November 4, 2026

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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 Earnings Conference Call scheduled on Friday, October 30, 2026, on the financial performance of the Company for the Second Quarter and Half Year ended on September 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
Digitally signed by CHITRARTH RAJAN PARGHI
Date: 2026.11.04 17:39:10 +05'30'

Chitrarth Rajan Parghi
Company Secretary & Compliance Officer
Mem. No.: F12563

Encl.: As attached

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"Aether Industries Limited

Q2 FY27 Earnings Conference Call"

October 30, 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 INVESTOR RELATIONS – AETHER INDUSTRIES LIMITED
MS. SHUBHANGI DESAI – EXECUTIVE-INVESTOR RELATIONS – AETHER INDUSTRIES LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Aether Industries Q2 FY27 Earnings Conference Call hosted by HDFC Securities Limited. 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 the conference call, please signal an operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded.

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

Nilesh Ghuge: On behalf of HDFC Securities, I welcome everyone to this Aether Industries Conference Call to discuss the results for the quarter ended September 2026 and half yearly performance of FY27. 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. Over to you, Kushal.

Kushal Doshi: Thank you, Nilesh. A warm welcome to everyone. Today, the Board has approved the financial results for the second quarter and half year ended of fiscal year 2027, and the same has been filed with the stock 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 copyrighted 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 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 will ask Mr. Rohan Desai will begin by sharing Aether's business outlook, ongoing expansions, and then we'll have Dr. Aman Desai, who will provide inputs on R&D and new plant initiatives and strategy of the company.

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

Rohan Desai: Thank you, Kushal. Good afternoon, everyone, and thank you for joining us for second quarter results call. Before we begin, on behalf of Aether, I wish you and your family a very happy and prosperous Diwali. It is a season for new beginning, and that feels right where Aether is today.

Q2 is a solid quarter. It reflects disciplined execution, the strength of our product portfolio and the growing strategic role we play across all 3 business verticals. The macro environment remains volatile, but we have kept building momentum, and we are laying the foundation for our next phase of growth.

Our CRAMS and CEM businesses continues to lead. Together, they now contribute over 65% of our sales. That comes from the continued ramp-up of our major CEM contracts and from new CRAMS projects we have added. Today, I want to focus on a few key developments: increased portfolio with Baker Hughes and our progress in semiconductor businesses.

As you know, we already manufactured a few products for Baker Hughes at our dedicated Strata site, which is Site 4. We are not taking -- sorry, we are now taking this partnership a step further. We have commercialized an entire new set of oilfield industrial chemicals for Baker Hughes, which have been shipped in quarter 2 of financial year 2027, which is the current quarter under review.

We have successfully finished the required minor modifications for one of the production streams in Strata site to accommodate these new products. We see great potential for these new products as we service Baker Hughes customers worldwide.

This clearly showcases Aether's depth and long-term nature of this relationship as we envisage to become Baker Hughes's strategic partner of choice for future products and projects. This matters beyond one contract. Recent events have reminded the world how important energy security is.

We expect oil and gas to attract significant investments over the coming years, and Aether is well placed to benefit. Oil and gas already accounts for 33% of our sales, and we expect it to remain a key growth driver.

On the semiconductor business, we have moved quickly here since our last call. I am pleased to share that we have started our first commercial shipments to semiconductor customers from our existing production facilities. Volumes are modest today, but we are growing month-on-month basis.

For us, this is a strong validation of our capability, our quality and the trust our customers place in us. Our new production block for this segment at the Magnum site is being equipped and is on track for commercial production from quarter 4 of financial year 2027.

In terms of looking ahead, the execution at Magnum site and the expansion of our R&D facility are on track and in the several places ahead of schedule. We are working on a number of exciting opportunities and expect to conclude agreements with leading global companies over the coming quarters.

None of this would have happened without our people. I want to thank every member of the Aether team for their commitment this quarter our customers and shareholders for their continuous confidence in us.

With this, I will hand over to Aman, who will update you on Dow Silicones project, our ongoing client discussions and a new contract with leading global agrochemical company.

Over to you, Aman.

Aman Desai: Thank you, Rohan, and good afternoon, everybody. Welcome to this call. I'll start with our multiyear research program with Dow to develop advanced Silicones manufacturing technology in India.

Since we announced it on 31st July, both teams have been working full time and making real progress in moving this from a scientific exploration idea on paper towards a commercially viable technology platform. It's a multiyear research program, and it's very exciting. It's also a genuinely new and incredibly complex chemical engineering challenge.

Consequently, it is incredibly fun for us because we specialize in accepting and solving challenging problems in chemistry and chemical engineering. Scaling up this technology will need real innovations in process design, material flow, materials of construction and operating conditions.

