

ESTER**INDUSTRIES LTD.**

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**Date:** 29th May 2025

BSE Limited (BSE) Department of Corporate services Phirozee 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 23rd May, 2025

Dear Sir/Madam,

In continuation of our letter dated 23th May, 2024 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**Ester Industries Limited**

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“Ester Industries Q4 & FY'25 Earnings Conference Call”

May 23, 2025



**MANAGEMENT: MR. ARVIND SINGHANIA - CHAIRMAN AND CEO,
ESTER INDUSTRIES LIMITED
MR. VAIBHAV JHA - DEPUTY CEO, ESTER INDUSTRIES
LIMITED
MR. PRADEEP KUMAR RUSTAGI - EXECUTIVE
DIRECTOR, CORPORATE AFFAIRS, ESTER INDUSTRIES
LIMITED
MR. SOURABH AGARWAL – CFO, ESTER INDUSTRIES
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY'25 earnings conference call of Ester Industries.

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 '*' then '0' on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Sharma from AdFactors PR Investor Relations team. Thank you and over to you, sir.

Amit Sharma: Good evening, everyone. And a very warm welcome to you all. Thank you, everyone, for participating in the earnings call for the quarter and Financial Year ended 31st March 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 the 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 Singhanian – Chairman and 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 and financial year gone by, following which we will open the forum for Q&A.

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

Arvind Singhanian: Thank you, Amit and thank you everyone for joining us today. I will briefly talk about the key business developments post which Sourabh will walk you through our financial performance.

We are pleased to report a strong performance across both our business segments this year. Revenue from our Specialty Polymers business segment saw strong growth of 72% while the film segment recorded a healthy 15% increase. The Specialty Polymers SBO contributed significantly to the overall increase in consolidated EBITDA and delivered a remarkable 164% rise in EBIT.

Now let me delve briefly on the performance of each business segments:

Starting with the Polyester Films business:

We continue to witness sustained growth in demand, which has positively impacted the demand supply scenario, leading to improvement in margin profile and overall profitability. Additionally, a larger portion of high margin value-added films contributed significantly to

improve financial performance. A transformation from commodity to specialty films player is progressing well. We expect to achieve improvement in profitability through a better product mix and improved operational efficiency going forward. With the Plastic Waste Management Rules, PWMR mandating a minimum 10% recycle content in flexible packaging laminates with effect from 1st April 2025. The demand for BOPET films is likely to get a boost with accelerated conversion from other substrates to polyester. To serve the growing demand emerging from PWMR, we are enhancing our rPET capacity by putting up a production line of 20,000 tons per annum in Hyderabad, which is expected to be operational by August 2025.

Moving to wholly owned subsidiary, Ester Filmtech Limited:

EFTL generated revenue of Rs. 352 crores in value terms and 27,071 metric tons in volumetric tons, an increase of 25% and 6% respectively over FY'24. The EBITDA for Q4 FY'25 was adversely impacted due to the foreign exchange fluctuation of Rs. 7.1 crores, the impact of the same for the full Financial Year being Rs. 4 crores. However, on a year-on-year basis, the overall performance has improved with better margin profile on account of improved demand-supply scenario. We anticipate that continuous growth in demand, improving production efficiencies, higher operating leverage, and a favorable product mix will help us achieve better profitability going forward.

Moving to Specialty Polymer segment:

Specialty polymers witnessed strong year-on-year growth with a 72% rise in revenue and 164% jump in EBIT. The growth was primarily owing to strong demand from our marquee products MB03 and Innovative PBT. For the quarter, our overall volume of sales excluding RPET stood at 754 metric tons. On yearly basis, volume excluding RPET stood at 3,165 metric tons compared to 2,339 metric tons achieved with FY'24, higher by 35% on year-on-year basis. In terms of our key products, MB03 volumes stood at 348 tons during Q4 FY'25, as against 368 tons during Q4 FY'24. Volume of sales of innovative PBT for Q4 FY'25 stood at 374 metric tons as against 194 metric tons during Q4 FY'24.

