



**ESTER**  
**INDUSTRIES LTD.**

# Q3 & 9M FY24 Investor Presentation

February 2024

## Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Ester Industries Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

# Content

About Us

Q3 & 9M FY24 Performance

# About Us

Diversified business portfolio

Comprehensive product suite

State-of-the-art manufacturing facilities

Global footprint

Experienced management team

Healthy financial Position

## Sales Mix (Q3FY24)



Polyester  
Films

89%



Specialty  
Polymers

11%

# Quick Facts



1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

# 2

Business Segments\*

About 50 COUNTRIES

Global Footprint

500 – KHATIMA,  
SITARGANJ, GURGAON

175 – HYDERABAD

People

CRISIL A –

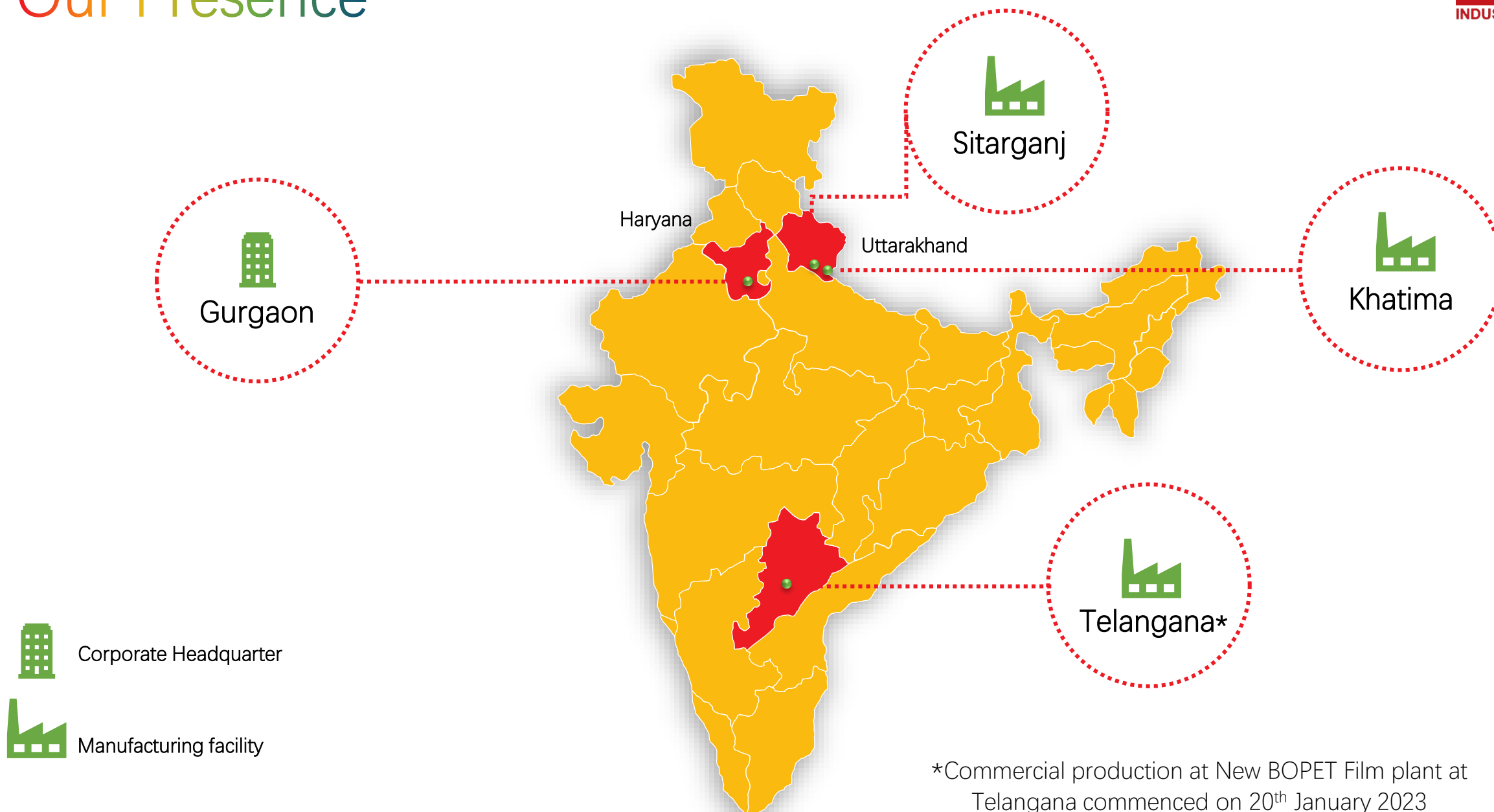
(Industry Outlook – Negative)

