May 8, 2025

Ref. No.: **AIL/SE/10/2025-26**

To,

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

Scrip Code: **543534**

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E),
Mumbai-400051, MH.

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 Earning Conference Call scheduled on Saturday, May 3, 2025, on the financial performance of the Company for the Fourth Quarter and Financial Year ended on March 31, 2025, 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

AETHER INDUSTRIES LIMITED SURAT

Encl.: As attached

CHITRARTH RAJAN PARGHI
Digitally signed by CHITRARTH RAJAN PARGHI
Date: 2025.05.08 10:03:45 +05'30'

Aether Industries Limited
Registered Office: Plot No. 8203, GIDC Sachin, Surat-394230, Gujarat, India.
Phone: +91-261-6603000 **II** **Email:** info@aether.co.in **II** **Web:** www.aether.co.in **II** **CIN:** L24100GJ2013PLC073434
Factory: Plot No. 8203, Beside Shakti Distillery, Near Rajkamal Chokdi, Road No. 8, Sachin GIDC, Sachin, Surat-394230, Gujarat, India.

"Aether Industries Limited Q4 FY '25 Earnings Conference Call"

May 03, 2025

MANAGEMENT:	**DR. AMAN DESAI – PROMOTER & WHOLE TIME DIRECTOR** **MR. ROHAN DESAI – PROMOTER & WHOLE TIME DIRECTOR** **MR. FAIZ NAGARIYA – CHIEF FINANCIAL OFFICER** **MR. KUSHAL DOSHI – LEAD INVESTOR RELATIONS** **MS. SHUBHANGI DESAI – EXECUTIVE INVESTOR RELATIONS**
MODERATOR:	**MR. NILESH GHUGE – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY '25 Earnings Conference Call of Aether Industries, hosted by HDFC Securities.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch tone 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: Thank you, Rutuja. Good morning, all. On behalf of HDFC Securities, I welcome everyone to this Aether Industries' Conference Call to discuss the Results for the quarter ended March 2025 and Financial Year 2024-'25.

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 call for the Q4 FY '25 and Financial Year '25. Over to you, Kushal.

Kushal Doshi: Okay. Thank you, Nilesh. Thank you and a warm welcome to everyone. Yesterday, our Board has approved the financial results for the 4th Quarter and the Full Year Financial Year ended 2025, 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 the copyright material of Aether Industries Limited and cannot be copied, rebroadcasted or attributed in the 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 of our 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, Mr. Rohan Desai will begin by sharing Aether's business outlook. Then Mr. Faiz Nagariya will cover the financial highlights of the period under review. And Dr. Aman Desai will share the ongoing expansion and strategy of the company going forward. I hand over the call to Mr. Rohan Desai for his opening remarks.

Rohan Desai: Good morning, everyone. It is a pleasure to connect with you all today as we review Aether's outstanding performance for the Q4 of Financial Year 2025. I hope you are all doing well and I am excited to share our progress.

We have achieved remarkable growth this quarter with overall volumes surging by 21% compared to the previous quarter. For the full year of the Financial Year 2025, volumes soared by an impressive 34% compared to the Financial Year 2024. Pricing for our products has remained stable over the past six months, reflecting our strong market position. Demand for our offerings continued to be robust, and we are thrilled to have welcomed six new clients in Q4 of Financial Year 2025, further expanding our reach.

Aether's strategic pivot towards CRAMS, contract research and manufacturing services, and CEM, contract/ exclusive manufacturing business model, is yielding excellent results. In Q4 of Financial Year 2025, 38% of our revenues came from contracts/ exclusive manufacturing, 10% came from CRAMS, contract research and manufacturing services, and 51% came from large-scale manufacturing. It is particularly exciting to note that CRAMS and CEM now contribute nearly 50% of our revenue. And trend we expect to strengthen as our robust CRAMS pipeline continues to drive opportunities for our CEM business model. Our goal is to achieve 70% contribution from CRAMS and CEM, with 30% from large-scale manufacturing. And we are well on our way to realizing this vision.

Additionally, we have successfully commercialized Site-4 over the past two quarters and production is going on full-fledged manner in Site-4. Our expansion initiatives are progressing seamlessly. Site-3++ is being dedicated to a key client under a CEM business model, with installation of piping and reactors well underway. We anticipate production to begin in the end of Q3 of Financial Year 2026.

This milestone highlights our ability to forge unique high value Contract Manufacturing relationships outside of agrochemical and pharmaceutical sectors, an achievement that underscores Aether's distinctive position in the industry. Similarly, Site-5 in Panoli is advancing steadily with first two production blocks on track for commissioning by December 2025.

On the trade front, Aether's exposure to the US market remains minimal at 7% of the total sale, insulating us from potential tariff impacts, if any. We continue to monitor this development closely. I will now hand over our phone to our CFO, Faiz Nagariya, who will share the financial highlights for this exceptional quarter. Over to you, Faiz.

