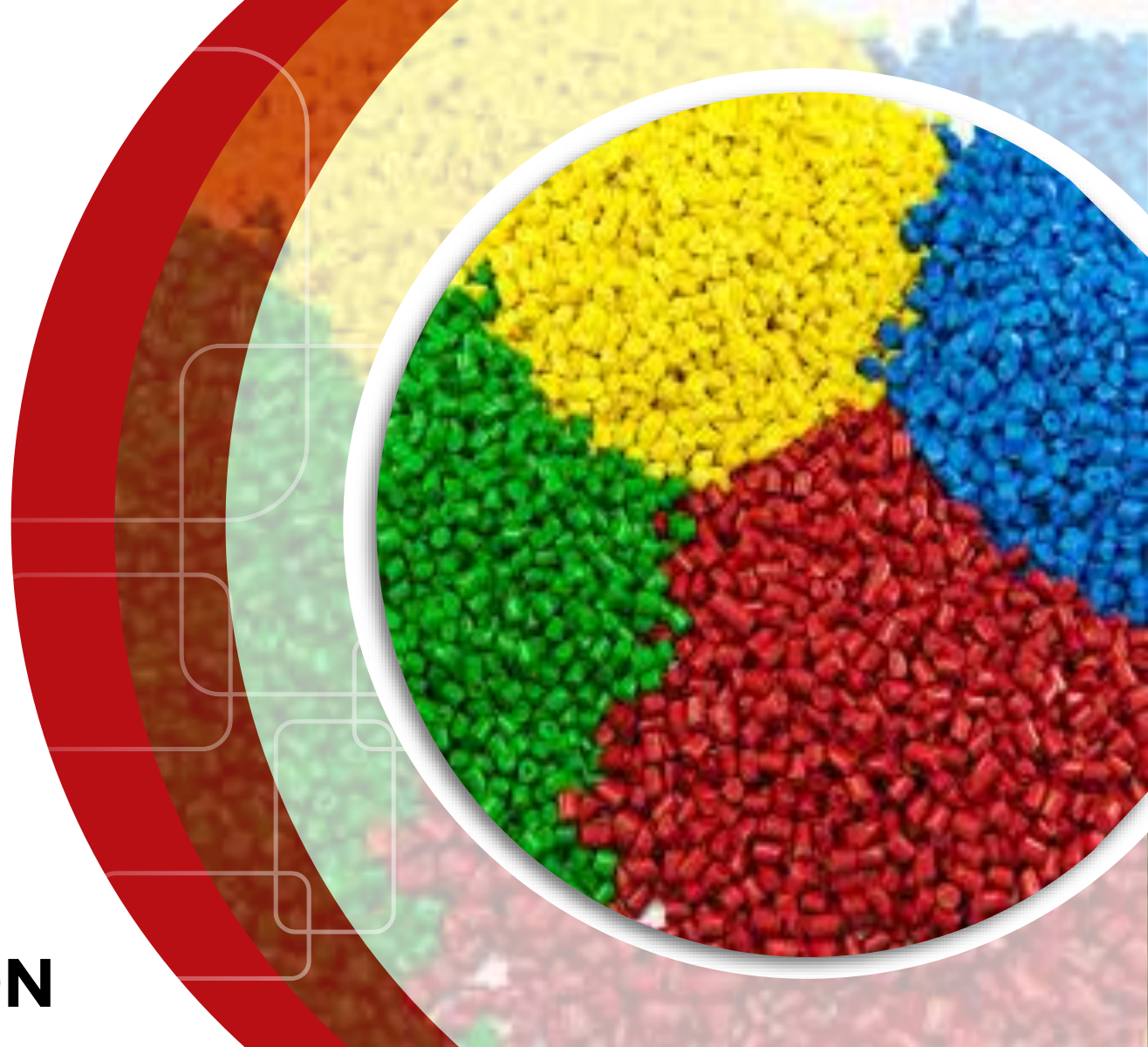




May 13, 2019

**Q4 & FY19
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.



**Q4 & FY19
Performance
Overview**



Financial Summary

➤ Revenue from operations up 25%; EBITDA expansion of 59%; PAT of Rs. 31 cr

	FY19	FY18		
↑	1,028	824	Revenues	Film business remained the key growth driver for the business during the year on the back of favorable operating environment
↑	114	71	EBITDA	Improved demand supply scenario resulting in enhancement in value addition and cost efficiencies resulted in improved operating profit metrics
↑	31	5	PAT	Improved operational performance combined with debt rationalisation lead to strong PAT growth

Figs in cr.