Credit Rating (Long Term)

PF – Polyester Film; SP – Specialty Polymers



# Our Presence



\*Commercial production at New BOPET Film plant at Telangana commenced on 20<sup>th</sup> January 2023

# Global Presence

**ESTER**  
INDUSTRIES LTD.

We serve about 50 Countries



# Q3 & 9M FY24 Performance Overview



# Financial Summary (Standalone)

Particulars – Continued Operations (Rs.cr)	Q3 FY24	Q3 FY23	%	9MFY24	9MFY23	%
Total Income	210.9	204.4	3.2	661.4	839.0	(21.2)
EBITDA (including Non operating income)	(1.2)	6.2	-	14.0	98.4	(85.8)
Margins (%)	-	3.0	-	2.1	11.7	(960 bps)
PAT (Continuing operations)	(16.1)	(8.8)	-	(34)	32.9	-
Margins (%)	-	-	-	-	3.9	-

- Challenging external environment impacts volume offtake and realisations across both the businesses
  - Film business: Demand-supply mismatch resulting in pricing/margin pressure. Expect pressure to persist in short term
  - Specialty Polymer: Adverse product mix and subdued demand in key markets resulted in lower revenue generation
- Heightened competitive intensity in Film industry and adverse product mix in Specialty Polymer business impact margins and profitability

# Financial Summary (Consolidated)

Particulars – Continued Operations (Rs.cr)	Q3 FY24	Q3 FY23	%	9MFY24	9MFY23	%
Total Income	272.4	200.4	35.9	810.5	832.2	(2.6)
EBITDA (including Non operating income)	(14.9)*	6.3	-	(5.8)	95.5	-
Margins (%)	-	3.2	-	-	11.5	-
PAT (Continuing operations)	(44.8)	(9.3)	-	(97.3)	29.4	-
Margins (%)	-	-	-	-	3.5	-

\*Rs (14.9)crores EBITDA includes adverse foreign exchange fluctuation of ~Rs 8 crores on reinstatement of EURO denominated Term Loan.

Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said

*"Our performance for the quarter is expectedly soft given the challenges grappling both our businesses at present.*

*Specialty Polymer business continues to trend well below its true potential amidst the demand uncertainties in the US, the key market for the business. While the realizations are stable across products, volumes remains under pressure compared to expectation. Lower profitability during the quarter was owing to onetime inventory hit and adverse product mix which we expect to correct in the coming quarters. Sales of our marquee products MB03 and Innovative PBT have shown resilience. We have started seeing improvement in volume from Q4 FY 2024 and expect this positive momentum to continue to improve. We also remain equally committed towards building an exciting product pipeline for the business by harnessing our R&D prowess.*

*Film business performance is largely influenced by the temporary disruption in the demand-supply equation, stemming from the commissioning of newer capacities. Realisations have remained under duress in turn impacting the margins and profitability of the business. While our steps towards improving our product mix to better address the cyclicity and pricing pressure in the business will yield the desired results in medium to long term, we expect short term volatility and uncertainties to persist in the near term.*

*Looking ahead, while we maintain confidence in the strength of our business fundamentals, we anticipate that growth momentum and profitability will continue to face challenges in the near term. Nonetheless, we are actively directing our efforts towards reducing inefficiencies, decreasing our debt burden, and bolstering cash flows to enhance the liquidity profile of the business and generate value for our shareholders. To maintain healthy liquidity, the company is raising Rs 99.90 crore through preferential issue of equity shares. This strategic move will enhance Company's ability to meet its short-term and long-term obligations.*

