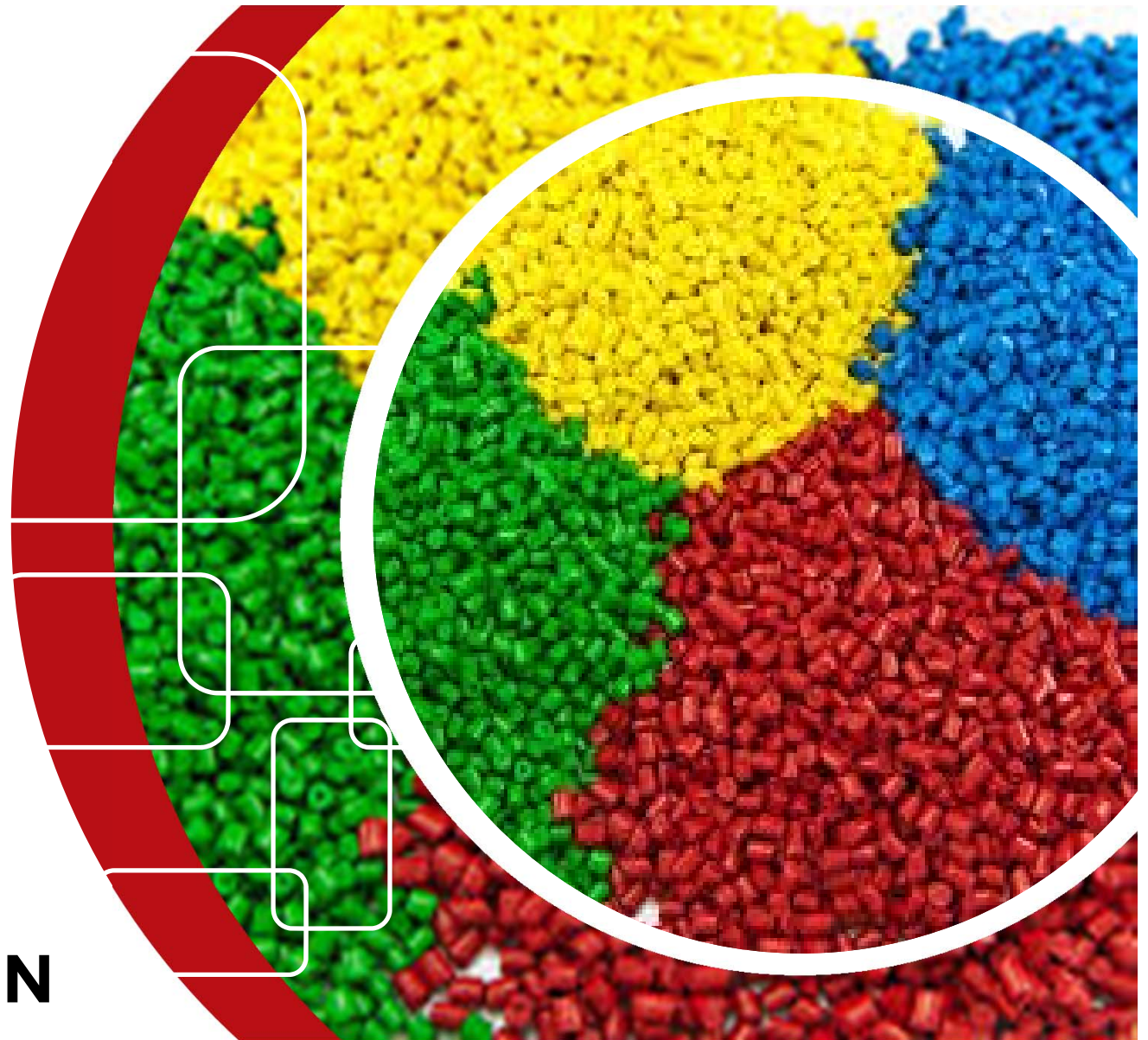




February 2nd, 2021

Q3 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.