We are operating at extreme temperature and pressure conditions in the continuous flow regime, which is what we have -- competency that we have built over the years over several platforms. Our approach is to break a complex first-of-its-kind problem in this project into clear, manageable work streams while we balance time lines and capital efficiency for the future plant.

Our immediate goal is to design, build and operate a pilot unit. It will answer the key engineering questions and give us the data we need to design a multi-scale, full-scale multi-kiloton, multi-tens of kilotons commercial plant. We see this as a long-term investment and capability and one that would potentially become a distinctive platform for Aether, which we could base off explorations for decades to come.

CRAMS remains at the heart of our business. As Rohan mentioned, our new R&D and manufacturing infrastructure is well on schedule, and we look forward to bringing it online as early as possible. Our pipeline is quite strong. We are currently working on more than 65 CRAMS projects in our R&D and pilot plant.

Our NMR-based analytical capabilities have helped us broaden our work with global majors and go deeper into the development pipelines. Customers increasingly see us as a trusted innovation-led partner for complex long-cycle programs. We continue to win across sectors. This quarter, we started new CRAMS engagements with an automotive ancillary major, a global mining company and a different oil and gas major.

The automotive ancillary major project and the global mining company project are both serious long-term commercial opportunities being started in the R&D and the CRAMS business model.

And ultimately, these will open up entirely new rounds, new fronts for Aether with respect to end application in the chemical industry, which is something we take pride on is our diversification in the end industry applications in the chemical industry.

Europe is another area of growing momentum, especially we are working with a lot of large-scale manufacturers and companies in Europe, but we are also in serious discussions with several small and midsized European specialty chemical companies, which is unique, I believe. They bring deep chemistry know-how and they are increasingly looking to Aether as their manufacturing partner.

Finally, we have also moved our R&D operations from 24/6 to 24/7 this quarter. We have started that, and we'll finish that over the next month or so. And this is the first for this company. It means faster responses, quicker project execution and stronger customer engagement.

This quarter, we have also signed a new CEM contract, contract exclusive manufacturing contract with a leading global agrochemical innovator. It is a new chemical entity. Over the last 12 to 16 months, we've completed the customer qualification fully. Production will be at the fourth production block of our Magnum site and start in Q4 FY27. This contract matters to us.

It shows that we can take a complex CRAMS program all the way to a commercial CEM contract. Even in a sector, which is going through a difficult period. Pricing is confidential, needless to say, but we plan to start at 200 to 250 tons per year in Q4 FY 2027 with a projected path of around 600 tons per year over time.

This project is yet another example of a project that was started in R&D with a globally leading innovator in the CRAMS business model, technology and process being fully developed and validated at Aether, scaled up in the Aether pilot plant and then ultimately launched into commercial manufacturing at Aether site Magnum, thereby transferring to our contract exclusive CEM manufacturing business model.

In the first half, we've added 16 new customers, completed more than 20 customer and certification audits. We have also been negotiating several contracts in the recent months and expect to conclude a number of them this financial year. And so please keep a look out for the announcements to come in the next few months.

These contracts will fill capacity at Magnum and our capacity there -- confidence to fulfill the capacity being built at Magnum keeps growing month-on-month. We now do have line of sight on 14 of the 16 production blocks at Magnum. 2 are earmarked for LSM products, the remaining 12 are earmarked for CEM contracts, which we expect to commercialize over the next 2 to 3 years.

This does conclude my remarks. Looking forward to your questions. And ahead of the festive season, I wish you and your loved ones a very happy Diwali and a prosperous new year to come. Stay safe in your travels and have a lot of fun and spend time with your family.

Thank you very much. Kushal?

Kushal Doshi: Thank you, Aman. We'll open the floor for Q&A.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Am I audible?

Rohan Desai: Yes.

Moderator: Yes, sir, you are audible.

Sajal Kapoor: Yes, sure. And Dr. Aman, when I asked about the flywheel on an earlier call, you described marrying chemistry, technology, engineering and systems. That was your response on that call. I think it was around May or Q4 of previous fiscal.

Now with -- I mean, R&D now at 24/7 and 65-plus projects, what did that shift force you to sort of codify or document the knowledge that previously lived as a tacit thing inside the minds of few senior scientists or people in the organization.

And I'll explain where I'm coming from because we cannot scale R&D without making sure that we have systems and processes and controls in place where as much as possible, 100% codification is completely impossible in any knowledge-based industry and ours is a high-tech R&D-driven infrastructure.

