

Date: 28th October, 2020

BSE Limited Department of Corporate services Phirojee Jeejeebhoy Towers Dalal Street, Mumbai – 400023 Symbol : 500136	National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 Symbol : ESTER
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Dear Sir

Subject: Investor Presentation- Q2 & H1 FY-2021 financial results

We wish to submit the Investor Presentation for financial results for the quarter and half year ended on 30th September, 2020.

Please acknowledge the receipt of the same.

Thanking You

Yours Faithfully
For **Ester Industries Limited**



Diwaker Dinesh
Head-Legal & Company Secretary

Encls: As above

Ester Industries Limited

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October 28th, 2020

Q2 FY21 RESULTS PRESENTATION



Disclaimer

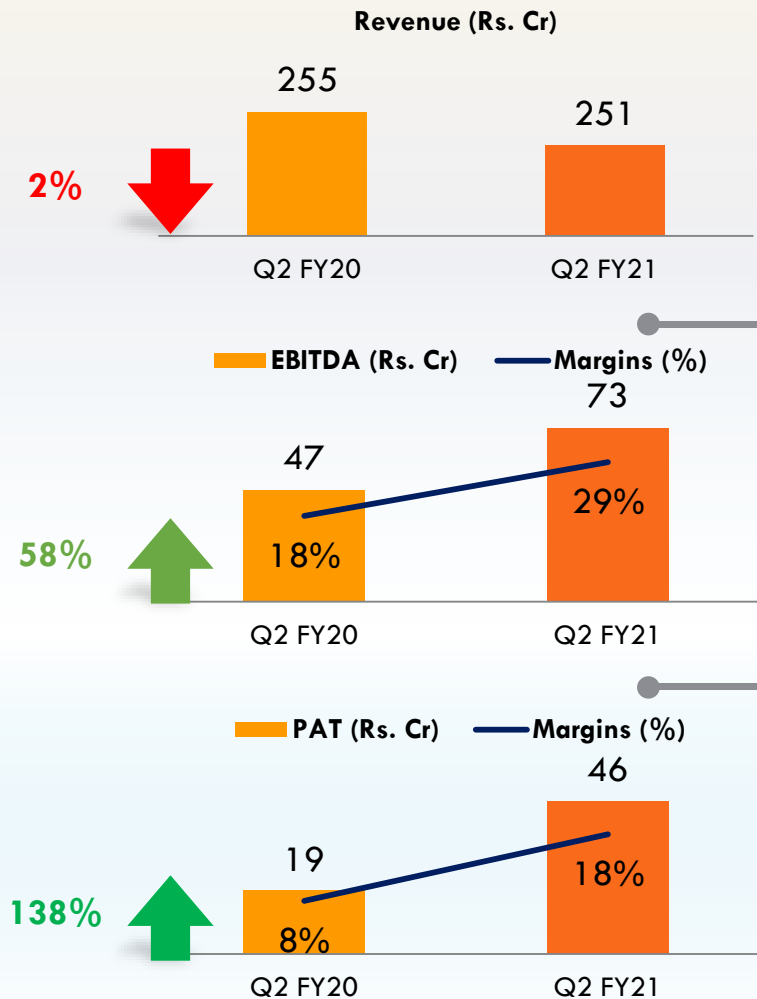
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**Q2 & H1 FY21
Performance
Overview**



Financial Summary



Strong recovery across businesses;
Film business revenues (**up 18% q-o-q**);
Specialty Polymers revenues (**up 12% q-o-q**);
Engineering Plastics revenues (**up 191% q-o-q**)