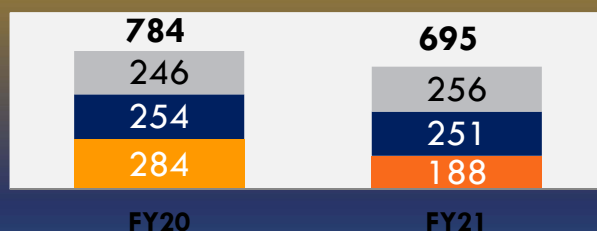
Q3 & 9M FY21 Performance Overview



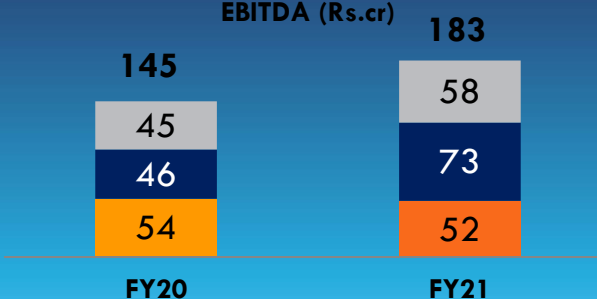
Financial Summary



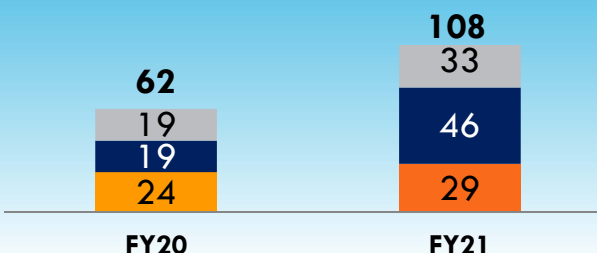
Revenue (Rs. Cr)



EBITDA (Rs.cr)



PAT (Rs.cr)



Strong performance of Film and Engineering Plastics business resulted in **4% revenue growth** (surpassed FY20 quarterly run-rate for the first time in FY21) for the quarter. External factors impact Specialty Polymer though revival expected soon

Improved performance of Film & Engineering Plastics SBUs more than made good the impact of adverse performance of Specialty Polymers

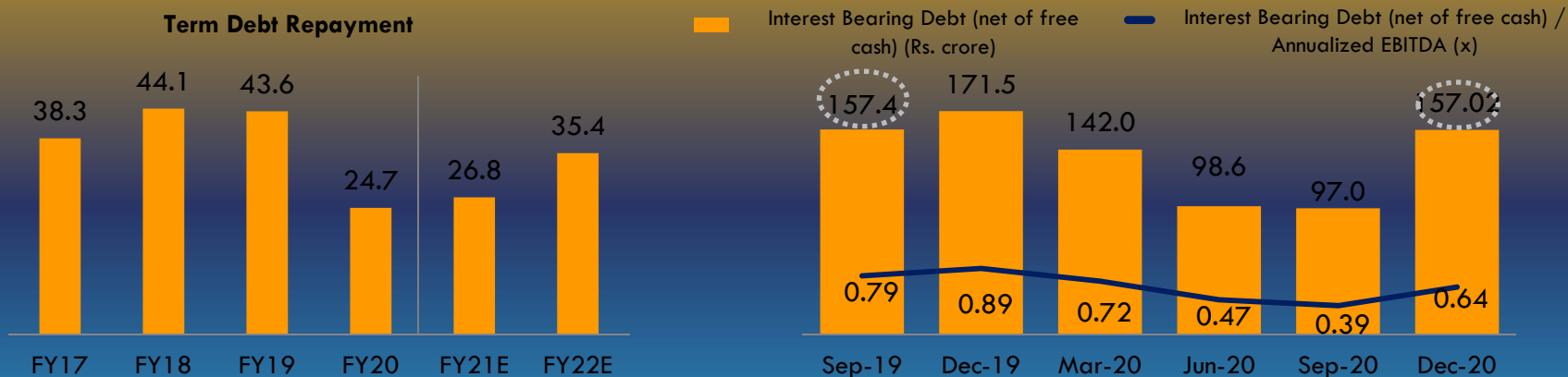
This resulted in EBITDA margin of **23%** and EBITDA margin expansion of **434 bps**

Strong operational performance combined with reduced interest cost and lower tax rate translated to **PAT expansion of ~70%** for the quarter

Debt rationalization measures....