But we have to do as much as we can to make sure that if someone leaves the organization tomorrow, a leading scientist as an example, we are not hostage or dependent on key person dependencies is what I'm trying to mitigate in this question, if you could help us out. Thank you.

Aman Desai: Yes, Sajal ji, great question. Obviously, something that we pay a lot of attention to and put a lot of our thought space into is to preserve and maintain the most important value -- strength of the company that is the people. But a lot of things have been thought about to address this potential problem is.

First of all, it's a very flat organization. There are, for example, 8 research group leaders, PhDs and there are 4 chemists and then there are 4 chemical engineering group leaders. 12 group leaders, they all run their own programs. They are all with the company for the last 10 years plus. They all have their own spaces, their own labs, all access control and there's customer protection and confidentiality protection.

So there's no dependency on as such, say, one R&D leader, for example, I am the R&D Director, right? And so -- and I'm not going to leave the company. Rohan and I are going to run this for the next 30 years. But -- so there's no dependency on any one single person, or one single individual. It's a team effort.

And going by the flywheel that you just mentioned of chemistry and chemical engineering and technology, that inherently avoids the problem that you have mentioned because it's a marriage of multiple disciplines that come together at Aether to solve complex problems for the first time

in India. And so there's not a single chemist can do it, not a single chemical engineering can do it, not a single instrumentation guy can do it.

It has to be all 3 of them combined, right? And so the knowledge is a combined knowledge that resides in all these people. And also, when we are tackling complex chemistry and chemical engineering problems, they are, by definition, complex. And so there's a lot of there is a multistep synthetic sequences that there's no one reaction only.

There's multiple steps in the process. And then we envisage this at scale and those economies of scale are then difficult to kind of take anywhere else. And so I hope I answered that question a little bit. Happy to engage more. But yes, that's a good question, and we do put a lot of thought into that. Thank you.

Sajal Kapoor: Thank you, Dr. Aman. That's absolutely reassuring. And we are now moving capacity from LSM to CEM. What has kind of changed in how Aether decides what opportunities not to pursue? Because as you have said in previous earnings calls that this is a golden age for a select group of chemical engineering companies in India.

And in an environment where potentially we are flooded with RFQs and projects, there will be every reason why we would have to turn down or say no to certain things because only when you say no to X, you create capacity to do Y, right? So I'm just trying to understand how you think about opportunities that are not good enough to pursue at current point in time? Thank you.

Aman Desai: That's a good question as well. Absolutely. We probably say no at least once every other day in terms of inquiries and RFQs and RFPs and product suggestions that come in from various companies all around the world. And so it's very, very important to be able to say no and to say no quickly and empathetically, right? And so no or maybe is a response from us in say, 2 days to any customer worldwide.

And so it is very important to say no. We do say no a lot. And so the focus remains on the core competencies, the chemistries and the technologies, the so-called 8x8 matrix that we have. And the focus has also pivoted to strategic partnerships. So for one strategic partner, for example, Baker Hughes or Milliken, the ones that we publicly announced and plus the 10 others that we have it, the goal is to be the ointment that relieves their paining nerve.

And so for example, one of our agrochemical leading innovators, he called me last week, and this is a senior director level, the EVP level of his organization. And he called me, "Hey Aman, I have this complex problem. And this is a very challenging issue, and this is a very complex chemistry. And whenever we have a complex chemistry, we think of you".

And so like that's a fantastic complement to have, right? And so that's what we want them to think of us is when they have a complex problem that nobody else can solve. And then there are certain chemistries and technologies that we will not take up. For example, HF, F2, H2S. These are chemistries that we will not take up.

We have our own hazards that we work with. We want -- we will be -- we are very practical in terms of the approach from the safety perspective in terms of the competencies that we take up. So let me stop there. And then hopefully, I've answered some of the questions.

Rohan Desai: I would also like to add over here is that while Aman has spoken on the R&D and the capabilities of every project at CEM and LSM level, we also focus on the cash flow and IRR stickiness while evaluating the opportunities out there. This is from the commercial side. Aman's analysis and strategies come in first, and then we also evaluate it from the commercial viability viewpoint also.

Sajal Kapoor: Yes. No, that's very helpful. And finally, as we move up the complexity curve, I mean, my sense is the gross margins should improve from here because higher complexity work will naturally attract better gross margins because we are doing more value-add work. That's one lever for margin expansion over a period of time. It doesn't mean it will happen next quarter or next year.

That's one lever. And then secondly, as our capacities become increasingly utilized, that the operating leverage will also kick in. So what I'm trying to understand is, is there a number in your mind that given we are moving up the complexity curve, we have to show that in the numbers because ultimately, the narrative and the numbers have to match.

