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BSE Limited (BSE) Department of Corporate services Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400023	National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
Scrip Code: 500136	Symbol: ESTER

Subject: Transcript of the Earnings call held on 17th November 2025

Dear Sir/Madam,

In continuation of our letter dated 17th November 2025 regarding Audio recording of Earnings call for Investors and Analysts and pursuant to Regulation 30 read with Part A of schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the said Earnings call is enclosed herewith and is also available on the website of the company at the following link-
<https://www.esterindustries.com/node/1124>

Please take the same on your records.

Thanking you,
 Yours faithfully,
 For Ester Industries Limited

Poornima Gupta
Company Secretary & Compliance Officer
Membership No.: A49876

Encl: As above

Corporate Office: Block-A, Plot No. 11, Infocity-1, Sector-34, Gurgaon - 122001, Haryana, India

☎ +91-124-2656100, 4572100 📠 +91-124-4572199, 2656199 ✉ info@ester.in 🌐 www.esterindustries.com

Regd. Office & Works: Sohan Nagar, P. O. Charubeta, Khatima 262308, Distt. Udham Singh Nagar, Uttarakhand, India

☎ EPABX No. (05943) 250153-57 📠 Fax No: (05943) 250158



**“Ester Industries Limited
Q2 FY'26 Earnings Conference Call”
November 17, 2025**



**MANAGEMENT: MR. ARVIND SINGHANIA – CHIEF EXECUTIVE OFFICER
– ESTER INDUSTRIES LIMITED
MR. VAIBHAV JHA – DEPUTY CHIEF EXECUTIVE
OFFICER – ESTER INDUSTRIES LIMITED
MR. PRADEEP KUMAR RUSTAGI – EXECUTIVE
DIRECTOR, CORPORATE AFFAIRS – ESTER INDUSTRIES
LIMITED
MR. SOURABH AGARWAL – CHIEF FINANCIAL
OFFICER – ESTER INDUSTRIES LIMITED**

**MODERATOR: MR. AMIT SHARMA – ADFACTORS PR INVESTOR
RELATIONS**



Moderator: Ladies and gentlemen, good day, and welcome to Ester Industries Limited Q2 FY '26 Earnings Conference Call. 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 touchtone phone.

I now hand the conference over to Mr. Amit Kumar Sharma. Thank you, and over to you, sir.

Amit Sharma: Thank you. Good afternoon, everybody, and a very warm welcome to you all. Thank you, everyone, for participating in the earnings call of Ester Industries Limited for the second quarter ended September 30, 2025.

Before we begin, please note that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. The statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

On the call today, we have with us Mr. Arvind Singhania, CEO; Mr. Vaibhav Jha, Deputy CEO; Mr. Pradeep Kumar Rustagi, Executive Director, Corporate Affairs; and Mr. Sourabh Agarwal, CFO. The management will take us through the operational and financial performance for the quarter gone by, following which, we will open the forum for the Q&A.

I now request Mr. Arvind Singhania to take us through the company's performance. Thank you, and over to you, sir.

Arvind Singhania: Thank you, Amit, and thank you for joining us today. I will briefly talk about the key business developments, post which Sourabh will walk you through our financial performance. During Q2 FY '26, Ester reported consolidated revenue of INR357 crores, a 7% year-on-year growth, supported by higher volumes across both Polyester Films and Specialty Polymers segments. Domestic margins were affected due to the heavy imports at predatory pricing. Margins in overseas markets were affected due to the effect of U.S. trade tariff. Financial performance for the quarter would also have been better, but for the adverse impact of exchange fluctuation and mark-to-market losses on foreign currency loans/derivatives. Q2 FY '26 and H1 FY '26 has been a period of steady execution of the adopted strategy and continued progress in our journey towards becoming a sustainability-driven and innovation-led product solution company. Specialty Polymers segment continued its robust performance with increase in sales, both in volumetric and value terms despite U.S. trade tariff.

Supported by sustained demand for its IP-protected marquee products, EBIT increased by 45% year-on-year. As regard to Polyester Films segment, our operational performance remained stable despite a challenging macro environment. Capacity utilization across both our facilities was healthy, 75% at Khatima and 85% at Hyderabad. On a consolidated basis, the capacity utilization stood at 79%, reflecting sustained growth in demand. We continue to focus on cost optimization, supply chain efficiencies and strengthening product mix.

The Polyester Films and Film segment, now including rPET, reported a rise in volume of sales in rPET by 219% and in Film by 9%. Though the segment recorded a marginal revenue growth

of 2%, the Film SBU witnessed shrinkage in margins due to imports and U.S. trade tariffs. Basis petition by domestic polyester film industry, Director General of Trade Remedies has initiated investigation for imposition of antidumping duties on imports of polyester film originating from Bangladesh, China, Thailand and U.S.A. Proportion of value-added products that fetch higher realization and margins remained steady at about 23% of the total volume of sales.

