** Yes. So that's a good question, and there's two answers to that, and that's the beauty of sticking to your core competencies, right? And so we've always mentioned our so-called 8x8 matrix of chemistry and technology competencies. We have always focused on these competencies, and this program is a firm fit to these competencies already. And so we are going to significantly enhance these competencies by the way of this program.

And the use of chemistry and technology is really an ocean, right? And so there's going to be so many opportunities out there where we can leverage the learnings and the expertise gained from such very complex programs. And so that's one answer to that question.

The other answer is really this is not about a single product. It's not about a single -- it's about a platform technology development in this program, right? And so, we should be able to leverage into the whole platform of silicon's technology in the future if we go into manufacturing and commercialization along with Dow, right?

And so this should be -- enable us to cater towards advanced silicones, which satisfy multiple industry domains, semiconductors, electronics, coatings, formulations, encapsulants, and so on and so forth, right? And so that's what -- I think once we start foraying into these products, into these industry domains and into these announcements, that's what will be your trigger as an investor to keep track of. Thank you.

**Moderator:** The next question comes from the line of Soham Jain with Dalal & Broacha Stock Broking. Please go ahead.

**Soham Jain:** First of all, congratulations on good set of numbers. Just wanted to understand what does exclusive research partner mean in scope? So is Aether's exclusivity with Dow limited to India, or does it extend globally to specific silicone product lines? And does this restrict Dow from working with other Indian CRAMS CEM players on the adjacent silicone chemistry?

**Aman Desai:** Yes. In the terms of the research program that we are doing, it's an exclusive relationship between Dow and Aether. Dow will only work with Aether will only work with Dow in the research program that we are specifically targeting towards new ways of manufacturing silicone in India.

**Soham Jain:** Yes and second question, so Aether's semiconductor products are currently being supplied to customers in Japan. While Sumitomo Chemical is also looking to manufacture a high purity semiconductor process chemicals in India. Could you explain how Aether's offering differs from this opportunity, and are we focused on different part of semiconductor value chain? And is this the high purity process chemical segment something Aether may explore in future?

**Rohan Desai:** Mr. Jain, this is an excellent question. A very important question to ask. You know quite well how the semiconductor is developing in India, and you are tracking it. But I would like to draw a clear line here.

If you see the most recent entrants or announcements, which multiple companies are making are targeting a fab level consumables, that is high purity gases, solvents, photoresists, and CMP chemicals, which are largely purification and scale play, which is led by heavy capex, long fab qualification cycles. That's not where we are playing, basically.

Our entry point is advanced electronic materials, specifically the low dielectric materials inside high-speed circuit boards for 5G and AI hardware applications. This is at the center where the core is a specialty monomer we are developing that sits upstream of the coupling agents and resins those boards are made from. The difference is chemistry.

It is complex, it is low volume, high-value molecules, our core strength for 13 years, which we have been developing rather than the commodity purification. And we are doing it in a capital light, R&D and pilot plant first fashion. A very different risk profile from building a large

dedicated plant on specification, which we have to run. So we are totally differentiated than rest of the companies who have announced their foray in the semiconductor space. We believe that we are going to manufacture or are manufacturing these products for the first time in India. Does this answer your question, Mr. Jain?

**Soham Jain:** Yes. It was quite helpful. Thank you and congratulations on good set of numbers.

**Moderator:** The next question comes from the line of Rohit Nagraj with 360 ONE Capital. Please go ahead.

**Rohit Nagraj:** Congrats on a healthy set of numbers. First question, in terms of the incremental products that we are commercializing, they are also going into traditional applications of pharma, agro, oil and gas. Just understanding, we've seen that particularly post-COVID, I mean, generally our focus has been on niche specific molecules and gaining larger market share.

But post-COVID, we have seen that there has been certain competition from China and even those niche molecules had got their impacts on the pricing. How have we now changed the strategy so that we don't get impacted from such competition for the newer molecules which we are developing and commercializing? Thank you.

**Rohan Desai:** I will take this question, Rohit. What we are seeing is our focus is being CRAMS and CEM, where we are focused to take these both business models to 70-plus percentage in the years to come. We are already about 50% on this as it has been a clear focus from the start for Aether to be focused on CEM and CRAMS. But if you see on the LSM side, we have never lost the market share against the Chinese companies on the products we have been manufacturing, even when the price is reduced by 30%, 35% post-COVID times.

The prices have corrected quite a bit in the recent last few months, and we believe that we are still competitive on all the products which we are manufacturing. And still the LSM product line business segment is important to us, even though it will contribute only 35% of our total top line in the few years to come.

**Rohit Nagraj:** Sure. That's helpful. Second, on the Dow collaboration. First of all, congratulations on the same. A few questions on this. First, in terms of R&D investment, what is the kind of investment that we are looking at? Second, in terms of the opportunity, given that you mentioned that Dow has been doing this particular product for several years, so why indigenous technology? What would be different in terms of developing the technology which is already established?

And third, if there is an import substitute market in India which is a billion-dollar, why not start with initial production and over a period of time then optimize the technology so that we become relatively better off than the traditional technology? So three questions to this part. Thank you.

