ESTER INDUSTRIES LTD.

Q2 & H1 FY22 Investor Presentation

November, 2021

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

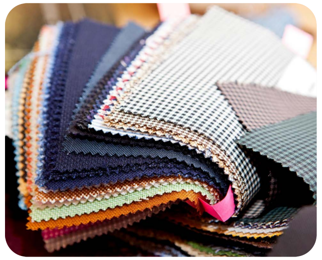
About Us

ESTER INDUSTRIES LTD.

- Diversified business portfolio
- Comprehensive product suite
- State-of-the-art manufacturing facilities
- Global footprint
- Experienced management team
- Strong Financial profile

Sales Mix (Q2 FY22)

Polyester Films **67%**



Specialty Polymers **12%**

Engineering Plastics **21%**

Quick Facts

ESTER INDUSTRIES LTD.

1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

 # 3

Business Segments*

43 COUNTRIES

Global Footprint

556

People

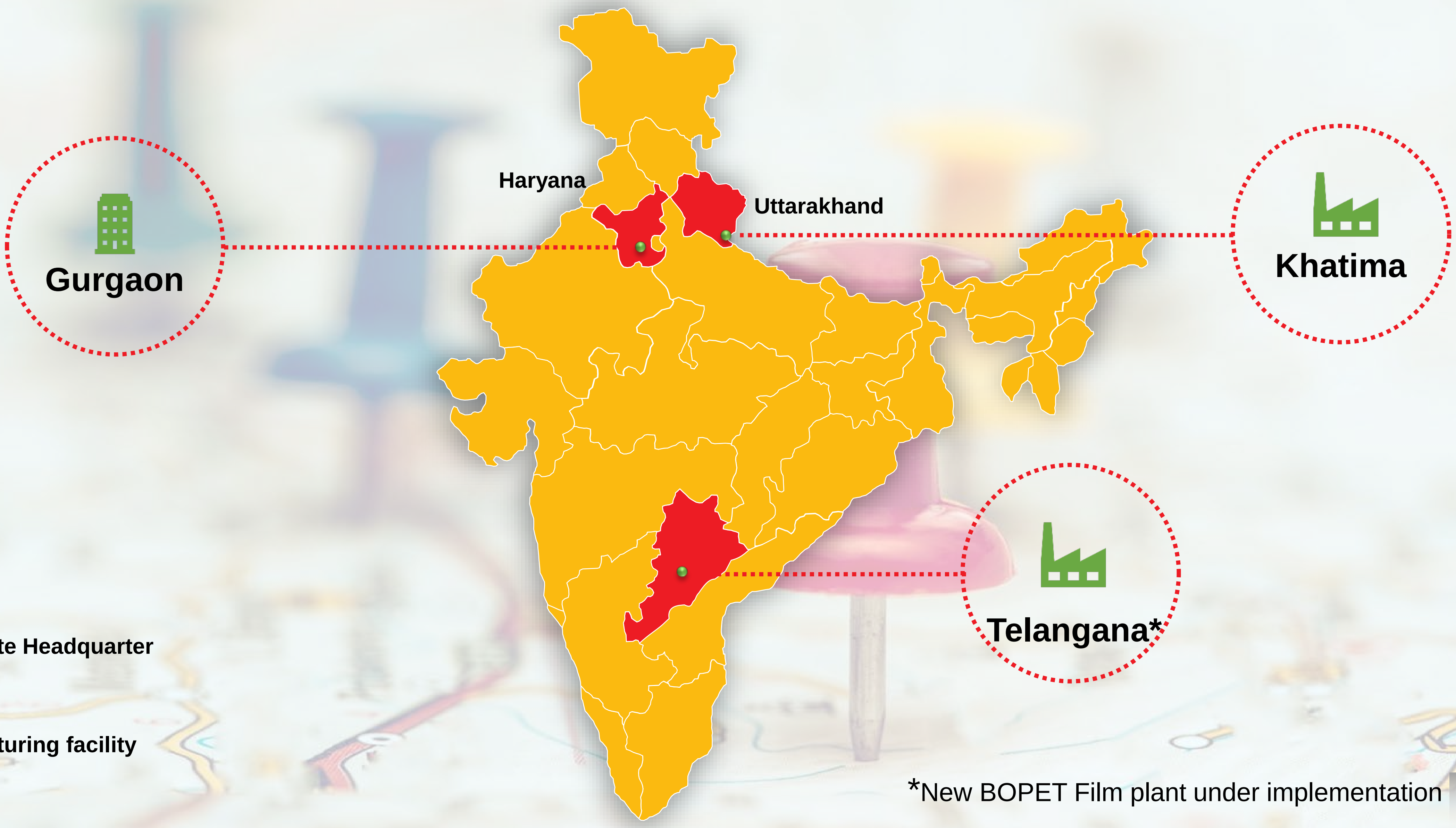
CRISIL A-

(positive outlook)

