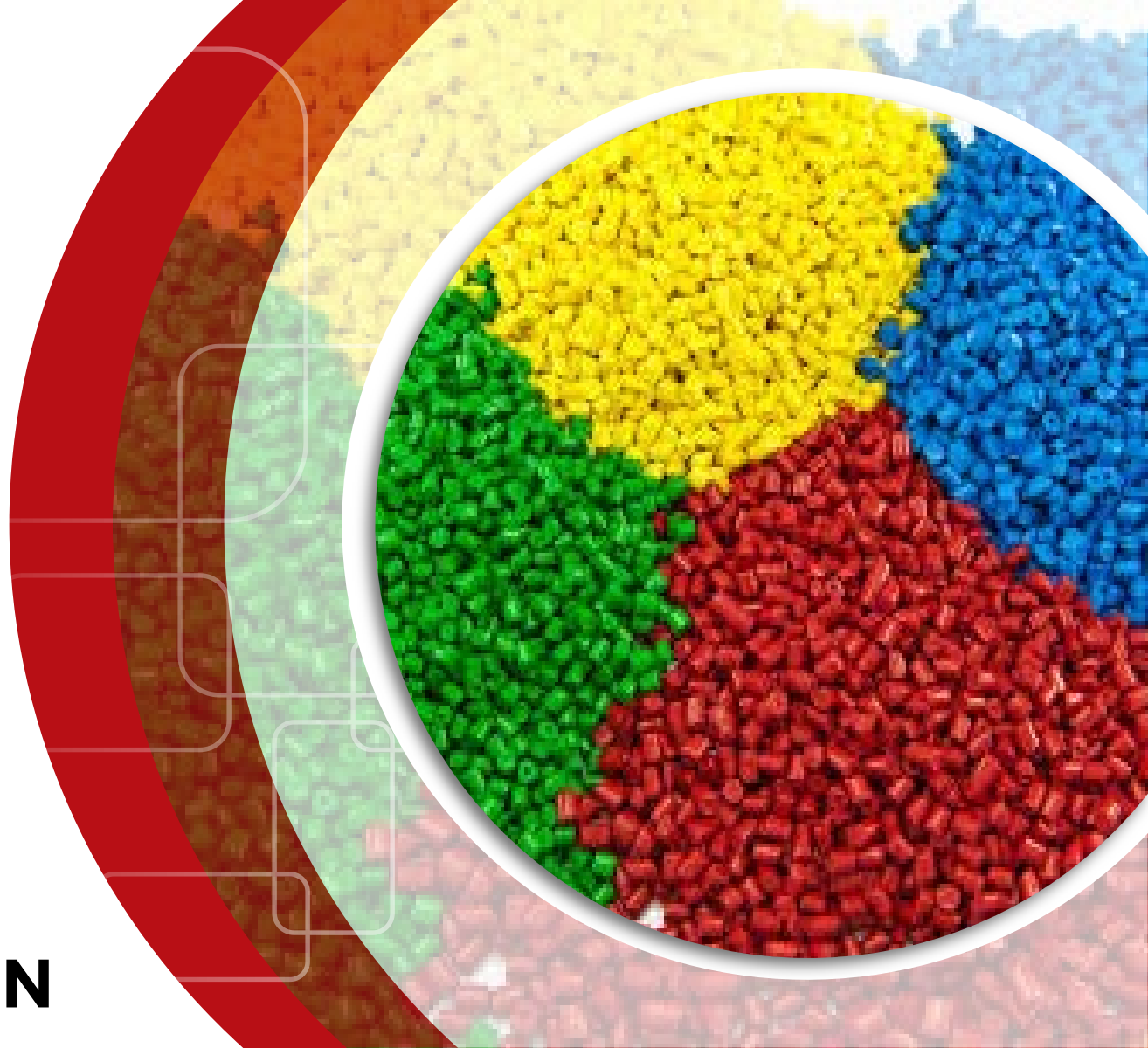




August 6, 2020

**Q1 FY21
RESULTS
PRESENTATION**



Disclaimer

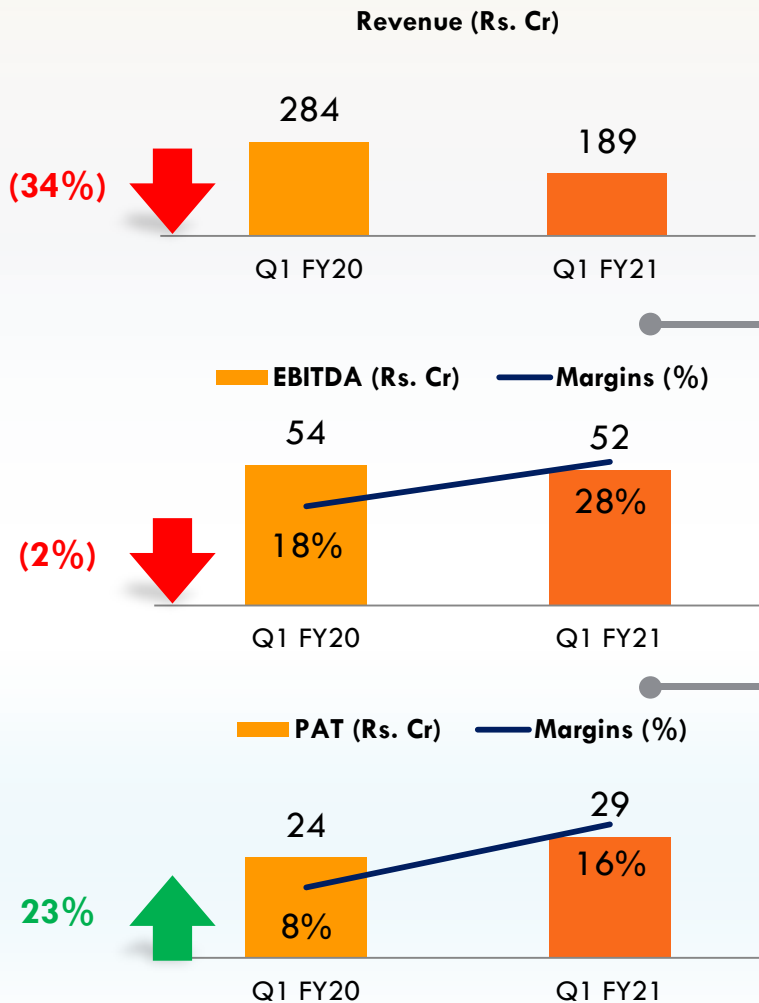
Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause actual results to differ 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.



**Q1FY21
Performance
Overview**



Financial Summary



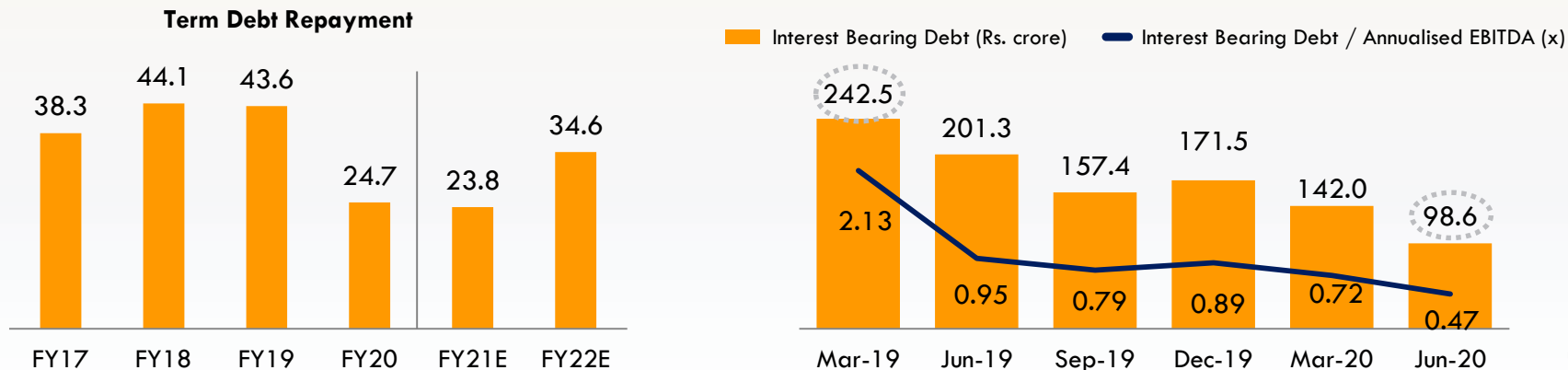
Lockdown led manufacturing and supply disruption impacts revenue; operations have subsequently picked up pace and running close to pre COVID levels

Margin improvement in Film SBU due to favourable demand supply scenario, reduced costs resulted in minimal impact to the overall EBITDA; margins expanded by **960 bps**

Reduced finance cost on account of debt repayment & lower utilisation of WC limits coupled with cost control and lower rate of tax resulted in higher profitability despite lower revenue generation