However, in absolute volumetric terms, we achieved a 5.2% growth during Q2 FY '26 on a year-to-year basis. Imposition of U.S. trade tariffs on exports from India has slowed down the progression towards achieving higher volume and proportion. Coming to the macroeconomic factors. Rapid growth in FMCG, food and beverages and e-commerce continue to boost demand for durable liquid and printable packaging materials.

With effect on 22nd September 2025, the government carried out GST reforms to simplify and declutter the GST by reducing the tax rate from 18% to 5% on many items, including essential goods like food products, shampoo, toothpaste, hair oil and household goods. It has started to provide boost to the flexible packaging industry as growth in demand for food, edible and FMCG products is accelerating.

As regards recycling project being pursued by a 50-50 joint venture company, namely Ester Loop Infinite Technologies Private Limited, I'm glad to inform you that all the activities related to completion of the project by December 2027 are being pursued diligently. ELITE has entered into an agreement with a group of sellers for acquisition of 90 -- approximately 90 acres of project land in the PCPIR zone, strategically located in Surat, Gujarat, providing direct access to abundant polyester textile waste, skilled workforce and streamlined permitting process. Its proximity to deepwater seaport will further support cost-effective exports of PET resin.

This project is targeting up to 81% reduction in carbon emissions compared to virgin PET. The facility will help global brands in achieving their sustainability targets while creating complete circularity in polyester textile to textile space.

I'm delighted to inform that multiple international marquee clients have started entering into offtake agreements much before commissioning of the plant, which reinforces the fact that there is a high level of acceptance and demand for products to be offered by ELITE

A multiyear offtake agreement has been secured with Nike, making it the anchor customer for the Infinite Loop India facility. Under this agreement, ELITE will supply to Nike TWIST™, Loop's branded virgin quality sustainable polyester resin made exclusively from textile waste, featuring full traceability through Loop's proprietary chemical tracer technology.

This agreement is much more than a commercial win. It is the global validation of the technology, capability and shared vision for a sustainable materials ecosystem. It reinforces ELITE's position as a key enabler of polyester textile circularity and establishes India as a future hub for advanced polyester textile recycled materials. Under a new offtake agreement, ELITE will supply recycled polyester intermediates and resins to Taro Plast S.p.A. of Italy with Loop Industries, including 100% recycled Loop™ DMT for automotive and specialty polymer applications.



A strategic alliance has been formed with Hyosung TNC of Taiwan to convert high-purity, fully traceable TWIST™ polyester into premium Regen™ performance yarns for leading apparel brands.

With growing demand for polyester film, IP protection for certain marquee products in Specialty Polymers segment and focus on development of new products and products promoting recycling and sustainability, we are confident to continue creating value for our shareholders.

Ester remains focused on strengthening its Specialty Polymers portfolio, improving operational efficiency and advancing its circular economy vision through the ELITe project, positioning the company for sustainable growth in the years ahead. We continue to invest in operational excellence, efficiency enhancement and R&D to drive our next phase of growth. Coming to the performance of each business segment.

In Specialty Polymers business, we recorded significant volume growth of 51% and revenue growth of 39% year-on-year with total sales reaching 1,161 metric tons in Q2 FY '26, indicating robust demand despite U.S. trade tariff. EBIT increased 45% year-on-year to INR21.24 crores, with margins improving by 146 basis points to 37.03%. We witnessed no significant impact of U.S. tariffs on performance of Specialty Polymers SBU due to IP protection.

Sales volume of MB03 recorded an uptick reaching 410 metric tons as compared to 285 metric tons in Q2 FY '25. We are confident that business will maintain momentum in periods to come, supported by a promising product line and human capital to pursue aggressive and focused R&D activities and implementing chosen marketing strategies.

Now turning to Polyester Films business. On a consolidated basis, the capacity utilization improved to 79% as compared to 73% during Q2 FY '25. Polyester Films sales stood at 21,329 metric tons, reflecting a growth of 8.72% over Q2 FY '25, a reflection of continuous growth in demand.

Revenue increased from INR290 crores to INR296.82 crores, an increase of 2.34%. Concerted efforts enabled us to increase volume of value-added products by 5% year-on-year. Sales of rPET increased significantly to 1,046 metric tons in Q2 FY '26 as compared to 328 metric tons in Q2 FY '25 as the company continues to scale up its sustainability-focused product portfolio. This highlights the growing traction in sustainable product categories. We are pleased to report that the rPET capacity of 20,000 metric tons per annum has been commissioned in September 2025 at our Hyderabad plant.

Moving to Ester Filmtech Limited. During Q2 FY '26, capacity utilization stood at 85% as compared to 61% in Q2 FY '25. Quarterly performance improved significantly, driven by 40% growth in sales volume and 21% increase in total income. Increase in value terms is lower as compared to increase in volume due to drop in realization/margins caused by cheap imports. As a result, EBITDA reduced to INR3.96 crores in Q2 FY '26 as compared to INR6.14 crores in Q2 FY '25.

