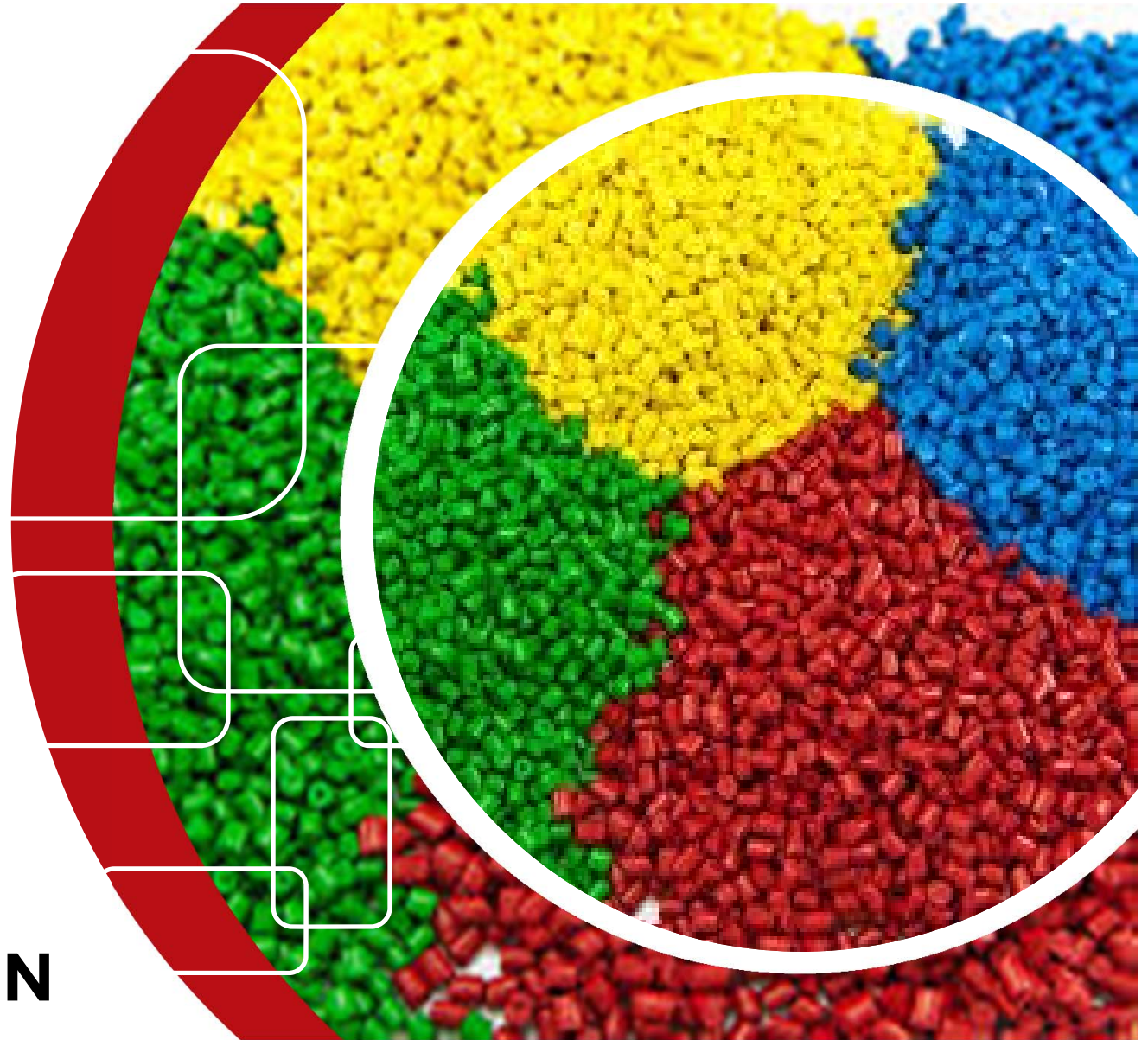




November 14, 2019

**H1 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.



H1 FY20 Performance Overview



Financial Summary



	Revenues	EBITDA	PAT
Q2 FY20	254	46	19
Q2 FY19	276	27	7
	(8%)	71%	164%
H1 FY20	538	100	43
H1 FY19	503	54	15
	7%	85%	194%

Robust performance of Film and Specialty Polymer business drive bulk of the profitability growth

Better product mix and higher volumes across Film and Specialty Polymer business coupled with stringent cost management resulted in margin and profitability expansion