Credit Rating (Long Term)

*** PF** - Polyester Film; **SP** - Specialty Polymers; **EP** - Engineering Plastics

Our Presence



Corporate Headquarter

Manufacturing facility

*New BOPET Film plant under implementation

ESTER INDUSTRIES LTD.

Global Presence

We serve more than 40 Countries

Ester 2.0
“Specialty” Company


Knowledge
Innovation
ESTER
2.0
Customization
Technology

Ester 2.0 - Transformed into a "Specialty"Co.

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Ester 1.0

- Commoditized product portfolio
- Limited bargaining power
- Low and unpredictable margins
- High gearing ratio
- Irregular dividend policy

Achievements

Revenues

(FY12-FY16)
2.4% CAGR

(FY17-FY21)
8.8% CAGR

EBITDA

(FY12-FY16)
18.9% CAGR

(FY17-FY21)
53.1% CAGR

EBITDA Margins

(FY12-FY16)
5% - 9%

(FY17-FY21)
6%- 24%

Interest bearing debt / EBITDA (x)

(FY12-16)
6.73 – 4.32

(FY17-21)
7.00 – 0.67

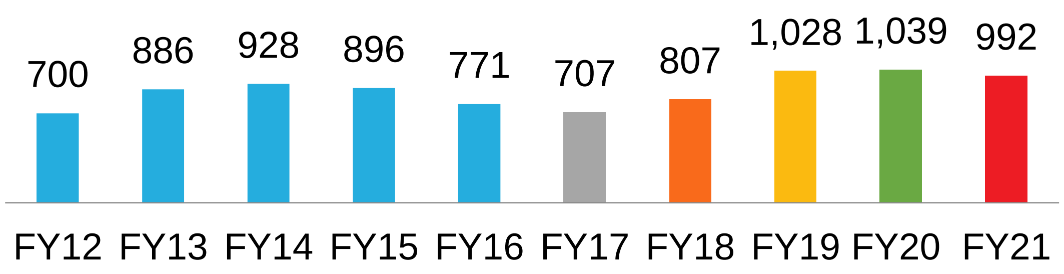
Ester 2.0

- Specialty Polymer SBU
  - o Largely patent protected – high entry barriers
  - o High sustainable margins
  - o High growth potential
- Film SBU
  - o Improved product mix - high share of specialty products
  - o Improved efficiencies
- Engineering Plastics SBU
  - o Unprecedented performance in recent quarters
- Incorporated formal dividend policy

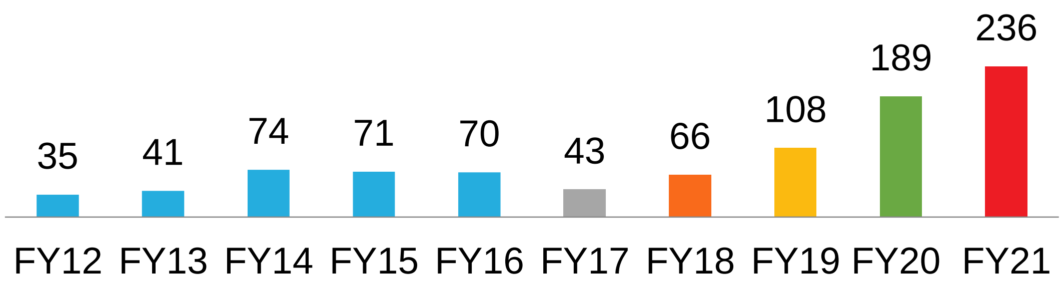
Established base of Film business delivering steady cashflows, Specialty Polymer reaping the benefits of an intense R&D and innovation focus