EBITDA for the quarter Q2 FY '26 would have been INR11.22 crores, 9.3%, but for the adverse impact of exchange fluctuation and mark-to-market loss on FCL/derivative. That concludes my



opening remarks. I now hand over the floor to Sourabh to walk you through our financial performance. Over to you, Sourabh.

Sourabh Agarwal:

Thank you, and good day, everyone. Thank you for joining us in our quarter 2 and H1 FY '26 earnings call. Let me quickly walk you through our financial performance, post which we can commence the Q&A session. I would like to start with the stand-alone financial performance. In quarter 2 FY '26, the company reported total income of INR263 crores, representing a 12.9% decrease on a Y-o-Y basis.

EBITDA for the quarter stood at INR14 crores in quarter 2 FY '26 as compared to INR36.33 crores in quarter 2 FY '25. This is mainly due to lower margins in Polyester Films. EBITDA margin stood at 5.33%. EBITDA for quarter 2 FY '26 would have been INR16.95 crores, that is 6.4% change, but for the adverse impact of exchange fluctuation and mark-to-market loss on foreign currency loan and derivatives. Loss for the quarter stood at INR4.81 crores.

For Ester Filmtech, we reported a robust 39.7% year-on-year growth in sales volume, reaching 10,374 metric tons, up from 7,425 metric tons in quarter 2 FY '25. This was accompanied by a 20.5% increase in total income, which stood at INR119.73 crores compared to INR99.4 crores in the corresponding quarter last year, reflecting an improved operational scale.

EBITDA for the quarter stood at INR3.96 crores, primarily impacted by foreign exchange fluctuation and mark-to-market losses on foreign currency loans derivatives availed by Ester Filmtech Limited.

At the net level, the loss after tax stood at INR10.3 crores. EBITDA would have been INR11.22 crores with EBITDA margin of 9.3%, but for the adverse impact of foreign exchange fluctuation and mark-to-market loss on foreign currency loan and derivatives availed by the company.

Earnings before depreciation and taxes, excluding losses on account of MTM and reinstatement of foreign currency loans reduced from INR5.89 crores in quarter 2 FY '25 to INR3.52 crores in quarter 2 FY '26. While the reported profitability has been impacted by foreign currency-related factors, the performance of core business continues to move in the right direction.

On a consolidated basis, we recorded a total income of INR357.2 crores, making a 7% Y-o-Y growth compared to INR333.8 crores in quarter 2 FY '25. This was driven by healthy volume growth in Specialty Polymer and Ester Filmtech Limited. EBITDA stood at INR17.33 crores, representing a 59.7% decrease over the previous year, with EBITDA margin standing at 4.85%.

EBITDA for the quarter, quarter 2 FY '26 would have been INR27.51 crores, EBITDA margin of 7.70%, but for the adverse impact of foreign exchange fluctuation and mark-to-market loss on FCL and derivatives.

Earnings before depreciation and taxes, excluding losses on account of mark-to-market and reinstatement of foreign currency loans reduced from INR32.39 crores in quarter 2 FY '25 to INR10.28 crores in quarter 2 FY '26. Both EIL and EFTL have been regular in repayment of the term loan repayments as per schedule, and we are absolutely confident of adhering to the repayment schedule. On the working capital front, both companies have adequate limits to

sustain budgeted enhanced operations. Overall, the company has demonstrated resilient operational progress.

That concludes our opening remarks. We can now commence the Q&A session. Thank you.

Moderator:

The first question is from the line of Jatin Damania from Svan Investments.

Jatin Damania:

Good afternoon, everyone, Yes. So sir, a couple of questions. First to start with your Polymer Films business. Now given the improvement in the utilization, the profitability got impacted because of a higher import and U.S. tariff.

So just wanted to understand what was the total import in the Q2, which has led to a sharp decline in the spread? And post the exit of Q2, which is October, November, how is the import situation and the current spread as compared to the Q2 levels?

Arvind Singhania:

Okay. So the total imports of Polyester Film, it's very difficult to give an exact number, but approximately 25,000 tonnes of material was imported in the quarter -- in the second quarter. That is a huge number when you're talking about a market size of ours. And more than the volume, it is the price at which it is being imported. So basically, the price is so low that it is preventing us from getting remunerated prices in the domestic market.

Jatin Damania:

So what was the average pricing in the Q2 as compared to Q1?

Arvind Singhania:

The import pricing?

Jatin Damania:

Import pricing and our pricing?

Arvind Singhania:

See, import pricing was in the region of about INR93, INR94, and our pricing had to match that. Otherwise, imports would continue. If we start charging more than the import pricing, the volumes will increase. So we are restricted in increasing our prices because of the imports.

Jatin Damania:

And how are the imports in the month of October, November? Have you seen any reduction in the imports or it still continue to remain at the higher level?

Arvind Singhania:

No, no. There is a reduction in import volumes. That is because our pricing we have maintained at import parity, which is not remunerative for us. That is why the imports have reduced in October, November.