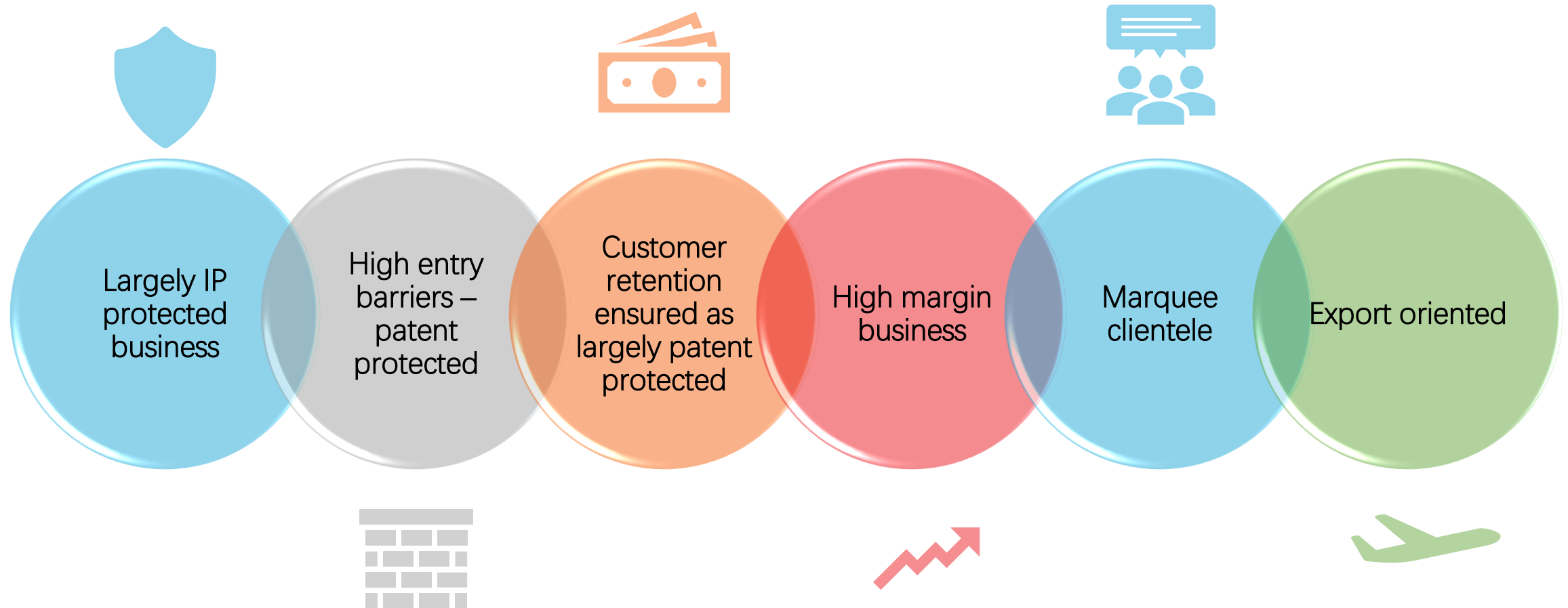
## Chairman's Comments



# Specialty Polymer



# Specialty Polymer – Business Salience



# Innovative PBT: Manufacturing for global chemical leader



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Regularly manufacturing & supplying Innovative Polybutylene Terephthalate (PBT) polymers to a global chemical leader

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Ester Industries is among the only company globally equipped with the expertise and infrastructure to manufacture the product

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Innovative PBT being manufactured from recycled material is more eco-friendly than PBT which is manufactured using virgin raw materials

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Innovative PBT finds application across multiple industries  
– Consumer electronics, textile, fibre & automotive

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Successful extension of the 'Manufacture and Supply Agreement' entered with a global chemical leader in April 2019

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Achieved sales of 465 MT in the first year of Agreement against committed volume of 400 MT.