So I'm struggling to digest this 30% EBITDA as the final sacrosanct number maybe 3 years out, if not tomorrow. How do you think about these 2 levers, gross as well as operating leverage on utilization that can ultimately drive a steady state better EBITDA margin?

Faiz Nagariya: Sajal, Faiz here. I'll take this question. So you're right. Moving forward, the gross margins will be settling up as we move more towards to CEM and CRAMS. And this, you can also see from the last few quarters also, we have been able to better the gross margins.

again, you are right that the margins will be more than the 30%, which we are always guiding, but we are being conservative and taking into consideration the various factors which might affect the war situations come up or the pricing effects, which can come up. So we are being conservative. Otherwise, definitely, we are looking forward to a good leap in the near future only with the EBITDA margins and the operating leverage will be better.

The working capital cycles will be improving. Currently also, it is around 165 days, which is 3 days higher than the 31st March, mainly because of the inventories which have been swelled up because of the new sites which have come up. But we are mindful of that, and things will be improving quarter-on-quarter for sure.

Moderator: The next question is from the line of Farokh Pandole from Avestha Fund Management.

Farokh Pandole: Am I audible?

Moderator: Yes, sir.

Farokh Pandole: Great. Firstly, congratulations on the good numbers and on expanding your relationship with Baker Hughes. My first question was if you can tell us how big is the market for the second

series of products, which we are shipping to Baker Hughes? And can this relationship generate over, say, INR1,000 crores of revenue per year from [PPSDS 0:24:00] and other products once these plants reach maturity, say, in the next few years?

Rohan Desai: Thank you for the question. What -- the new products which we have launched for Baker Hughes, the market would be about USD2 billion. It's a hidden market, so we are not getting the exact numbers, but a lot of market studies have shown a range of USD2 billion to USD2.5 billion. And also, we have -- the relationship of Baker Hughes, we are looking to improve and increase this. So our target is to have more than USD100 million of business with Baker Hughes in the very near future.

And that's how we are working with Baker Hughes closely to develop that relationship, which can go about USD100 million, which is INR1,000 crores.

Farokh Pandole: Great. And then secondly, from the investor presentation, it seems that the Magnum site is expanding at a very quick rate. And clearly, there are now more than 6 plants, which are, you can say, above the ground, apart from the 4 which are already operational or close to getting operational.

So what is the -- what is driving this quick expansion? And potentially, are we looking at very large contracts of, say, INR500 crores, INR1,000 crores plus -- and if so, which segment, which customers, etcetera? Any color you can share with us would be very useful.

Rohan Desai: Yes. Great observation. I mean, this does justice to the picture which we share regularly on a quarterly basis. You have rightly pointed out that we have gone beyond 6 production blocks already which are above the ground and on the verge of completion. I'll ask Aman to fill in over here and tell more about the associations or how many possible associations we are looking at what period of time. Aman?

Aman Desai: Yes. For a good question. We are expediting the civil construction and the plant buildups and then going towards installation of equipment in a lot of the plants much faster than what the original anticipation was. And so just to give you an idea, 2 plants are going to be an LSM model, pharmaceutical advanced intermediate. One plant is going to be a semiconductor piece that Rohan has talked about.

The plant number 4 is going to be the agrochemical innovator contract that I just talked about in the earnings call, that's 4 plants. We have 1 plant in material sciences being discussed at 1,000 tons per year with one single company. We have one plant with an oil and gas major, which should be an announcement coming very fast, very soon in terms of dedicating an entire plant to them, which -- and they have also asked to reserve the plant next to it and give them the first right of refusal.

We have 2 plants that are coming in for a multinational, one of the largest chemical companies in the world, material sciences in a special kind of collaboration that should also be an announcement coming out over the next few months. And they have also asked for 2 plants in reserve and then there's 4 plants that are also being discussed with another customer.

And so if all of these goes through, we essentially -- and if you have been counting, we essentially have only one plant left. And of course, this is a realistic -- this is the best case scenario. It's a realistic best scenario, but still is the best case scenario. But if the firm pipeline goes through, you're looking at only one plant that we don't have vision for. and I'm already pushing the team to kind of start planning on the adjacent plot of land that we have.

And so yes, without telling -- without, I think, revealing too much, we are very excited about the progress that we are making in terms of the vision towards a site Magnum. All the customers who come to site Magnum are equally excited about what they see and the potential that the site has for their business operating out of India because India is where everybody wants to be a golden age for the Indian chemical industry, as Sajal ji mentioned earlier. And so yes, it's a very exciting time, and we are very excited, and thank you for your question.

Farokh Pandole: Excellent that sounds great, thanks very much. And all the best going forward.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark Limited.