Faiz Nagariya: Thank you, Rohan. And good morning, everyone. I am glad to present the Financial Results of Aether Industries' Limited for Q4 of Financial Year '25 and the financial year ended on 31st March, '25.

The total consolidated revenue of the company stood at Rs. 2,453 million in Q4 of Financial Year '25 as against Rs. 2,333 million in Q3 or Financial Year '25, resulting in an EBITDA of Rs. 819 million in Q4 as against Q3 of Rs. 757 million, an increase of 8% in the comparing periods. The EBITDA margin stood at 33% in Q4 as against 32% in Q3 of Financial Year '25. The PAT amounted to Rs. 504 million in Q4 or Financial Year '25, as against Rs. 434 million in Q3 of Financial Year '25, which is a 16% increase quarter-on-quarter. The PAT margin stood at 21% in Q4 of Financial Year '25 as against 19% in Q3 of Financial Year '25.

The consolidated revenue of Financial Year '25 increased by 38% to Rs. 8,803 million from Rs. 6,374 million in Financial Year '24, enabling a very healthy EBITDA of Rs. 2,709 million, which is a 31% margin in Financial Year '25 as against Rs. 1,577 million, which was 25% in Finance Year '24, resulting in an increase of 72% year-on-year. PAT stood at Rs. 1,584 million in Financial Year '25 as against Rs. 825 million in Financial Year '24, which is an increase of 92% in the comparing periods. PAT margin increased from 13% in financial '24 to 18% in Financial Year '25.

During the quarter, we have also received a stock insurance claim from the insurance company. The revamping of the affected site is completed, 100% operations at the fire-affected site has been started since January '25 post approval from the regulators. The remaining claim for the fixed assets for the loss has been put up to the insurance along with the loss of profit claim, and we are confident to get the claim settled by insurance company by or before the end of Q2 of Financial Year '26.

We have been able to reduce the inventory cycle to 173 days on 31st March, '25, as against 210 days on 31st March, '24. The debtor cycle has also been reduced to 126 days as on March 31, 2025, as against 142 days as on March 31, 2024, encompassing the payment flow from the customers. With more of Contract Manufacturing businesses unfolding in the near future, we anticipate to have better debtors and inventory cycles in future. The return ratios have also improved for us wherein the ROE has gone up to 7.12% in finance year '25 as against 4% in Financial Year '24, and ROCE has gone up to 8.5% in Financial Year '25 as against 4.7% in Financial Year '24.

We are continuously using the solar power benefit, and we will be expanding that to our other units as they come up. And the total benefit of solar power in Financial Year '25 has been Rs. 188 million as against Rs. 172 million in Finance Year '24, encompassing the sustainability initiative of Aether Industries, and we would continue to add capacities to the solar or wind or hybrid models of renewable energies for our upcoming new sites as well.

Now, I would like to request Dr. Aman Desai to share updates on Aether's ongoing expansion plans and strategies moving forward. Aman sir.

Dr. Aman Desai: Thank you. Thank you, Faiz, for the financial highlights. Good morning, everybody. I am very happy to connect with you all again. My thought for this call, perhaps I will start by giving an idea of the various five sites that we have, Faiz and Rohan have spoken extensively about how good the quarter has been, and the fiscal year has been. And so just to give you an idea of the five sites that we have and what's happening and how bullish we are.

Site-1 is the R&D and the pilot plant. We have eight research groups, 63 hoods in the Site-1 in the R&D center. We are doing a double expansion of this Site-1 R&D center. The excavation has already begun. This represents our bullishness on the R&D and the CRAMS business model that we have. The CRAMS business model has grown by 24%, which is quite pleasing, and this continues to be the heart and the engine of Aether's new ventures.

Our R&D expenses for the Fiscal '25 stood at Rs. 681 million, which is approximately 8% of the total revenues was R&D spending. We already have what we call the largest pilot plant in the world and that also reflects on the bullishness that we have on the CRAMS business model.

The Site-2 and Site-3 were largely LSM, with some large-scale manufacturing, which is against Chinese import substitution, which was our original business model of significant portion. Now it was also Contract Manufacturing, exclusive manufacturing, but largely LSM business model, that has also stabilized. Both sites are running at full capacity. We have fully stabilized post the fire accident that happened in November 2023. Both sites are running at full capacity. Chinese pricing have flattened out and they are on the way up. The volumes are back, and the pricing is also inching upwards.

Site-3+, as Rohan mentioned, is now fully dedicated for contract manufacturing, exclusive manufacturing for one particular material science company for one particular product. This particular product is transitioning from the CRAMS business model to the Contract Manufacturing, exclusive manufacturing business model. We have been working on this product for the last three to four years now for this particular customer, and now we are fully dedicating our Site-3+ to the exclusive content manufacturing of this particular product for the material science company.