Specialty polymers as previously mentioned are primarily produced for sales to overseas customers with a substantial share of its sales directed towards clients in the USA and China. The primary applications of these products are within the carpet and consumer electronics sectors. From a margin and profitability standpoint, the business remains largely protected due to minimal competition and intellectual property safeguards associated with its key products. We are confident that the business will maintain its growth momentum in the coming years, supported by a promising product pipeline and human capital to pursue aggressive and focused R&D and marketing strategy for achieving growth in this segment.

As far as rPET is concerned, revenue from rPET during FY'24 was only Rs. 2 crores, corresponding to volume of 157 metric tons. During FY'25, sales in volumetric terms increased to 1486 metric tons, that is 1486 metric tons, and in value terms from Rs. 2 crores to 16 crores,

a notable increase. RPET manufacturing sold by us is primarily used for rigid and flexible packaging applications. Ester manufactures benchmark-setting premium-quality food-grade rPET. This makes Ester a preferred supplier of rPET for many large FMCGs and brand owners. With regards to our 50-50 joint venture with Loop Industries Inc., we are pleased to report that the execution of our joint venture plans is advancing according to established timelines. We are diligently pursuing various activities related to implementation of the project.

In conclusion:

We are confident about the long-term prospects of both our businesses. While the improving demand supply dynamics and favorable policy environment in film business are creating strong tailwinds, our emphasis on product innovation, efficiency, and sustainability is positioning us well for the future. We expect Specialty Polymers to sustain growth momentum and deliver consistent performance in years to come. That concludes my opening remarks.

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

Saurabh Agarwal:

Thank you and good day everyone. Thank you for joining us on our Quarter 4 Financial Year '25 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 standard financial performance:

Total income for quarter 4 FY'25 stood at Rs. 261 crore, up by 19% on year-on-year basis. EBITDA for the quarter was Rs. 36 crore, translating into EBITDA margin of 14%. A significant improvement compared to EBITDA margin of 4% earned in quarter 4 FY'24. Profit after tax for the quarter stood at Rs. 12 crore, compared to net loss of Rs. 9 crore incurred during quarter 4 FY'24.

For the full year, the total income stood at Rs. 1,085 crore, achieving a growth of 23% on year-on-year basis. EBITDA surged to Rs. 134 crore from Rs. 23 crore in FY24, a significant increase by 485% driven by improvement in performance of both film and specialty business. EBITDA margin expanded from 3% to 12%. Profit after tax stood at Rs. 41 crore, a strong turnaround from a loss of Rs. 43 crores in the previous year. Profit after tax margin stood at 4%.

Coming to the subsidiary Ester Filmtech:

The total income for the quarter was Rs. 78 crore. EBITDA earned during Quarter 4 FY'25 stood at Rs. 2 crore which reflects a margin of 2%. EBITDA and profit would have been higher but for an adverse foreign exchange fluctuation of Rs. 7 crore on account of foreign currency loan

availed by the Company. Exchange fluctuation is an account of reinstatement of foreign currency liability as on 31st March 2025. For the full year, the subsidiary's income stood at Rs. 352 crore as compared to Rs. 281 crore during FY'24, which is a 25% increase on a YOY basis. Company could earn EBITDA of Rs. 31 crore as compared to a loss of Rs. 19 crore during FY'24, translating into an EBITDA margin of 9%. Ester Filmtech recorded a lower loss of Rs. 26 crore compared to a loss of Rs. 78 crore incurred in FY'24.

On a consolidated basis, we delivered a strong performance for the quarter with total income at Rs. 321 crore reflecting a 15% year-on-year growth compared to Rs. 280 crores in Quarter 4 FY'24. EBITDA increased sharply to Rs. 39 crores from Rs. 9 crores registering a growth of 300% while EBITDA margin expanded from 3% to 12%. Profit after tax turned positive at Rs. 2 crore as compared to a loss of Rs. 24 crore in quarter 4 FY'24. For the full year, our performance has been in line with our expectations. We achieved a total income of Rs. 1,298 crore backed by strong revival across both the businesses. EBITDA surged to Rs. 164 crore, a remarkable increase from Rs. 3 crore in FY'24. This achievement is a reflection of the transformative progress we have made as an organization. EBITDA margin expanded significantly to 13%.