Arun Prasath: My first question is again, once again on Baker Hughes, the new product we have announced. It seems like a very mature product given the -- based on the size that you quoted Rohan. I just wanted to understand, right now, this is being used by Baker. And is it being sourced from someone else? And who we are replacing -- I mean, which countries we are replacing? Or is it like we are replacing the Baker's own facilities?

And what kind of wallet share that we are targeting at least in the next 12 months for this product? And do we need another dedicated block for this in our Strata site? This is the first set of questions on the Baker Hughes product. We'll be happy if you can share some details on this.

Kushal Doshi: Thanks, Arun, for the question. I'll take that. So basically, yes, the new set of products are being replaced by some of Baker Hughes, which is Singapore. We will be manufacturing them out here in India for the first time. We've already started shipping them in Q2 and Q3, we'll modify it. We do not need a new block for this, but we are remodified some of the -- one of the production lines in Site 4, which is Strata, where this product will be developed.

Yes, these are mature products. There's no doubt about it. But I think the way the entire oil and gas sector is developing and the amount of drilling, which is taking place, there's a huge opportunity for us to tap into through the Baker Hughes ecosystem.

Arun Prasath: Right, right. So just one clarification. When we first announced the contract size or relationship with the Baker Hughes, it was roughly around INR300 crores to INR400 crores. This introduction of this new product, does it change it? Or this is part of all part of the original peak revenue potential we spoke about?

Kushal Doshi: No, Arun. So definitely, the first set of products, which was the pour point depressants, that has a market of INR400 crores. That was the opportunity which was laid out first. The other -- these new products which we have started manufacturing for them is a potential market for another INR400 crores. So the total Baker opportunity does become good around INR750 crores to INR800 crores as we speak today.

Arun Prasath: And this is by spending some additional capex or this will all be covered by the original capex?

Kushal Doshi: This will all be covered by original capex from the Strata site.

Arun Prasath: All right. So going by that, we should have in a Strata site at least asset turns of close to 2.5x to 3x. That's a fair estimation, right? That what you said.

Kushal Doshi: Yes. It will be 3, 3.5x at maturity once the -- once the production stream is matured. So we should be around 3x to 3.5x, you're right.

Arun Prasath: Understood. And second question is on the semiconductor usage. I mean there also update that already started from the existing facilities. So when we supply from the dedicated block in the Strate site, do we again need to do the extensive product approvals or we can just continue from where we are and then quickly ramp up in those blocks?

Rohan Desai: No. So we can just continue from where we are and just ramp it up. It's not going into fab to finish. It does not have any ppb impurity content controls over here. This is -- this product is a building block for silane coupling agents, which bonds and toughens of glass fibers in circuit boards.

Also, it has high performance -- it is also used in high-performance PPE type resins, which are used in copper clad laminates, which is used in -- in turn used in high-speed printed circuit boards. And also, it is used in low dielectric formulations basically, which keeps the signal -- which gives the signal loss being prevented and heat down the heating to be down in the 5G and next-generation chipsets.

So this is the applications for it. I mean, it's very advanced applications, and it's a very expensive product also. So we think that we -- all the customers have visited this site. Magnum, they are also seen the facility, which is coming up. And so they are very excited to start the commercial production as equally as we are.

Arun Prasath: Rohan, any indication what could be our exit revenue from these semiconductor kind of products at the end of this year? Any kind of a ballpark value that you would like to share?

Rohan Desai: Tough to project. This year around, but at maturity, we are looking at INR300 crores to INR400 crores of top line from semiconductor.

Arun Prasath: And this -- we should reach this run rate at approximately what time frame?

Rohan Desai: In next 2 to 2.5 years.

Arun Prasath: Okay. So it will be a very gradual ramp-up. We can't expect...

Rohan Desai: 2029, let's say that.

Arun Prasath: Understood. And one more question on the agrochem contract that the CEM contract we are talking about. Any indication about the -- where we are in the chain N minus 1, N minus 3 where we are? And you also mentioned that the product approvals are over. So is this product registered

by the either the generic or IP or it is IP is a product registered by the innovator? Some details on that, please?

Rohan Desai: Aman?

Aman Desai: Yes, it's a pipeline molecule. It's a launch molecule, and it's patented in the IP. It's an advanced intermediate, very close to the active structure, not the active. And the qualification is finished. Supply will start from January, February onwards from Site Magnum. And yes, I think I answered your questions. Thank you.

Arun Prasath: Is the molecule launch by the innovator, Aman?

Aman Desai: Yes. Yes. I think launch molecule, it's pegged to be a blockbuster.

Arun Prasath: Okay. Any indication or visibility given by the customer, what kind of volumes?