Jatin Damania:

And in terms of the spreads, can you help us understand what are spreads in Q4 and what are the spreads right now in Polyester -- spreads, Q2 and the current October, November?

Arvind Singhania:

October, November, Pradeep will give the number.

Pradeep Rustagi:

So in the September quarter, the value addition, the difference between selling price and raw material cost was about INR19 to INR20 a kg. In the month of October, it improved marginally to INR22. And currently, we are in the range of about INR22 to INR25.



Jatin Damania: Okay. So we are -- probably we have seen near about 10-odd percent improvement in the overall spreads?

Arvind Singhanian: Yes. But that is not good enough, no.

Jatin Damania: So that's not good enough, but at least there's some benefit in terms of the lower imports that we are getting will be factored in.

Arvind Singhanian: Yes. So we have applied to the government for imposition of antidumping duty and the government has initiated investigation already. So hopefully, in the near future, we expect antidumping duties to be imposed because we have a very, very strong case. The pricing at which the material is coming in from China, etc, is very, very unremunerative and predatory pricing, I would call it. So we are very hopeful of getting relief from the government through imposition of antidumping duty soon.

Jatin Damania: Sure. And secondly, in your opening remarks, you indicated that Specialty Polymer has no impact on the U.S. tariff, but the major impact was seen in the Polyester Film. So can you help us understand what was the exact impact of the U.S. tariff from 25% to 50% on our numbers?

Arvind Singhanian: See, basically, all our value-added films go to America. And because of the tariffs, this got substantially impacted. So we lost a lot of sale in the value-added segment, the real profitable segment, we lost a lot of sales because of the U.S. tariffs in Polyester Film. But this was not the case as far as Specialty Polymers was concerned because of IP.

We are selling technology products, which are developed and we have patents on them. And really, there was not much alternative. So our Specialty Polymers business did not get affected. But there was a substantial impact on the Film business.

Jatin Damania: But can you quantify that number? Because I guess the 25% to 50% was only for the 1 month?

Arvind Singhanian: No, no, no. It's not 1 month, the tariffs have been moving on for many months.

Jatin Damania: No, I'm talking about the second -- the levy of 25% to 50%, the incremental 25% penalty because that came in the August Quarter

Arvind Singhanian: That is also from June -- August, sorry, August, since August. But 25% itself was quite high. We had to absorb part of that 25%. And so it has had an impact.

Jatin Damania: Okay. And sir, now coming on to your broader numbers, like definitely, we -- last quarter also, there was some impact of mark to market on foreign currency loan. This quarter also, we have seen near about around INR15 crores to INR20-odd crores. So what sort of foreign currency loan, which is there on the book? And what are the rescheduled payments? When one look at the overall borrowings, the joint venture with Loop kicking in?

Sourabh Agarwal: So first of all, the loss from foreign currency is not INR20 crores in quarter 2. It is around INR10 crores, both companies together. So as we have been mentioning in our previous calls also, in our subsidiary, that is Ester Filmtech, we have taken a euro loan from OLB Bank Germany. And as you know that euro has significantly appreciated against rupee in the last 1 year, if you

remember, at the starting of the year, INR/Euro was at INR88. And today, it is trading at around INR103.

So that is the major reason for the mark-to-market losses, which is there in the books on the euro loans. We also have a small amount of dollar loan in the parent entity that is Ester Industries, which is around INR10 million. And the dollar has also significantly appreciated against rupee in the last 3, 4 months. In the last quarter itself, the appreciation was roughly around INR3. So that is the reason why there is a mark-to-market loss, which is coming in the books.

But having said that, you will appreciate that these are notional amounts and the actual amount may not match with these numbers because these are on a -- because the currency can swing any way at the time of actual repayment.

Jatin Damania: And sir, with the current borrowings as of standing right now, with the Loop kicking in with -- because we have signed a contract with Nike as well and probably by December '27, we will see some progress on that. So what sort of borrowings limit or the peak borrowings one should see when the project gets commissioned?

Arvind Singhanian: First of all, this project, this new project is a joint venture between Loop and Ester, 50-50. It is not going to be on the books of Ester. It is going to be a separate company called Ester Loop Infinite Technologies Private Limited. So any debt to complete this new project is going to be on the books of ELITE. It is not going to be on the books of Ester.

Moderator: The next question is from the line of Aman Sonthalia from AK Securities.

Aman Sonthalia: **Good evening** Sir, a lot of imports has happened in the PET film. So I think the spread has come down significantly. So what was the spread in the previous quarter? And what is at the current moment? Because I think raw material prices has also come down.

Arvind Singhanian: Yes. But as I've always mentioned before, raw material pricing is not really significant in our business. Raw material is a pass-through. The margins depend on demand and supply. So basically, even if raw material pricing has come down, yes, the prices will come down.

If the raw material pricing had gone up, the pricing would have gone up. Margins are decided in commodity business on the basis of demand and supply.

Aman Sonthalia: So how is the spread, sir, at the moment?

