Q1 FY25 Investor Presentation

August 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

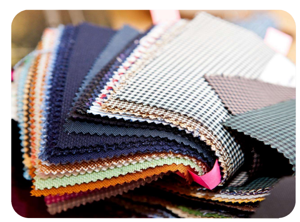
About Us

ESTER INDUSTRIES LTD.

- Diversified business portfolio
- Comprehensive product suite
- State-of-the-art manufacturing facilities
- Global footprint
- Experienced management team
- Healthy financial Position

Sales Mix (Q1FY25)

Polyester Chips & Films Segment — 81%



Specialty Polymers Segment — 19%

Quick Facts

1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

2

Business Segments*

About 50 COUNTRIES

Global Footprint

522 – EIL - KHATIMA, SITARGANJ, GURGAON

149 – EFL – HYDERABAD, GURGAON

Permanent Employees

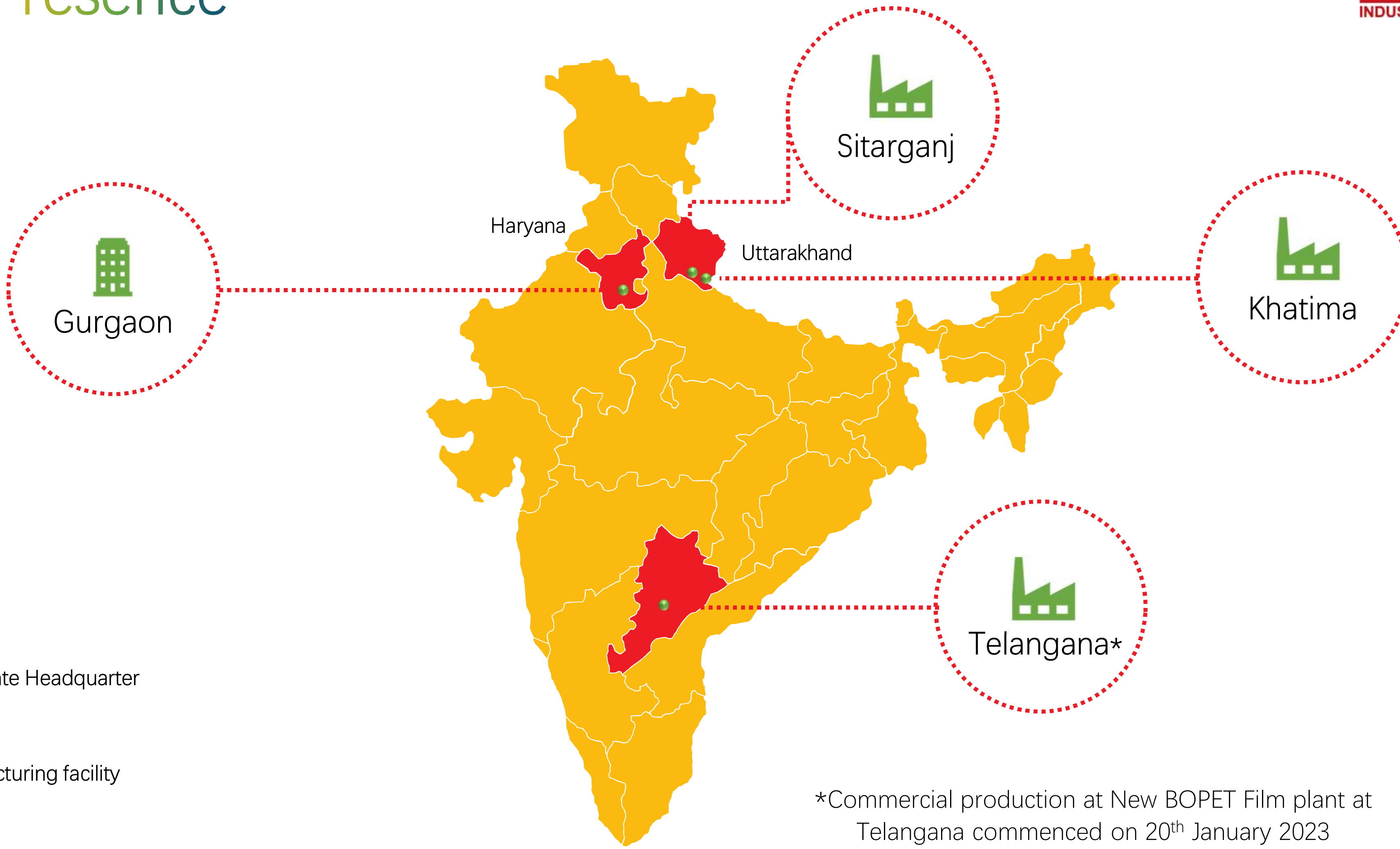
CRISIL A -

(Industry Outlook – Negative)