Profit after tax earned during the year amounted to Rs. 14 crore compared to a loss of Rs. 121 crore last year. This exceptional turnaround is driven by strategic clarity, relentless focus on increasing proportion of value-added products and ramping up sales of specialty polymers. Both EIL and EFTL have been absolutely regular with repayment of term loans as per schedule. Based on the budgeted improvement in profitability coupled with free cash flow and bank balance in hand, 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. Liquidity of EIL and EFTL as defined by current ratio stands at 1.71 and 1.68 respectively. On a consolidated basis, net debt was Rs. 591 crore which as a multiple of EBITDA stood at 3.61, a substantial improvement as compared to 31st March 2024.

Financial Year '25 has been a year marked by strong revival and margin expansion across businesses as we return to profits. The implementation of strategic initiatives translated into solid revival both in operational and financial terms. Our progress in recycling, sustainability and value added offerings positions us well for a long term sustained growth. With a strong foundation in place, we remain confident of a better FY'26 and beyond.

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

Moderator:

Thank you sir. We will now begin with the question and answer session. The first question comes from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor:

Namaskar, sir. Thank you for a very detailed presentation, rather a revamped one, and that not only covers all the aspects, but we have also chosen the right set of colors and the background

to have a better presentation. So kudos to the team for improved set of not only the numbers but also improved set of investor presentation. Hope we follow the modules going ahead. Firstly, sir, when we look at in the presentation, we have mentioned about rPET part under the specialty polymer segment. So if you could just explain to us what would this contribution going to be? How is the realization, you did alluded to it in your opening remark. If you can give more detailed information about this?

Arvind Singhanian: Actually the rPET is going to be more focused on supplying the polyester film with rPET content with recycled content. So this will actually move to the film business slowly.

Saket Kapoor: So that will be an arm's length transaction where we will be booking the revenues firstly on the polymer side and then the same goes the value addition goes to the film. That is how the sales will pass through to the P&L?

Sourabh Agarwal: So basically rPET is right now part of the specialty polymers business segment and we are going to move it from a reporting point of view to the film business segment from next year onwards. So from a legal entity structure point of view, there is no arm's length transaction because it is a business unit of the Company and the sales are made to third party which is outside the Company.

Saket Kapoor: Now coming to the point...

Pradeep Rustagi: The rPET that we are getting commissioned in the Ester Filmtech, if that is required to be sold to Ester Industries, that will be at arm's length.

Saket Kapoor: Sir, when we look at our consolidated number, that is the performance of our Telangana unit, it was affected because of a non cash item which was mentioned about Rs. 7 crore exchange fluctuation. Other than that, what were the key factors on a Q-on-Q basis that led to lower profitability from the southern unit Ester Filmtech?

Arvind Singhanian: Okay, so one of the main reasons was that there was a surge in imports from China and Thailand at predatory pricing, at very, very unremunerative pricing. And that is the reason we had to, there was a correction in the pricing in the domestic market for us as well. But we are taking adequate steps to protect our interest because these prices are unremunerative, they are dumping prices, they are dumping and therefore we are now moving to protect our interest in the domestic market and we are moving the government to address this situation.

Saket Kapoor: Sir could you throw more light how has the realization changed over a quarterly period because even on a standalone basis, there is a dip in the profitability. So if you could just give us how the per Kg contribution moved from December to March quarter and what are the current trends?

Pradeep Rustagi: So in December quarter, the selling price was 12 micron commodity film was Rs. 117, when talking of Ester Filmtech, which reduced to Rs. 110. The value addition dropped from Rs. 36 a Kg to Rs. 26 a Kg because of the reason which Mr. Singhanian just now mentioned.