Focused on improving Debt/EBITDA (x) by paying off debt / reduced utilization of WC limits



- Diligently working towards strengthening balance sheet by repaying debt / reducing utilization of WC limits and improving leverage ratios
- Total interest bearing debt (net of free cash) as on 31st Dec 2020 stood at Rs. 157.02 crore comprising of interest bearing Working Capital of Rs. 51.78 crore and Term Debt (net of free cash) amounting to Rs. 105.27 crore
- Total Outside Liabilities (net of free cash) (TOL) : Tangible Net Worth (TNW) ratio stood at 0.58 as at 31st Dec 2020 as compared to 0.49 as at 30th Sep 2020
- Out of the total scheduled repayment of term debt of Rs. 26.8 crore during FY 2020-21, the Company has already repaid Rs. 22.37 crore till 31st Dec 2020 including pre-payment of Rs. 3.14 crore
- Have invested Rs. 86.6 crore as equity in the WOS till 31st December 2020 and Rs. 87.4 crore as on date
- Higher level of current assets due to increase in raw material rates, and investment as equity in WOS caused interest bearing debt as multiple of EBITDA to increase to 0.64

....translating to upgrade in External Credit Rating



Brickwork			CRISIL	
	Amount (Rs.cr)	Rating	Amount (Rs.cr)	Rating
Long – term Rating	245.97	BWR A – (stable) (upgrade)	275.70	CRISIL A - / Stable (assigned)
Short – term Rating	165.30	BWR A2+ (upgrade)	135.30	CRISIL A2 + (assigned)
Total	411.27		411.00	

* Bill Discounting limit of Rs. 30 cr is considered Short– term by Brickwork and Long– term by CRISIL

Chairman's Comments



Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said "Revenue and profitability both registered an increase year on year on the back of strong performance of the Film and Engineering Plastics businesses. Engineering Plastics business in fact delivered its best quarterly performance till date. Performance of Film SBU during Dec 20 quarter was marginally subdued in comparison to Sept 20 quarter. During Sept 20 quarter, due to pandemic related stocking of packaged items by consumers, the demand & consequently margins were exceptionally high which could not have been sustained. Performance during December quarter is generally subdued due to lower demand post Diwali. External factors like farmers rally & effect of sudden high increase in input cost resulted in lower demand growth and impact on margins. Going forward, we expect the domestic & global demand to grow at the rate of 11% - 13% pa and 6% - 6.5% pa respectively. We are accordingly getting future ready by scaling up our capacities to meet the growing demand of our customers. Furthermore our attempts towards improving the product mix by increasing the share of value added products have started to show encouraging & positive results.

Specialty Polymers business was impacted by external factors, but is expected to rebound by next year. Commercial sales of two new products namely MB 07 (Easy Dyeable & Cationic Masterbatch) and LMC 03 (Low Melt Copolyetherester) having immense potential has started during the quarter. Performance of our Specialty Polymer business was largely impacted by lack of demand from our key customer markets (mainly USA) on account of Covid – 19. The underlying strength of this business, however, gives us confidence that this business will regain its momentum as the environment normalises. Additionally, commencement of commercial sales of our newly launched products (MB 07 & LMC 03) acts as a strong growth trigger for the business.

Moving on to Engineering Plastics, the business delivered a stellar performance, with revenue and margins registering a sizeable jump. Volumes for the quarter were exceptionally strong on the back of strong demand from end-user industries. We expect the business to perform well going forward and believe that our decision to relocate our unit would help us to improve bottom line of the SBU besides serving our clients in a better and more efficient way.

To conclude, we believe that all our businesses are well positioned to deliver steady and consistent performance over the medium to long term and create significant value for our shareholders."