Credit Rating (Long Term)

PF - Polyester Film; SP - Specialty Polymers

Our Presence



Corporate Headquarter

Manufacturing facility

*Commercial production at New BOPET Film plant at Telangana commenced on 20th January 2023

Global Presence

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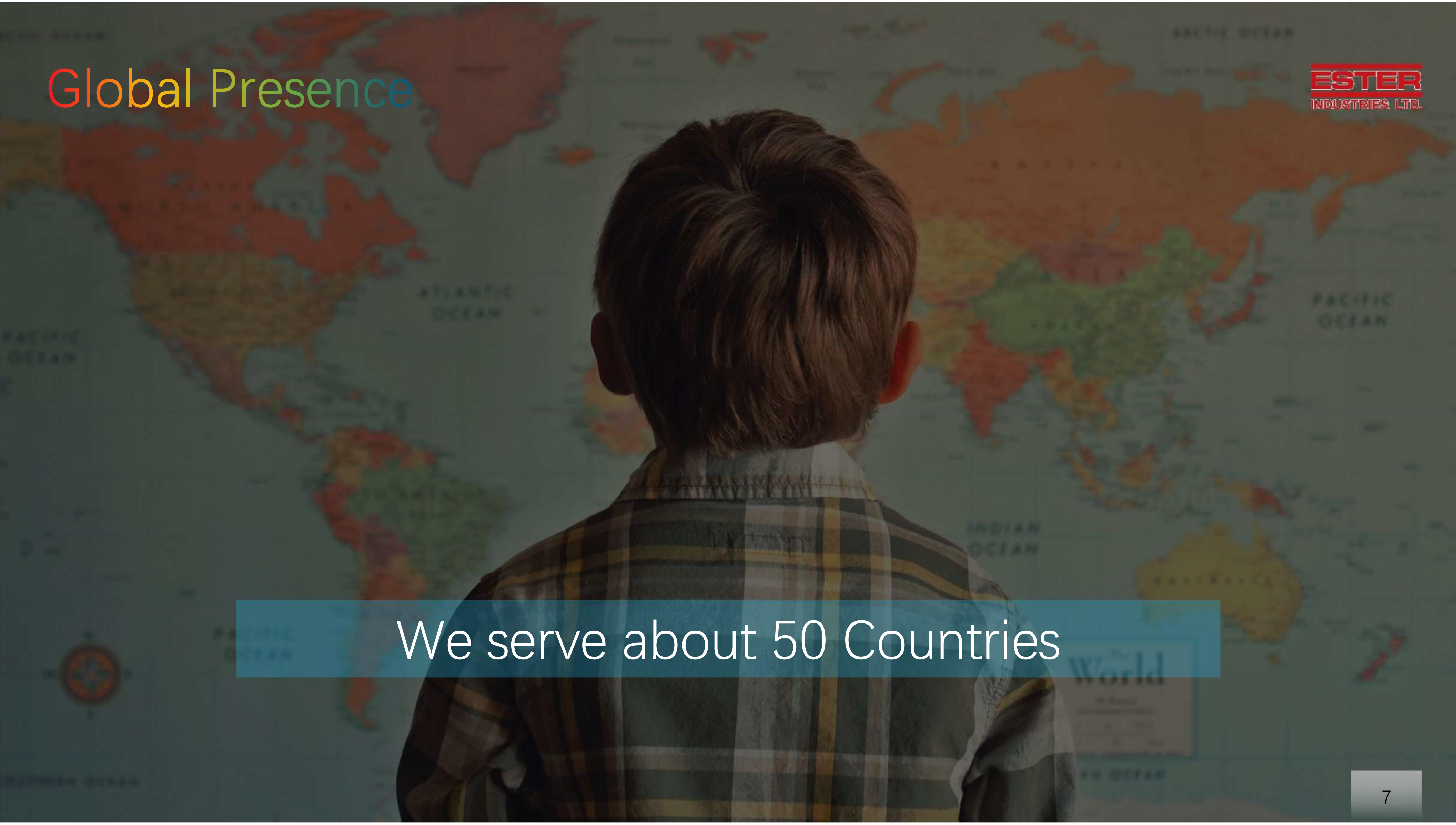