Debt rationalization

Focused on improving Debt/EBITDA (x) by paying off debt



- Diligently working towards strengthening balance sheet by repaying debt and improving leverage ratios.
- Total interest bearing debt as on 30th June 2020 stood at Rs. 98.6 crore comprising of interest bearing Working Capital of Rs. 26 crore and Term Debt amounting to Rs. 73 crores
- Total Outside Liabilities (TOL) : Tangible Net Worth (TNW) ratio stood at 0.46 as at 30th June 2020 as compared to 0.62 as at 31st March 2020
- Out of the total scheduled repayment of term debt of Rs. 23.83 crores during FY 2020-21, the Company has already repaid Rs. 14.79 crore till 31st July 2020 including pre-payment of Rs. 9.49 crores
- Given its strong financial & liquidity position; the Company has decided not to avail the benefits of Reserve Bank of India's moratorium scheme with respect to loan repayment

Chairman's Comments



Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said “Revenue from operations for the quarter were expectedly lower owing to lockdown led disruptions. Nonetheless, despite lower revenue generation, margin expansion in Film due to improved market conditions, and efforts towards cost containment & efficiencies coupled with lower rate of tax resulted in profitability expansion.

Performance of Specialty Polymer business, consequent to the pandemic and the increasing restrictions in customer markets, was muted though we are confident about long term prospects of the business as fundamentals remain structurally strong.

While revenues for the Film business de-grew during the quarter due to volume de-growth only in the month of April 20 on account of adverse effect of Covid on supply chain and restricted movement of labour, margins for the business improved resulting into sustained profitability. Volumes and utilization levels have subsequently picked up and business is now operating at pre-Covid levels. Further, the commissioning of an off-line coater will help us to improve the product mix and margin profile of the business by increasing the share of value added products. We expect the business momentum to continue on the back of strong domestic and international demand.

Performance of the Engineering Plastics business was sub-optimal owing to suspension of operations due to softness in the application industry segments. However, return to normalcy has been faster than expected as we have been able to achieve normal level of operations in the month of July 2020. Though overall situation in the near term continues to remain challenging for the business, we are nonetheless undertaking steps towards reviving the business by improving the product mix and cutting down on expenses.

Lastly, we are consciously & continuously working towards further improving efficiencies and lowering costs. We are also working towards further improving our balance sheet by repaying debt and maintaining healthy gearing ratios. As regards expansion of Film capacity through a wholly owned subsidiary, we have already started implementation of the project.“

Specialty Polymers



Specialty Polymer – The Catalyst



High entry barriers -
Patent protected
business (Product &
process)

7

Patents
filed

19

Product
portfolio

30,000_{MTPA}

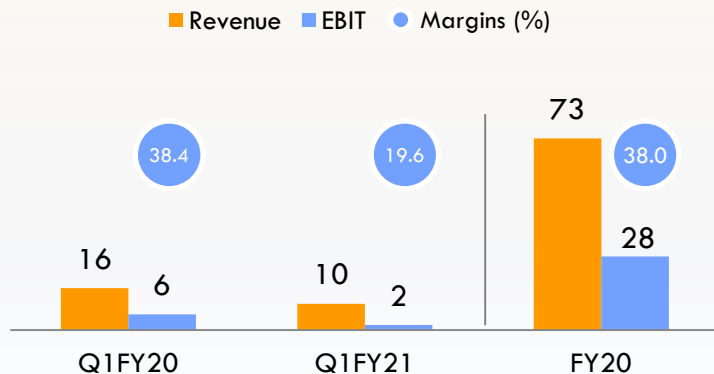
Production Capacity

30%+

EBIT margins on
achieving of adequate
scale of operations

Specialty Polymers

Figs in cr.



- Adverse effect of Covid – 19 & lockdown on demand in USA impacted sales in Q1FY21
- Demand for innovative PBT continues to remain firm
- Expect revival in demand for MB – 03 by end of current financial year as economic activities revive steadily in USA
- Healthy traction seen in other products as well
- Promising outlook on the back of exciting product pipeline and strong fundamentals for the business

- Product portfolio -19 products at various stages of development of which patents have been filed in respect of 7
- High entry barriers protected by Intellectual Property rights
- Existing Product Portfolio –
 - Stain resistant Master Batch: ~ 200% growth in sales volume in FY20 as compared to FY19.
 - Though sales during Q1FY21 were impacted by Covid – 19; we expect return to normalcy by end of current financial year
 - Innovative PBT: Achieved sales of 311 MT during the quarter; sales of 465 MT during FY20
 - Encouraging progress made in the development of another new product for carpet industry in USA. Commercial sales have already started on a small scale. We foresee immense potential for the product.
 - Master batch for a Cationic Dyeable Yarn and Deep Dyeable Yarn- Patent application filed in US, European Union, Korea, Thailand and China for a Master Batch to produce specialized polyester yarn. Gaining strong potential in China and Taiwan

