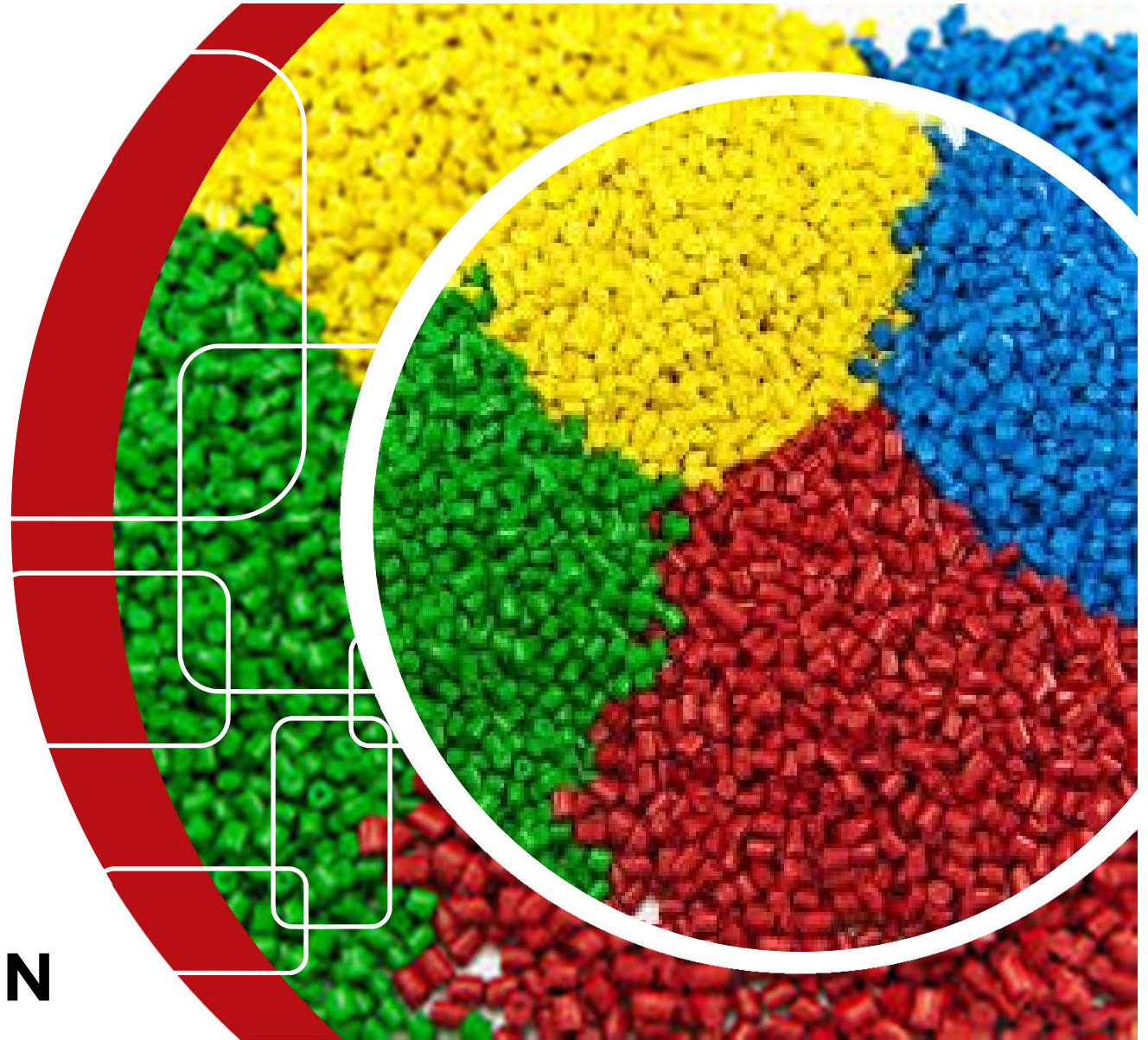




August 13, 2019

**Q1 FY20
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.



**Q1 FY20
Performance
Overview**



Financial Summary



➤ Revenue from operations up 25%; EBITDA jumps 2x to Rs. 54 cr; PAT grows ~3.25x to Rs. 24 cr

Figs in cr.