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Achieved sales of 1042 MT during FY 2020-21 against committed volume of 400 MT

Achieved sales of 1190 MT during FY 2021-22

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During FY23, despite slowdown in customer markets, achieved volumetric sales of 1633 MT

Volume of sales increased to 314 MT during Q3FY24 (185 MT – Q2FY24) despite recessionary trends in US market

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# Specialty Polymers – Products & Applications

## Products

Polyethylene Terephthalate (PET)

Polybutylene Terephthalate (PBT)

Polyethylene Naphthalate (PEN)

Master Batches



## Applications

Consumer electronics

Textile – Flame Retardant, Deep dyeable master batches, Cationic dyeable master batch

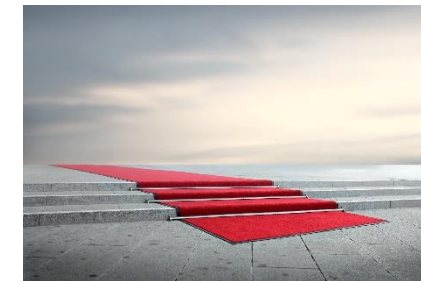
Carpets – Stain Resistant Master Batches

Carpets – Deep Dyeable Master Batch

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles

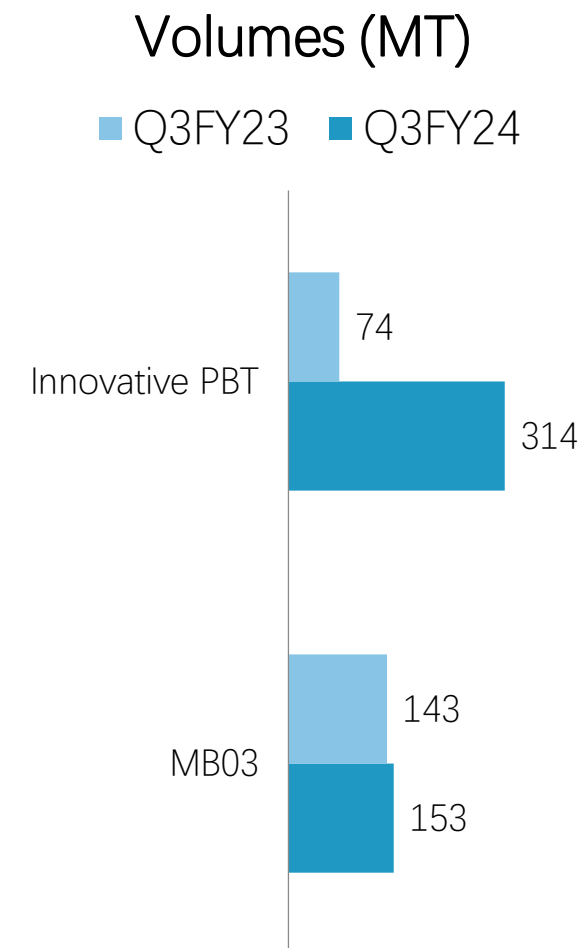


# Q3 FY24 Performance

*Figs. in cr*

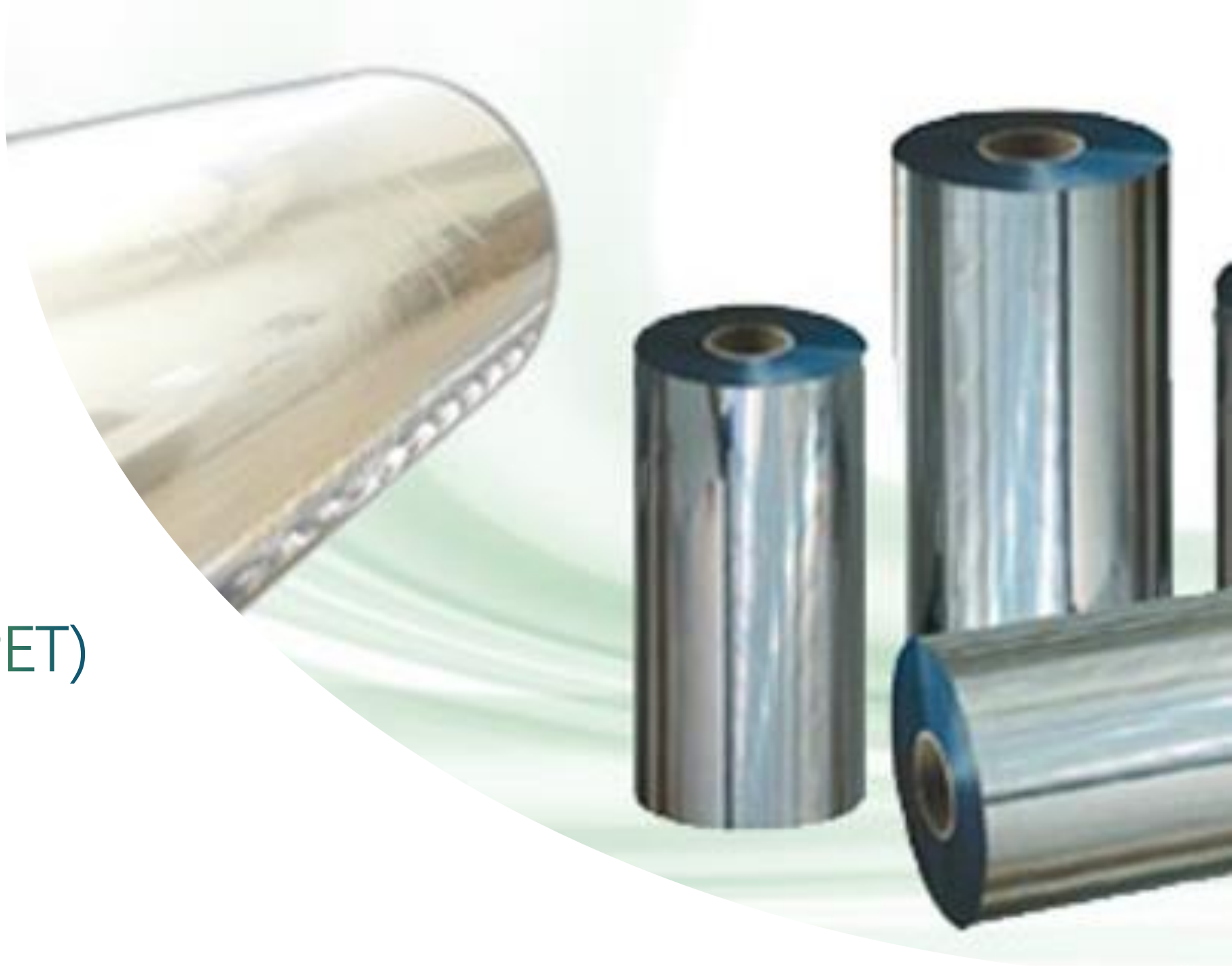
Particulars	Q3 FY24	Q3 FY23	%	Q2 FY24	%
Sales (Vol's MT)	558	405	37.8	599	(6.8)
Revenue	22	16	39.5	27	(20.2)
EBIT	0.2	4	(94.6)	6	(96.4)
Margins (%)	<i>0.95</i>	<i>24.9</i>	<i>(2395 bps)</i>	<i>21.3</i>	<i>(2035 bps)</i>

