kotak Securities

Dated: 14 Nov 2025

Aether Industries (AETHER) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.773	**Rs.870**

Rationale:

- Reported a good Q2FY26, with 7.4% qoq revenue growth driven entirely by the contract and exclusive manufacturing (CEM) vertical.
- CEM key contributors included the Baker Hughes, Converge and Otsuka contracts.
- Growth story remains on track and the project pipeline seems strong.
- Monitor execution of key growth projects & continued reduction in working capital while awaiting a more attractive entry point to turn positive on the stock.
- Tweak EPS estimates marginally while somewhat raising capex and debt assumptions.
- Retain ADD with a revised FV of Rs870.

Positives:

- Revenues grew 7.4% qoq, while EBITDA rose 9.2% qoq.
- EBITDA margins expanded 52 bps qoq and 501 bps yoy to 32.0%.
- Revenues from Baker Hughes increased to Rs50 cr in Q2 from Rs41 cr in Q1.
- Ramp-up of Milliken & Baker Hughes contracts, commercialization of new site at Panoli, will be key growth drivers in coming quarters.
- The Converge polyols project is also reported to have experienced improving traction.
- Investing further into R&D with a target to increase the number of ongoing projects.

Negatives:

- Revenues from large-scale manufacturing (LSM) fell 14.0% qoq.
- The heavy capex led to a decrease of Rs180 cr in cash and equivalents.

(EPS – Earnings Per Share; EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization; R&D – Research and Development)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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