Arvind Singhanian: So we just mentioned that. Right now, it is about INR22, INR23.

Aman Sonthalia: Okay. In the previous quarter, it was?

Pradeep Rustagi: June quarter, it was about INR27, June quarter.

Aman Sonthalia: In the September quarter, sir?

Pradeep Rustagi: About INR19. We are talking about...



- Arvind Singhania:** Currently, it is about INR22.
- Pradeep Rustagi:** We're talking of 12 micron commodity film.
- Aman Sonthalia:** Yes. So in the previous quarter, it was INR19. Right now, it is INR22?
- Arvind Singhania:** Correct.
- Aman Sonthalia:** And sir, I think recently, the government has removed the BIS on certain raw materials. So whether it will benefit us because of that?
- Arvind Singhania:** Not really. Not really. I mean there might be a mild movement in our raw material prices in PTA, MEG, but it's for everybody. It's not only Ester, it's for everybody.
- Aman Sonthalia:** Okay, sir. And sir, what about the imports? So do you think that government -- you have given a representation to the government regarding this antidumping duty. So do you think that government will look after it because ultimately, the flexible packaging buyers are getting it at a very cheaper rate. So whether the government will take this action?
- Arvind Singhania:** Well, we are certainly very, very hopeful that the government will take action because we have a very, very strong case and the government has -- is there to protect the Indian industry also. I mean, do you think the government will allow unremunerative exports to come and kill Indian industry? Do you think that is the government stand? I don't think so. And the investigation has already begun.
- And it is guided by rules and regulation. These are rules and regulations, which are there in the government -- yes, in the WTO that if there is predatory pricing and material is being imported at below -- and there is injury to the domestic industry. Most important, the price at which it is coming in, if there is injury, the government is duty bound to take a look at it.
- Aman Sonthalia:** Going by the sales volume, we have improved our sales volume. So that means, sir, demand was there only because of this higher import, the prices has come down.
- Arvind Singhania:** Obviously, and I'll tell you another thing. When -- if and whenever the antidumping will come through, not only will the pricing and margins improve, volumes will also improve because all the imported material will get stopped. That will get -- all that volume will also come to the domestic industry.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Company.
- Saket Kapoor:** **Namaskar Sir, Thank you for the opportunity and thank you Singhania Ji for addressing your investors and participating in the Call and we hope your presence in the coming calls also,** and we hope for your presence, for the coming times also. Sir, firstly, as you mentioned about the utilization levels, our mother plant at Khatima exhibited lower utilization levels. That was your number you gave for 75% or 79% for this quarter?
- Pradeep Rustagi:** 75% for Khatima, 80% for -- 85% for Telangana and consolidated 79%.

- Saket Kapoor:** Was there a difference in the product mix for which the Khatima plant posted much below than -- or is it the impact of the -- only the import -- unabated import that has happened?
- Pradeep Rustagi:** You're talking about the split between Khatima and Hyderabad?
- Saket Kapoor:** Yes, yes. Yes, sir. Since the ramp-up has been higher from the Hyderabad unit.
- Vaibhav Jha:** We have looked at the product mix as well as the customer mix, and we have tried to optimize the overall production, keeping both the product and customer in mind. So on a careful relook, we could find more opportunities to have higher production in Hyderabad, and that's what we have done.
- Saket Kapoor:** Sir, for this EPR part, extended producer responsibility, has there been any extension from the government? And what is the -- I mean how has that affected the demand, if any?
- Vaibhav Jha:** So the direct impact of EPR is that now polyester has become the preferred substrate for the brand for all their flexible packaging needs. So this is likely to have 2 direct impact. One is the demand is likely to increase as we expect some switch from other substrates like BOPP into BOPET. The second impact is that there is going to be a higher demand for PCR films, which contain the recycled content and which sell at a premium to the regular films. Now we are seeing strong momentum in these directions.
- But you are right, government gave a relaxation of a year, which is going to expire in March 2026. Basically, what they said was that the -- whatever the obligations were in FY '25-'26, those could be deferred and be compliant in the subsequent years. So what it means is that in FY '25-'26, the obligation was 10% of the flexible packaging and '26-'27, it was 10% and then thereafter, 20%.
- So those who have not complied with the 10% in FY '25-'26 have to comply to 20% instead of 10% in '26-'27. And we are seeing a strong momentum in the market wherein many big brands have already started gearing up for addressing the 20% obligation next year.
- So our take is that somewhere around the first quarter of the calendar year or the second quarter of calendar year, we should see heavy demand for BOPET films and especially PCR content BOPET films. So it was a deferment of obligation and not an exemption from obligation.
- Saket Kapoor:** Sir, a couple of points first on the bookkeeping and then especially for Loop Industries. So allow me there. Sir, firstly, for the capital work in progress, the closing balance is INR85 crores. So if you could just explain how has that capitalization been because -- yes, have we capitalized any of our capital work in progress for the first half?
- Sourabh Agarwal:** So as you are aware that we keep investing in both our sustenance as well as expansion capex on a year-on-year basis. And we also -- we have an amount there which is lying in the capital work in progress. And the projects are capitalized based on the lead time and the time lines, which is there to set up the project.