Ester 2.0 delivering consistent returns

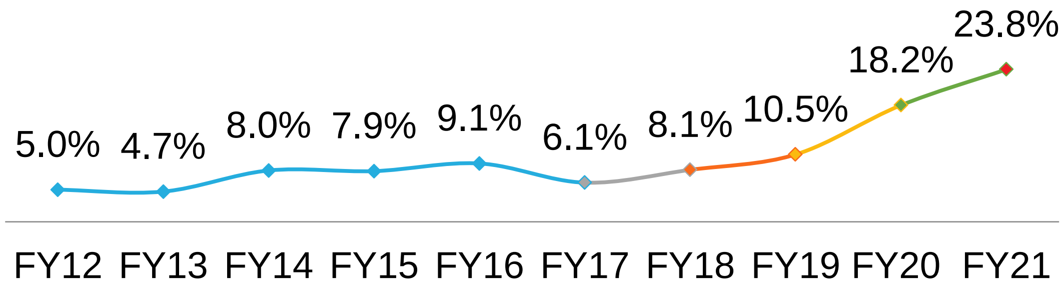
Revenues (Rs.cr)



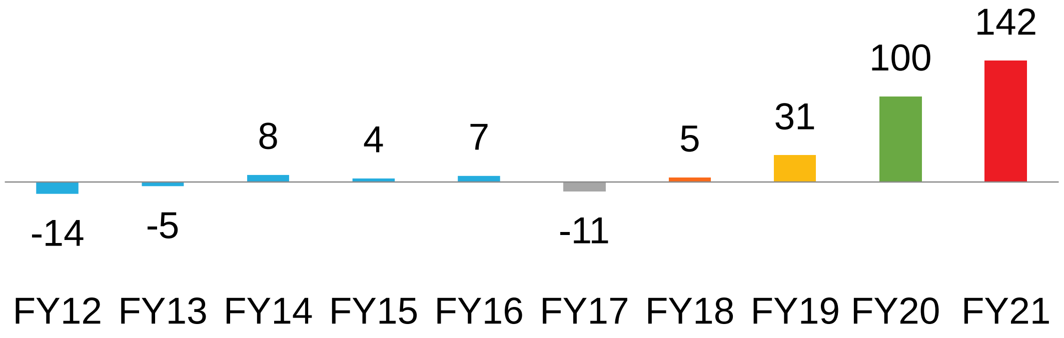
EBITDA (Rs.cr)



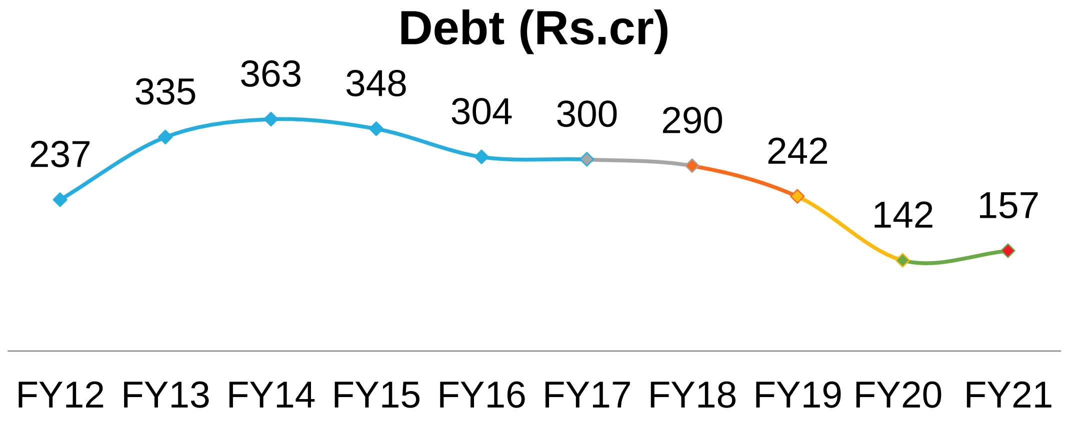
EBITDA Margins (%)