Strong product portfolio to drive momentum in FY21

➤ **Partners with a Global Chemical Leader in Manufacturing innovative Polybutylene Terephthalate (PBT)**

- Signed '**Manufacture and Supply Agreement**' with a global chemical leader in April 2019 effective 1st April 2019
- Agreement is renewable by mutual consent after two years
- While agreement is for nominal quantity, there is possibility of substantial upside. Achieved sales of 465 MT in the first year of Agreement.
- Achieved sales of 311 MT during Q1FY21. During FY21, expect to exceed sales performance of FY20.
- Innovative PBT find application across varied Industries and products - automotive to consumer products, and from electronics to fibers.

➤ **Cationic Dyeable Master Batch (MB-06)**

- Approaching final stages of product development phase
- We expect commercial sales to start during Q2FY21

➤ **Deep Dyeable Master Batch (MB-07)**

- Cleared qualification steps at various customers in USA, EU, China and Korea
- Commercial sales have begun albeit with very small volumes
- Expect volumes to pick up in coming years

Patent Status

Product Code	Product Description	Status of Patent	Product approval from customer	Application
ESTER HR-03	Hot Fill PET by normal ISBM	Granted in USA and filed in India, Europe	Approved	Packaging
ESPET MB-03	Masterbatch Sulfonated PET	Granted in USA and filed in India, Europe, Korea	Approved	Stain Resistance in Nylon Carpet
ESPBN	Clear PBN	Granted in USA & EU and filed in India	Under Trials	Monolayer and Multilayer Containers
ESPET HR-01 B3	Beer Keg PET	Granted in USA and filed in India & EU	Under Trials	Monolayer containers/Kegs
ESPET MW-01	Microwaveable PET	Filed in India	Under Trials	Extrusion and thermoforming
ESPET FR-10	Flame Retardent PET	Filed in India	Approved	Flame retardant master batch for PET Polyester in textile (PFY/PSF) & Film application
ESPET MB-06 R4 & ESPET MB-07 R8	Easy Dyeable & Cationic Masterbatch	Filed in India, USA, European Union, China, Korea & Thailand	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, Deep dyeable master batches, Cationic dyeable master batch

Carpets – Stain Resistant Master Batches

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles



Polyester Films



Polyester Film – “De-Commoditizing”



De-commoditizing the business by changing product mix



Mfg. Capacity -57,000MTPA Polyester Films & 13,200 MTPA Metalized polyester films



Strong sector fundamentals – Stable pricing environment;

#56

No. of countries (exports)

~30%

Share of value added product in next two years from ~16% (FY20)



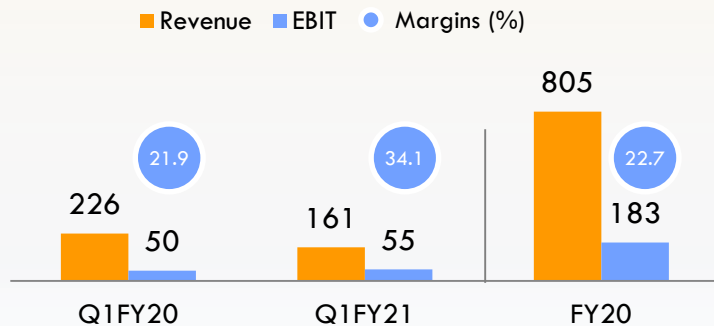
Cost rationalization initiatives and improving production & process efficiencies contributed to bottom line



Improved productivity & efficiency drives growth in production

Polyester Films

Figs in cr.



- Lockdown related manufacturing and supply related disruption resulted in lower revenue generation during the quarter
- Strong domestic and international demand translating to improved margins
- Commissioning of Off – Line Coater in June 2020 to aid in improving product mix going forward

FY20 – Film includes revenue of Rs. 69.98 crore & EBIT of Rs. 2.61 crore from Polyester Chips.

Q1FY20 – Film includes revenue of Rs. 25.51 crore & EBIT of Rs. 0.85 crore from Polyester Chips

Q1FY21 – Film includes revenue of Rs. 1.67 crore & EBIT of Rs. 0.09 crore.