Now the specific case of this INR85 crores, as we mentioned in our earnings -- in the beginning of the call that we have set up an extruder in Hyderabad. The total capex was quite significant there, which has started product commencement by the end of the September.

So that is one thing which is lying there, which has not yet been capitalized, and it will be capitalized in subsequent quarter. The balance amount which is lying there is more with respect to the projects which are ongoing in nature.

Saket Kapoor:

Okay. Sir, just taking the discussion forward to the Loop Industry part. Firstly, sir, you have mentioned about some volume offtake agreement with Nike and some other players. While looking into the Loop Industry, sir, INC NASDAQ listed, is the same entity with whom we are doing this? So sir, when we look at their performance and their market cap, their guidance to their investors and other factors, those are depicting a very miserable picture for Loop as an entity.

So has the management factored in their pedigree at time of committing this JV? Because if you look at very -- one simple example, in the year 2021, the stock price for Loop Industry used to quote at \$14. Today, it is closer to \$1. So there is complete erosion where rating agencies have given a red flag to their -- and even in the -- while Googling out and while going through the AI-generated report, I could summarize that they have faced a lot of issues with implementation of projects earlier also.

So just wanted to understand the type of investment we are doing with them and with their track record, how confident are we that they would be able to deliver since the technology is there from their side? So I would request the management to have a look and give us their understanding.

Arvind Singhania:

First of all, Saket ji, do you think that we would have tied up with Loop if we were not confident about Loop? Do you think we would have risked our money if we were not confident about their technology and their ability to deliver? Number one. Number two, please understand Loop is a start-up company where they have developed technology. They're not a producer of this product.

This is the first plant they're going to be putting up. I have been working with Loop for 6 years now. They have been continuing -- they have a pilot facility with 1,000 tonnes capacity in Montreal, Canada. This was the wisest thing that they did. They are the only start-up -- there are 20, 30 start-ups who tried to develop chemical recycling.

Most of them or almost all of them have failed and closed shop. Loop is the only one which has survived. And they have spent \$200 million to perfect this technology before trying to take it commercial. And now even bank like Societe General, one of the biggest banks of France, you must be knowing about them, have recently taken equity in their company through their private equity firm. And do you think companies like Nike or Taro Plast or Hyosung would tie up with a company which has no -- in which they didn't believe about the technology or their financial strength?

Saket Kapoor:

Sir, I am only...

- Arvind Singhania:** Do you think Nike would not have done a due diligence on them?
- Saket Kapoor:** I am very confident on my management where I have invested. But what track record Loop have exhibited, I'm just displaying to you the previous 4 years, sir. And it is well documented in their system, sir.
- Arvind Singhania:** Yes, I know what you're talking about. I know anybody on plain reading would have the same thoughts as you. And it's a fair question from your side. But I'm just trying to tell you, please rest assured that Loop's technology is the best in the world. It's actually one of the only ones in the world which will be capable to deliver real textile to textile circularity.
- Saket Kapoor:** Okay. One more question -- yes...
- Arvind Singhania:** And this technology has been tested over the past 5 or 6 years. Loop has been converting all kinds of polyester waste, including colored textile waste into DMT, rDMT and rMEG. This material has come to us continuously for the past many years. We have converted it into polymer. And this polymer has been used to get qualifications by most of the brand owners in the world, including Nike.
- Moderator:** Sorry to interrupt Mr. Saket Kapoor, may we request you to please rejoin the queue. We have participants waiting for their turn. The next question is from the line of Tejpal, an individual investor.
- Tejpal:** **Hello, I am audible to you Sir,** so my first question is like for the USD 180 million chemical recycling project, how much of the capex already has been done and deployed? And how much has remained to increase over a project time line, sir?
- Arvind Singhania:** Not much has been done right now in terms of actual spend.
- Tejpal:** Okay. And...
- Sourabh Agarwal:** No significant capex has been done. Right now, we are acquiring the land for the project. And against that only we have given an advance for the acquisition of land.
- Arvind Singhania:** We expect to break ground by end of first quarter next year, calendar. So let's say, March, April, we break ground, and we expect to start up by end of 2027.
- Tejpal:** Okay. Okay. And my second question is for the additional offtake arrangements with the partners such as Taro Plast and Hyosung TNC. Can you outline the expected revenue and volume visibility over the contracted period?
- Arvind Singhania:** I think we cannot answer that. That's under confidential things.
- Tejpal:** Okay. Okay. So my last question is, are you availing or expecting to avail any central or state incentive scheme for the chemical recycling project? And if so, what will be the financial impact of that?