Aman Desai: Yes, yes. So we're targeting 50 tons to start with, and then it would go up to 600 tons quite rapidly and then even more beyond that.

Arun Prasath: Understood. Understood. One final question on the working capital maybe for Faiz. So given that we have increased our raw material inventory due to the ongoing prices and because we also would have bought it at a high price, is there any price protection that we can expect so that we can avoid any inventory loss in case of the raw material prices plunges. So is your contract allows you and especially if it is an LSM, it can be passed through the same in the subsequent quarters?

Faiz Nagariya: Yes, yes. So you're right. And we have done this strategically because you see the Milliken project, which is going on, the product the raw material, which is coming a couple of raw materials are being imported from U.S. also, and there's a lead time, which is associated with it. And we do not want to be in a situation where we are out of stocks.

And of course, it's a contract manufacturing. So any price increase tomorrow will be passed through, of course. So this is the case. And once the production is full-fledged going on and the sales are happening, the inventory levels will come to a considerable lower level as we have always spoken about the CEM.

Arun Prasath: Okay. So we have not piled up inventory for, say, an LSM product that is what you are saying?

Faiz Nagariya: No, no. These are mainly for the contract manufacturing project.

Arun Prasath: All the best.

Moderator: The next question is from the line of Abhijit Akella from KIE Limited.

Abhijit Akella: Most of my questions have already been answered. I just had a couple of clarifications on the numbers actually. So one is what would our weighted average interest rate on borrowings be at this point in time? And if you could just also help us with how much of the interest was capitalized in the first half? Yes, that would be number one.

Faiz Nagariya: Okay. Abhijit, I would not give the indication of the interest rates which are there on an open platform. So please excuse me for this. And the capitalization is happening for the INR200 crores of loans, which we have already taken and the interest rate which is there. So I cannot give you a figure. Otherwise, everybody can know what is the rate. So please excuse me, we can connect separately and I can give it.

Abhijit Akella: Okay. All right. And the other one was just the INR700 crores of CWIP on the balance sheet, does this largely relate to Site 5? And if so, by when do we expect to sort of capitalize this, move this into the gross block?

Faiz Nagariya: It's a Site 5 majorly. And by end of this year, this financial year, we expect that approximately INR400 crores should be capitalized.

Abhijit Akella: All the best.

Moderator: The next question is from the line of Nilesh Ghuge from HDFC Securities Limited.

Nilesh Ghuge: Just one question on capex guidance. So as per the presentation, yes, you mentioned that about INR300 crores to INR350 crores kind of capex for FY27. But looking at the Magnum site capex and then the capex at your R&D center, don't you think the capex should be more than that in FY27 and FY28?

Faiz Nagariya: Nilesh, I'll take this as well. Nilesh, INR350 crores is kept, and I think so we'll be around INR350 crores and maybe INR370 crores, not more than that because you understand if you see the picture, lots of the civil work is done on the 4 blocks, we are already ready and other 4 blocks also. So major chunk is already done.

And now the equipment which will be ordered, they will be ordered and they will be coming up in a time when it is required and when the site is to start. So we do not see a lot of money now going inside. Yes, when we start the -- sorry, civil work for the third phase, again, the things will go. But currently, we are very much -- it is going as per the budget and as per the time frame we have decided. So INR350 crores to INR370 crores, we think it will be not more than that.

Moderator: The next question is from the line of Kumar Saumya from AMBIT Capital Limited.

Kumar Saumya: Am I audible?

Moderator: Yes, sir. You are audible, please.

Kumar Saumya: So my question was on the European contract. If you could -- Aman or Rohan, if you could throw some light on the capacity that is dedicated for this contract? And what is the revenue ramp-up we are looking at?

Aman Desai: Sorry, which contract?

Kumar Saumya: The European contract that the one that is at Site 3.

Rohan Desai: Yes. Aman, you want to take?

Aman Desai: Yes, yes. So this is a material science contract with the European multinational that is at Site 3 right now. So which we are doing 1 or 2 products. We are going to extend that to 5 to 6 products in 1 plant in Site 5 inside Magnum. That's going to be 1,000 ton per year plant.

And very interestingly, with the same European customer, what I had mentioned earlier in the plan and the vision for Site 5, we are basically looking at engaging in a very special collaboration to dedicate 2 other plants for one of -- for a different product, which is a flagship product for this division of this company. And then they've also -- if that goes through, they've also asked for 2 plants to be kept reserved for them for future -- further future expansion is the first right of refusal.

And so this particular collaboration and partnership is very interesting in the way it's progressing. It's progressing extremely fast. And in a realistic best case scenario, you're looking at 5 entire plant blocks out of 16 at Site Magnum being occupied by this particular partner. And so more to come very soon on this. We are obviously very excited about this partnership.