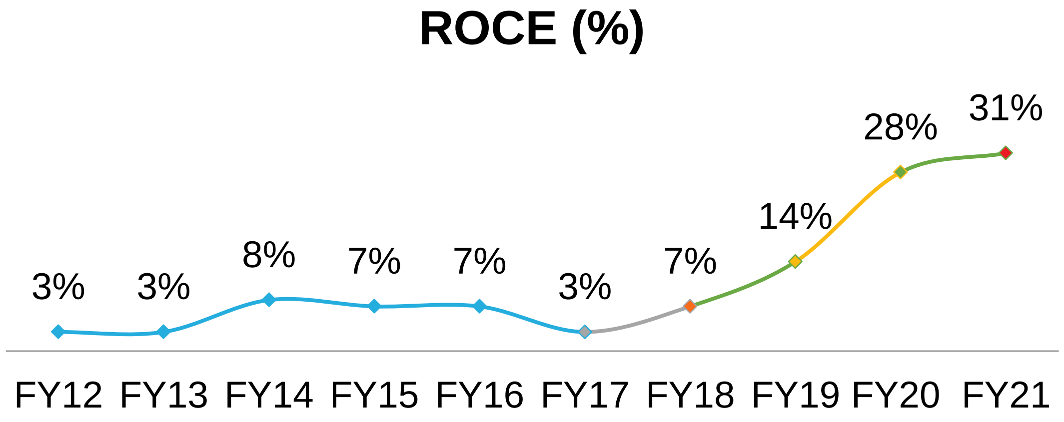


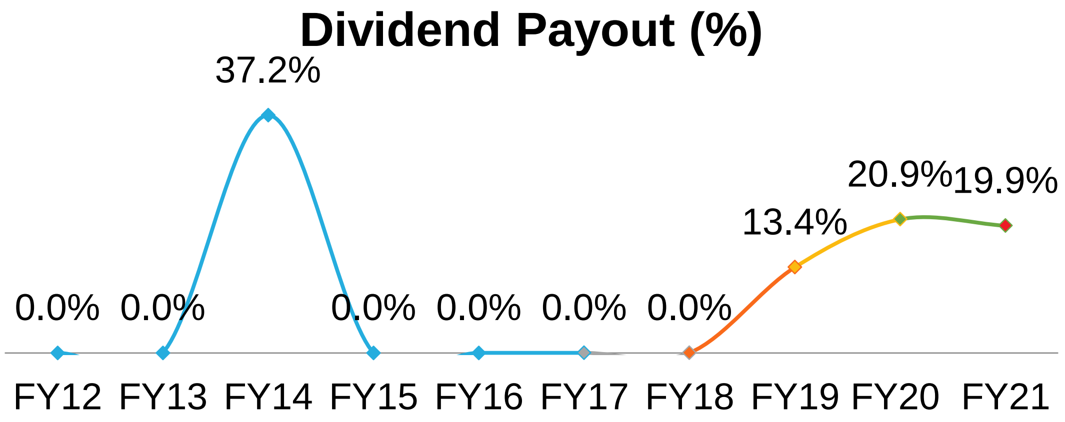
PAT (Rs.cr)