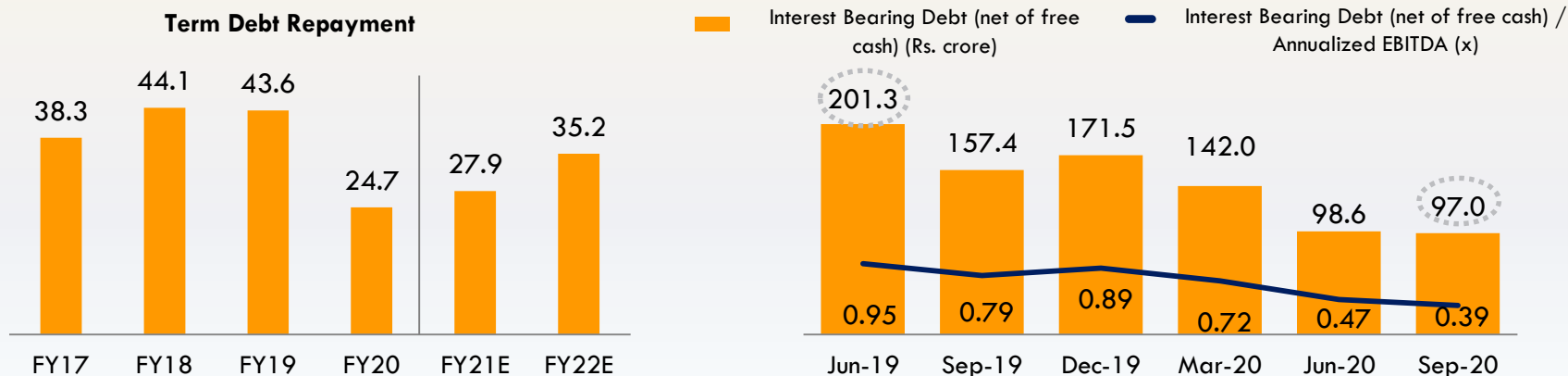
Improved profitability in Films and Engineering Plastics business resulted in EBITDA and margin expansion of **58%** and **1105 bps** respectively

Overall improved performance coupled with reduced interest cost and lower tax rate resulted in PAT expansion of **~2.4x** for the quarter

Board announces **interim dividend** of Rs.1.50 per share

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 30th Sep 2020 stood at Rs. 97 crore comprising of interest bearing Working Capital of Rs. 32 crore and Term Debt (net of free cash) amounting to Rs. 65 crore
- Total Outside Liabilities (net of free cash) (TOL) : Tangible Net Worth (TNW) ratio stood at 0.42 as at 30th Sep 2020 as compared to 0.46 as at 30th June 2020
- Out of the total scheduled repayment of term debt of Rs. 27.9 crore during FY 2020-21, the Company has already repaid Rs. 18.56 crore till 26th October 2020 including pre-payment of Rs. 6.29 crore
- Have invested Rs. 28.95 crore as equity in the WOS till 30th September 2020 and Rs. 75.05 crores as on date
- Given its strong financial & liquidity position; the Company has decided not to avail the benefits of Reserve Bank of India's moratorium scheme with respect to loan repayment

....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 *"We are very pleased with our performance for the quarter which has seen sharp pick up in revenues and profitability over Q1.*

Film business continued its recent momentum on the back of strong demand from the end user industries. Covid-19 pandemic appears to have had positive effect on the film business with a growing number of customers preferring more packaged products. Stronger demand resulted into improvement in sales volumes and capacity utilization. Further, we are also working towards improving our product mix and expect the commissioning of the off-line coater to improve the share of value added products over the coming quarters. The commissioning of our new line should provide a further leg up to the business.

As regard to Specialty Polymers SBU, while the current year is likely to be subdued primarily because of Covid – 19 related restriction in customer markets, the business fundamentals remain structurally sound and we expect strong recovery from next year onwards. But for Covid – 19, performance of Specialty Polymers SBU would have been much better than FY20. We are very encouraged with the introduction of 3 new products in recent weeks and expect these products to contribute substantially going forward.

As far as Engineering Plastics business is concerned, Covid – 19 adversely impacted the performance during Q1FY21. However, the revival has been sooner & stronger than expected, demonstrated by substantial improvement in volume of sales and margin in Q2FY21. We are confident of a much better performance of Engineering Plastics SBU going forward.

Lastly, we continue to make steady progress in our efforts towards strengthening our balance sheet and improving overall efficiencies of the business. Our gearing ratio has been steadily declining and we are committed towards maintaining it at better than prudent level. Further, reduced interest expense and lower tax rates are also resulting in higher net profits for the company."

Specialty Polymers



Specialty Polymer – The Catalyst



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

8 (+1)

Patents
filed

22 (+3)

Product
portfolio

30,000_{MTPA}

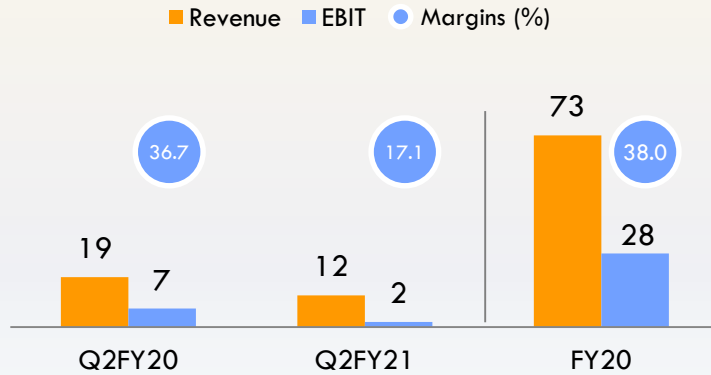
Production Capacity

40%+

EBIT margins on
achieving of adequate
scale of operations

Specialty Polymers

Figs in cr.