- Arvind Singhanian:** So there was a drop in value addition of Rs. 10 which is quite substantial that is the main reason for the drop in profitability.
- Saket Kapoor:** Okay. And what are the current trends?
- Arvind Singhanian:** Current trend is slightly better. As we speak now, it is slightly better. Not back to December quarter numbers as yet.
- Pradeep Rustagi:** But we still have one and a half months of the quarter left with us.
- Saket Kapoor:** Right. And also on the utilization levels part, I think so our Southern unit have utilizing levels closer to 60%, 57% as mentioned. So taking into account the steps and the current environment, what are we eyeing in terms of the utilization levels going ahead?
- Arvind Singhanian:** I think now we are seeing a far more balanced demand supply scenario and we expect the utilization levels to be at much, higher levels that we have seen in FY'25. I think FY'26 will see a substantial improvement in capacity utilization, I think it will be in the 85% plus.
- Pradeep Rustagi:** Last year on a consolidated basis the capacity utilization in film was close to 70%.
- Arvind Singhanian:** This year it will be 85% plus.
- Saket Kapoor:** Okay, right. And on the CAPEX part, what are we, so we have closing balance for consol level at Rs. 40 crores. So what are we going to spend for the current year?
- Arvind Singhanian:** So we are going to be, we're not adding any capacity, no major, no capacity expansion is taking place. We are only doing CAPEX, which is required for sustenance and maintenance and improvement in quality of the assets. And of course, which includes about a Rs. 50 crore investment in rPET, which is going to be commissioned in August in Hyderabad. So including that, our total capital outlay for this year is about Rs. 110 to Rs. 120 crores.
- Saket Kapoor:** Okay, sir. 50 is towards the rPET and the balance amount?
- Arvind Singhanian:** The sustenance and maintenance CAPEX.
- Saket Kapoor:** And lastly, you alluded to some factors, although you have just given some clarification that margins have started to improve, but taking into account introduction of tariffs and the geopolitical reasons because of which there was a sudden dip in the margins or because as per the capacity addition, we have not seen any major capacity addition in the BOPET segment. So what led to this sudden decline in margin and what would happen in order to arrest this fall and what should be the sustainable number as per your thought process on that?
- Arvind Singhanian:** I just told you that the reason for the fall in margin was because of this surge in imports from China at very, very low pricing. And that is the reason why we had to drop prices and margins

fell. But going forward, this will be maintained at about Rs. 30 to Rs. 35 gross value addition going forward on a 12 micron plain basis. The geopolitical situation and the tariff war has not caused any major, is not the reason for this problem. For us we have not been hit by that, very marginally so, if at all. Very, very marginally. So going forward because of increased capacity utilization, which I just mentioned will be more than 85%. And even if the margins remain at the gross valuation remaining at Rs. 30 - 35, the also with the impact of the increased value added sales, I think we are going to see much better numbers going forward.

- Saket Kapoor:** Right. Sir, I will join the queue for the follow up. Thank you and all the best. Thank you.
- Moderator:** Thank you. The next question comes from the line of Saransh Gupta from SVAN Investments. Please go ahead.
- Saransh Gupta:** Hi. Thank you for the opportunity. The first question was that can you give us some light on the JV like how is it going ahead?
- Arvind Singhania:** JV is progressing very well and we are moving as per the timelines and we are moving towards, we just completed our feed engineering study that was to reconfirm the CAPEX estimates that we have made and that has been reconfirmed by the engineering Company that the estimates that we had made were in line exactly, very much in line with what we had made and now we moving towards the acquisition of land, and so we are progressing very well and we hope to start in the second half of calendar year '27.
- Saransh Gupta:** Great sir. And also sir, how much CAPEX investment will we be doing in FY'26 for the same?
- Arvind Singhania:** That is a joint venture. It's a 50-50 joint venture between Ester Industries and Loop Industries of Canada. So the total CAPEX outlay is expected at about \$175 to \$180 million.
- Pradeep Rustagi:** With a debt equity of 70-30?
- Arvind Singhania:** Yes. So approximately both Ester and Loop will be investing about Rs. 250- Rs. 255 crores as equity, both of us. Each Rs. 255 crores will be the investment from Ester and Rs. 255 crores will be the investment from Loop in terms of equity. The balance will be debt which will be raised by the joint venture Company which is called Ester Loop Infinite Technologies Private Limited.
- Saransh Gupta:** Correct sir, understood. And sir what are the current spreads going on like for the April and May month?
- Arvind Singhania:** In May, our current pricing is on, in polyester film you are talking?
- Saransh Gupta:** Yes sir.
- Arvind Singhania:** It is about Rs. 103 for 12 micron plain.