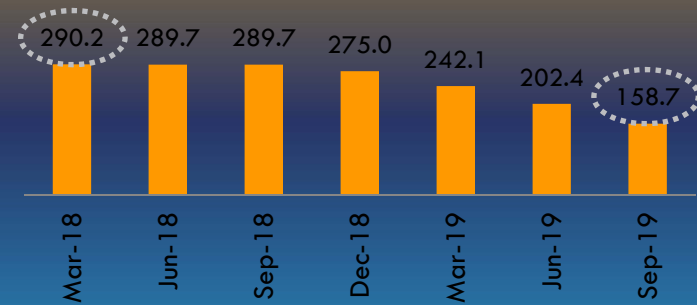
Debt rationalization playing out well – deleveraging balance sheet and contributing to profitability growth

Debt rationalization

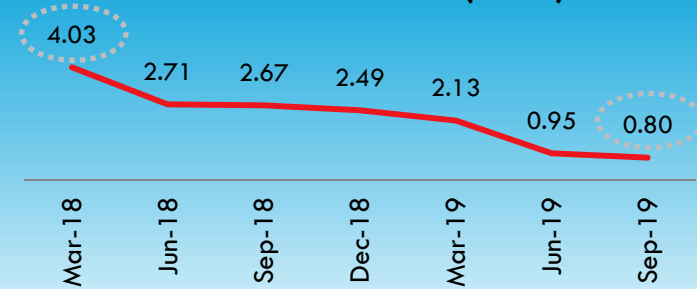


- Outstanding interest bearing external term debt of Rs. 73 cr as on 30th Sept. 2019 including Rs. 5.84 cr disbursed out of a fresh sanctioned TL of Rs. 16 cr. Balance Rs. 10.16 cr will be disbursed by 31st March 2020
- Repayment Schedule (including fresh term loan of Rs 16 cr)
 - FY20 Rs. 10.68 cr (from July 2019 to March 2020)
 - FY21 Rs. 24 cr
 - FY22 Rs. 22 cr
 - FY23 Rs. 22 cr
 - FY24 Rs. 4 cr
 - FY 25 Rs. 1 cr
- Repayment obligation during FY 2018-19 was Rs. 44 cr.
- Repayment obligation has reduced significantly to less than Rs. 23 cr per annum from FY 2019-20 onwards
- Interest bearing working capital liabilities stood at Rs. 86 cr as at 30th Sept. 2019 as compared to Rs. 129 crore as at 30th June 2019
- Interest bearing debt as multiple of annualized EBITDA at healthy level of 0.80 as at 30th Sept 2019 as compared to 0.95 as at 30th June 2019
- Total Outside Liabilities (TOL): Tangible Net Worth (TNW) ratio stood at 0.83 as at 30th Sep 2019 as compared to 0.93 as at 30th June 2019. TOL : TNW ratio to remain at prudent levels going forward

Interest Bearing Debt (Rs. crore)



Interest Bearing Debt as multiple of Annualised EBITDA (Ratio)



Chairman's Comments



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

“We have had a strong first half with revenue and profitability growth largely driven by solid performance of Film and Specialty Polymer business. Engineering Plastic while going through a challenging phase at present should start performing well once the economic activities picks up.

Film business sustained its recent momentum with volumes largely remaining firm. Our growth has largely been driven by volumes which have been good despite increasing capacities. Further, our focus towards improving the product mix – by introducing high margin products continues to be top priority for the Film SBU.

Specialty Polymer business expectedly delivered yet another strong performance – driven by demand for MB-03, stain resistance master batch. We expect the momentum for the product to continue in the second half as well. Further, demand for our other products, besides MB-03, as well remains encouraging and we expect the same to start reflecting in orders in short to medium term.

Engineering Plastic business performance, presently is reflective of the on-ground challenges of overall slowdown (specifically Auto segment). While we are trying to refurbish the existing product portfolio with introduction of high margin products, the end result would largely start reflecting only post the revival in the end user industry.

In addition to the above, our cost rationalisation measures coupled with prudent debt management activities have started contributing to the overall profitability improvement of the business.”