Excluding Chips, the EBIT margins for the Film SBU stood at 24.5% (FY20) as against 16.4% (FY19) higher by 810 bps

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- 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 67,000 MTPA
- **Global Footprint** : Formidable reach across more than 56+ countries
- Value Added & Specialty products include transparent barrier film, shrink film & silky matte etc.
- 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.
- As regards expansion of Film capacity through a wholly owned subsidiary, we have already started implementation of the project.

Potential impact of Covid-19 on the Film business

- Demand growth from Consumer Staples for flexible packaging is expected to remain strong
- Increased focus on health & hygiene products to result in further growth in demand
- Raw material prices are expected to remain benign in the near term
- Due to changes in the macro-economic scenario on account of Covid – 19 outbreak, there is a likelihood that some of the planned commissioning of new capacities in near term may be delayed

Film Business – Expect momentum to continue

Industry Dynamics

- Market size of Domestic BOPET films ~504000 tpa
- Domestic demand growing at 11%-12%
- Incremental supply of about 65000 TPA on account of commissioning of 2 new production lines in August & November 2019 already absorbed by the market with minimal disruption

Company specific initiatives

- Working towards increasing the share of value added products – ~30% within next 2 years
- Off Line Coater that has been commissioned in May 2020 will enable us to enhance the volume of Value Added & Specialty Films significantly. Commercial sales have started from the month of June 2020
- BOPET Film made from 100% PCR has been certified by a reputed institution
- Implementation of expansion project, announced by the Company on 5th March 2020, has already started

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 – “Structurally positive; near term challenging”

#250

Product Portfolio

13,500MTPA

Mfg. capacity

“Estoplast”

Products marketed
under the brand



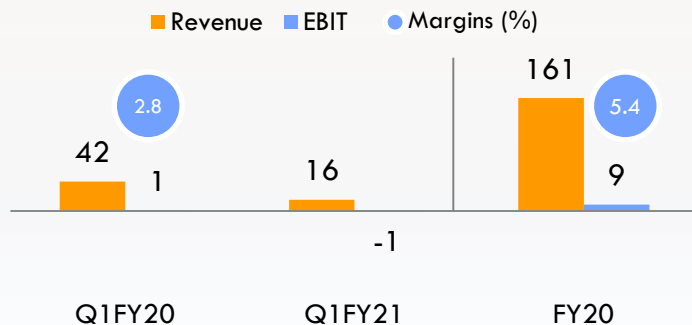
“Fastest Growing Enterprise
Processing (Engineering Polymers)”
at the Plastindia Exhibition in
February 2015



Improving product / customer
mix, expanding exports &
controlling costs to improve
margin profile & return ratio

Engineering Plastics

Figs in cr.



- Shutting down of operations in application industries impacted demand and hence business' profitability
- Return to normalcy has been faster than expected as achieved normal level of operations in the month of July 2020.
- Overall situation in the near term continues to remain challenging
- Working towards increasing share of high margin products in the overall mix and cutting down costs

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- A well regarded manufacturer of Engineering plastics
- Diverse Product Portfolio – 250+ grades / products marketed under the brand “ESTOPLAST”
- Manufacturing capacity - 13,500 MTPA
- Achieved CAGR of 0.1% and 3.6% in volume & value terms respectively over 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 – Products & Applications

Products

Polybutylene Terephthalate (PBT)

Polyethylene Terephthalate (PET)

Polyamide 6 (Nylon 6)

Polyamide 66 (Nylon 66)

Polycarbonate (PC)

Acrylonitrile Butadiene Styrene (ABS)

Polyoxymethylene (POM)

Alloys & Blends

Applications

Switchgear Industry

MCB, MCCB, RCCB, etc. Case, Cover & other Parts

Lighting Industry

Switches, Sockets, LED/CFL Holders, etc.

Appliances Industry

Knobs, Rotary Switches, Couplers, Body Parts, etc.

Textile Industry

Bobbins, Apron Gauge, Suction Tubes, etc.

Automotive Industry - Passenger Vehicles

External - Door Handles, Bezels, Wheel Cover, Mirror parts, etc.

Internal - Center Fascia, HVAC Parts, Clips, Engine Parts like Connectors

Automotive Industry - 2 Wheelers

Handle Bar parts, Grab Handles, Covers, Bezels, Ignition Coils, etc.

Safety Devices

Helmet Parts, Toe-guards, etc.



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About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL) is an ISO 50001:2018, ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ISO 45001:2018 and Food Safety System Certification 22000 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.