- Moderator:** Does that answer your question, Saransh?
- Saransh Gupta:** Sorry sir, can you repeat? I guess I missed the amount.
- Arvind Singhanian:** Yes, it is Rs. 103 approximately for 12 micron plain.
- Saransh Gupta:** Okay sir, perfect. And sir one last question that the capacity that we are expanding for rPET, is there any captive consumption for that or are we like selling it, selling it only?
- Arvind Singhanian:** No. The capacity expansion is meant for captive use largely because like I said that plastic waste management rules have mandated a minimum 10% recycle content in the laminate and this will require us to supply our customers with polyester film containing recycled content. So largely it is targeted for self use, so that we can meet the customer's demand for polyester film with recycled content.
- Saransh Gupta:** Okay understood sir, just 2 more questions that I have. Sir what can be the peak revenue from specialty polymers that we are looking at?
- Arvind Singhanian:** Peak? For what period are you talking?
- Saransh Gupta:** FY'26 and '27.
- Arvind Singhanian:** Well, peak can be anything, but we are targeting a growth, CAGR growth of 25% to 30% in specialty polymer business year-on-year.
- Pradeep Rustagi:** And we close '25 with a turnover of about Rs. 170 crores in specialty polymers.
- Saransh Gupta:** Okay, sir understood. Just one last question. What was the import by China done in FY'25 or you can tell us about calendar year '24?
- Arvind Singhanian:** I wouldn't have that number, but I would I can tell you approximately don't hold me to it but approximately about 40,000 tons of import took place in the last 6-7 months.
- Sourabh Agarwal:** Jan to March quarter, the imports would have been at least 24 to 25 KT.
- Saransh Gupta:** Does the same trend continue in month of April and May because you indicated that the value added margin has declined by Rs. 10 a kg in the last quarter. So for the April, May or the for the current quarter, does the trend remain same or we have seen some sort of softness as well?
- Arvind Singhanian:** April, the trend was the same. May, we have yet to see because May numbers will only be known in middle of June.
- Vaibhav Jha:** But what we see is that or what we anticipate is that now the tariff situation between China and US has eased up. So that should lower the pressure of Chinese suppliers in terms of dumping

their material in India. So we are expecting sustained trend of reduction in the import numbers going forward.

Saransh Gupta: Okay, understood sir. Thank you so much sir and all the best.

Moderator: Thank you. The next question comes from the line of Rahil from Crown Capital. Please go ahead.

Rahil: Hello, sir. Good evening. So in terms of like on a consolidated level, what are we expecting in terms of revenue growth by FY'26? And what will be the key growth drivers there?

Pradeep Rustagi: Yes, we close the Financial Year '25 with a consolidated turnover of about Rs. 1100 crores. We are expecting anything between Rs. 1450 to Rs. 1500 crores in FY '25-'26.

Rahil: With what kind of EBITDA margins you think you can do?

Pradeep Rustagi: So EBITDA margins should be in the range of about 13% to 16% for the Company.

Rahil: Okay, by FY'26. And with regards to the key growth drivers, like where is the demand the strongest?

Arvind Singhania: There will be a growth in specialty polymer business. Like I said, we expect to grow by about 25% in specialty polymer. And of course, because of better capacity utilization, up from 70% to more than 85%. So there will be a substantial jump in turnover because of polyester films. And on top of that, we are expecting a very healthy growth in our value added that specialty film portfolio. So we closed the year on a consolidated basis of 23% of our production was of specialty film which we expect to grow to 27% to 28% in this year. All these will contribute to the..

Pradeep Rustagi: And this proportion of 27 is on a higher volume of total sales of film business.

Rahil: And sorry, just a confirmation of what was the Forex fluctuation you mentioned earlier, the amount for the whole year?

Sourabh Agarwal: So the amount for the whole year was Rs. 4 crore. This is basically an account of the foreign currency loan that we have taken in Ester Filmtech from OLB Bank, Germany in Euro denomination.

Rahil: Okay, got it. Yes, thank you and all the best.

Moderator: Thank you. The next question comes from the line of Deepak Malhotra from CapGrow Capital Advisors LLP. Please go ahead.

