

Significant headwinds persist for the company. Quarterly Performance was impacted due to one-off expenses pertaining to fire accident which took place in Q3FY24. Expenses pertaining to compensation to victims, hospitalization expense for the injured, loss in inventory/finished goods etc led to decline in margins & poor performance. Pricing pressure continues from China & has led to market share loss in certain products for the company.

### Financial highlights

- Revenue from Operations came at Rs 1175 Mn; -36% (YoY) || -24% QoQ
- EBITDA was reported at Rs 102 Mn; -83% (YoY) || -67% (QoQ)
- EBITDA margins @ 8.7%, -2375 bps YoY
- Reported PAT @ Rs -14.29 Mn; -104% (YoY) || -108% (QoQ)

### Financial Summary

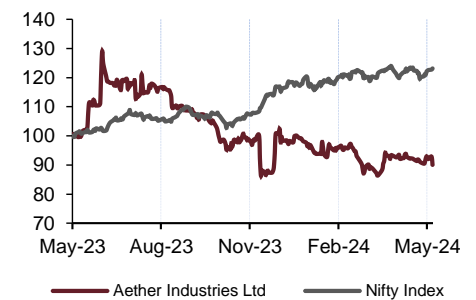
Y/E Mar (Rs)	FY 20	FY 21	FY 22	FY 23	FY 24
Net sales	3,018	4,498	5,900	6,511	5,982
EBIDTA	718	1,122	1,681	1,862	1,322
Margins (%)	23.8	24.9	28.5	28.6	22.1
PAT	400	711	1,089	1,304	825
Growth (%)	71.2	78.0	53.2	19.7	(36.7)
EPS	4.2	7.4	9.7	10.5	6.2
P/E (x)	191.8	110.6	84.2	77.7	130.8
P/B (x)	97.9	45.1	23.7	8.1	5.2
EV/EBITDA (x)	109.2	71.8	56.1	53.9	78.8
RoE (%)	51.0	40.8	28.2	10.5	4.0
ROCE (%)	21.3	22.3	19.8	11.8	3.9

Source: Dalal and Broacha

Rating	TP (Rs)	Up/Dn (%)
<b>NOT Rated</b>		
<b>Market Data</b>		
Current price	Rs	813
Market Cap (Rs.Bn)	(Rs Bn)	108
Market Cap (US\$ Mn)	(US\$ Mn)	1,294
Face Value	Rs	10
52 Weeks High/Low	Rs	1210.8 / 761.55
Average Daily Volume	('000)	476
BSE Code		543534
Bloomberg		AETHER.IN

Source: Bloomberg

### One Year Performance



Source: Bloomberg

% Shareholding	Mar-24	Dec-23
Promoters	81.79	81.81
Public	18.21	18.19
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Bloomberg

**Dhruv Shah**  
 (022) 67141412  
[dhruv.shah@dalal-broacha.com](mailto:dhruv.shah@dalal-broacha.com)

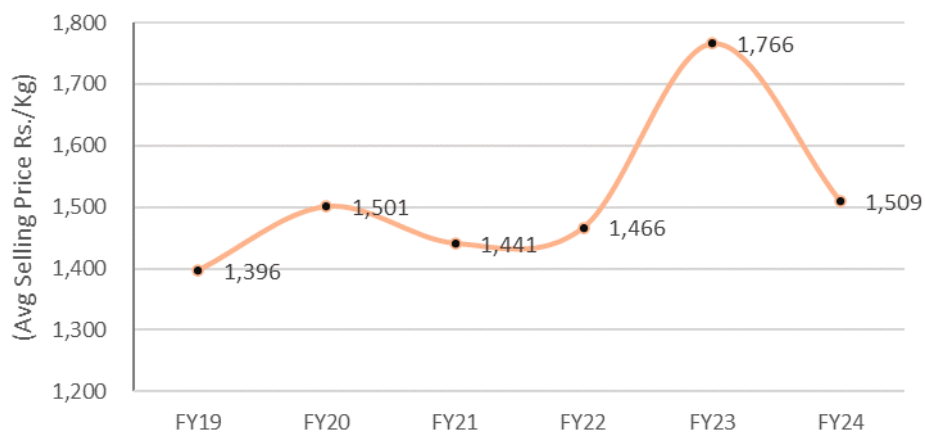
**Aether Q4FY24 Concall KTAs**

*Reported result for the quarter was poor primarily due to one-time recurring costs associated with the fire incident that took place at Site 2 in Q3FY24.*