- Arvind Singhania:** No. So right now, all our financial projections are based on without any subsidy from central or state government. If any such subsidies are made available by either central or state government, they will be taken in the books after approval.
- Moderator:** The next question is from the line of Atul Daga from Daga Securities.
- Atul Daga:** **Hello, I am audible** Sir, I had a couple of questions. The Specialty Polymer EBIT margin expanded to 37%. So what is the sustainable range going forward?
- Arvind Singhania:** It should be in the same region, 35% to 40%.
- Atul Daga:** Okay. Okay. Also on the same volumes grew by 50-odd percentage Y-o-Y, right, so how much of this was driven by new customers or existing accounts?
- Vaibhav Jha:** So right now, the majority of volume growth came from the existing accounts, but we also saw development of new customers, which are going to pick up volumes in coming 3 to 4 quarters.
- Atul Daga:** Got it. Got it, sir. Sir, one last question. How much volume was redirected due to this tariff disruptions?
- Arvind Singhania:** Redirected? Sorry, I didn't understand your question.
- Atul Daga:** So how was the volume impacted basically?
- Arvind Singhania:** There was -- the volume impact because of U.S. trade tariffs was restricted to our Specialty Film business.
- Atul Daga:** Okay. Antidumping duty, anything on that?
- Arvind Singhania:** I've already answered that. The application has been made. The government has already initiated investigation, and they will have to go through the due process of law before it is imposed. I can tell you we have a very, very strong case and the government is very cognizant of this fact.
- Moderator:** The next question is from the line of Nimesh Pandeya an individual investor.
- Nimesh Pandeya:** So I have a couple of questions. My first question is with the cash and cash equivalents at INR104.6 crores, how do you plan to strategically allocate capital over the next 2 to 3 years?
- Sourabh Agarwal:** So there are 2 parts to the cash and cash balance that we have. So a part of the cash and cash balance is primarily for the purpose of funding the Loop project. So if you may recall that, we have raised the share warrant last year for the purpose of funding the Loop project. So major amount of this is going to be used for that. And the balance amount is -- will be basically used for the capital projects as and when required, which will be based on the business case of each and every capital project.
- Nimesh Pandeya:** Got it. And my next question is amid ongoing margin pressures in the Films segment, what is your margin outlook for H2 FY '26 and FY '27? If you could shed some light on this?

- Arvind Singhania:** That depends on how soon the government will impose the antidumping duty and the U.S. tariffs, of course.
- Moderator:** The next question is from the line of Rohit from SK Securities.
- Rohit:** **Hi Sir, thank you for the opportunity,** so my first question is related to our demand environment. So what demand trends are you seeing in the flexible packaging domestically?
- Arvind Singhania:** The demand growth is actually very strong for polyester film in the domestic industry. And like Vaibhav mentioned a few questions ago, because of the imposition of the requirement of use of PCR content in film, there is a shift from other substrates to polyester film, which is further fueling demand growth for polyester.
- And plus on top of that, because of the reduction of GST on most household goods, which are packaged in flexible packaging. This itself -- because of the increase in demand of the FMCG products, there is a corresponding increase in demand for packaging.
- Rohit:** Got it, sir. And in a similar way, what are the trends in export markets like Europe, U.S. or other markets? Any early signs of recovery there? I know that there is an impact of these other tariffs and all, but any signs of recovery?
- Arvind Singhania:** Well, I think it's going to take a little bit of time. But overall, if India is growing at -- as far as polyester film is concerned, if India is growing at 10% to 12% per annum, then the global markets which were growing earlier at 5% to 6% per annum may have tapered down to around 4%, 5%. But I guess once the tariff issues are settled, I think the growth rates will go back to 5% or 6%.
- Rohit:** Got it. Got it, sir. And one more question, like regarding our expansion plan. So could you please elaborate that how you are going to fund that? So I know that related to -- we have raised some warrants..
- Arvind Singhania:** Yes. You're talking about the Loop project?
- Rohit:** Yes, Loop project, yes, sorry.
- Arvind Singhania:** Loop project, yes, the ELITe. So that is a project of about INR1,600 crores capex. It is going to be implemented by Ester Loop Infinite Technologies, which is a 50-50 joint venture company between Ester and Loop. And it's going to be funded by about INR500 crores to INR600 crores of equity and the balance INR1,000 crores to INR1,100 crores of debt.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Company.
- Saket Kapoor:** Sir, when we look at foreign currency risks as has been the case with our Telangana unit funding with the euro -- the rupee depreciation against euro, we will find a similar case in terms of our investment with Loop also since it will be all, I think, so dollar-denominated. So what kind of hedging strategy or how are we going to insulate from the same? And sir, for this -- for the remaining half, what would be our current maturities for the debt repayment?



Arvind Singhania: The debt part, Sourabh will tell you what is going to mature over the next 6 months or over the next year. As far as the Loop project is concerned, the risk of foreign exchange loans will be far lower, because 100% of the production is going to be exported, which provides a natural hedge.