We serve about 50 Countries

Q1 FY25 Performance Overview

Financial Summary (Standalone)

Particulars (Rs.cr)	Q1 FY25	Q1 FY24	%	Q4 FY24	%
Total Income	244	206	18.1	220	11
EBITDA (including Non operating income)	17	13	35.3	9	89
Margins (%)	6.9	6.1	+80 bps	4.0	+290 bps
PAT	(2)	(5)	-	(9)	-
Margins (%)	-	-		-	-

- Improved performance underpinned by sharp pick up in Specialty Polymer business and better pricing environment in Film business
    - Film business: Though demand – supply mismatch persists, it is getting bridged quarter after quarter
    - Specialty Polymer: Higher volumes coupled with improved product mix resulted in sharp improvement in revenues and profitability
    - Total income includes revenues from sales of Polyester Chips – Rs. 42 crore (4,589 MT)
- Operating profitability expansion driven by strong revival in performance of Specialty Polymers

Financial Summary (Consolidated)

Particulars – (Rs.cr)	Q1 FY25	Q1 FY24	%	Q4 FY24	%
Total Income	292	267	9.4	280	4.3
EBITDA (including Non operating income)	17	10	70	9	88.9
Margins (%)	5.9	3.6	+230 bps	3	+290 bps
PAT	(16)	(22)	-	(24)	-
Margins (%)	-	-	-	-	-

- Specialty Polymers' contribution in total income: Rs. 45 crore in Q1FY25 as compared to Rs. 20 crore in Q1FY24 and Rs. 30 crore in Q4FY24
- BOPET Films - Sales volume of 11,226 MT in Ester Industries and 6,501 MT in Ester Filmtech.
- Shutdown of Film production lines for few weeks for commercial reasons impacted overall volumes during the quarter, however better pricing environment resulted in sustaining revenue
- Consolidated capacity utilisation of 66%.
- Capacity Utilisation - 80% in Ester Industries and 49% in Ester Filmtech

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Chairman's Comments

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

"We have started the fiscal on a positive note. Specialty Polymer has had a strong quarter as can be seen by operating and financial performance indicators. Film business after undergoing challenging period of last two years, is finally witnessing some positivity as far as pricing & margin environment is concerned. As the demand-supply mismatch improves quarter after quarter, we are hopeful of margin & profitability improvement in times to come.

Specialty Polymer performed well both on a Y-o-Y and Q-o-Q basis. Q1 performance was largely driven by good volume off-take for our marquee products MB03 and Innovative PBT. Higher share of value-added products resulted in improved margins and profitability. We expect the momentum to not only sustain but accelerate further throughout the year. As I have emphasized earlier, this business is protected by intellectual property, which safeguards our margins and preserves profitability. We continue to work towards building a healthy product pipeline and expect positive contributions from some of them over the coming years.

As far as Film business is concerned, having gone through a rough period of last two years especially with regards to margins, I am pleased to report that we have started to witness some respite over the past few months. The pricing and margin environment has started to improve. As a result, going forward Film SBU is likely to return better performance despite lower volumes of sale. The proportion of Value Added & Specialty products stood at 30% during the quarter under review and with a targeted increase to 40% by FY26, the profitability is expected to get further boost.

Plastic Waste Management Rules (PWMR) mandating utilization of 10% recycled content in flexible packaging laminate , coming into force from 1st April 2025 will further increase demand for Polyester Film with conversion taking place from other substrates to polyester.

As regards our JV with Loop Industries Inc, I am happy to announce that it is progressing as per schedule. Various activities towards implementation of the project are being pursued in right earnest.

Looking ahead, given our strong position in both SBUs, we are confident to create value for our shareholders, as the fundamentals of both businesses remain solid. The joint venture with Loop is a transformative development that will pave the way for profitable growth for the company in the years to come."