The Site-4, which is for the oil field services company, a large part of that being towards Baker Hughes, is also running quite well. Very healthy order book already in that site and expanding more and increasing more on a monthly basis, and that is now fully on track.

Site-5 is currently progressing very well in the Panoli side, which is a very large production site that we are constructing. We have full line of sight of about three to four plants in Site-5, and that's going to be the first couple of plants with the large-scale manufacturing business model, which were the products which were kept on hold for Site-3+, which will now go into Site-5.

And also, we have already finalized and are on the verge of finalizing several contracts for the Contract Manufacturing and exclusive manufacturing of various products in the material science arena from European and American customers for Site-5. And more of this will come in the next few months as you see these announcements unfold.

I think especially the Site-3+, Site-4, but anyway I was mentioning, I just gave a highlight of the various five sites, and so especially Site-3+, Site-4 and Site-5, all the various contracts that we have either finalized or are finalizing right now, as I mentioned, are very firm validation. And I think absolute incontrovertible proof that our CRAMS business model is working in a very robust manner. We are forging relationships with innovators across the globe, across the industry spectrum. And these are actually completely non-pharma and largely non-agro. And by next year or definitely over the next two years, we will be firmly fully diversified with a very broad 25% pharma, 25% agro, 25% material sciences and 25% oil and gas into our overall pie of revenues.

I think especially over the last few months, as the global conditions have intensified and, in some cases further exacerbated, CRAMS and the Contract Manufacturing business models have seen major inquiries and fast tracking of some of the CRAMS projects. We are seeing a palpable sense of urgency from various customers across the globe as they look towards expediting the finalization of contracts with companies, especially in India. And I think we are very well placed for that, considering all the relationships that we have already forged with these various companies.

Currently we have over 50 CRAMS projects that we are working on, out of which 70% are in the R&D, non-pharma and non-agrochemical projects. And that is mostly almost 35 CRAMS projects in the R&D that are ongoing today which are non-pharma non-agro. Over the last three months we have also had numerous international customers who have come to visit our Site-5, which is the Panoli site, which I talked about already. They have a clear line of site, as I mentioned, for the various projects that we would like to start at Panoli at Site-5 in the first three to four plans.

For the Fiscal Year '25, the CRAMS and exclusive manufacturing business model has grown by 55%, which has also helped us to increase the company's margins as well as reduce the pricing pressure from which the LSM model has been suffering.

So I always mentioned that this has been a golden age for the Indian chemical industry, and especially over the last three to six months we are seeing that this is especially the case. We are seeing tremendous potential and all the opportunities that are available to Indian specialty chemical companies who are diversified and have their fundamental pieces well in place. And we are working tirelessly towards converting these opportunities into actual projects which are going to start within Aether.

So let me stop there. Thank you everybody for your time and attention today and we will be happy to answer any questions from the investor community. Again, thank you for all the support. Kushal, back to you.

Kushal Doshi: Yes. Thank you. We shall now request the moderator to open the floor for questions-and-answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Akshay from AK Investment. Please go ahead.

Akshay Kaila: Yes, thanks for the opportunity. So my first question is, how much capacity we will increase by expanding our capacities in Site-3++, 4 and 5 combined, compared to Site-2?

Rohan Desai: I will try and explain it to you, Akshay. It is very tough to measure the capacities in the specialty chemical field. Obviously, with the Site-3+ contract or whenever it happens, you will come to know about the capacities and everything once it is available on the public domain. Site-4, we have always mentioned that we are putting about capacity of 16 KTA, that is 16,000 tons, that is for Baker Hughes plant. And Site-5, we are talking about each production block having capabilities and capacities of manufacturing above 500 tons of product. But as the product mix are differentiated and which plant the combinations will happen, we will soon let you know. But at this moment it would be very tough to mention this. I am sorry I could not answer it in a straight line, but this is a very complicated question which you asked.

Akshay Kaila: Yes, sir. Not an issue. Sir, my second question is, can you put some light on our products and our competitive edge on all our products like in oil and gas sectors and in the material science sector? I am new to this company so I would like to understand what is our market share and product competitive edge.

Rohan Desai: Aman?

Dr. Aman Desai: Yes. Akshay, thanks for the question. Again, we are very competitive. We are focused on chemistry and technology innovations across the spectrum of the productions that we do. And so the idea is to be the most competitive source in the world for any product that we take into manufacturing. We incorporate a lot of technological and engineering innovations in all the chemistries that we perform. And so there's a marriage of chemistry, technology and engineering always, which brings a lot of efficiencies into the systems and drives down the costs. And so it's difficult to pin down specifically on any particular product because we are, as I mentioned, we are quite diversified into pharma, agro, material sciences, oil and gas.

We are selling products which are $2, $3 per KG, and we are selling products which are $5,000 per KG, and everything in between. And so to pin down anything, it will be very difficult. But I think suffices to say that we are very competitive because we bring innovations which is aligned to our core competencies, which is the fundamental foundation of the company, to begin with, 13 years ago. Thank you, Akshay.

