



Q2 & H1 FY18 Results Presentation

December 13, 2017

ESTER
INDUSTRIES LTD.

Disclaimer

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Key Developments

- **Specialty Polymer business delivered improved performance for the quarter; product pipeline remains strong**
 - Filed patent under PCT - Modified polyester masterbatch for textile applications and manufacturing process thereof. Facilitates easy dyeability of Polyester Fibre and provides deep dyeing through cationic as well as disperse dyes
 - Outlook remains positive on the back of sustained R&D initiatives / investments and stepping up the production of existing products
- **Fundamentals of Film Business improves on the back of Demand – Supply Parity**
 - Business turn positive on the back of supportive sector / macro fundamentals
 - Demand – Supply Parity coupled with improved product mix - greater contribution of value added products and innovative product pipeline to propel future growth
- **Engineering Plastics business delivers steady performance**
 - H1 performance remain strong despite challenging macros
 - Working towards widening and enhancing product mix

Result Highlights

Particular (Rs cr)	H1 FY18	H1 FY17	Y-o-Y (%)
Total Income*	386.8	331.25	17%
EBITDA	30.95	22.53	37%
Margins %	8.00%	6.80%	+120 bps
PAT (A)	(0.79)	(6.6)	
Other comprehensive income for the period (B)	0.25	0.15	
Total Comprehensive Income (A+B)	(0.54)	(6.42)	

Improved performance of film business on the back of demand – supply parity coupled with gradual improvement of Specialty Polymers and EP business resulting in revenue growth of 17%

Higher share of value added products in overall product mix to drive profitability

* Net of Excise and GST

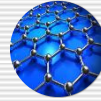
H1 FY18 - Highlights



Product pipeline for Specialty Polymer continues to strengthen

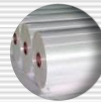
- Patent filed under PCT - Modified polyester masterbatch for textile applications and manufacturing process thereof
 - Facilitates easy dyeability of Polyester Fibre and provides deep dyeing through cationic as well as disperse dyes.
 - Ensures complete dye bath exhaustion which helps in environment protection. This will enable printing of fabric, carpets and PET sheets.

▪ Business outlook



Specialty Polymer business –

- Innovative and exciting product pipeline – some of which are at various stages of approvals and commercialization stage
- Tie up / partnership with renowned global players for developing niche specialty polymer products



Film –

- Business environment improving
 - Demand – Supply mismatch improving
 - No major capacity addition in the Industry
 - Company's focus remains towards improving product mix and controlling costs
 - Working towards increasing share of value added products towards 35% from present level of 20%



Engineering Plastics –

- Business scenario gradually improving
- Working towards widening and improving product mix

Chairman's Comments



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

"We are seeing gradual improvement across all our business segments and are positive of delivering better performance over the coming years.

Specialty polymer business, which was experiencing challenges in terms of delayed order confirmation from clients, is now showing signs of stabilization. We have started shipment of some of our key products to clients during the first half and while the volumes may be on a lower end at present we are optimistic of scaling it up over the coming quarters. Product pipeline for the business continues to remain strong on the back of sustained R&D initiatives – we have also filed a patent for a Master batch for easy dyeability of Polyester Yarn & Fibre during the first quarter of the fiscal.

Polyester film business is also showing signs of improvement on the back of supportive sector / macro developments primary being attainment of demand – supply parity. Further our strategic initiatives towards improving product portfolio by developing innovative products and increasing the contribution of value added products in the overall mix should help improve the businesses profitability.

Performance of Engineering Plastics remains steady and we expect the trend to continue if not improve on the back of persistent efforts towards increasing the depth and product mix for the business.

Going ahead, we expect to deliver much better performance on the back of supportive macros, strategic initiatives undertaken towards eliminating costs and developing an exciting product mix across our businesses."