**Accident Update – leading to lower margins**

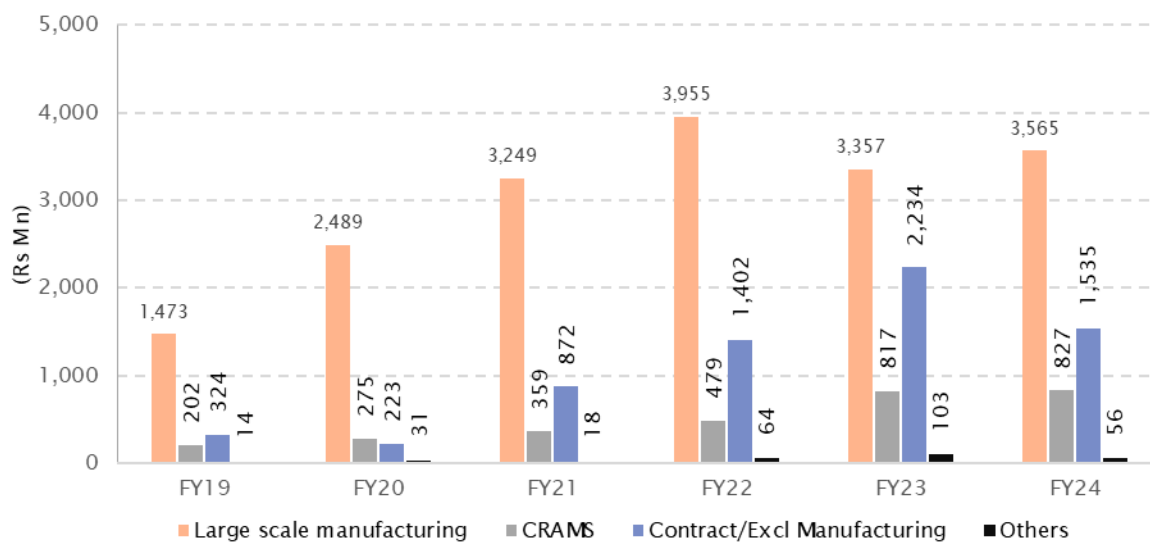
- Rs 69.64 Mn – paid as compensation to victims
- Rs 138.97 Mn – Stock write-off
- Rs 29.5 Mn – Hospitalization expense for the injured
- Rs 29.57 Mn – increase in insurance premium
- Revenue was also impacted due to shutting down of facility at Site 2 for a few months
- Loss estimated at Rs 1,000 Mn – includes loss of asset, inventories, people & loss of profit
- However, the entire sum was fully insured & sum of Rs 210 Mn from insurance cos is expected in few months & balance to come in installments

**Exhibit 1: Pricing pressure continues, recovery expected by management in H2FY25**



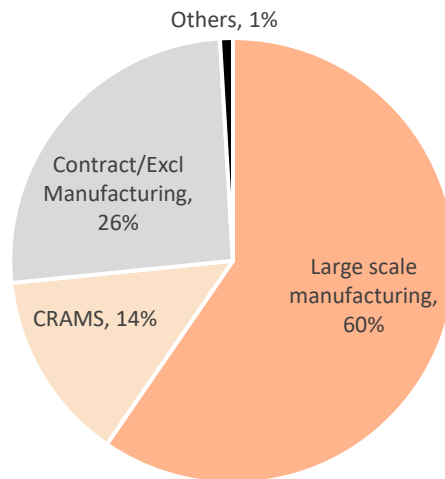
Source: Company, Dalal & Broacha Research

**Exhibit 2: Revenue Mix Model wise**



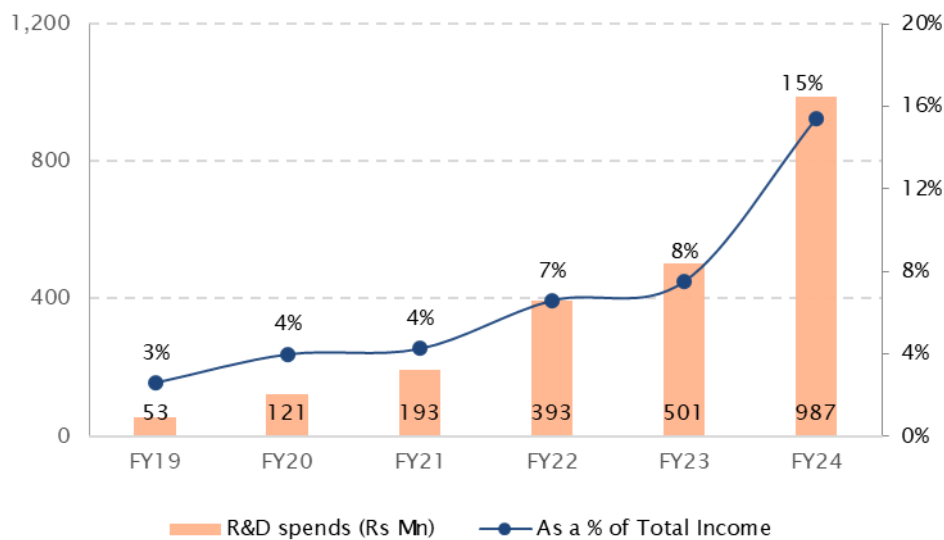
Source: Company, Dalal & Broacha Research