Rohan Desai: Sir, if I may add two more points over here. For the large-scale manufacturing we manufacture products for the first time in India and we are the only manufacturer of most of the products which we manufacture on the large-scale manufacturing business model. In terms of the CEM and CRAMS, what we are doing currently is partnering with the innovators and launching the products for the first time in India. And now with the few launches which are coming up in Site-3++ and Site-5, we will be launching them for the first time in the world. Would that answer your question?

Akshay Kaila: Yes, yes, very, very sufficient, sir. And lastly on the FY '26 outlook, so how much you are anticipating the growth and the margins in FY '26?

Kushal Doshi: So, Akshay, we do not give forward guidance on numbers, but suffice to say that the margins will remain pretty much the same.

Akshay Kaila: Okay, okay. Thank you so much, sir. Thank you.

Moderator: Thank you. The next question is from the line of Abhijit Akella from Kotak Securities. Please go ahead.

Abhijit Akella: Yes. Good morning and thank you so much for taking my questions. The first one is on the Q4 results. The EBITDA margins, even excluding other income, seem very strong at north of 33%. And it does seem like there's been a quarter-on-quarter decline in the OPEX lines, especially maybe other expenses, a little bit in employee cost as well. So if you could please just help us understand what has happened there, and do we expect to continue this 33% margin in upcoming quarters as well?

Faiz Nagariya: Yes, Abhijit, I will take this question. You are right that this time the EBITDA margin is more inclined towards the revenue from operations as we have the QIP funds which we had raised, we have deployed. And so now other income which was coming from mostly FD interest is reduced. And going forward, we will be at. 30% EBITDA margin for sure. And the expenses which have reduced, there is no reduction actually, what has happened is new projects have started. So as per the accounting standards, various capitalization of expenses of project and process teams is being done. So that is the thing, and that will be the CAPEX thing. Otherwise, there is no change in the expenses. Also, other expenses have reduced, because I think in my comment if you heard I had said that solar power plant is giving a good return to us, so that has also helped us reduce the electricity cost overall, which is also a good factor which has increased our EBITDA margins.

Kushal Doshi: Abhijit, is just to add to that, if you see the CRAMS business model and the CEM have now started firing. Especially the CRAMS if you see, for the financial year FY '25, CRAMS has for the first time Rs. 100 crores of revenue. This is of course a very high EBITDA margin business which is for us. And as you realize that R&D is the core for this company, so now you are seeing the results of R&D coming in as well as the CEM now taking off with the two new CEM contracts which were mentioned by Rohan and Dr. Aman.

Abhijit Akella: Got it. Yes, thank you. That's helpful. The other one was just on the working capital. There's been some improvement year-on-year, but for the year ahead, if you could please share some outlook regarding how you are seeing things moving now that the revenue mix has started to shift?

Faiz Nagariya: Yes. So, we are trying to incline more towards the Contract Manufacturing and CRAMS more. And in Contract Manufacturing, there will be definite payment terms and also the inventory flushing will be continuously going on and so there will be no more piling of the inventories, because the context will be very much defining the quantities which we now have to sell to these customers. So, of course, we are looking forward to reducing this more. Currently we are at around 195 days of working capital, we expect it to bring it down to better levels. And within a couple of years or three years we would try to bring it down to 150 days level for sure.

Abhijit Akella: Understood. Thank you so much. And on the revenue growth that we have seen in FY '25 in LSM and CEM, would it be possible to just share broadly which products or which contracts have sort of driven this kind of growth?

Rohan Desai: Abhijit, we can connect separately on this. Basically, we do not want to mention the product names and the companies, because they are more of confidential in nature. So we can discuss this offline if required.

Abhijit Akella: Fair enough. Thank you. And the last thing for me is just on the tariff situation. I know our US exposure is only 5% to 6% of total revenues, but I mean, could there be some sort of indirect impact coming in from other geographies because of all this environment? And there's also some concern that Chinese may turn more aggressive outside of the US, in case they are blocked from the US market, so how are you seeing the industry environment evolving in that context?

Rohan Desai: So, I do not know about people, but what we are seeing is lot of inbound inquiries and interest which are fast tracked towards conversion into contracts and commercialization. So in fact, we are seeing a lot of companies moving towards in a very, very fast manner towards getting things into the commercial stage, because they are worried about the tariff structures and what US might do in the next few months. And we are not seeing any negative impact for Aether, especially at this moment. And the contribution of our top line for the last financial year was only 7%. So we are not at all worried on this at the moment.

Abhijit Akella: Most of our products are exempt from the tariffs or are they actually subject to them?

Rohan Desai: No, nothing is going into US. So I mean, except for the 7% nothing is going into the US. And that 7% is also mostly constituting of CRAMS businesses, so that's more of service-oriented business which we are in.