- Business momentum slowly picking up steam, following challenging Q1 (disrupted by covid-19 led challenges)
- Demand for Innovative PBT continues to remain strong;
- Encouraging response for new products MB – 16, MB – 07 and LMC – 03 - finding application in textiles / carpet industry
- Already witnessing revival in demand for MB – 03
- Expect sales revenues upwards of Rs. 150 crores with EBIT margins of 40%+ in FY22


- 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 535 MT during H1 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
 - Confident of renewal of agreement on expiry
 - 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 535 MT during H1FY21 itself.
 - 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 starting very soon

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



Polyester Film – “De-Commoditizing”



De-commoditizing the business by changing product mix



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



Strong sector fundamentals – Stable pricing environment;

#60

No. of countries (exports)

~30%

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



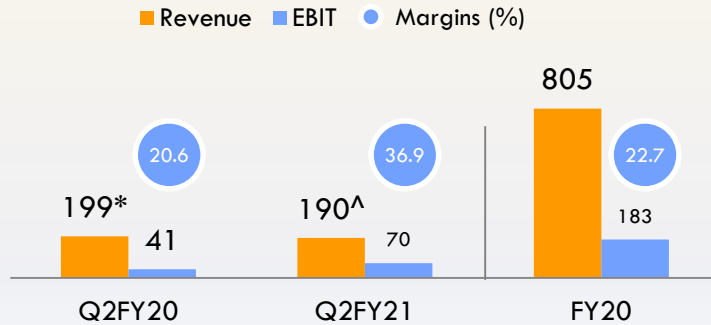
Cost rationalization initiatives and improving production & process efficiencies contributed to bottom line



Improved productivity & efficiency drives growth in production

Polyester Films

Figs in cr.



- Strong and consistent demand from end – user industries resulted in higher volumes for the quarter
- Favorable demand – supply scenario, higher operating leverage resulting in better profitability & margin
- Expect higher share of value added products following commissioning of Off – Line Coater in June 2020

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

*Q2FY20 – Film includes revenue of Rs. 16.50 crore & EBIT of Rs. 0.62 crore from Polyester Chips

^Q2 FY21 – Film includes nil revenues from Polyester Chips

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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 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. 75 crores till date

Potential impact of Covid-19 on the Film business

- Demand growth from Consumer Staples for flexible packaging is expected to remain strong
- Increased focus on health & hygiene products to result in further growth in demand
- Raw material prices are expected to remain benign in the near term
- 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 65000 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 crores. Targeted Completion date - June 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 a reputed institution

Polyester Films – Products & Applications

Products	White Opaque	High Clear	Applications	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 – “Structurally positive; near term challenging”

#250

Product Portfolio

13,500MTPA

Mfg. capacity

“Estoplast”

Products marketed
under the brand



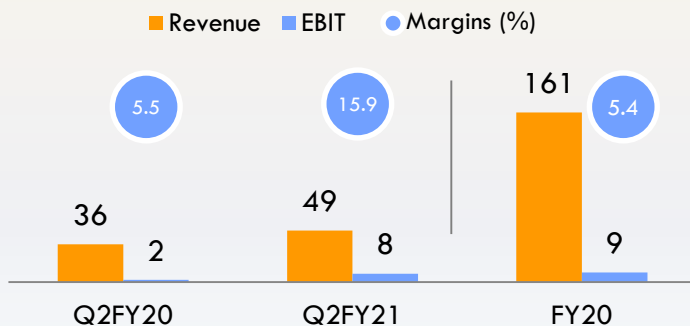
“Fastest Growing Enterprise
Processing (Engineering Polymers)”
at the Plastindia Exhibition in
February 2015



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

Engineering Plastics

Figs in cr.



- Recovery in demand is much stronger & sooner than expected
- Q2FY21 has been the best quarter both in terms of volume & margin in the history of SBU
- Expect much better performance from the SBU going forward compared to past
- Working towards increasing share of high margin products

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- 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

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.