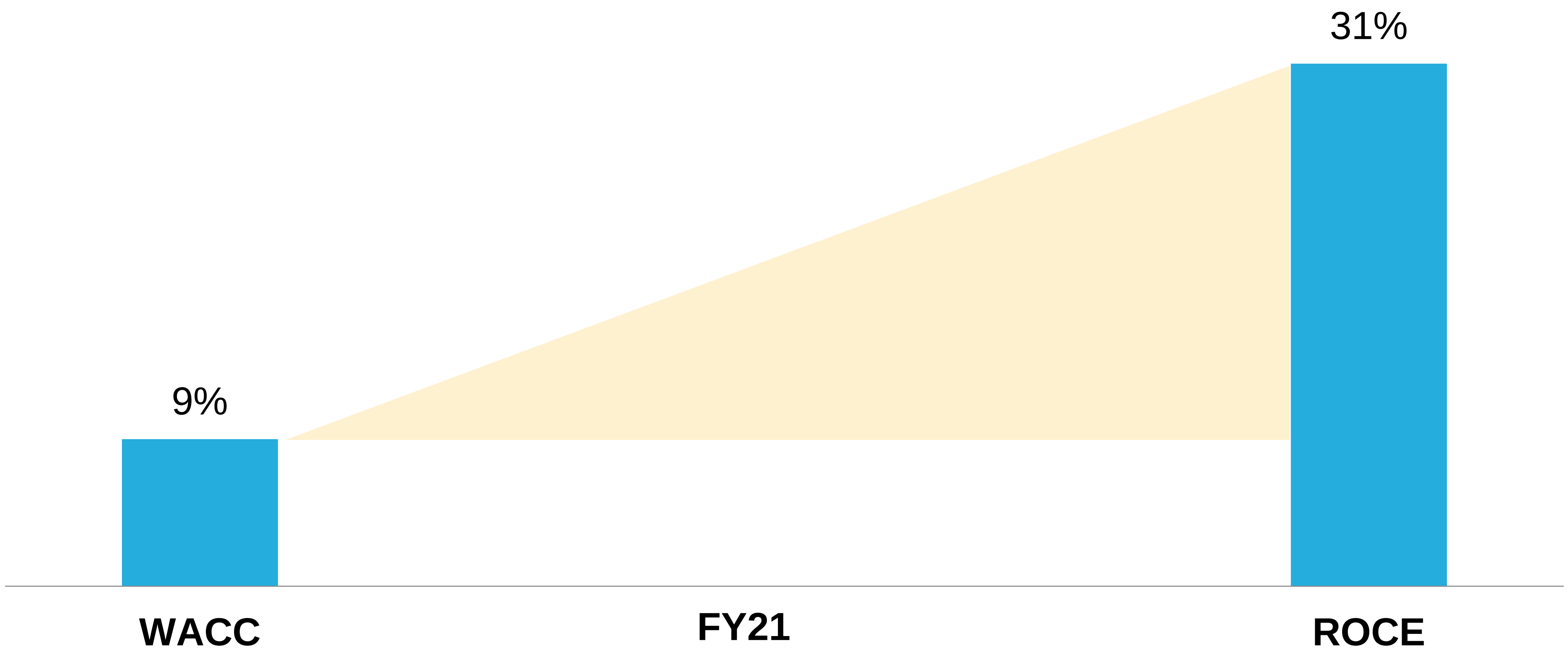
Ester 2.0 rewarding shareholders





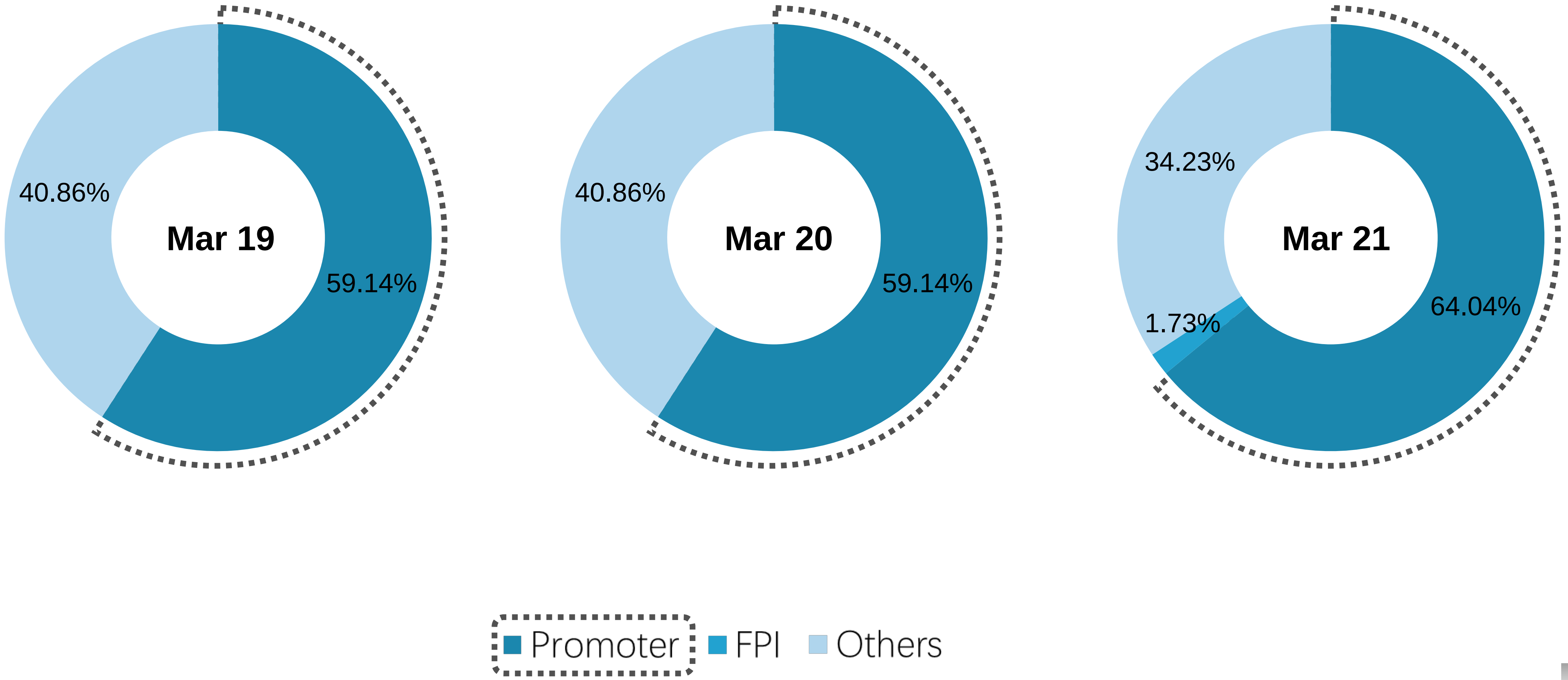


Ester 2.0 creating value for stakeholders



***Source:** *Bloomberg*

Shareholding Pattern



Investment Thesis

Specialty Polymers - Largely IP protected product portfolio

Polyester Films - High share of value added products

Rewarding shareholders with dividend

Scaling up capacities

Strong balance sheet

Green Initiatives

BIO-BASED Fuel Consumption

BIO-BASED Raw Material

PACKAGING MATERIAL
Reduction/ Recycling

Focus On Sustainability

PVC FREE PACKAGING
(Twist Wrap / Shrink Film)

PVDC FREE PACKAGING
(Transparent High Barrier film)

FOIL REPLACEMENT
(Metalized High Barrier film)

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Specialty Polymer

Specialty Polymer – Business Salience

Largely IP protected business

High entry barriers – patent protected

Customer retention ensured as largely patent protected products

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; filed in 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 among 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

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

Achieved sales of 465 MT in the first year of Agreement against committed volume of 400 MT