Abhijit Akella: Okay, great. Thank you so much. I will get back in the queue for anymore.

Rohan Desai: Thank you.

Dr. Aman Desai: Thank you.

Moderator: Thank you. The next question is from the line of Chaitanya Kamdar Anvestha Fund Management LLP. Please go ahead.

Chaitanya Kamdar: Hi. Congratulations on the good results. I had a question, basically we see Aether as a major player in the material science space, which is unlike other players in India to the scale of what you are manufacturing. So, can you give us your strategy over the next two to three years as to how Aether is tapping into the segment and what can we expect?

Dr. Aman Desai: Yes, I can take this. Thanks, Chaitanya, for the question, it is a good question. We are focusing consciously on increasing the partnerships and the CRAMS projects and the Contract Manufacturing projects and material sciences, as well as oil and gas. And so that's a conscious strategy adopted by the company. The focus is quite simple actually, it's strategic partnership with innovators in the material sciences and oil and gas space. And for everyone that we announced, we are working with four to five others in space as well. And so the strategy always has been and will continue to be quite simple as strategic partnerships with these innovators where we would like to be their one-stop solution and their go-to partner for all complex chemistry and technology needs.

And so if they have pipeline molecules of various launches in the future that involve complex chemistry and complex technology, then we want to be the first ones they connect with. Look, we are and we look to be considered as the internal research scale-up and commercial supply arm of these various innovators, which just happens to be a different company located in India. And so that's the strategy, that has always been the strategy and that will continue being the strategy. And we are focusing on this much more is focus on the core competencies of the company in chemistries and technologies and then focus on strategic partnership with innovators, having multiple eggs in the basket with the same partner.

And so we want to be working with a partner for their R&D needs in the CRAMS business model for the scale-up and supply needs in the CRAMS business model, and then also be their partner for commercialization as the products are launched, which now we are seeing the proof in the pudding with the Site-3+ and the Site-4 and the Site-5 contracts that have been finalized already. Hopefully that answers your question, Chaitanya, happy to expand more.

Chaitanya Kamdar: Yes, that's great, you answered that. And just a bit of a follow up to the previous question is, how is Site-5 shaping up in terms of Phase-1? And do we have any clarity on the first four plants?

Dr. Aman Desai: Yes. So Site-5, as I mentioned in my little ramble earlier is shaping up quite well. We are in the Zone-1, the Phase-1 has four plants and we have more or less 80% clarity on the first four plants that we are going to be installing and operating. And actually we had three products that we were going to launch in the LSM model in Site-3+, which has now been dedicated to a content manufacturing customer, as I mentioned earlier. And so those three products are going to be launched first in the Site-5 in the LSM model, and then the next 2, 2.5 plants are going to be dedicated for Contract Manufacturing projects with various customers, the contracts for which have been and are being currently finalized. So, from the line of sight of the first four plants mostly.

Chaitanya Kamdar: Okay, noted. Thanks a lot. That's it for me.

Dr. Aman Desai: Thanks.

Moderator: Thank you. The next question is from the line of Krishna Parwani from JM Financial. Please go ahead.

Krishna Parwani: Yes, hi, sir. Good morning. Congrats on very strong set of numbers. A couple of questions from my side. First, I think you mentioned that the revenue from Site-3++ would begin from 4Q FY

'26. So just wanted to check if you have already received the orders for the same or the orders will come in probably over the next couple of quarters?

Rohan Desai: The contract is being finalized. Once the contract is being finalized we are on the very end to finalize this contract. And so once it is done, the orders will follow immediately.

Krishna Parwani: Understood, sir. And from Site-4, was there a large revenue in 4Q FY '25, just from an understanding point of view given we have seen a good increase in our top line in 4Q. So just wanted to check whether the contribution has started from Site-4?

Faiz Nagariya: Yes, from Site-4 in Q4 we had approximately around Rs. 25 crores of revenue, which were the validation quantities which was sent, and now the commercial purchase orders are received and we are going to do the commercial supplies to them from this quarter onwards. It's already started in April.

Krishna Parwani: Okay, that's great, sir. And just the last bit, just can you highlight revenue trajectory for Site-4 and Site-3++ in case if you are able to publicly? I think in the past we had indicated that Site-4 will gradually ramp up to Rs. 250 crores, Rs. 300-odd crores. So, I just wanted to understand the trajectory for both the sites.

Kushal Doshi: So Krishna, in terms of Site-4, our statement remains valid, what we had mentioned in the past. It will actually ramp up in FY '26 and then fully ramp up in FY '27. Site-3+, we cannot give you any projections for time being. We will come back to you later during the financial year.

Krishna Parwani: Noted sir. And just last bit, I think on the EBITDA margin you answered to previous participant that EBITDA margin will go up from here, but just wanted to understand like, let's say, for FY '26, a 33% EBITDA margin is the prime number with or probably more like an average 30%, 31% kind of an EBITDA margin?