Specialty Polymer

Specialty Polymer – Business Salience

- Largely IP protected business
- High entry barriers – patent protected
- Customer retention ensured as largely patent protected
- High margin business
- Marquee clientele
- Export oriented

Specialty Polymers – Case Study

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Problem	Solution

High cost towards carpet stain removal

- Stain marks on (nylon) carpets given spillover / spillage of liquid shortens its life
- Impairs aesthetic appeal
- Present technology – 'Sulphonated Nylon' (Costly & inflexible) and 'Topical coating' (wash fastness & longevity issue) for addressing the problem are not economically feasible

Flexible low cost solution

- Ester has developed a PET based master batch, which imparts permanent stain resistance in nylon carpets
- Provides total flexibility to producers of "nylon yarns for carpets" to adjust the content of the active ingredient for stain resistance to their specific need
- Granted patent in USA; India, Europe & Korea

Business Opportunity

USA, largest producer of Carpets & Rugs boasts of an industry with annual revenues of ~USD 15 Billion

Innovative PBT: Manufacturing for global chemical leader

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- Regularly manufacturing & supplying Innovative Polybutylene Terephthalate (PBT) polymers to a global chemical `leader
- Ester Industries is amongst the only company globally equipped with the expertise and infrastructure to manufacture the product
- Innovative PBT being manufactured from recycled material is more eco-friendly than PBT which is manufactured using virgin raw materials
- Innovative PBT finds application across multiple industries – Consumer electronics, textile, fibre & automotive
- The product fetches decent price / margin
- Volume (with better product mix) and Value progression:

	Q1 FY25	Q1 FY24	Q4 FY24
Volume (MT)	301	79	194
Value (Rs./crores)	17	4	7

Specialty Polymers – Products & Applications

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Products

- Polyethylene Terephthalate (PET)
- Polybutylene Terephthalate (PBT)
- Polyethylene Naphthalate (PEN)
- Master Batches

Applications

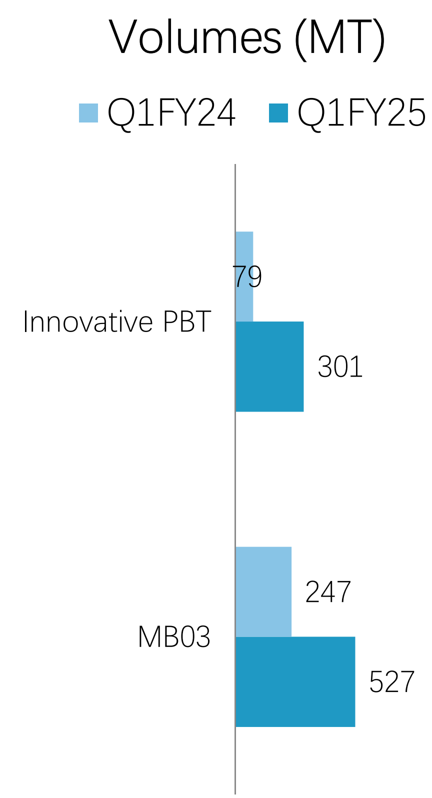
- Consumer electronics
- Textile – Flame Retardant, Deep dyeable master batches, Cationic dyeable master batch
- Carpets – Stain Resistant Master Batches
- Carpets – Deep Dyeable Master Batch
- Heat Sealable
- Engineered Plastics / Injection Moulding
- Low Melt Polymers for Textiles