	Q1 FY20	Q1 FY19	
↑	284	227	Revenues
↑	54	27	EBITDA
↑	24	7	PAT

Favorable operating environment for films enables continued progressive performance. Encouraging order flow for specialty polymer too drives growth

Volume growth and improved margin in Film on account of favorable market conditions, improved performance in Specialty Polymers both in volume & value terms resulted in improved operating profit metric

Improved operating performance combined with debt rationalisation lead to strong PAT growth

Debt rationalization



- Outstanding interest bearing external term debt of Rs. 73 cr as on 30th June 2019 including Rs. 3 cr disbursed out of a fresh sanctioned TL of Rs. 16 cr. Balance Rs. 13 cr will be disbursed by 31st March 2020
- Repayment Schedule (including fresh term loan of Rs 16 cr)
 - FY20 Rs. 16 cr (from July 2019 to March 2020)
 - FY21 Rs. 23 cr
 - FY22 Rs. 21 cr
 - FY23 Rs. 21 cr
 - FY24 Rs. 4 cr
 - FY 25 Rs. 1 cr
- Repayment obligation during FY 2018-19 was Rs. 44 cr.
- Repayment obligation will reduce significantly to less than Rs. 23 cr per annum from FY 2019-20 onwards
- Interest bearing working capital liabilities stood at Rs. 129 cr as at 30th June 2019 as compared to Rs. 166 crores as at 31st March 2019
- Interest bearing debt as multiple of annualized EBITDA at healthy level of 0.95 as at 30th June 2019 as compared to 2.13 as at 31st March 2019
- Total Outside Liabilities (TOL) : Tangible Net Worth (TNW) ratio stood at 0.93 as at 30th June 2019 as compared to 1.05 as at 31st March 2019. TOL : TNW ratio to remain at prudent levels going forward

Business wise Financial Performance



- Specialty Polymer and Film business performs well – delivering majority of the revenue and profitability growth
- Expect momentum in Specialty business to continue on the back of visible demand

Figs in cr.

	Revenues			EBIT		
	Q1 FY20	Q1 FY19	%	Q1 FY20	Q1FY19	%
Polyester Film*	226.29	176.79	28	49.69	26.45	88
Specialty Polymers	15.65	7.79	101	6.00	1.05	472
Engineering Plastics	42.14	42.16	(0.1)	1.18	2.71	(56.3)

Polyester Films – Revenue growth of 28% was driven by volumes and realisation improvement. Additional industry capacities coming on-stream expected to put some pressure on margins. Efforts towards improving the product mix by increasing the share of high margin products to help maintain realisations.

Specialty Polymers – Strong performance highlighted by revenue and profitability growth of 101% & 472% respectively. Higher off-take of MB03 product drove bulk of the growth. Witnessing steady demand for remaining products as well. Expect business momentum to continue during the year.

Engineering Plastics – Sustained revenue though margins under pressure amid challenging business environment

*Q1 FY 20 - includes revenue of Rs 25.51cr and EBIT of Rs 0.85 cr from Polyester Chips

*Q1 FY 19 - includes revenue of Rs 15.65 cr and EBIT of Rs 0.49 cr from Polyester Chips

Chairman's Comments



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

"We have started the year on a positive note with healthy revenue growth of 25% over corresponding quarter last year and improvement in PAT by 2.25 fold on the back of strong performance from our Specialty Polymer and Film businesses.

This year has proved to be a turnaround year for Specialty Polymer business. While the pick up in stain resistance master batch MB-03 has been good, we are witnessing further traction and expect volume to further grow in the following years. Besides MB – 03, we are witnessing encouraging & positive response for some of the other key products. We expect higher product off-take in coming years and remain buoyant about this business going forward.

Q1 FY20 has been an exceptionally good quarter for Film business. In the medium to long term, we expect the prospect of the business to be buoyant though there may be some volatility in the short term due to start up of 2 Film production lines during this fiscal. Our focus continues to be on enhancing our product mix and increasing the share of value added products which would help us be more resilient to these cycles.

Engineering Plastics business continue to operate under challenging conditions – tepid demand especially due to pressure on demand in Auto & Electric sectors. Performance of EP business remains in the black albeit with lower margins. We are working towards shifting the product mix – focusing more on value added products and containing costs which should help in preserving margins and profitability.

In addition to the above, our cost rationalization measures should also help us in delivering higher profitability. We have started a project for Automation of Business Processes with the core objective of using technology & process optimisation to enhance visibility, control and efficiency for improved decision making besides implementation of work flow based approval system across processes. After full implementation, it would enable better & well informed business decisions making, improved efficiency and cost reduction by Rs. 4 – 6 crores per annum."