Faiz Nagariya: Yes. So Krishna, it will be an average of around 29%, 30% and from there it will grow gradually. So currently we are not looking at 33%, it will gradually grow in a couple of years or so. But 29%, 30% average EBITDA margins is what we are expecting and we are working on.

Krishna Parwani: That's great, sir. Thank you so much for patiently answering my question. Wish you all the best. Thank you so much.

Moderator: Thank you. The next question is from the line of Krishna Mundra from NG Invest. Please go ahead.

Krishna Mundra: Hi, team. Congratulations on a good set of numbers. So, as you mentioned that US sales are just only of 8%, which is true from CRAMS business. So regarding the Baker Hughes contract, is it going to the US or other geography? So just wanted to like get a sense.

Rohan Desai: Other geography.

Krishna Mundra: And next is on the converge polyols business. So we had started commercialization with H.B. Fuller, so are there any developments on that part?

Rohan Desai: Yes. So we have a contract with H.B. Fuller. And that contract is being well executed. In this financial year we are looking to close two new contracts in the converge platform, which will take us above 500 tons of manufacturing and sales as per our estimates for this financial year.

Krishna Mundra: And the next is regarding, in the last quarter you said that we were evaluating for starting LSM or CEM business from the Site-3++. So, have you done that or have you taken any decision regarding that what we are planning to do?

Rohan Desai: Yes, Site-3++ will be dedicated to CEM business model.

Krishna Mundra: And in that CEM, if you can provide any like, which chemical we are planning to manufacture any other chemical, pharma or material science?

Rohan Desai: It's non-pharma, non-agro. That is the max I can say at this moment. Once the agreement and the contract is finalized, we will publish it in the public domain and we can discuss this more openly at that point of time.

Krishna Mundra: Okay. And the next was regarding the pricing, like you said that starting the Chinese New Year we can see an upward trajectory in the pricing. So during the 4th Quarter, did we see the rise in top line was only due to volume increase or there was some price increase which we have seen?

Rohan Desai: So price was stable. We have seen only volume growth.

Krishna Mundra: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Manish Badani from B&K Securities. Please go ahead.

Manish Badani: Congratulations for the good set of numbers. Sir, I am new to your company, so just to understand the rationale behind your strategic goal of, as you told, 70:30 split between CDMO, CEM service, and large-scale manufacturing, like what drives this mix and how does it align with your long term growth strategies?

Rohan Desai: Aman?

Dr. Aman Desai: Yes. Thank you, Manish, for the question. Basically the focus is to, as I said earlier in a response to one of the questions, is to have strategic partnerships with various innovators across the industry spectrum across the globe. And that's the push towards the increased portfolio of contract manufacturing, exclusive manufacturing. The large-scale manufacturing business model is the business model where we pick our own products which are generic advanced intermediates for pharma and ag primarily, which are again Chinese import substitution. That was the business model that we started the company with. And that is a business model that we still continue to nurture and grow.

But contract manufacturing, exclusive manufacturing is a business model that is driven by both us and the customer together, and that grows much faster. And that's what you see in the numbers that are being portrayed. And in the future going forward this will stay more or less the same. We will try our best to keep the large-scale manufacturing business model at least a 25% or more in the years going forward. But especially in terms of the global scenario that we are in today, the push towards Contract Manufacturing and exclusive manufacturing and partnering up with companies in India is significant from various companies and innovators across the industry spectrum across the globe. And so we see the increased numbers of the Contract Manufacturing. Thank you.

Manish Badani: Okay. That's helpful. Thank you.

Moderator: Thank you. The next question is from the line of Rohit Ohri from Progressive shares PMS. Please go ahead.

Rohit Ohri: Hi team. A couple of questions. The first one on Site-5, if we see that you have acquired some more property, taking it from 31 acres to 46 acres. Dr. Aman and team, my question is that what gives us that sense of positivity or what are you looking at? Because Dr. Aman said that R&D is the backbone, and you need to be focusing more on R&D. But what gives us that since that we have added approximately 15 more acres of land?

Dr. Aman Desai: Yes. Thank you, Rohit, for the question. We have always been very bullish in terms of our partnerships that we have been forging over the last 13 years now with the various customers, primarily in the non-pharma non-agro sector for the CRAMS business model. We are very bullish about the growth trajectory of the company going forward. It is a golden age for the chemical industry. It has always been a golden age for the chemical industry over the last few years, and especially since the last few months. As the global conditions have further exacerbated we are seeing a very sense of urgency for various customers to start finalizing partnerships with, especially companies in India. And so everybody wants to be not in China and the only obvious choice for everybody in the world is India, more or less. And so we are seeing this pan out in the kind of inquiries we are getting, the urgency we are sensing from customers to close contracts and finalize the contracts with us.