**Aman Desai:** Yes. So let me take that. Thank you, Rohit. I'll try and answer each one. It's an exclusive -- Dow research program, where we will not be able to comment on the size of the investment, but it is significant in terms of what we are setting out to do.

It's an intensive, complex multiyear program. It is a different technology. So the goal is not to make the same silicones the way that Dow and the other leaders of the globe make it currently.

The goal is to get into newer technologies and new methods of manufacturing the same products. So there is a time gap for that, right?

You have to develop the technologies. They are already developed to a certain stage. It has to be fully fleshed out and scaled up and validated and then it can be put into commercialization. And so the goal is completely different. The goal is to develop new technology methods and new ways of manufacturing silicones in India for the first time and then take it towards commercialization.

And so that's the answer to that question. And then in terms of the import substitution, yes, sir. So as I said, the foundational silicones are not manufactured in India at all. They are imported from outside India, and this is a \$1 billion market that we -- that is currently existing and growing in India with -- as the Advanced Materials segment grows continuously. And so that's the market that we're going to be addressing potentially in the future. So hopefully, I answered your questions. Happy to clarify more if required.

**Moderator:** The next question comes from the line of Akshay with AK Investment. Please go ahead.

**Akshay:** Okay. So sir, my first question is about the material science segment. You have given the very good insight about the material science and the growth levers about the AI and semiconductor and all these segments. So when do we expect to start a commercial supply for these type of developments? And also we have developed the semiconductor chemicals, so when do we expect to commercialize these chemicals?

**Rohan Desai:** So ill take this question, Akshay. We have already started manufacturing this product in site 3 on one stream, whereby we have completed the qualifications batches with our customers, submitted the samples, also got few smaller quantity orders, which we are delivering at this moment.

Also, the big stream, that is a large stream of semiconductors coming on site 5, that is Magnum Site, which is located in Panoli, whereby we'll come out with 45 tons per month capabilities split it into 3 streams of 15 tons each. And that is going to be online in end of September. That's the target, and that is how we are working towards it. Does this answer your question, Akshay?

**Akshay:** Yes, sir. But my question was broad-based like in the Material Science segment and Oil and Gas segment, what are the other chemicals and what are the other chemistries are we planning to develop? And when do we expect these things? I mean, currently, CRAMS and CEM is the biggest contributor. So, when do we expect this material science and oil and gas to be a very large segment over the next coming years?

**Rohan Desai:** Akshay, we are already approximately 20% in oil and gas business as of today. Since last two years, we have grown from zero to 20% already, and hope to increase this in the years to come. We will not be able to tell you the firm timelines on this, but lot of developments and lot of new products will be launched in oil and gas and material science divisions in the quarters to come. That's the best answer I can give you at this moment. Please allow us time to sign few contracts and then let you know.

- Akshay:** Okay, sir. Okay. Fair enough. And sir, lastly, on the margin profile. Currently, our margin profile are 28% to 30% EBITDA margin. So once we commercialize these products in the material science and oil and gas also in the semiconductor segment, what are the margins profile from these segments?
- Kushal Doshi:** So, I'll take that. Akshay, we do not give product-specific or industry-specific margins. What we can guide you from the company perspective is that we look at consolidated EBITDA margins for the CEM business vertical anywhere between 28% and 30%.
- Moderator:** The next question comes from the line of Jaspreet Singh, an Individual Investor.
- Japreet Singh:** Sir, my question is, all those partnerships with world-leading companies we have done in the past, world-leading companies are customers of us. My question is, what is driving this outcome? What has been done behind, which is unseen? If you can elaborate that?
- Aman Desai:** I think it's a story of the entire last 13 years. So but -- yes, it's basically a focus on core competencies of chemistry and technology, it's focused on differentiated capabilities, a very sound and fundamental foundational program of R&D, pilot plant and manufacturing, the extensive team that is in place which excels techno-commercially and a lot of hard work and some luck as well. So we've only been -- still consider ourselves a startup company. It's a long time to go, a bright future ahead, and we are looking at making the most of it. Thank you.
- Japreet Singh:** In the last five years, how much we have spent in the backward integration?
- Aman Desai:** We don't have such numbers that we publish. Wherever required, especially to reduce China dependency, we always backward integrate.
- Moderator:** The next question comes from the line of Bhavika Singhvi with Niveshaay.
- Bhavika Singhvi:** So basically, I want to know from the other customer, which is the Baker Hughes. In the last call, you have mentioned that we have few products in our pipeline. So does we have started commercialization of those product? And also on the Milliken side, have we added any new product for this particular customer?
- Aman Desai:** So let me try and answer. Thank you for the question. Yes, we're continuously launching new products for Baker Hughes. It's a family of products that we go -- we are exclusively partnering with them on manufacturing. And so I think from the last call to this call, yes, the answer to that question is yes, we have added them.
- In terms of Milliken, it is a supply -- a multiyear supply agreement for a single product, which is a key strategic pipeline molecule for Milliken that we have launched. And so we have a partnership with Milliken that now goes back 9, 10 years across various projects and various programs, but the current publicly announced agreement is on one particular product.
- Bhavika Singhvi:** Can you quantify this? So basically, I wanted to know like in 2 to 3 years, how much we expect these 2 customers be like in our top line, like what's the potential revenue from these particular 2 customers?