Kumar Saumya: Great. Secondly, on the agrochemical NCE, if you could just give a little color on if it is a herbicide insecticide or fungicides. And the launch was this year or last year? Any indication on that?

Aman Desai: Let me not enable any more detail on that because it's confidential. It's agrochemical active launched within the last 2, 3 years, within the last 2 years, I believe, and expect to be a blockbuster.

Moderator: Do you have any follow-up question, Saumya?

Kumar Saumya: No, thank you.

Moderator: The next question is from the line of Ajay Ahuja from Keyline Capital Limited.

Ajay Ahuja: Am I audible?

Moderator: Yes, sir. You are audible.

Ajay Ahuja: So, we are getting into multiple products, multiple segments, multiple customer tie-ups, which we are increasingly going to the complex area. So what kind of the total TAM at the consol level Aether is targeting maybe any ballpark figure in the next 2, 3 years? And what kind of share we can get from it? Any ballpark figure?

Kushal Doshi: Which product are you specifically discussing on?

Ajay Ahuja: Overall TAM at consol level, just a ballpark figure?

Kushal Doshi: That's a very difficult answer to give because every sector is different right from pharma, agro, Material science itself has multiple sectors. So what we can say is that we are looking at large relationships with some of the leading global players, which are basically into products, which are extremely complex in nature, which involve a lot of chemistries and technologies. But it's very difficult to give you a correct figure for every project which we are working on.

Ajay Ahuja: Okay. Not project specific, but overall, just a ballpark figure for overall consol level. That's what I'm asking.

Kushal Doshi: We don't give any future guidance on growth over the next 2 or 3 years. But right now, suffice to say that we are working on a number of projects, as mentioned by Aman and Rohan already on very exciting contracts and sectors.

Moderator: The next question is from the line of Bhavika from Niveshaay Mumbai Office Limited.

Bhavika: So, the first question I have, like, first of all, congratulation on commissioning of the first 2 pharma LSM blocks. Just wanted to understand that given this quarter, pharma and agrochemical revenue was slightly lower sequentially. So could you help me understand the ramp-up progress we are expecting from this new LSM block?

And also wanted to understand that how we see the pharma and agrochemical being going forward because from the new facility, we have 2 blocks for the pharma and we are coming up with the agrochemical. So if you can throw some light on that?

Rohan Desai: Bhavika, on the pharma side, the ramp-up is going on good. We have orders on hand. We are delivering the orders. As it is a fairly new site, we are taking it in a step-by-step manner because we are enabling a 31-acre site, which has a capability of 16 production blocks. So everything has to be double checked before we go and full steam ahead.

In terms of agrochemical field, we are not much into agrochemicals as of last quarter. This quarter, we announced this entry into a new intermediate for a leading agrochemical company of the world. And now we are taking up agrochemical products and these relationships further. So we will see a good growth on the agrochemical segment in the years to come where we will be introducing new molecules in a strategic manner.

Kushal Doshi: Bhavika, just to add mentioned, yes, you're right, the share of pharma and agro has been declining over a period of time, but that's primarily on the back of us either reequipping the plant for some of our CEM projects or we have concentrated more on the material science and oil and gas sector. While these 2 sectors will contribute mostly pharma and agro are usually our LSM products in the history of the company.

But going forward, these 2 sectors will contribute, but they will not be growing as fast as the oil and gas and -- we'll see growth in them, but it will not be at the same pace as these other 2 sectors, which we expect to grow at a much faster rate. The end game is definitely to have 25% of revenue coming from oil and gas, material science, pharma, agro and other sectors.

But having said that, I think for the next couple of years for sure, pharma agro, even though we've launched 2 products on the LSM side from Magnum side production blocks as well as launching agrochemical product.

Moderator: Sorry to interrupt. Your voice is cracking in between. If you could just repeat that statement, please?

Kushal Doshi: Yes. So what I was saying is that even though we launched an LSM product from Magnum site and the agrochemical CEM contract for production block for at Magnum site, we yet believe that the oil and gas and material science sectors will continue to grow much, much faster than the pharma and agro sector.

Bhavika: Got it. And sir, second question I have is on the Baker Hughes. So basically, currently, I think in this quarter, we did quite like around INR87 crores of revenue from both site and the pilot plant. And also you have mentioned the opportunity size of the 2 products, approx around like INR750 crores to INR800 crores.

So what run rate we can expect able to achieve this quarter because we have already like started a new block in Site 5. So are we expecting the optimum utilization of the current plant happening this year? Or what run rate we are expecting to get in this particularly oil and gas segment?