Specialty Polymers

ESTER
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Specialty Polymer – The Catalyst



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

8 (+1)

Patents
filed

22 (+3)

Product
portfolio

30,000_{MTPA}

Production Capacity

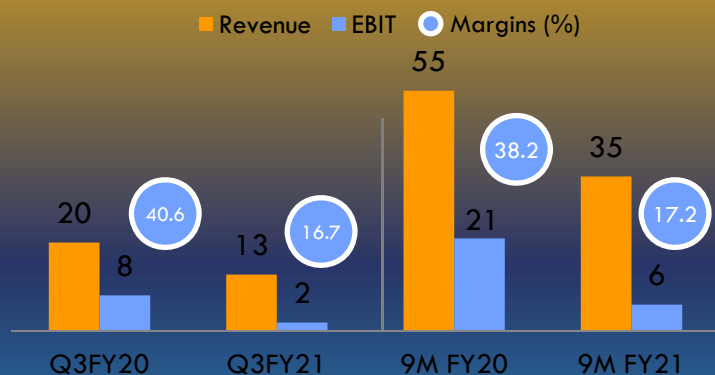
35%+

EBIT margins on
achieving of adequate
scale of operations

Specialty Polymers



Figs in cr.



- Exports of MB 03 to USA affected due to exceptional situation caused by Covid – 19. Effects of vaccination drive likely to normalise situation by April 21. Normal level of exports likely from May / June 21.
- Demand for existing and newly introduced products remain encouraging; expect FY22 to be a better year for the business
- Commercial sales of MB 07 and LMC 03 started during the quarter.
- Encouraging response for new products MB 16 - finding application in textiles / carpet industry

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Business overview

- Product portfolio - 22 products. Out of which patents have been filed in respect of 8
- 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. Confident to achieve targeted volumes in FY22
 - Innovative PBT: Already achieved sales of 786 MT during 9M vs sales of 465 MT during FY20
- New Products:
 - 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 going forward.
 - Cationic Dyeable Master Batch (MB – 16) and Deep Dyeable Master Batch (MB – 07) - Customer approval already received and commercial sales have commenced. Expect substantial volumes from these products going forward

Strong product portfolio



➤ 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 for 2 years for 400 MT per annum
- 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 786 MT during 9MFY21 itself. Basis orders in hand, confident of achieving sales of about 1000 MT during FY21
- Volume of sales expected to grow continuously post FY21 as well
- Innovative PBT find application mainly in consumer electronics application currently and is now being propagated for other applications such as automotive, textiles, cosmetics etc.

➤ Cationic Dyeable Master Batch (MB-06)

- Commercial sales have commenced

➤ Deep Dyeable Master Batch (MB-07)

- Commercial sales have commenced

Both these products are expected to contribute significant volumes. Commercial sales started

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 India, filed in Europe	Approved	Packaging
ESPET MB-03	Masterbatch Sulfonated PET	Granted in US, India and Europe Filed in Korea	Approved	Stain Resistance in Nylon Carpet
ESPBN	Clear PBN	Granted in USA, Europe and 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
LMC grades	Low Melt Copolyetherester	Filed in India	Approved	Adhesive in Textile/Carpet Industry

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

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Polyester Film – “De-Commoditizing”



De-commoditizing the business by changing product mix



Mfg. Capacity -57,000 MTPA Polyester Films & 13,200 MTPA Metalized polyester films
New Capacity of 48,000 MTPA to commence production by October 2022



Strong sector fundamentals – Stable pricing environment;

#60

No. of countries (exports)

~30%

Share of value added product by FY22 from ~16% (FY20)