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

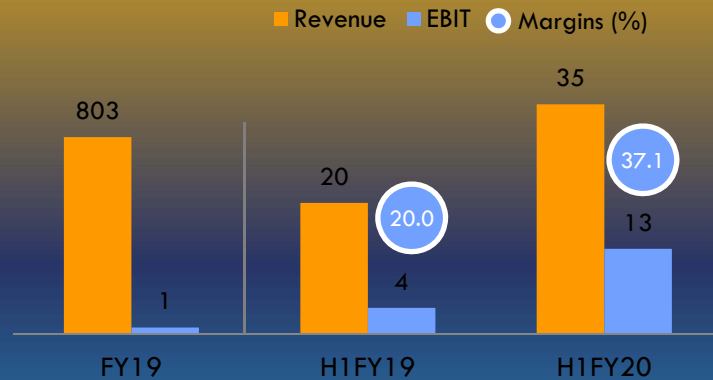
20%+

Margins on achieving
of adequate scale of
operations

Specialty Polymers



Figs in cr.



- Strong First half – 72% revenue growth; 3x profitability expansion
- 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 H2FY20

9

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 higher volumes during FY 2020-21 in comparison to 377 MT during FY 2018-19

Expect business momentum to continue in H2 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 -57,000 MTPA Polyester Films & 13,200 MTPA Metalized polyester films



Strong sector fundamentals – Stable 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

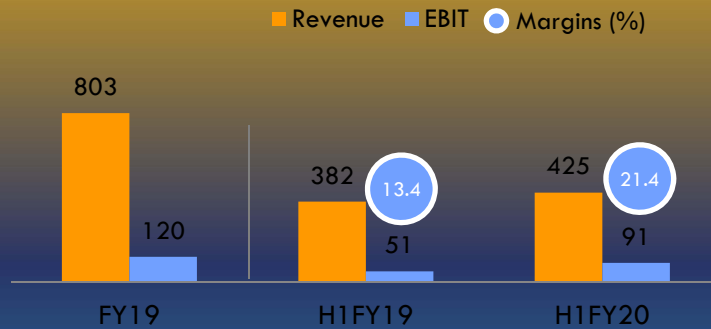


Improved productivity & efficiency drives growth in production

Polyester Films



Figs in cr.



- Business momentum sustained resulting in revenue and profitability growth of 11% & 77% respectively
- Revenue growth largely volume driven; realisations marginally softened. Expect to sustain the increased volume going forward
- Efforts towards improving product mix by increasing the share of high margin product – to help maintain realisation trend

H1 FY 20 – Film includes revenue of Rs. 42.01 crores & EBIT of Rs. 1.47 crore from Polyester Chips.
 H1 FY 19 – Film includes revenue of Rs. 40.73 crores & EBIT of Rs. 1.20 crore from Polyester Chips
 Excluding Chips, the EBIT margins for the Film SBU will improve to 23.28% & 14.65% respectively

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 ~480000 tpa
- Domestic demand growing at 10%-12%
- Incremental supply of 35000 tpa commissioned in Aug 2019 already absorbed by the market with minimal disruption. Incremental supply of another 30000 tpa in Q4 of FY 2019-20 also likely to be absorbed with minimal disruption

Company specific initiatives

- Working towards increasing the share of value added products – ~30% within next 2 years
- Off Line Coater that will be commissioned in March / April 2020 will enable us to enhance the volume of Value Added & Specialty Films significantly
- BOPET Film made from 100% PCR has been certified by a reputed institution
- On the back of improved performance in FY 2018-19 coupled with reduced term debt & repayment obligation, Company to evaluate growth through expansion in the next two to three quarters

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 – “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

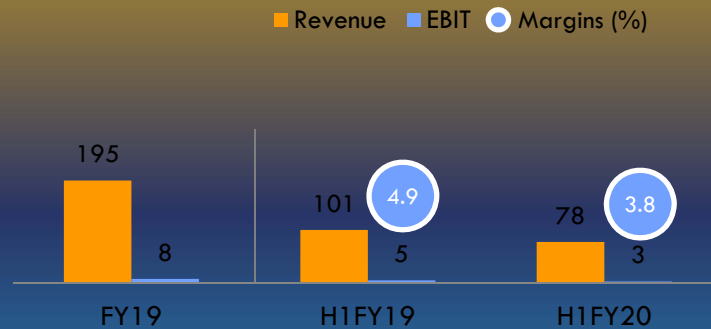


Improving product / customer
mix, expanding exports &
controlling costs to improve
margin profile & return ratio

Engineering Plastics



Figs in cr.



- Business environment continues to remain challenging. Overall slowdown (specifically Auto segment) continues to impact demand & margins for the SBU.
- Impact of US – China Trade War on prices / margins
- Working towards increasing share of high margin products in the overall mix

20

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.