- Outstanding interest bearing external term debt of Rs. 76 cr as on 31st March 2019
- Repayment Schedule
 - FY20 Rs. 19 cr
 - FY21 Rs. 20 cr
 - FY22 Rs. 18 cr
 - FY23 Rs. 19 cr
- Repayment obligation during FY 2018-19 was Rs. 44 crore.
- Repayment obligation will reduce significantly to less than Rs. 20 crore per annum from FY 2019-20 onwards
- Interest bearing working capital liabilities stood at Rs. 167 cr as of 31st March 2019
- Interest bearing debt as multiple of EBITDA at healthy level of 2.15 as at 31st March 2019
- Debt / equity to remain at prudent levels going forward

Business wise Financial Performance

- Polyester Film business continues to perform well – driving bulk of the profitability
- Specialty Polymer and Engineering Plastics business to contribute to the overall revenue growth of the business

FY19 v/s FY18 Performance

	Revenues		EBIT	
	Rs. cr	%	Rs. cr	%
Polyester Film*	803	37%	120	104%
Specialty Polymers	30	(38%)	1	(89%)
Engineering Plastics	195	14%	8	(39%)

Figs in cr.

Polyester Films – Stellar performance marked by higher volumes and better realisations. Share of value added products amounted to 20% for the year; plan to increase it to ~30% in next 2 years. Expect business momentum to continue on the back of stable demand – supply scenario.

Specialty Polymers – Soft performance for a large portion of the year. Encouraging levels of traction for MB-03 being seen. Demand for MB-03 expected to grow substantially along with new product introductions during following years

Engineering Plastics – Revenue growth of ~14% was driven primarily by higher polymer rates. However, benign demand coupled with higher input prices resulted in lower profitability for the business

* Including revenue of Rs. 85.45 crores and EBIT of about Rs. 2.98 crores from Polyester Chips



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

“We have ended the year on a strong note with revenue growth of 25% and profitability growth of five fold respectively. Overall improved performance for FY19 was largely driven by the stellar performance of our film business. The performance of our Specialty Polymers business was muted during the year, we are however encouraged by some good order flows in the current quarter which we expect will continue & grow further.

We expect the momentum in Film business to continue in the coming year as well – largely on the back of favorable demand – supply dynamics. Domestic demand continues to remain strong and we expect the market to absorb the incremental capacities likely to hit the market in the current year with minimal disruption. Further, our efforts towards improving the product mix by increasing the share of value added products should help us mitigate cyclicalities & drive profitability.

Our Specialty Polymer business should perform well in coming years. We are making significant headway across our key products – our engagement with a global chemical leader being one of them. Our other products as well are in the various stages of the product evaluation or acceptance cycle.

Engineering Plastics business performance was largely impacted by tepid demand and higher input prices. We are nonetheless taking measures towards improving our product mix and controlling cost to improve profitability.

In addition to the above, our cost rationalization measures should also help us in delivering higher profitability.”

Specialty Polymers



Specialty Polymer – The Catalyst



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

7

Patents
filed

18

Product
portfolio

30,000_{MTPA}

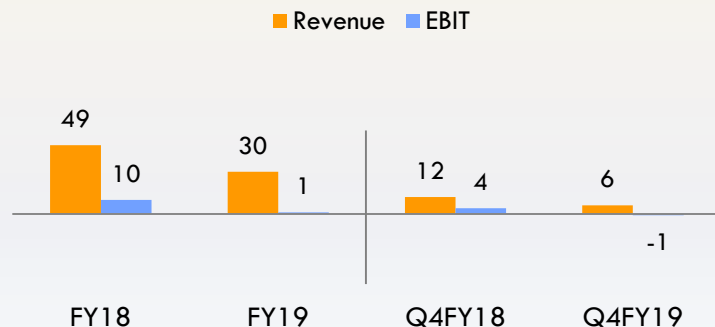
Production Capacity

20%+

Margins on achieving
of adequate scale of
operations

Specialty Polymers

Figs in cr.