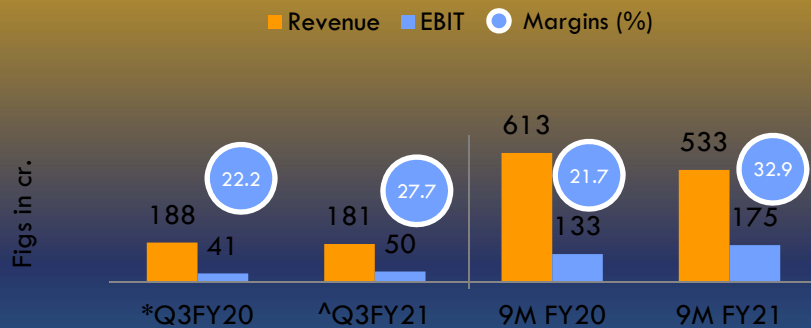


Cost rationalization initiatives and improving production & process efficiencies contributed to bottom line



Improved productivity & efficiency drives growth in production

Polyester Films



- Q-o-Q: Maintenance shutdown undertaken during the quarter, resulted in lower volume and revenue generation
- Y-o-Y: Favorable demand – supply scenario, higher operating leverage resulting in better profitability & margin
- Steady improvement in product mix – share of Value added products stands at 20% as of Q3 FY21

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

*Q3FY20 – Film includes revenue of Rs. 15.85 crore & EBIT of Rs. 0.63 crore from Polyester Chips

^Q3 FY21 – Film includes Rs. 8.03 crores revenues from sale of PTA

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Business overview

- 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 60+ 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 and invested Rs. 87.40 crores till date

Potential impact of Covid-19 on the Film business



- Demand from the Consumer Staples sector for flexible packaging is expected to remain strong
- Increased focus on health & hygiene products to widen opportunity
- Raw material started to rise from November. Have started to stabilise now.
- 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 ~540000 tpa
- Domestic demand growing at 11%-13%
- Incremental supply of about 65,000 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

- Setting up an advanced polyester film manufacturing facility in the state of Telangana
- Capex of Rs. 587 crore; Targeted Completion date – October 2022
- Working towards increasing the share of value added products – ~30% by FY22
- 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 two reputed institutions

Polyester Films – Products & Applications

Products	White Opaque	High Clear	Applications	Flexible Packaging
	High Barrier	Embossable		Barrier Packaging
	Heat Sealable	Twist Wrap		Embossing
	Shrink film	Anti - Static		Lidding
	Metalized High Barrier	Matte		Label & Graphics



Engineering Plastics



Engineering Plastics – “Structurally positive; near term challenging”



#250

Product Portfolio

13,500_{MTPA}

Mfg. capacity

“Estoplast”

Products marketed
under the brand



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

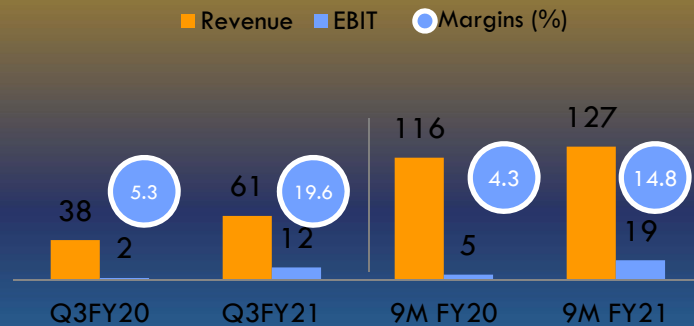


Improving product / customer
mix, expanding exports &
controlling costs to improve
margin profile & return ratio

Engineering Plastics



Figs in cr.



- Delivers best quarterly performance till date
- Revenue and profitability growth following strong pick up in demand from end user industries – OFC, Auto and electrical & electronics industry
- Elevated volumes and operating leverage resulted in higher profitability and margin expansion
- Expect business momentum to continue going forward

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Business highlights

- A well regarded manufacturer of Engineering plastics
- Diverse Product Portfolio – 250+ grades / products marketed under the brand “ESTOPLAST”
- Manufacturing capacity - 13,500 MTPA
- Evaluating capacity expansion in view of improved performance
- Management Decided
- Relocation of unit to a Western State would help to improve bottom line besides serving clients in a better and more efficient way.

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.



Investor Contacts

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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.