Sector: Specialty Chemicals **RESULT REVIEW Q3FY26** **Declared On: 03 Feb 2026**

Aether Industries Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1023	135.6	Hold	Rs1065	4%

as on 05th Feb, 2026

About the Company:

Started in 2013 with a vision to create a niche in the global chemical industry, Aether Industries Limited is a speciality chemical manufacturer focused on producing advanced intermediates and speciality chemicals. The company has a good blend of creative approach towards chemistry, technology and systems which can help enable sustainable growth. The company has been following distinct criteria for choosing products based on chemical complexity, niche applications, limited competition, scalability and commercial potential. These processes involve complex as well as differentiated chemistries and or technology core competencies. The company in the past has developed (and continues to develop) advanced intermediates & speciality chemicals products with applications in the Pharma, agrochemicals, material science, coatings, high performance photography, additives and oil & gas. The company has an experienced and a senior Management team with extensive domain knowledge spearheaded by Managing Director Mr. Ashwin Jayantilal Desai.

Results: Quick Glance:

- The net sales for the quarter came in at Rs3171mn as compared to Rs2197mn in Q3FY25
- The Ebitda margin for the quarter under review stood at 34.9% as compared to 29.5% in Q3FY25
- The company reported a profit of Rs645mn as compared to Rs434mn in the same quarter last year
- The EPS for the quarter stood at Rs4.86 as compared to Rs3.27 in the corresponding period of last year
- For 9MFY26, the revenues came in at Rs8534mn as compared to Rs5985mn; growth of 42.6% while the PAT stood at Rs1655mn as against Rs1081mn. The EPS came in at Rs12.48 as against Rs8.16 in 9MFY25

Conference Call Highlights:

- During the quarter under review, the company has delivered strong performance across its business verticals driven by healthy demand, strong execution, and improvement in segment mix. The consolidated revenue growth was driven by contract manufacturing and large-scale manufacturing volumes, while profitability improved due to operating leverage and higher contribution from CRAMS and CEM businesses. The overall sales mix in Q3FY26 stood at ~43% from CEM, ~41% from LSM, ~8% from CRAMS and ~8% from others. Sales mix in 9MFY26 stood at ~44% from LSM, ~42% from CEM, ~9% from CRAMS, and ~5% from others
- From a sectoral perspective in terms of revenues in Q3FY26, pharmaceuticals stood at ~31.45%, followed by material sciences at ~18.14%, agrochemicals at ~13.66% and oil & gas at ~21.78%, with smaller contributions from sustainability & renewables ~0.46%, coatings ~3.82%, high-performance photography ~2.14%, and multiple-use segments ~8.55%. In 9MFY26, pharmaceuticals stood at ~34.28%, followed by material sciences at ~18.17%, agrochemicals at ~12.74%, and oil & gas at ~19.99%, with smaller contributions from sustainability & renewables ~1.15%, coatings ~2.73%, high-performance photography ~4.41%, and multiple-use segments ~6.53%. The export demand continued to be strong with a ~35.63% contribution in 9MFY26
- The Management highlighted that pharma and agro combined contribution has reduced compared to earlier periods, while oil and gas and material science segments have shown steady improvement. This shift in segment mix is intentional and aligned with the company's long-term strategy to grow non-pharma and non-agro businesses, which require higher engineering capabilities and offer long-term, stable partnerships
- On the industry front, the Management indicated that chemical manufacturing in Europe is under significant pressure, with multiple plants shutting down due to cost and regulatory challenges. As a result, customers are increasingly looking at India as a preferred manufacturing destination. The discussions with large European chemical companies are progressing well, and several contracts are expected to materialize in the upcoming quarters
- On the segmental front, the LSM business continued to see robust demand during the quarter. Pricing remained stable, while volume growth continues to remain strong. Three new products have been added in the LSM vertical from Site 5, targeted towards pharmaceutical and agrochemical customers. Validation quantities have already been dispatched from existing plants, and commercial production from Site 5 is planned to commence by the end of Q4FY26. All these products are being manufactured for the first time in India and are positioned as import substitutes
- In the CEM segment, the business from key customers continued to grow steadily. This growth is expected to continue in the current financial year and as additional products and higher wallet share opportunities are pursued. The Management also highlighted that the company continues to add new customers across CRAMS and CEM

Conference Call Highlights (contd.):