- Soft performance for major part of the year
- FY20 looks promising – positive developments across key products should result in revenue and profitability acceleration
- Product pipeline remains strong; continue to strengthen R&D and executional capabilities

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- 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
- Existing Product Portfolio –
 - Product Stain resistant Master Batch – Positive response from customers; ramping up sales
 - Master batch for a Cationic 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
- Sales of MB – 03 expected to be in the range of 1500 MT to 1700 MT during FY 2019-20 and 1800 MT to 2200 MT during FY 2020-21 in comparison to 377 MT during FY 2018-19

Tide turning slowly but surely; optimistic about FY20

➤ **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
- 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
- Expect strong demand in FY20

➤ **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 FY20

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, Korea, Mexico, Japan & China	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 R3 & ESPET MB-07 R7	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

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



Improving sector fundamentals – Better pricing environment; limited capex planned over the next 2 years

#56

No. of countries (exports)

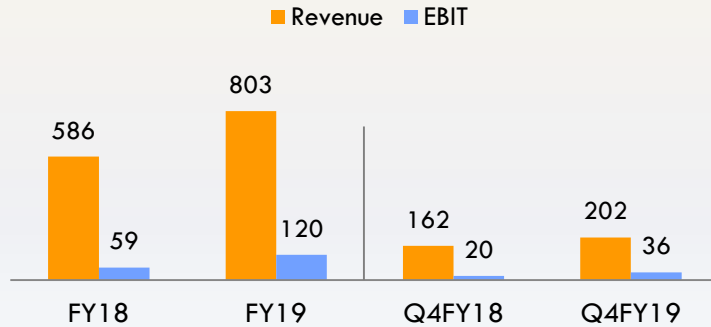
~30%

Share of value added product in next two years from ~20% (FY18)

Cost reduction initiatives and improving production & process efficiencies likely to contribute to bottom line

Polyester Films

Figs in cr.



- Stellar performance – revenue growth of xx%, driven by higher volume and better realizations
- Share of value added products ~20% during FY19
- Expect momentum to continue on the back of growing demand and limited supply

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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 which will reduce the effect of inherent cyclicality

Film Business – Expect momentum to continue

Industry Dynamics

- Market size of Domestic BOPET films ~430000 - ~440000 tpa
- Domestic demand growing at 10%-12%
- Expect market to absorb with minimal disruption the incremental supply (80,000 tpa) expected to hit the market during the year

Company specific initiatives

- Working towards increasing the share of value added products – ~30% within next 2 years
- On the back of improved performance in FY 2018-19 coupled with reduced term debt & repayment obligation, Company to evaluate growth through expansion by end of FY 2020

Polyester Films – Products & Applications

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



Engineering Plastics



Engineering Plastics – “Deliver better Return ratios”

#250

Product Portfolio

13,500MTPA

Mfg. capacity

“Estoplast”

Products marketed
under the brand

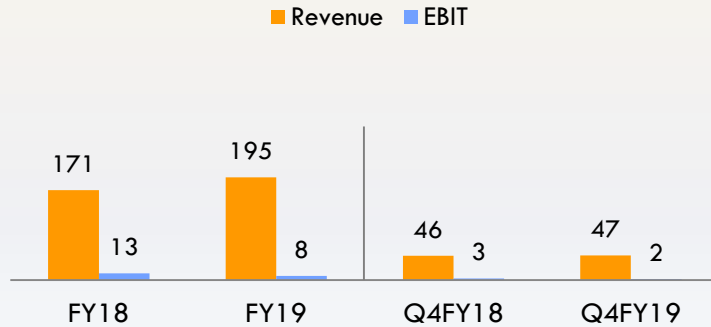


“Fastest Growing Enterprise
Processing (Engineering Polymers)”
at the Plastindia Exhibition in
February 2015



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

Figs in cr.



- Revenue growth of 13.9%, driven primarily by higher polymer rates, significantly higher than volume growth of 1.2%
- Lower demand & increased competition coupled with polymer rate crash in H2 (impact of US – China Trade War) lead to higher cost inventory resulting in margin & profitability compression
- Working towards increasing share of high margin products in the overall mix

- 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 5% and 6% in volume & value terms respectively over last 5 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 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.