Deepak Malhotra: Thank you. First of all, congratulations to you on a very good set of numbers. I think the problem what we saw in quarter 4, or I should say almost to 18 months back, I think that is over and that's

showing in the numbers. But what is typically what we have seen over the last 30 years in the industry, we are going to see it again. Again, we are seeing that Polyplex has announced some time back almost a Rs. 560 crore expansion to put up a 50,000 ton polyester film plant. Jindal Poly has announced Rs. 700 crore expansion program, part of which again will be in polyester film. And overall, this nameplate capacity in polyester film is again going to go to almost 16 lakh tons per annum and BOPP also similar number of all the lines which are now being imported as they get installed over the next 2 years. While we are again basically come up from a situation of a trough in the cycle, we are again seeing substantial capacity expansion within the country. And obviously, as you also alluded to China dumping in the quarter. So how do you see really the market developing over the next 2 to 3 years and where are we in the cycle and to how it will affect the margins, please. Thank you.

Arvind Singhania:

Okay. So first of all, please note that no more new capacity is coming up for the next 2 to 2.5 years. By the time the Polyplex expansion will come, there will be a need for new capacity because the demand growth in the domestic market is very, very healthy and in our opinion, it is at around 10% to 12% per annum. So there will be a need for capacity. I don't think going forward that there will be a surge in capacity like what we saw in '23, '24. That kind of surge is not going to take place again and I think the producers will be more prudent in their capacity expansion plans. So we don't expect this time around that it's going to create such a major problem. Number two, we are very confident, we are very, very confident that by the time the new capacity start coming in 3 to 4 years later, by that time our VAS portfolio would have been built to such an extent that it will mitigate to very largely to the cyclical problem. So our approach is very clear. And on top of that, our specialty polymer growth that we have planned out will further mitigate the problem of cyclical problem. First of all, we don't expect any major capacity expansion and create a glut like we saw in 2024. And on top of that, even if something like that were to happen, we will ensure that we build our specialty product portfolio to such an extent that it will not affect us.

Deepak Malhotra:

So Arvindji when you say that then do you see the margins inching up from here onwards still, trend is going..?

Arvind Singhania:

We see the margins inching up from here onwards. Definitely one of the problems like I said has been the predatory pricing coming in from China which we are addressing separately by approaching the government of India to take care of it.

Deepak Malhotra:

So you feel that is momentary, sir. Right?

Arvind Singhania:

That is momentary. That is momentary. And basically, like capacity utilization is see, capacity utilization at 70%. If it reaches 85%-90% even with the lower margin, the absolute numbers are going to be much better.

Deepak Malhotra:

Yes, but if I go back to the last call, I'm saying one year call in May 2024. Then we were at 86% capacity utilization, if my notes which are taken are showing me correctly. So we saw that

coming down and now obviously as you say, sir, it will go up. Okay, that's fine. I'll take you for that. My other question just to probe further on this is in terms of the margins. What were the peak margins you have seen in the cycle, number one. And two, how far are we away from that? And when do you think we will reach there?

Arvind Singhania: See the peak margin which we had seen in 2021-2022 till early 2023 those kind of margins like Rs. 75- Rs. 80 value addition, I do not think we are going to be seeing that for some time to come. Let's be very honest. Those are crazy high margins. In fact that is one of the reasons why we saw a surge in capacity because people saw such tremendous profitability that, so I don't think we are going to see those kind of numbers. But going forward, if we are able to achieve Rs. 40 value addition is going to be phenomenal number for achieving very more than decent profitability numbers for the Company and for the industry per se.

Deepak Malhotra: So, what you said last, you mentioned about Rs. 10. So where are we basically in that cycle, sir? Rs. 40 is the peak, where are we at the moment?

Arvind Singhania: We are at about Rs. 30 right now and we are going to see this improving slightly over a period of time. But for us, please understand that we are differentiated from competition because we have a very high VAS portfolio, which is a specialty film portfolio, which is going to keep on increasing substantially. So that is going to be the differentiator for Ester versus the other.

Deepak Malhotra: There's one other news item which is floating. I do not want to confirm it, but I am sure you will be aware that there has been fire at one of the competitors' plants. So is that also kind of going to really affect the market, at least in the short term?

Arvind Singhania: Yes, we have heard about it and we believe that it is actually a very unfortunate incident that has taken place. It is what we hear from the media and from third party sources. It is indeed very unfortunate what has happened and our thoughts and prayers are with the management and staff and employees of that Company. So beyond that, I do not want to comment.