- Demand sentiments continue to remain soft amidst uncertainties across key markets
- Lower profitability during Q3 is owing to adverse product mix and one time inventory write off
- Recovery in the US markets, a key requisite for growth revival
  - Competitive intensity not a concern at all as products are largely IP protected
  - Product pipeline remains strong





## Packaging (BOPET) Film Business





## Global Scenario:

- Demand growth of 5.5% - 6.0%
- BOPET film used in flexible packaging applications will continue to be the key end use sector, accounting for nearly 60% of global consumption, and drive demand over the next five years
- Gaining wider application across both industrial & consumer staples and discretionary sector
- Design versatility; low carbon footprint and better cost economics driving demand
- China and India account for ~60% of global output



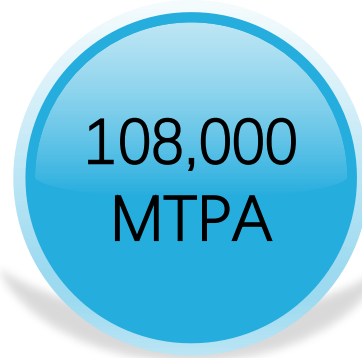
## Domestic Scenario:

- Strong double digit growth rate of 11%-13% pa over past 6 years
- Low per capita consumption of BOPET; new innovative products and rising disposable income – key growth drivers
- Capacity expansion in Converting space, export opportunities in laminates offer promise
- Availability of recycled content films, helping sustainability initiatives