We are based on R&D and technological and chemistry innovations as the fundamental base of the company, and so the fundamentals of the company are very sound in terms of chemistry and technology and innovation in R&D. We continue to expand that as well in terms of the infrastructure and the resources and the manpower. We are led techno commercially from the top. And we are seeing now actual proof in the pudding in the way the contracts have been finalized for Site-3+ and the Site-4, and some for Site-5 and these exclusive manufacturing, Contract Manufacturing business model, which are actually results of the efforts done in the CRAMS business model, in research for these various customers over the year. So it's actually proven business model that it is quite robust, and that leads us to be very bullish and that leads us to continuously expand on all fronts of the R&D pilot plant and production, as a result of which you see the additional land being bought next to Site-5 in Panoli.

Rohit Ohri: I know it's slightly too early to kind of gauge the timeline for completion of the additional land because we already have probably 14 or 16 sub-units which are coming up in Site-5. But any thoughts on by when do you think that Site-5 construction and the entire work will be completed so that you move on to Site-5+?

Dr. Aman Desai: I will let Kushal or Faiz answer in terms of what guidance we are giving to people.

Rohan Desai: I will take this up. The goal is to complete Site-5 in three to four years. That's the internal goal, I mean, that's the thought. As the projects are developing it tends to accelerated based on the incoming projects and inquiries which are getting commercialized as we speak. Site-5 additional land which we have acquired which is 15 acres more, which makes the total land parcel at 46 acres. What we are projecting is trying to keep it isolated for large customers, which would give us space to expand the customers like the likes of Baker Hughes or similar kind of customer for whom we can dedicate the whole parcel of land for a very big manufacturing facility.

Rohit Ohri: Faiz, is it possible to share the cost of acquisition of this property?

Faiz Nagariya: It's approximately Rs. 420 million.

Rohit Ohri: Okay. And with this quarterly run rate coming up to somewhere around Rs. 230 crores to Rs. 240 crores kind of a range, you think you will be able to sustain this going forward as well with the inquiries that are coming in the CRAMS business or maybe the CDMO business?

Faiz Nagariya: Yes, that's the target and the internal goal for the company to be at around 29%, 30% EBITDA margins and grow from there for sure. And we are seeing this coming up.

Rohit Ohri: And is it possible to chalk out maybe 18% or 20% CAGR growth over the next three, four years, or maybe faster than that?

Faiz Nagariya: Yes. So currently we closed at 18% PAT margins and we think that we can continue at 18% and grow from there. It's definitely possible as new Contract Manufacturing and CRAMS business customers are coming up and we are getting businesses with them.

Rohit Ohri: Last question from my side, team, the promoter holding is somewhere around 81.7%. By when do you think that you will be able to come to this SEBI requirement or rules of 75%? How much time do we have for that?

Kushal Doshi: The timeline for this regulatory requirement is May 31st. We are in a discussion with our bankers and we will come back to you all shortly once we have decided the right course of action.

Rohit Ohri: Any thoughts whether you will be placing to some strategic shareholders or maybe go OFS or something like that?

Kushal Doshi: There are only certain mechanisms which are allowed by SEBI for allowing us to reach the minimum promoter shareholding, so we will be abiding by those requirements. So we will come back to you.

Rohit Ohri: Okay, team, thank you for answering my question. All the best. Thanks a lot.

Rohan Desai: Thank you.

Moderator: Thank you. The next question is from the line of Nilesh Ghuge from HDFC Securities. Please go ahead.

Nilesh Ghuge: Yes, my question is to Aman. Aman, we look at Aether Industries as an R&D driven, technology-oriented organization. And this year also with the 8% of your revenues, if you look at the revenue spend on R&D is about 8%. So going ahead, let's say, couple of years down the line, your expansion in R&D, you are doubling your capacity, so will that number go up from. 8% to somewhere like 10% to 12%, are you looking at that kind of number?

Dr. Aman Desai: Nilesh, thanks for the question. As you know, I am originally a scientist, unfortunately I have become a manager now. And so if it were up to me, I would be spending a lot more money. But I have the likes of Faiz and Kushal and Rohan slapping my wrists every now and then. But jokes aside, we anticipate to be investing significantly in R&D, continuing to invest. Just for example, we are placing an order for NMR, which is analytical equipment which is almost a little less than $1 million of single equipment for R&D in the next few months. And so those are the kind of advanced technological, analytical and R&D tools that we will be investing in addition to the expansion of the infrastructure and the manpower that is going to be there.

We have started an excavation for the new R&D center which is right adjacent to our existing R&D center, which is going to more than double the capacity of our R&D. And the excavation of that has already started and we are going to come above the ground before the monsoon, which is like 1.5 months from now. And so that activity has started, it's going to be a grand, very nice globally advanced R&D center for organic synthesis and organic chemistry. And so that's what we are already building.