Deepak Malhotra: Yes, I had visited the plant a few years back. So I feel the same. But in terms of you think it will have at least a short term impact on the pricing in the market, right, sir?

Arvind Singhania: Sir, we will not like to comment because we don't know directly. We have no direct knowledge. The only knowledge we have is what we hear from the media and from third party sources. So it is not possible for us and we will not like to comment on what the impact is going to be. I think that will become clear over the next few days or weeks. And I think that will be known publicly to everybody.

Deepak Malhotra: Fair enough, sir. And one more question is which you already answered, but just trying to probe further is on the tariffs part. So where do you see it's really going to settle? And is it really going to affect us at all because we do still export a part of our production?

- Arvind Singhania:** It's very difficult for us to predict where this tariff war will end and how it will be settled. I mean, that's something to be decided between the 2 governments, that is the government of the US and the government of India. So where it will settle and at what levels it will settle, it's very difficult for us to predict. But as of now, at that 10% level, the effect for us is very marginal. And to be honest, we can only hope and pray that a reasonable settlement is achieved between the 2 governments so that we can come back to business as normal. In any case, for us, it is business as usual in any case right now. There is no impact.
- Vaibhav Jha:** To add to what Arvindji was saying, I just want to give you a couple of points for a perspective. Our current exposure to US in terms of our overall sales is 5% to 7%. And all of it that we are selling into US is specialty films. And that kind of gives us a more in those markets and gives us some bit of pricing power in terms of being able to recover any adverse tariff impact. We cannot recover the full tariff impact if it goes beyond 10%, but up to 10% we have been able to pass on all the pricing increase to the customer and protect our margins.
- Deepak Malhotra:** Okay, sure. Thank you so much and wish you all the very best.
- Moderator:** Thank you. The next question comes from the line of B. Surendra, an individual investor. Please go ahead.
- B. Surendra:** Hello. Sir, congratulations for a good set of results.
- Arvind Singhania:** Thank you.
- B. Surendra:** Sir, have you decided about the location for our new plant for this Loop- Ester Joint Venture?
- Arvind Singhania:** The plant will be located in Gujarat.
- B. Surendra:** Location, city identified?
- Arvind Singhania:** Yes, the plant will be located in Gujarat.
- B. Surendra:** Sir, one more thing I want to ask you. Is any product that we sold in square meter?
- Arvind Singhania:** No.
- Moderator:** Thank you. The next question comes from the line of Vidip Shah, an individual investor. Please go ahead.
- Vidip Shah:** Yes, thanks for the opportunity and congrats on good numbers. My question is basically what will be our target for value-added products?

- Arvind Singhania:** I just mentioned that we closed for films. For the film business, we closed FY'25 with 23% of production and in FY'26, we are targeting anything between 27% to 30% value added product sales.
- Vidip Shah:** Okay, and what is the current capacity for the mechanical recycling in addition to the upcoming CAPEX? Mechanical Recycling?
- Arvind Singhania:** Yes, so our current capacity is about 7,000 to 8,000 tons per year and additional 20,000 tons is being added.
- Vidip Shah:** Understood, and basically can I get a view, your view on basically how the industry is panning out in India and globally and basically how are we positioning ourselves compared to our peers?
- Arvind Singhania:** I don't understand, it is a very generic question. So can you please be more specific in your question?
- Vidip Shah:** I guess the main product that we have and basically what is the demand in terms of tonnage in India and basically how much we are able to cater it and how much our peers are able to cater it. Are there any imports or you catering our market share apart from the domestic players?
- Arvind Singhania:** So the Indian domestic market is estimated at about 70,000 to 75,000 tons per month, which translates to about 850,000 to 900,000 tons per annum. The total installed capacity is about 110,000 tons per month, which translates to about 1.3 million tons per annum. The domestic demand is growing at a healthy 10% to 12% per annum. And globally, the growth is around 4% to 5%.
- Pradeep Rustagi:** And we export about 20,000, India exports about 20,000 tons per month, which is about 250,000 tons in a year.
- Arvind Singhania:** We expect to see a very healthy improvement in capacity utilization in FY'26.
- Vidip Shah:** Okay, thank you so much for your time sir.
- Moderator:** Thank you. The next question comes from the line of Aditya Shah from Meteror Wealth Management. Please go ahead.
- Aditya Shah:** Hello, sir. So just one question I had. Can you give some revenue guidance for the specialty polymers and polyester film business, both SBOs, for the coming years?
- Arvind Singhania:** We gave a guidance for FY'26. The consolidated turnover will be in the region of about Rs. 1,500 crores for FY'26. Out of which, the specialty polymer is expected to grow by about 25%, so we close this year at Rs. 175 crores so add another Rs. 40 to Rs. 50 crores in specialty polymer business so we should be at about Rs. 220 to Rs. 230 crores in that ballpark for FY'26.