- Aman Desai:** Kushal?
- Kushal Doshi:** Yes. Sorry, we don't give these kind of answers to these questions. So we'll not be able to comment on that.
- Bhavika Singhvi:** Got it. And on the silicon side, I just want to understand as we are right now in the R&D phase. So when do we expect that the application testing from the customer will start like by what time period we can expect this to be started?
- Aman Desai:** It's a multiyear research program. And so, you're talking about a few years, until we get into the application testing and commercialization and the manufacturing as long as it works out. And so, we are still starting off. It's -- as I said earlier, it's an intensive multiyear research program, and we are very excited about it.
- Moderator:** The next question comes from the line of Divya Kasera with Craving Alpha Wealth Fund.
- Divya Kasera:** I have two questions. My first question was, you guys mentioned that there was a 22% year-on-year decline in the LSM volume, and which was reallocated to the CEM vertical. While also you guys said that there's no decline in the LSM demand. Are there any orders that are going unserved? And is the margin on the capacity higher or lower now that it's running as CEM production, which is what it earned as LSM?
- Kushal Doshi:** Yes. So basically, the LSM business model, basically, if you see there's a decline of 22.5% in terms of volume. But that's primarily on the back of us dedicating some of the production lines to the CEM business model, which we've done in site 3. And we continue to see where the opportunities are there for the company, where we can increase the margins on the CEM contracts. Having said that, the LSM business model continues to see demand.
- We've seen pricing improve by 22.5% also on the back of the products which we have. So there's no decline in the demand. It's just that we are reallocating some of the production lines to the CEM business vertical from the LSM.
- Divya Kasera:** Okay. Then the second question is the Oil and Gas segment. generated revenue around INR1,000 million this quarter. So, is this driven by Baker Hughes or **inaudible 0:57:37** specifically? Or is it broad-based across other oil and gas customers?
- And also, I wanted to know, is this a recurring demand pattern or a large onetime order?
- Kushal Doshi:** No. So this is being -- of course, a large part of it is being driven by Baker Hughes, which you have seen, which has been scaling up from Q1 of last year, where we started with around INR45 odd crores. Today, Site 4 is already producing close around INR70 odd crores with clear line of sight, which we have for demand for these products. There are other products also, other customers whom we are servicing. But right now, Baker Hughes is the biggest customer we have on the oil and gas side.
- Moderator:** The next question comes from the line of Pankaj K, an Individual Investor.

**Pankaj K.:**

Congratulations on the strong set of numbers. I'm seeing Aether exchanging the simultaneous shift in segment mix, aggressively expanding the capacity. Now there is a potentially landmark partnership with Dow. Like how does management ensure these don't stretch execution bandwidth? What could be, like, one or two risks that could genuinely derail your path?

**Aman Desai:**

Yes. Thank you for the question. Yes, we are establishing landmark opportunities and partnerships, and it's a continuous progression there. And this is nothing new, right? We've been doing this for the last 10 years now, and it's a focused business model.

And so we remain pragmatic in how we approach the expansions and the increased partnerships. There is concurrent expansions going on in R&D as well as pilot plant as well as manufacturing assets. The manufacturing of assets that we have chosen in Panoli, our Magnum Site 5 is the closest chemical zone to Surat, for example. We haven't gone to Dahej or we haven't gone to other states. We have remained cognizant in our -- cognizant of our capabilities to expand and the limitations of the core team that we have.

And so a lot of -- this is just one example, but there's a lot of other examples where we are fully cognizant of the limitations that we have and that of our team and approach these opportunities accordingly. The problem -- the potential problems and the challenges I have always maintained in the chemical industry is safety. And so that remains the foremost concern of the company, safe chemical processes.

And the second one, especially now for companies like us in India is our ability to execute, right? And so our ability to continuously deliver innovative solutions to complex problems, our ability to put feet on the ground and safely and sustainably and economically run manufacturing plants, right?

And so when we focus on these challenges at the topmost company priority, channeling resources, channeling manpower, channeling core team members in a practical manner. And the fact that we are techno-commercially led in the promoter family itself, the four of us, helps a lot in streamlining these streamlining this vision and streamlining these efforts that the entire company makes towards addressing these multiple opportunities.

And so, decision-making is very rapid and the appetite for is tremendous and so -- but point well taken. And -- but rest assured, there are -- this is a strategy that is strongly and well thought out. Thank you.

**Moderator:**

Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

**Kushal Doshi:**

Thank you everyone for participating on the call. We hope that we have addressed majority of the questions. If you still have any further questions, please feel free to reach out to us. The first quarter has started with a solid foundation for this financial year. Stay safe and have a great day ahead. Thank you.

**Moderator:**

Thank you, sir. Ladies and gentlemen, on behalf of HDFC Securities, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.