- The business related to converge polyols continued to see increased sales during the quarter under review. The customer inquiries for this product are increasing, and acceptability across applications is improving. Also, the contract with Otsuka Chemicals is progressing as planned and is expected to start generating revenues by Q4FY26
- The company has entered into electronic chemicals related to the semiconductor industry under the CEM business model. The customers for these products are based in Japan, South Korea, and Taiwan, and validation batches have already been dispatched. Additionally, the new CEM contract has been entered into with a large European chemical company in the material science segment. While the initial scale is small, the Management indicated that this contract is expected to grow meaningfully by FY27E. One production line at Site 3 is being modified to accommodate this contract, which will improve capacity utilization and reduce incremental capital requirements
- The construction and installation activities for Site 3++ and the first two production blocks of Site 5 have been completed, and water and solvent trials have commenced. The commercial production from these facilities is expected to commence by the end of Q4FY26 for a strategic high value product for Milliken
- On the R&D front, both short-term and long-term R&D expansion plans are underway. In the short term, ~20 additional fume hoods are being installed in the existing R&D facility, with a focus on engineering labs
- In the long term, a significant R&D expansion is planned with the addition of ~15 new laboratories with ~150 new fume hoods including 5 dedicated engineering labs and advanced analytical equipment such as NMR spectroscopy. These investments will strengthen capabilities in chemical engineering, process development, and help scale-up non-pharma and non-agro segments like oil and gas and material science
- In 9MFY26, ~15 new customers have been added across the business models and multiple customer certification audits have been successfully completed. The working capital cycle increased sequentially due to inventory build-up ahead of the commissioning of Site 3++ and Site 5. The Management clarified that this is planned and temporary, and overall working capital remains under control. Capacity utilization will improve as new capacities ramp up. Capex during the period was largely related to ongoing expansion projects, with further capitalization expected as sites become operational. Capex continue to remain in the range of ~Rs4500-5000mn over the next 6-8 quarters which is largely linked to Site 3++ and Site 5 expansions. The company has spent ~Rs606.09mn towards R&D which accounts for ~7.01% of revenues in 9MFY26. The insurance claims related to the fire incident, including loss of fixed assets and loss of profit, have been submitted and are expected to be settled within the current financial year

Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	**Dec-25**	**Dec-24**	**y-o-y**	**Sept-25**	**q-o-q**	**9MFY26**	**9MFY25**	**y-o-y**	**FY26E**
Total Revenue	3171	2197	44.4%	2801	13.2%	8534	5985	42.6%	11030
EBITDA	1106	647	70.9%	880	25.7%	2793	1615	72.9%	3364
Other Income	1	136	(99.2%)	87	(98.8%)	114	366	(68.9%)	124
Interest	39	32	22.0%	32	21.5%	120	78	53.2%	161
Depreciation	173	111	56.2%	165	4.5%	480	320	50.0%	651
Exceptional Items	23	27	(13.2%)	27	(12.7%)	77	90	(15.3%)	77
Tax	227	180	26.1%	203	11.7%	576	411	40.1%	680
Net Profit	**645**	**434**	**48.6%**	**540**	**19.5%**	**1655**	**1081**	**53.0%**	**1920**

Outlook and Recommendations: During the quarter under review, Aether has entered a stronger phase of execution, where growth is no longer dependent on only one business model but is supported by multiple verticals working together. The improvement in quarterly performance indicates better demand visibility, improved utilization, and a healthier business mix. The company is gradually moving away from heavy dependence on pharma and agro and is consciously building scale in oil and gas, material science, and advanced chemical applications. This shift improves earnings quality and reduces cyclicality risk over time. The near-term growth is driven by the commissioning of new manufacturing assets that have already completed construction and trial stages, which means revenue contribution is expected to rise as these facilities stabilize. The LSM business is anticipated to remain steady as volumes have recovered and pricing pressure has eased, while new products being introduced add incremental depth rather than dependence on a single product.

Outlook and Recommendations (contd.):

CEM is likely to be the key long-term growth driver as customers prefer integrated partners who can support research, scale-up, and commercially supply from a single platform. The company's growing focus on non-pharma and non-agro chemistry strengthens its competitive position, as these segments demand higher engineering capability. The expansion of research facilities improves the company's ability to convert early-stage projects into commercial contracts and also increases customer stickiness. Global developments, especially the decline of chemical manufacturing competitiveness in Europe, are structurally favourable for the company, as customers are actively looking for reliable Indian partners rather than building their own capacity; this creates a multi-year opportunity pipeline rather than short-term demand spikes. The company's disciplined approach to customer selection, long contract life, and transparent pricing mechanisms reduce the risk of sudden margin erosion. Overall, the company is transitioning from a growth phase driven by expansion to a phase driven by execution, utilization, and deeper customer integration, which should support sustainable growth; thus, we maintain our target price of Rs1065.

DISCLAIMERS AND DISCLOSURES-

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859/Research Analyst BSE Enlistment No. 5049. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report-:

· PSBPL or its associates financial interest in the subject company: NO

· Research Analyst (s) or his/her relative's financial interest in the subject company: NO

· PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.

· PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO

· PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.

· The research analyst has served as officer, director or employee of the subject company: NO

· Registration granted by SEBI and certification from NISM is in no way guarantee performance of the intermediary or provide any assurance of returns to investors

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read “Risk Disclosure Document for Capital Market and Derivatives Segments” as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Terms & Conditions:

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and its at the discretion of the clients to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

Registered Office Address:

Progressive Share Brokers Pvt. Ltd,

122-124, Laxmi Plaza, Laxmi Indl Estate,

New Link Rd, Andheri West,

Mumbai-400053, Maharashtra

www.progressiveshares.com | Contact No.:022-40777500

Compliance Officer:

Ms. Mamatha Poojari,

Email: compliance@progressiveshares.com,

Contact No.:022-40777500

Grievance Officer:
Email: grievancecell@progressiveshares.com