Q1 FY25 Performance

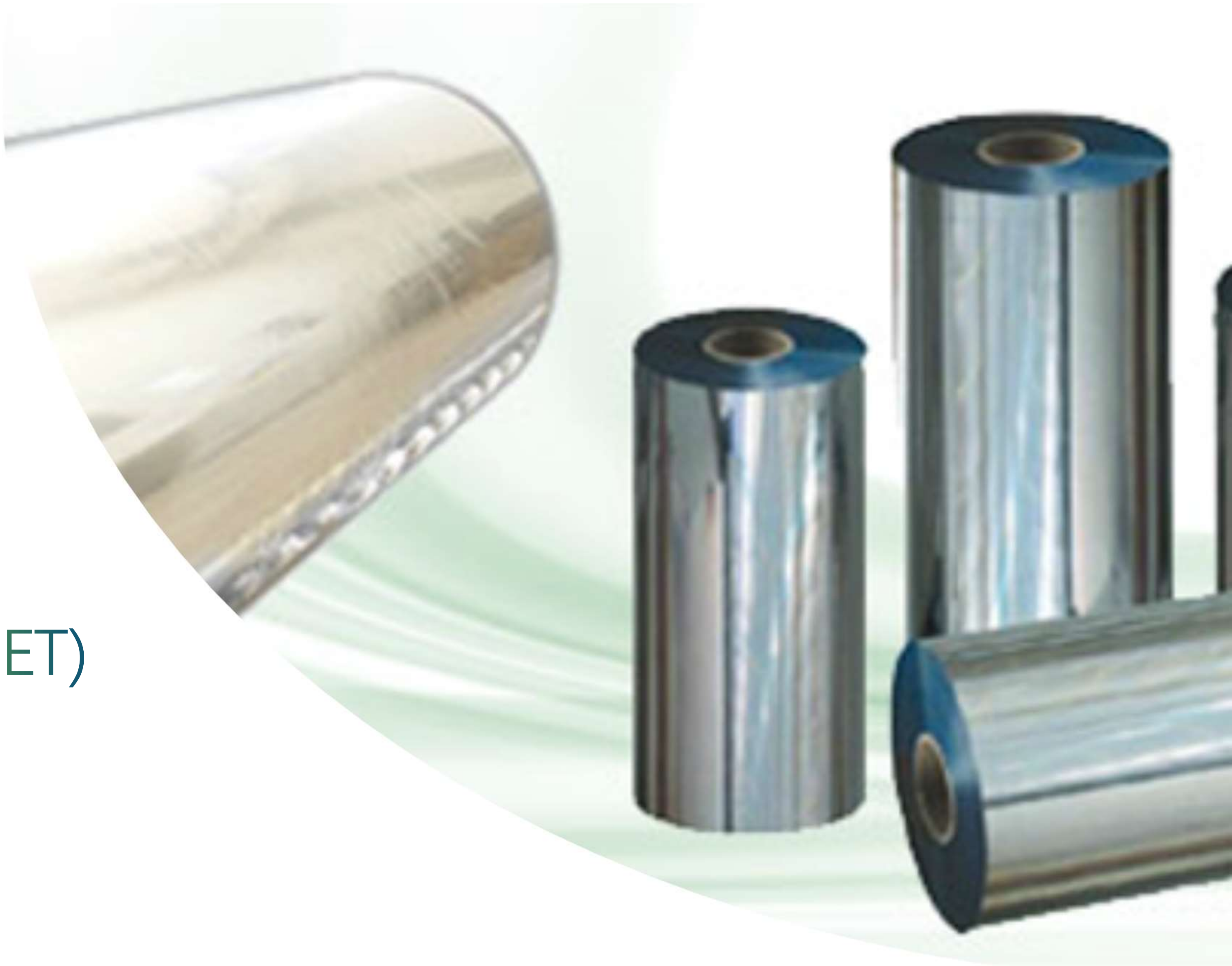
Figs. in cr

Particulars	Q1 FY25	Q1 FY24	%	Q4 FY24	%
Sales (Vol's MT)	982	526	86.7	853	15.1
Revenue	46	20	130.0	32	43.8
EBIT	20	7	185.7	9.1	119.8
Margins (%)	*42.9*	*33.3*	*+960 bps*	*28.5*	*+1,440 bps*

- Strong start to the fiscal underpinned by higher volumes, better product mix and significantly improved profitability
- Higher share of marquee products (MB03 and Innovative PBT) resulted in higher profitability and margin expansion
- Expect business momentum to continue – leading to revenue, margins and profitability improvement



Packaging (BOPET) Film Business



Industry Overview

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

#36

Years of experience

108,000 MTPA

Polyester Film capacity
(including Telangana capacity)

23,200 MTPA

Metallized Polyester Film capacity
(including Telangana capacity)

About 50

Export market
(# of countries)

30%

Share of value-added products (Q1 FY25)