**Exhibit 3: Revenue Mix for 3 business vertical**



Source: Company, Dalal & Broacha Research

**Exhibit 4: Consistent increase in R&D spends & increase in proportion of total income spent on R&D**



Source: Company, Dalal & Broacha Research

**Other Concall KTAs**

- Avg selling price/kg for FY24 @ Rs 1509, -14.6% YoY
- Competition from China still persists\* -pricing pressure seen from Chinese players, Lost market share in certain products due to inability to produce due to fire
- No sight of price recovery yet\* - no improvement in prices are expected during H1FY25.
- However the management has commented that the \*demand remains strong\*
- ~Rs 150/200 cr of revenue is expected to be lost in Q4FY24 due to fire incident || For which \*recovery is not expected in FY25\*

- Production at Site 4 (Oilfield Service company) was also delayed impacting the revenues for the quarter
- Company has not given any discount or have not taken any additional cost due to the incident
- \*Coverge polyols renders major opportunity going forward\* - Addressable market size exp to be 850KTA with polyols priced at 3\$-5\$/kg (~30-35% premium over normal polyols)
- Site 4 has been commercialized and is expected to contribute significantly in FY25
- \*Electrolyte additive\* - focus will only be on organic molecule & not on solvents or salt additives; product is commonly used additive in Li-ion batteries || 1st batch is exp to be commercialized by end of CY25 & the balance towards the end of FY25

## Outlook

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- Significant headwinds in the business persists
- Capex at Site 3++ - Rs 200 cr □ expected to come online in Q4FY25
- Site 4 up & running to contribute to full potential from Q2FY25 onwards
- Site 5 - 1st phase exp to commercialize in Q4FY26
- At maturity (Approx. 2 years) of product, asset turn is expected to be 2x
- Some improvement in prices should be seen in second half of FY25

## Financials

P&L (Rs mn)	FY20	FY21	FY22	FY23	FY24
Net Sales	3,018	4,498	5,900	6,511	5,982
Raw Material Cost	(1,562)	(2,307)	(2,880)	(3,173)	(3,209)
Employee Cost	(134)	(221)	(270)	(345)	(386)
Other Expenses	(605)	(849)	(1,069)	(1,130)	(1,064)
<b>Operating Profit (EBITDA)</b>	<b>718</b>	<b>1,122</b>	<b>1,681</b>	<b>1,862</b>	<b>1,322</b>
Depreciation	(78)	(110)	(155)	(232)	(397)
PBIT	639	1,011	1,526	1,630	926
Other income	20	40	70	166	392
Interest	(94)	(113)	(131)	(51)	(85)
PBT	565	938	1,465	1,745	1,233
Exceptional	-	-	-	-	(138)
Profit before tax (post exceptional)	565	938	1,465	1,745	1,095
Provision for tax	(166)	(227)	(375)	(441)	(270)
<b>Reported PAT</b>	<b>400</b>	<b>711</b>	<b>1,089</b>	<b>1,304</b>	<b>825</b>

Balance Sheet	FY20	FY21	FY22	FY23	FY24
Equity capital	86	101	1,127	1,245	1,326
Other Equity	697	1,642	2,742	11,201	19,308
<b>Net worth</b>	<b>783</b>	<b>1,743</b>	<b>3,869</b>	<b>12,446</b>	<b>20,633</b>
Ml					
<b>Non Current Liabilites</b>	<b>1,043</b>	<b>1,167</b>	<b>1,408</b>	<b>413</b>	<b>483</b>
<b>Current Liabilites</b>	<b>1,179</b>	<b>1,619</b>	<b>2,422</b>	<b>940</b>	<b>2,891</b>
<b>Total Equity &amp; Liabilities</b>	<b>3,005</b>	<b>4,529</b>	<b>7,698</b>	<b>13,799</b>	<b>24,007</b>
<b>Non Current Assets</b>	<b>1,527</b>	<b>2,194</b>	<b>3,600</b>	<b>7,047</b>	<b>10,981</b>
Fixed Assets	1,378	2,067	2,933	5,705	9,194
Intangible assets under development	-	-	-	-	61
Financial Assets	22	17	25	29	95
Right to use asset	82	92	211	1,123	1,596
Other intangible asset	6	6	4	6	6
Other Non Current Assets	39	12	427	185	28
<b>Current Assets</b>	<b>1,478</b>	<b>2,335</b>	<b>4,098</b>	<b>6,752</b>	<b>13,027</b>
Current investments	0	221	170	10	-
Inventories	719	847	1,627	2,488	3,435
Trade Receivables	630	1,082	1,635	2,590	2,329
Cash and Bank Balances	36	56	180	1,023	5,557
Short Term Loans and Advances	7	8	8	11	11
Other Current/financial Assets	86	121	477	630	1,695
<b>TOTAL ASSETS</b>	<b>3,005</b>	<b>4,529</b>	<b>7,698</b>	<b>13,799</b>	<b>24,007</b>

Source: Dalal & Broacha Research, Company

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | E-mail: [equity.research@dalal-broacha.com](mailto:equity.research@dalal-broacha.com)