Achieved sales of 1042 MT during FY 2020-21 against committed volume of 400 MT

Basis performance of FY20 & 21 confident of substantially scaling up volumes in FY22 and beyond

EPS and Margin accretive

Exciting product portfolio

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- **MB07**
  - MB07 is added to make polyester dye-able with deeper and darker color
  - Achieved customer approval after 3 years of relentless hard work
  - Started commercial sales with good volumes
  - Steady state business going forward
  - As committed in earlier calls, commercial sales started that are there to stay
- **LMC 03**
  - Techno commercial qualification achieved
  - Customers are introducing their final product in the market
  - Volumes to grow significantly over the next 2-3 years
  - Will make the final product recyclable
  - Commercial sales commenced
- **MB16**
  - Close to achieving techno commercial qualification
  - Product in final stages of trial with customers
  - Commercial sales commenced
  - Potential for sizable sales volume

Strong product pipeline

Attractive array of products at varied stages of development

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

Q2 & H1 FY22 Performance

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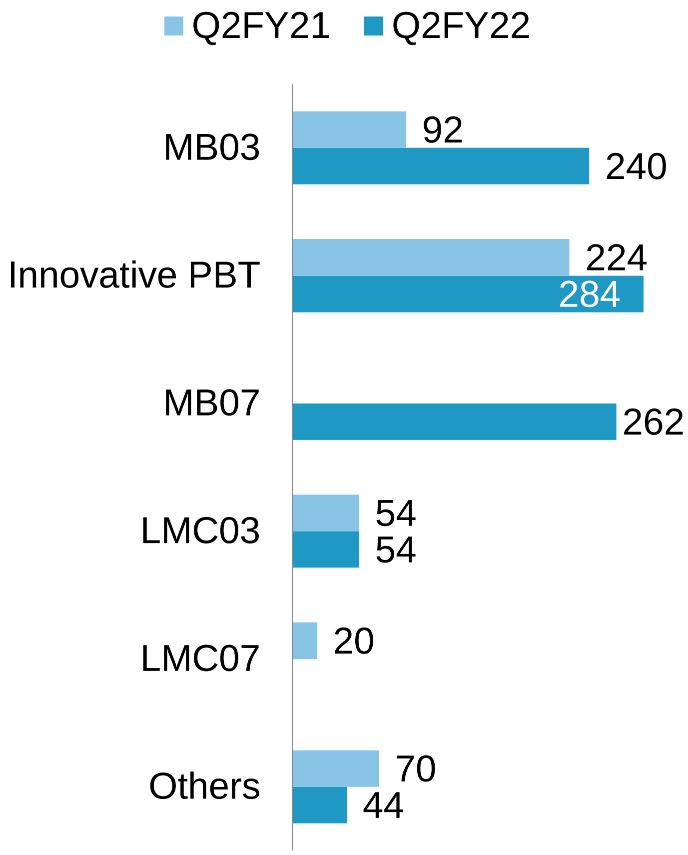
Figs. in cr