67,000 MTPA

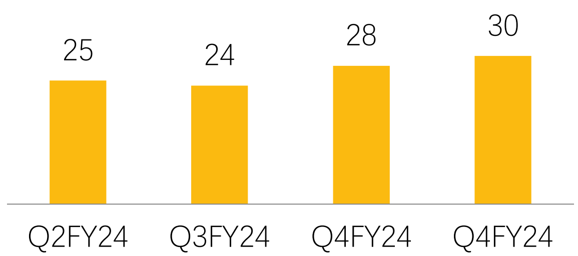
Polyethylene Terephthalate (Polyester) Chips capacity

Telangana Plant

Commercial production commenced on 20th January 23

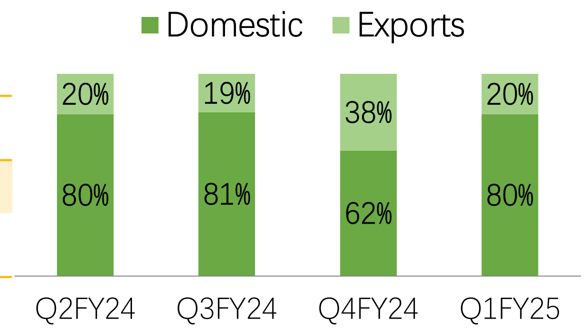
Key Strengths

Value Added (%)



*Film & Chips Segment

(Rs.cr)	Q2FY24	Q3FY24	Q4FY24	Q1FY25
EBIT	-1.25	-3.3	0.3	0.4
Margins (%)	*-0.6*	*-1.9*	*0.1*	*0.2*



Product mix – aiming towards increasing the share of value added & specialty products to ~35% by FY25 and 40% by FY26

Pass through business model for raw material prices

Raw Materials are petrochemical based products

Margins governed by demand supply scenario

Demand supply imbalance imropving quarter by quarter

Balanced mix of domestic and exports orders

Above stated numbers are only for Ester Industries Limited

* Low EBIT (%) due to margin compression on account of severe demand supply imbalance

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

Q1 FY25 Performance (Standalone)

Figs. in cr

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Particulars	Q1 FY25	Q1 FY24	%	Q4 FY24	%
Sales (Vol's MT)	11,226	12,462	(9.9)	13,048	(13.9)
Revenue	194	178	8.9	184	5.4
EBIT	0.4	4	(90.0)	0.3	33.3
Margins (%)	*0.2*	*2.4*	*(220 bps)*	*0.13*	*7 bps*

- Shutting down of Film production Line # 1 & 2 for few weeks during the quarter on account of commercial reasons impacted volume of sales
  - Share of Value-added products stood at 30% during Q1FY25
- Pricing environment started to improve during the quarter, though sales in volumetric terms was lower
- Though demand-supply mismatch still persists, basis robust growth in demand, the same is getting bridged quarter after quarter
- Confident of margin and profitability improvement over coming quarters / years

Ester Filmtech Limited (WOS)

- Ester Filmtech Limited, a wholly-owned-subsidiary of Ester Industries Limited, commenced commercial production on 20th January 23 at new Polyester (BOPET) film manufacturing plant in the State of Telangana.
- Generated revenues worth Rs.81 crore and volumes of 6,501 MT during Q1FY25
- Better pricing environment resulted in positive EBITDA for the quarter
- Robust growth in domestic as well as global demand helping bridge the gap between demand & supply
- This will lead to improvement in margins and profitability in coming quarters / years
- 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.450– Rs.500 crore upon achieving optimal utilization at reasonable prices / margins, expected by FY26

Ester Filmtech Limited – Q1 FY25 Financials

Particulars – (Rs.cr)	Q1FY25	Q1FY24	FY24
Sales Volume (MT)	6501	5760	25626
Net Sales	77.4	63	277
Other Operating Income	1.1	0.4	2.3
EBITDA	(1.7)	(4.2)	(21.3)
Other Non-Operating Income	2.5	1.2	1.8
Cash Profit	(7.5)	(10.5)	(52.5)
PBT	(13.7)	(16.8)	(77.7)
PAT	(13.7)	(16.8)	(77.7)

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JV with Loop Industries, INC