Kushal Doshi: So just a clarification, Bhavika. We have not started anything of Baker Hughes in Site 5, which is Magnum. It is all in Site 4, which is the Strata side, first. Second, in terms of run rates, we do not usually disclose any run rates on specific customers, especially on the CEM contracts to anyone.

But the only thing I can say is that in terms of the product pipeline, the order pipeline, which we have for these products over the next couple of months is extremely robust, and we see a good outlook for the oil and gas segment.

Bhavika: And can you just give me some understanding that how much margins we are doing in the oil and gas, like is it in line with the CEM margins, which we do? Like last time, you have mentioned around 30% like I think 28% to 30% margin we able to do in the CEM segment. So is the oil and gas is in the same line or we do more than that?

Kushal Doshi: Yes. The oil and gas segment, which is mostly led by the CEM contracts are in line with the company margins.

Moderator: The next follow-up question is from the line of Nilesh Ghuge from HDFC Securities Limited.

Nilesh Ghuge: Yes. Just one question on our LSM business. So how many products you are planning to launch maybe in a couple of years? And how many products are in the CRAMS side in the LSM and what is the progress on that? If you could throw some light on that, it will be great.

Rohan Desai: Allow me to answer this. Approximately 15 projects -- 12 to 15 projects on LSM side are going on in the R&D. And we plan to launch subject to our plan not being moving towards the CEM side is 2 products on LSM side every year minimum.

Nilesh Ghuge: Okay. And as you mentioned earlier, Rohan, that large part and Aman also mentioned that large part of our Magnum will be CEM. So LSM, can we expect that from the other side? Or I mean, the site -- the adjacent plant that you are talking about?

Rohan Desai: Yes. So we'll be using a combination of the existing sites and Site 5 to launch LSM products. However, as what Aman said earlier, our clear line of sight for the other 12 production blocks, we are not seeing LSM being launched over there more than 4 products in Site 5.

Moderator: The next question is from the line of Soham Jain from Dalal & Broacha Stock Broking Private Limited.

Soham Jain: Congratulations to the management on good set of numbers. So my first question is on the inventory days. So our inventory went up to 172 days from 151 days in March. That is about INR180 crores of more stock in 6 months. So just wanted to understand how much of this is the safety stock for the running CEM contracts and how much is for the raw materials for the new Magnum block?

Faiz Nagariya: Yes. So basically, I think I answered this question before also. It's regarding the ramp-up is -- the increase in the raw materials or stock of inventory is mainly because of the new site, which has come up for the Milliken and also the Magnum site wherein we are launching new products.

The raw material inventory is building up. And also there is finished goods, WIP, which is there in the Milliken side. And this is mostly because certain raw materials are coming from Far East. So we have to get the inventories more inventory so that there is no deadlock and we can continue the production.

Soham Jain: Got it. So where should the inventory days be in March? And can you segregate the inventory days for CEM contract and for the LSM products?

Faiz Nagariya: No, that's not possible currently. We do not track the inventory separately for the separate contracts because there is also overlapping of certain materials used in CEM and LSM also. And for the guidance, future guidance, we'll not be able to give, but we are always trying to bring down the inventory and that will be our endeavor.

Soham Jain: Got it. And one more question. So are we looking for any LSM capacity further moving towards CEM? And from which quarter can we expect our LSM volume to again grow and again with the Magnum Pharma product that has been commercialized in this quarter?

Rohan Desai: LSM will grow on absolute basis, but CEM will always overshadow LSM business opportunities as we have demonstrated. We have launched a new molecule intermediate in Magnum site with 2 production blocks. So that's going to generate a good amount of revenue for us in the next 2 years' time.

By the time, we will again launch something new on the LSM side, which will keep on growing. In terms of CEM contracts, as we said earlier, CEM contracts is supposed to grow at a much faster pace on the Magnum site, and that's what our focus is.

Soham Jain: Okay. And last question is on semiconductor. So what volume and price per kg are we currently shipping? And what the outlook is for the FY27 and FY28, if you can give clarity on that?

Rohan Desai: By FY29, we are looking at 300 to 400 tons of sales on various molecules, which we have launched. And the average market price of these molecules is in the range of USD45 to USD50 a kilo.

Soham Jain: 400 tons, you mean?

Rohan Desai: 300 to 400 tons.

Soham Jain: Okay. And that is the opportunity size of?

Rohan Desai: USD45 to USD50 a kilo.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Kushal Doshi: Thank you once again for attending the Q2 conference call. If we have not been able to answer any of your questions, please do reach out to us and wishing you all a very happy Diwali and prosperous New Year. Thank you.

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