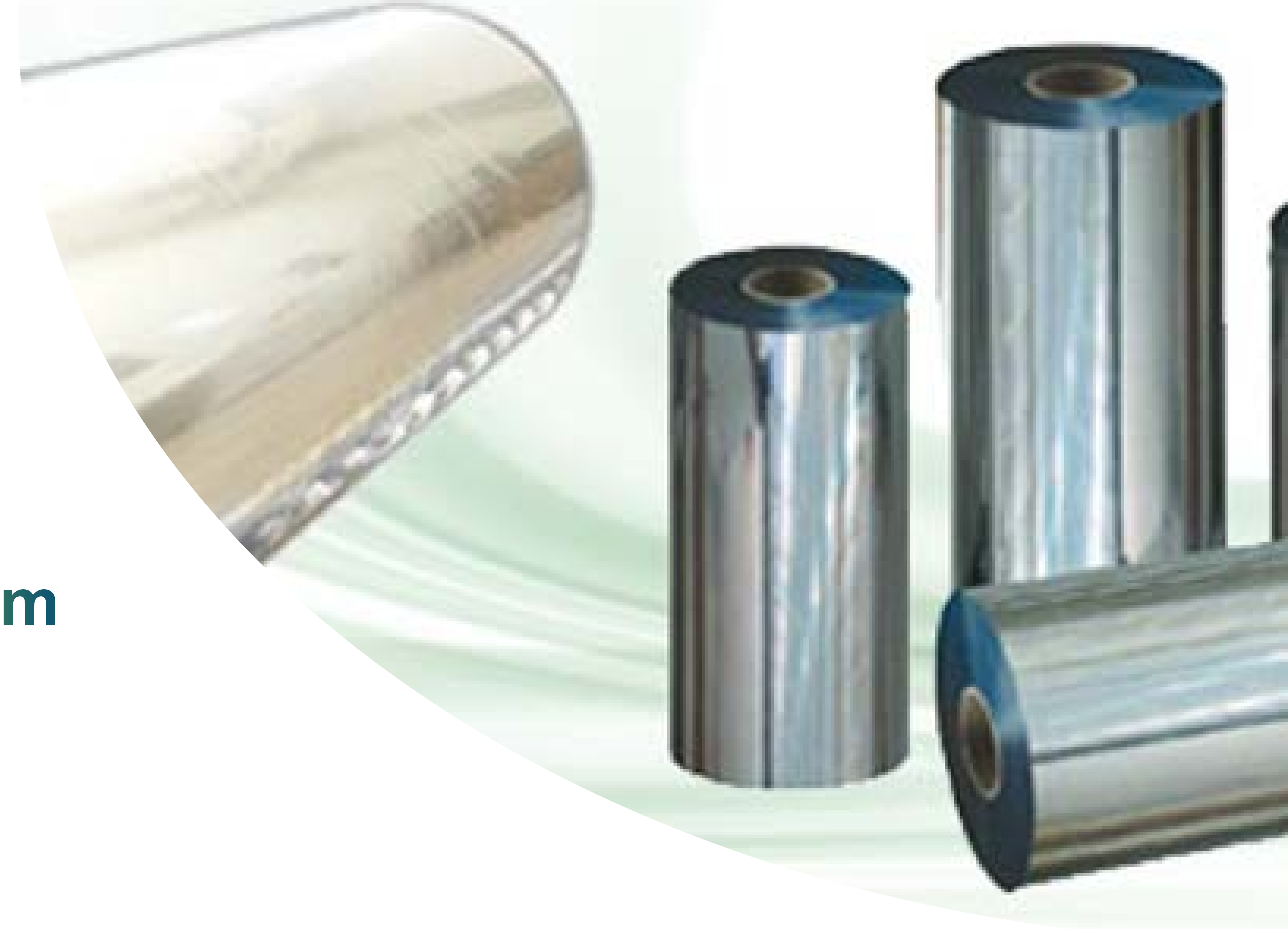
Particulars	Q2 FY22	Q2 FY21	%	Q1 FY22	%	H1 FY22	H1 FY21	%
Sales (Vol's MT)	884	484	82.6	861	2.7	1,745	895	95.9
Revenue	46	12	283.3	35	30	81	22	268.2
EBIT	17	3	467	13	32	30	5	500
Margins (%)	***36.9***	***25.0***	***+1,190 bps***	***36.4***	***+50 bps***	***37.0***	***22.7***	***+1,430 bps***

- Business momentum continues; revenue growth of ~4x on a Y-o-Y basis
- Witnessing strong demand for new and existing products
- Positive response for newly introduced products; commenced commercial sales of MB07
- Higher volumes & better product mix contributes to margin and profitability expansion
- Eliminating the impact of increase in feedstock prices from raw material consumption and sales value, the EBIT margin during Q2FY22 would have been about 50%