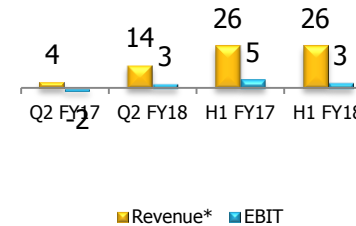
Specialty Polymers



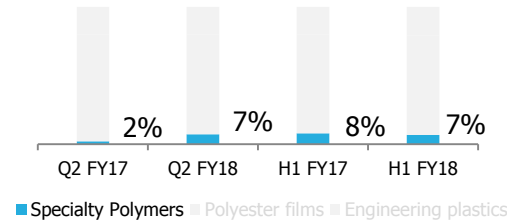
Specialty Polymers

- **Product portfolio** - 18 products at various stages of development of which patents have been filed in respect of **7**
- **High entry barriers** protected by Intellectual Property rights
- **To set up of R&D and Innovation Centre** – In house downstream analytics and pilot scale manufacturing to lower lead time
- **Existing Product Portfolio** –
 - **Product Stain resistant Master Batch** – Positive response from the customers; ramping up sales
 - **Master batch for a Cationic Dyeable Yarn** -- Patent filed under PCT for a Master Batch to produce specialised polyester yarn. Gaining strong potential in China and Taiwan

Specialty Polymers



Revenue Share (%)



* Net of Excise and GST

▪ Growth Drivers –

- Strengthening R&D capabilities
- Develop customized polyester resins based on customer's requirement
- Focus on developing products which will help transform latent demand into real demand
- Develop high quality specialty polyesters to ensure competitive advantage for customers

Patent Status

Product Code	Product Description	Status of Patent	Product approval from customer	Application
ESTER HR-03	Hot Fill PET by normal ISBM	Filed in India, Europe, Korea, USA (granted), Mexico, Japan & China, PCT	Approved	Packaging
ESPET MB-03	Masterbatch Sulfonated PET	Filed in India, Europe, Korea & USA (granted) PCT	Approved	Stain Resistance in Nylon Carpet
ESPBN	Clear PBN	India ,PCT, USA & EU	Under Trials	Monolayer and Multilayer Containers
ESPET HR-01 B3	Beer Keg PET	India, PCT, USA & EU	Under Trials	Monolayer containers/Kegs
ESPET MW-01	Microwaveable PET	India ,PCT, USA & Europe	Under Trials	Extrusion and thermoforming
ESPET FR-10	Flame Retardent PET	India , PCT	Approved	Flame retardant master batch for PET Polyester in textile (PFY/PSF) & Film application
ESPET MB-06 R3 & ESPET MB-07 R7	Easy Dyeable & Cationic Masterbatch	India , PCT	MB-06 R3 - Under Trial MB-07 R7 - Approved	Deep and Dark dyeability in Textile

Specialty Polymers – Products & Applications



Products

Polyethylene Terephthalate (PET)

Polybutylene Terephthalate (PBT)

Polyethylene Naphthalate (PEN)

Master Batches

Applications

Rigid Packaging – Hot-fill / Beer Kegs

Textile – Flame Retardant

Carpets – Stain Resistant Master Batches

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles

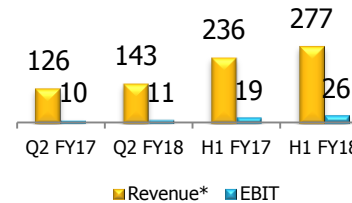
Polyester Films



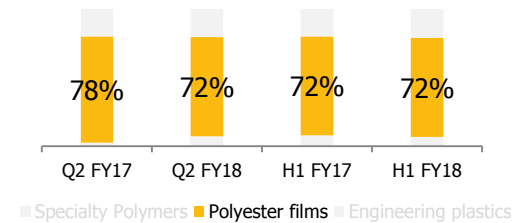
Polyester Films

- Manufactures and markets polyester films under the brand “UmaPET”
- Manufacturing capacity** - 57,000 MTPA for polyester films & 13,200 MTPA for metalized polyester films
- Integrated player** – Polyethylene Terephthalate (Polyester) chips manufacturing capacity 70,000 MTPA
- Global Footprint:** Formidable reach across more than 85 countries
- Value Added & Specialty products** include transparent barrier film, shrink film etc
 - Transparent high barrier film is being keenly explored by global buyers to replace PVdC coated PET (environmentally hazardous material) and EVOH coextruded films (due to their higher mass).
- Thrust on increasing proportion of value added & specialty products in overall mix by focusing on innovation, development and partnership with customers both in India and overseas which will reduce the effect of inherent cyclical