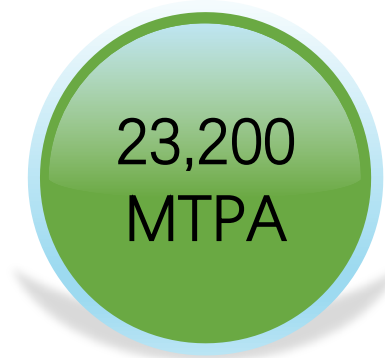
# Packaging Film Business – Overview



Years of experience



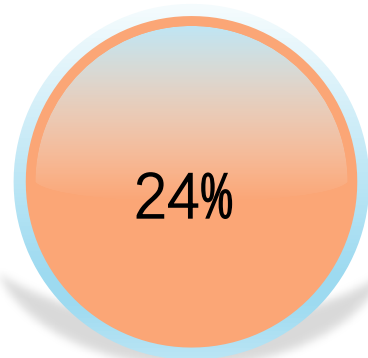
Polyester Film capacity  
(including Telangana capacity)



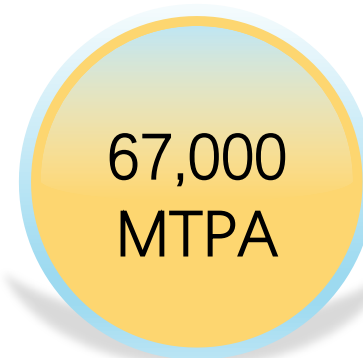
Metallized Polyester Film capacity  
(including Telangana capacity)



Export market  
(# of countries)



Share of value-added  
products (Q3 FY24)

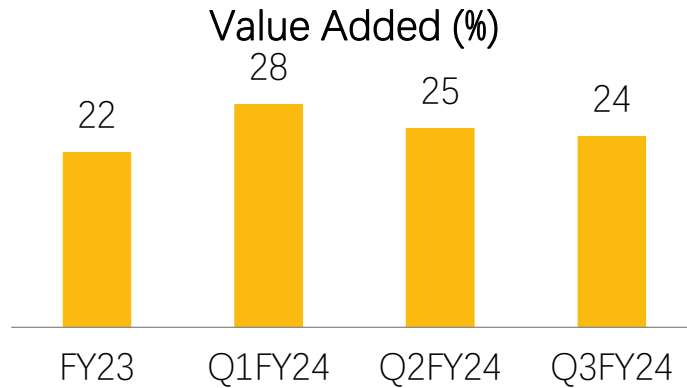


Polyethylene Terephthalate  
(Polyester) Chips capacity



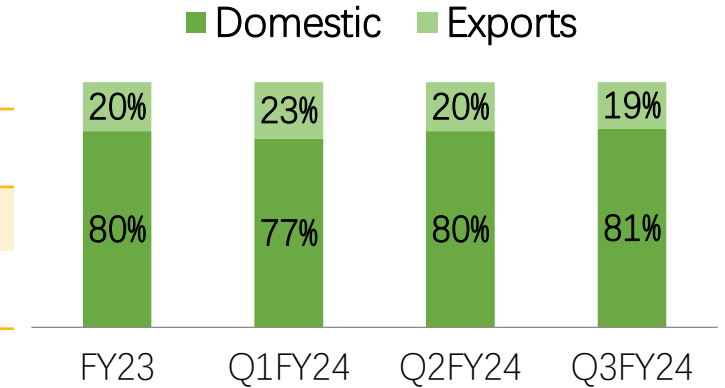
Commercial production  
commenced on 20<sup>th</sup> January 23

# Key Strengths



\*Film business (excl. chips)

(Rs.cr)	FY23	Q1FY24	Q2FY24	Q3FY24
EBIT	72	4.0	-2.4	-3.9
<i>Margins (%)</i>	<i>8.1</i>	<i>2.3</i>	<i>-1.4</i>	<i>-2.4</i>



Product mix – despite reduction in current quarter, aiming towards increasing the share of value added products to ~30% by FY25

Pass through business model for raw material prices  
Raw Materials are petrochemical based products  
Margins governed by demand supply scenario