And so I think, at least for the next few years, we will continue to expand and continue to invest in R&D. These numbers will more or less stay the same. Faiz can comment more on the numbers. But especially the vision from our side is that the investment into R&D will be a continuous effort and work-in-progress. That would be your gene and that is what drives the company forward and that is going to be the sustained focus of the company for years and years to come. So Faiz, over to you.

Faiz Nagariya: Yes. So, Nilesh, we will continue to invest in R&D, as Dr. Aman said. And we would be minimum around 6% to 6.5% for sure because we are expanding R&D and new products will be developed there, new people will be added. So our thought is that at least 6% to 6.5% of our revenues will be invested in R&D for the next few years for sure.

Nilesh Ghuge: Okay. Thanks for that. So Aman, coming on the R&D, now you are expanding your infrastructure, so before that can you tell us or can you break up the number of projects or a molecule you are working on in two parts, firstly which you are working on your large-scale manufacturing and other is the CEM or Contract Manufacturing, can you break up now? And where do you see that number going after expansion? Because as you mentioned that R&D will reflect in your revenue terms over a longer period. So we would like to know the number of molecules you are working on so that we can estimate that one of projects which will be fulfilled into the large-scale manufacturing or Contract Manufacturing.

Dr. Aman Desai: Yes, thanks Nilesh. Just to give a high-level summary. We have eight research groups, these groups have a total of 120 R&D scientists, plus more than 100 engineers. In terms of broadly, we have eight research groups, issue research group handles between five to eight projects per research group. And so, if you take an average number of say 6, 6.5 multiply it by 8, you are at about 50, 60 projects going on in the R&D at any given time. And about 70%, 75% of those projects are towards the CRAMS and the Contract Manufacturing business model and about

25%, 30% are towards the LSM manufacturing business model, which is Chinese import substitution, largely.

And so if you count 60-odd number of R&D projects and 70% of that you are at more than 40 projects in the CRAMS business model, and then the remaining 20, 25 projects are in the LSM business model, 20 projects let's say. And as we expand further, I think we will have to try hard and we will because it's going to be a sustained focus as to keep the LSM model alive and growing and nurture it. But we see a tremendous amount of inquiries coming in into CRAMS business model and projects. And so keeping the CRAMS, as we expand more, say even achieve a 2x expansion in the next two years of R&D, keeping the CRAMS at 70%, 75% is going to be I think personally straightforward and quite easy. And just in terms of the relationships we are forging and the inquiries we are seeing and the reputation and foundation that we are standing upon today. But we will try hard to make sure that the LSM business model stays at 20% ,25%, 30% at least in terms of the overall number of projects we do in the R&D. Hopefully that gives you a good sense of the numbers.

Nilesh Ghuge: Yes, sir. Just a last bit to Rohan and Faiz, you mentioned in your comment that Contract Manufacturing and CSM, which is currently contributing to about 20% and in few years you are expecting it to reach to about 70% plus. So, do not you think that it will be easier for you to manage working capital much, much better way because of your share of your CSM Contract Manufacturing going up compared to current scenario and working capital cycle should reduce drastically with rising your share of contract manufacturers? Any thoughts?

Faiz Nagariya: Yes, Nilesh, that's the total plan. And we have been hearing about working capital since various quarters, so we are happy that we are able to bring it down to good level. And we will be further working on it, and Contract Manufacturing and CRAMS business model business would definitely help us bring them down more. And our target, as I told to even one of the earlier speakers was, to bring it down to 150 days' levels in the next two to three years.

Nilesh Ghuge: Yes, thanks. Thanks for answering all my questions patiently. Thanks a lot.

Moderator: Thank you. The next question is from the line of Abhijit Akella from Kotak Securities. Please go ahead.

Abhijit Akella: Yes. Thank you so much for the follow-up. Just to check if you could please help us with the capacity utilization at present across your key manufacturing plants. And by when you expect them to hit full capacity utilization? And what sort of revenue potential do you see from each of them? Thank you so much.

Faiz Nagariya: Yes. So Abhijit, Site-1 is R&D and pilot plant, and we do not measure the capacities because it's depended upon on the contracts and the R&D which is done. Site-2 is currently operating at around 70% capacities and we expect it, because the site has come up slowly with the regulatory approvals as it was hit by fire, so we expect that it would be working to full capacities of around 80% to 82% in the current year, means in the Financial Year '25-'26. And Site-3 is also approximately around 66% capacity utilization, and we expect that it should be around 75%, 80% in this current year itself. And the revenue trajectory, we would not be able to give any forward-looking statements. Site-4, we have started the validation quantity, so currently we are at around 25% to 30% captivity utilization, and this year there it will be a great jump, and it will be around 75% utilization.

Abhijit Akella: Understood. Thank you so much and all the best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Kushal Doshi: Thank you, everyone. We look forward to seeing you guys again for Q1 FY '26 financial results. If any further queries, you can reach out to Faiz, myself or Shubhangi. And we look forward to meeting you. Thank you.

Moderator: Thank you. On behalf of HDFC Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.