Polyester Films



Revenue Share (%)



* Net of Excise and GST

- Improved business environment following demand – supply parity
- While GST roll-out did affect domestic demand and margins for the business during the first half; however, GST implementation will benefit the business in the medium to long term
- Working towards improving share of value added product in the overall mix

- Improving business environment with supply demand equilibrium
- Cost reduction exercise translating to improving profitability, hopeful of improving operational efficiencies even further
- Focus on improving profitability by sprucing up product mix; more focus on developing value added products
 - Value added / specialty products constitutes about 20% of the overall revenue at present – emphasis on expanding this to 35% in 2 years
- Operational efficiencies aligned towards meeting the future goals by optimizing operational cost
- Focused on offering customers unique value proposition by aligning innovation, development and partnership

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

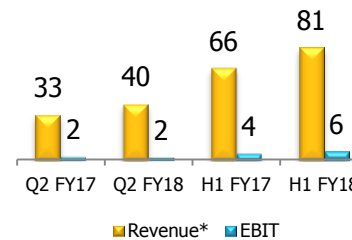
Engineering Plastics



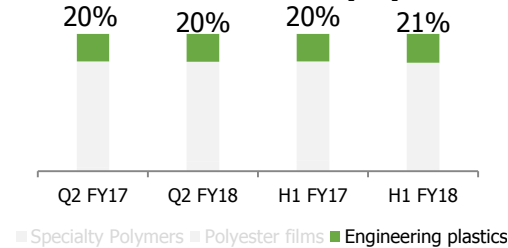
Engineering Plastics – Products & Applications

- A well regarded manufacturer of Engineering plastics
- **Diverse Product Portfolio** – 350+ grades products marketed under the brand “ESTOPLAST”
- **Manufacturing capacity - 13,500 MTPA**
- Growing at **better than industry run rate** since the last 3 years
- **Awarded** the prestigious **Plasticon Gold Award** for the “*Fastest Growing Enterprise – Processing (Engineering Polymers)*” at the Plastindia Exhibition in February 2015

Engineering Plastics



Revenue Share (%)



* Net of Excise and GST

- Adverse impact on the domestic business during the first half owing to GST roll-out; the business and sector though should benefit in the medium to long term from GST implementation

- Enhancing relationships with OEMs & Tier-1/2 customers in the automotive/ electrical segments
- Expanding global footprint through aggressive pursuit of Identified Exports opportunities and participation in international exhibitions to enhance brand visibility.
- Building R&D capability (in-house or through strategic alliances) so as to cater to specific needs
- Enhancing Ester’s UL-certified product portfolio

Engineering Plastics – Products & Applications



Products	Thermoplastic Polyester Compounds
	Polybutylene Terephthalate (PBT)
	Polyethylene Terephthalate (PET)
	Polyamide 6 Compounds
	Polyamide 6.6 Compounds

Applications	CFL Holders, Adopters & Sockets
	MCB Case, Cover & other Parts
	Handles
	Knobs, Panels
	Switches
	Optical Fibre Sheathing
	Textile Machinery Parts
	Connectors

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, engineering plastics and polyester chips with manufacturing facilities located in Khatima (Uttarakhand). A globally recognized player Ester manufactures and markets its polyester films under the brand 'UmaPET' and engineering plastics as 'Estoplast'. The Specialty Polymers business is driven by technology and innovation and the Company presently has many 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.

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