Balanced mix of domestic and exports orders



# Polyester Films – Products & Applications

Products	White Opaque	High Clear
	High Barrier	Embossable
	Heat Saleable	Twist Wrap
	Shrink film	Anti - Static
	Metalized High Barrier	Matte

Applications	Flexible Packaging
	Barrier Packaging
	Embossing
	Lidding
	Label & Graphics



# Q3 FY24 Performance (Standalone)

Figs. in cr



Particulars	Q3FY24	Q3FY23	%	Q2FY24	%
Sales (Vol's MT)	12,816	12,734	0.6	12,892	(0.6)
Revenue	182	181	0.6	210	(13.3)
EBIT	(3)	(2)	-	(1)	-
<i>Margins (%)</i>	-	-	-	- 1	-

- External challenges persists, impacting sales volume and realisations. Temporary demand-supply imbalance following commissioning of newer capacities impacting business momentum in near term
  - Share of Value-added products stood at 24% during Q3FY24
- Margin and profitability remain under pressure owing to heightened competitive intensity
- While margins may remain under pressure in the near term owing to commissioning of new capacities; medium and long-term prospects of the business continues to remain favourable.

# Ester Filmtech Limited (WOS)

- Ester Filmtech Limited, a wholly-owned-subsidiary of Ester Industries Limited, commenced commercial production on 20<sup>th</sup> January 23 at new Polyester (BOPET) film manufacturing plant in the State of Telangana.
- Generated revenues worth Rs.74 crore during Q3FY24; volumes of 6,965 MT
- Low margins and lower utilization levels resulted in EBITDA loss during the quarter;
- It generally takes few quarters for the operations and production to stabilize. Accordingly, production and sales levels are about 50% of the capacity during 9M FY24. The performance is subdued on account of initial quarters of operations and external market scenario.
- Production efficiency, stabilized operations, higher operating leverage coupled with better product mix and pricing environment should result in better profitability over the long term
- The plant is expected to generate revenues worth approximately Rs.500 – Rs.550 crore upon achieving optimal utilization

Particulars	Q3FY24
Sales (Vol's MT)	6,965
Revenue	74
EBITDA*	(14)
<i>Margins (%)</i>	-

\*including other non- operating income)

# Ester Filmtech Limited – Q3 & 9M FY24 Financials

Particulars – Continued Operations (Rs.cr)	Q3 FY24	9M FY24
Net Sales	73.3	201.4
Other Operating Income	0.6	1.4
EBITDA	(15.2)	(25.8)
Other Non-Operating Income	1.5	5.9
Cash Profit	(22.4)	(44.2)
PBT	(28.7)	(63.2)
PAT	(28.7)	(63.2)

\*Rs (15.2) crores EBITDA includes adverse foreign exchange fluctuation of ~Rs 8 crores on reinstatement of EURO denominated Term Loan.



## Investor Contacts

### About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL) is an ISO 9001:2008, ISO 22000:2005, TS16949:2002 certified Company engaged in the manufacture of Polyester Films, Specialty Polymers and Polyester Chips with manufacturing facilities located in Khatima & Sitarganj (Uttarakhand) and Hyderabad (Telangana). A globally recognized player, Ester manufactures and markets its Polyester Films under the brand 'UmaPET'. Specialty Polymers business is driven by technology and innovation and the Company has been granted many patents and presently has quite a few patent applications pending for this business. With state-of-the-art manufacturing plant, skillfully managed operations and a committed work force Ester continuously strives to meet commitments towards total customer satisfaction.

### For more information contact:

Pradeep Kumar Rustagi (Executive Director Corporate Affairs)  
Ester Industries Ltd.  
Tel: +91 124 2656 100  
Fax: +91 124 2656 199  
E-mail: [pradeep.rustagi@ester.in](mailto:pradeep.rustagi@ester.in)

Gavin Desa / Suraj Digawalekar  
CDR India  
Tel: +91 22 6645 1237 / 1219  
Fax: +91 22 6645 1213  
E-mail: [gavin@cdr-india.com](mailto:gavin@cdr-india.com) / [suraj@cdr-india.com](mailto:suraj@cdr-india.com)



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Thank You