Aditya Shah: Great plan and for the coming years also more or less will be the same range?

Arvind Singhania: Yes, we are targeting and we working towards achieving a 25% CAGR growth in specialty polymer.

Aditya Shah: No, because I just wanted to for the next 5 years, how would you span out your business in this sector? That was the only understanding I wanted.

Arvind Singhania: My answer answers that question.

Aditya Shah: Okay. All right. Yeah. Thank you so much.

Moderator: Thank you. The next question comes from the line of Sana, an individual investor. Please go ahead.

Sana: Good evening, sir. Thank you for the opportunity. Could you please elaborate on Ester Industries' long-term sustainability roadmap, or are there any specific targets for carbon footprint reduction?

Arvind Singhania: Can you repeat the question again, please.

Sana: Could you elaborate on Ester Industries' long-term sustainability roadmap, or are there any specific targets for carbon footprint reduction?

Arvind Singhania: Yes. So sustainability is at the forefront of our business plan and our objectives. So we are addressing it in many ways. As far as even our products go, we are working towards sustainable solutions for our customers. And on top of that, we are now venturing into renewable power for both our facilities. So hopefully by the first or second quarter of calendar year '26, both our plants should be using about 60% to 70% renewable power sources for the use of power. And we have a roadmap which we are preparing for continuous reduction in the carbon footprint, reduction in the carbon dioxide emission.

Sana: Okay, one more question. Has the Company undertaken any third party ESG assessment?

Arvind Singhania: Not yet.

Sana: Okay, or is there any plan to do so in coming years?

Arvind Singhania: Yes, we will be doing that.

Sana: Okay. And sir, one more question. I just wanted to ask, like, are there any newly marquee clients on boarded?

Arvind Singhania: Sorry, new what?

- Sana:** New clients onboarded recently.
- Arvind Singhania:** Customers, new customers?
- Sana:** Yes.
- Arvind Singhania:** That is continuous work in progress, ma'am.
- Sana:** Okay, all right, sir. Okay. That's all from my side. Thank you.
- Moderator:** Thank you. The next question comes from the line of Rahil from Crown Capital. Please go ahead.
- Rahil:** Yes, hi sir. Thank you for the opportunity again. So just a clarification. In FY'25 on a consolidated basis, you did almost Rs. 1300 crores, right, in revenue?
- Arvind Singhania:** Yes.
- Rahil:** Which was, I believe, a 20% growth over FY'24?
- Arvind Singhania:** Yes.
- Rahil:** So now when you're guiding for Rs. 1500 crores, that's roughly 15% growth. But you say your spec polymer business, you expect 25% to 30%. So the rest of business will not be growing as much? Is there a sentiment weak over there?
- Arvind Singhania:** So we closed the year at 1298. The turnover guidance that we have given of Rs. 1500 crores in that of the increase, only about Rs. 40 to Rs. 50 crores will come from specialty polymers. The rest will come from film.
- Pradeep Rustagi:** You are taking equal proportion of both the products. It is not equal. It is 175 for special polymer and balance is from film business. So there is a growth in both the businesses. In special polymer, the growth is 25%.
- Arvind Singhania:** And this number you may take as a little bit of a conservative number, that guidance.
- Rahil:** Yes, because you mentioned that everything is looking really positive right now. Your utilization will be more. Demand is strong. That's why I was just wondering why weaker guidance compared to last year, this year what we've achieved against 20%. But okay, if you're saying it's on a conservative basis, then yes, got it now. Thank you and all the best.
- Arvind Singhania:** Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Arvind Singhania for the closing remarks.

- 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 FY'25. And we look forward to an even stronger FY'26. Thank you.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Ester Industries Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.