JV with Loop Industries., Inc

- Entered into a JV with Loop Industries., Inc to produce a unique product offering of lower carbon footprint recycled dimethyl terephthalate (“rDMT”), recycled mono-ethylene glycol (“rMEG”) in India, using the Infinite Loop™ technology
- The Infinite Loop™ India JV facility aims to annually produce 70,000 tonnes of rDMT and 23,000 tonnes of rMEG. Ester will then convert part of these quantities into various specialty polymer grades.
    - This facility can cut carbon emissions by up to 70% compared to virgin DMT and MEG from fossil fuels
    - provide chemical companies with a straightforward, circular alternative, aiding them in meeting sustainability targets
- JV combines Loop’s cutting-edge technology and access to global brands with Ester's 40 years of polymer expertise and operational prowess
- Construction is expected to be completed by the end of 2026, with commercial operations commencing in early 2027
- Project cost: US$. 165 Mn

~US$ 28bn

Global Mkt size: DMT and MEG specialty chemicals

~4% CAGR

Forecasted growth rate through 2023

~24%

Expected Project IRR from the JV

~35%

Expected Equity IRR from the JV

How it works – Infinite Loop™ Technology

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Loop's process begins with waste PET plastic and polyester fiber of low or no value which today end up in landfill, incineration or natural areas

Loop's low heat, no added pressure depolymerization technology breaks down the waste PET into its base chemical building blocks, or monomers: DMT and MEG[1]

The monomers are purified and polymerized to create virgin-quality Loop™ PET resin

The resin is converted into PET plastic and polyester fiber products to be sold, consumed and recycled

[1]Dimethyl terephthalate and mono ethylene glycol
Source: Loop Industries Inc

Project Economics

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Output Products & Capacity: rDMT 70,000 MTPA; rMEG of 23,000 MTPA

Estimated project capital expenditures: USD 165 Mn (Rs. 1,385 crore)

Estimated Plant revenues: USD 159 Mn Rs. 1,336 crore (first full year of operation)

Target EBITDA margins: ~35%

Payback period: ~5 years

Project Implementation – Progress

JV Company by the name ‘Ester Loop Infinite Technologies Private Limited’ incorporated

Various scheduled activities towards implementation and completion of the project by Q1FY28 are being pursued in the right earnest

Government Mandates Driving Recycled Demand

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- Zero plastic waste 2030
- 50% recycled content2
- Extended producer responsibility2

- California requires plastic bottles contain >25% post-consumer resin by 2025 and 50% by 2030.

- €450/tonne, nonreusable plastic packaging, 2023

- £200/tonne tax on packaging not containing 30% recycled plastic
- Target of 75% recycling rate for packaging by 2030

- 100% of plastics recycled by 2025 target
- 77% of beverage bottles to be collected

- €800/tonne on nonrecycled plastic packaging based on amount of plastic
- 50% plastic packaging recycled by 2025

- €450/tonne on virgin single use plastic, 2023

- Consumer brands to include at least 30% recycled plastic in packaging by 2025

- 30% renewable plastic 2030
- Reduce plastic waste by 20% and increase recycling rates from 54% to 70% by 2025

[1] Projected PET consumption of 85 million tonnes per year in 2022. Historically, PET consumption has grown at 4% annually (Source: IHS Markit 2018)

2. https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-environment-and-climate-change-mandate-letter

End user segment

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Loop Specialty Chemicals (DMT and MEG) target markets

- Electronics
- Automotive
- Textile
- Cosmetics
- Rigid Packaging
- Flexible Packaging

Loop DMT and MEG enable chemical companies to:

- Increase their sustainability product portfolio
- Launch new products
- Contribute to supply chain decarbonization

Investor Contacts

About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL), a public limited company, is an ISO 50001:2018, ISO 45001:2018, ISO 14001:2015 and ISO 9001:2015 certified. Company is promoted by the Singhania family. The company is one of India's leading producers of Polyester Films and Specialty Polymers having a track record of continually developing new and innovative products for customers across the globe. Ester Industries has state of the art manufacturing facilities in Khatima in Uttarakhand with the capacity of 67,000 TPA of Polyester Resin, 60,000 TPA of Polyester Film and 30,000 TPA of Specialty Polymers. Through Wholly Owned Subsidiary, Ester Filmtech Limited, it has set up state of the art manufacturing facility in Hyderabad, Telangana to produce 48,000 MT of Polyester Film. The company currently generates more than 45% of its revenue from exports of Polyester Films & Specialty Polymers with sales and distribution network in about 50 countries across the world resulting in strong customer relationship.

Specialty Polymers are manufactured primarily for the European and US markets. 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.

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Thank You