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

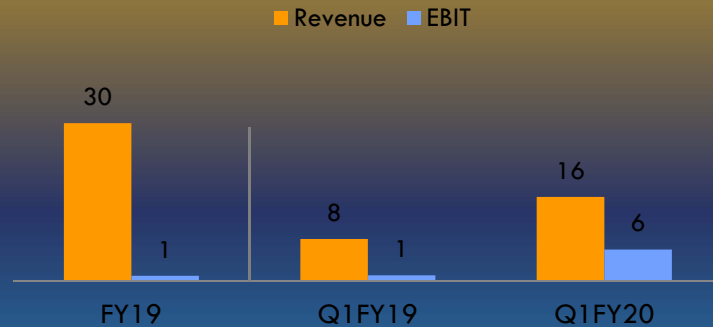
20%+

Margins on achieving
of adequate scale of
operations

Specialty Polymers



Figs in cr.



- Strong start to the year – 2x revenue growth during the Qtr. (Y-o-Y)
- Higher off-take of products; especially MB03 drove bulk of the quarterly growth
- Margin expansion on the back of high operating leverage
- Expect business momentum to continue in FY20

10

Business highlights

- 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 –
 - Product Stain resistant Master Batch – Positive response from customers; ramping up sales
 - 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
- Sales of MB – 03 expected to be in the range of 1200 MT to 1400 MT during FY 2019-20 and 1600 MT to 2200 MT during FY 2020-21 in comparison to 437 MT during FY 2018-19

Expect business momentum to continue in 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 good demand in years to come

➤ **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



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

#56

No. of countries (exports)

~30%

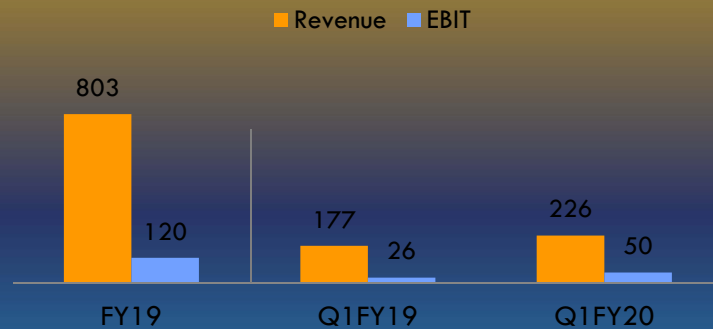
Share of value added product in next two years from ~20% (FY19)

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

Polyester Films



Figs in cr.



- Steady performance highlighted by 28% growth in revenue and ~2x growth in EBIT for the Qtr. (Y-o-Y)
- While volumes & realisations remained strong during the quarter, likely additional supply may soften prices over the coming quarters
- Efforts towards improving product mix by increasing the share of high margin product – to help maintain realisation trend

Business highlights

- 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 cyclicity

Film Business – Expect momentum to continue



Industry Dynamics

- Market size of Domestic BOPET films ~440000 - ~450000 tpa
- Domestic demand growing at 10%-12%
- Expect market to absorb with some disruption the incremental supply (70,000 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 Sealable	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

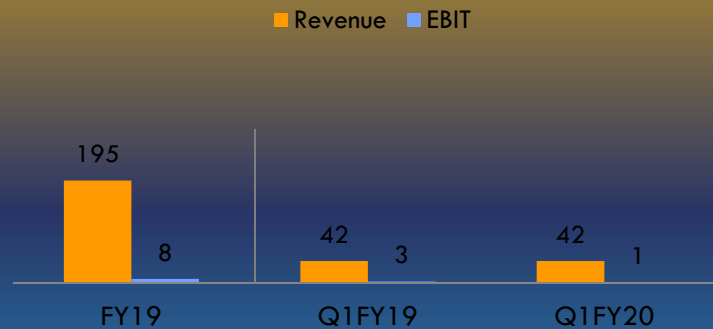


Improving product / customer
mix, expanding exports &
controlling costs to improve
margin profile & return ratio

Engineering Plastics



Figs in cr.



- Business environment continues to remain challenging - Slowdown in Auto & Electric sectors impacted demand and margins for the SBU
- Working towards increasing share of high margin products in the overall mix

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
- 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.