Now I'll tell you the difference why it will be far better than Ester. We are going to be using cheap textile waste as raw material. In Ester, we are using PTA, MEG virgin materials, which are benchmarked to international pricing. So we are getting advantage of rupee depreciation only on the value add, which is very small in the case of Ester. It will be much -- very huge in the case of Loop. So in fact, any depreciation is going to be beneficial in the Loop project, in the ELITE project. And it provides an automatic hedge, more than a hedge.

Sourabh Agarwal: So our repayment schedule -- repayment maturity for the next 6 months will be roughly around INR40 crores.

Saket Kapoor: Okay. And that will be paid through the cash outflow only? Or what should be -- what is the current net debt number? And what should we end the year then?

Sourabh Agarwal: Our current debt is around INR740 crores, which is on the gross basis. So you can adjust the...

Arvind Singhania: Consolidated.

Sourabh Agarwal: Consolidated debt. So you can -- after adjusting for the cash and cash balance, it will be roughly around INR650 crores. And at the end of the year, we will be around INR600 crores to INR610 crores.

Saket Kapoor: Okay. And sir, you mentioned about INR19, the spread that is for the specialized film or the commodity?

Arvind Singhania: No, commodity...

Pradeep Rustagi: 12-micron commodity film.

Arvind Singhania: 12-micron commodity.

Saket Kapoor: And sir, can you explain the investment structure for the Loop JV? How are we going to fund the same? I think it's a 50-50 JV that we are going ahead for this INR1,600 crores capex?

Arvind Singhania: Yes. So out of INR1,600 crores, INR500 crores to INR600 crores will be equity, which will be equally divided between Loop and Ester. So if Ester has to put about INR250 crores, let us say, INR250 crores, INR270 crores, out of which INR175 crores has already been raised through warrants, whatever is the difference, we will raise further as equity and that will be invested. The balance INR1,100 crores -- INR1,000 crores to INR1,100 crores will come as debt into the books of ELITE.

Saket Kapoor: And for that, sir, we have not done any fund arrangement, banking arrangements since we are just...

Arvind Singhania: We are in the process of tying up the funding, the financing for the debt.



- Saket Kapoor:** And the balance equity from Loop is still pending to be received?
- Arvind Singhania:** It is coming -- it comes in equal. Whatever has to be put into ELITE comes in equal 50:50 at every stage.
- Saket Kapoor:** Okay. So INR175 crores from your -- our end has been contribution from their end also INR175 crores.
- Sourabh Agarwal:** No, no. Saket ji, we have raised the share warrant of INR175 crores, out of which we have received roughly around INR85 crores in Ester Industries. As we have mentioned, there is a separate SPV for the purpose of executing this project. This SPV name is Ester Loop Infinite Technology Limited, which is a joint venture between Loop Industries and Ester Industries. Based on the cash flow requirement of the SPV, both the JV partners are investing in the company.
- So this money -- so there was a question regarding the cash balance available in Ester Industries balance sheet, so most of it is basically raised from the share warrants, which we will be pumping into the SPV as and when the -- as per the cash flow requirement of the JV. Till date, both the partners as on 30th September has invested roughly around INR2 million each in the joint venture. I hope that clarifies.
- Saket Kapoor:** Yes, sir. That clarifies. And if I have anything, I will get back. I will join the queue again sir. Thank you.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Company.
- Saket Kapoor:** Yes madam. So sir, there was some issuance that happened at some INR179 or INR175 rupees as I was asking. So what is the status of the pending warrant? I think so we have received payment for 75% at the issuance price of INR158 crores. So what is the pending?
- Sourabh Agarwal:** Yes, I will answer your question. So the total value of the share warrant that we have issued is INR175 crores against which we have received till date around INR85 crores for the -- as you are aware that in case of share of warrants, the total period available for investing is 18 months. Those 18 months have not yet expired, and we will call for the balance amount of money as per the requirement.
- Saket Kapoor:** So what is the long stop date, sir, when is the 18 month ending, sir?
- Sourabh Agarwal:** So the long stop date is around 6 to 7 months from now.
- Saket Kapoor:** And sir this funding, which we have received for September is from the Promoter side only?
- Sourabh Agarwal:** See, it's a mix -- yes, yes, it's a mix.
- Saket Kapoor:** It's a mix of Promoter and non-Promoter?
- Sourabh Agarwal:** Yes, absolutely.



- Saket Kapoor:** Thank you for the elaborate answers, my congratulations for the type of presentation, which we are continuing with it. But please do -- we look forward for this type of information dissemination. It answers a lot of questions and very insightful also. Please continue with it.
- Vaibhav Jha:** Thank you, Saket ji, for your very pin-pointed questions. We really appreciate it.
- Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.
- Arvind Singhania:** I would like to thank all our stakeholders, partners and team members for their continued support, and thank you all for participating in this call. We remain committed to driving sustainable growth, delivering value and building on the momentum achieved in the past few quarters. The successful implementation of the adopted strategy will define Ester's growth trajectory during the years to come. We look forward to a better FY '26. Thank you.
- Moderator:** Thank you. On behalf of Ester Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.