Volumes (MT)



Packaging Film Business



Industry Overview

Global Scenario:

- Demand growth of 5% - 6%
- 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
- Approx.1.1 Million Tons of Capacity likely to be added by 2023 – 2024 globally
- China and India account for ~60% of global output

Domestic Scenario:

- Strong double digit growth rate of 10%-12% pa over past 5 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 promising brighter future
- Availability of recycled content films, helping sustainability initiatives

Packaging Film Business - Overview

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#30+

Years of experience

60,000 MTPA

Polyester Film Mfg. capacity

13,200 MTPA

Metallized Polyester Film Mfg. capacity

43

Export market (# of countries)

17%

Share of value-added products (FY21)

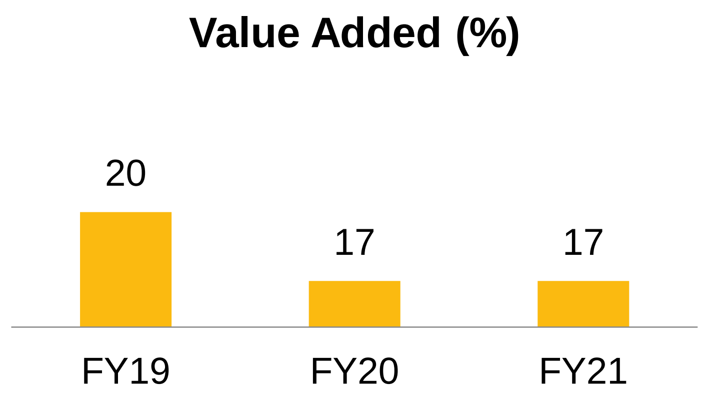
67,000 MTPA

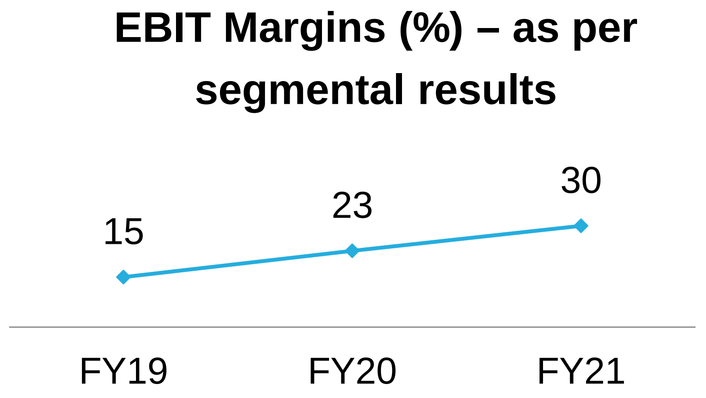
Polyethylene Terephthalate (Polyester) chips Mfg. capacity

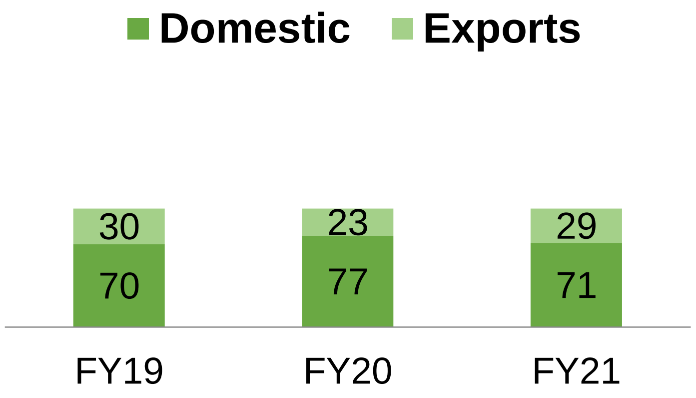
48,000 MTPA

BOPET Film Capacity expansion under implementation

Key Strengths







Product mix – despite reduction in recent past, aiming towards increasing the share of value added products to ~25% - 30% by FY23

Pass through business model – provides protection against volatility in raw material prices (petrochemical based)

Balanced mix of domestic and exports orders

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

Q2 & H1 FY22 Performance

ESTER INDUSTRIES LTD.

Figs. in cr

Particulars	Q2FY22	Q2FY21	%	Q1 FY22	%	H1 FY22	H1 FY21	%
Sales (Vol's MT)	14,591	15,000	(3.0)	15,283	(4.5)	29,874	27,630	8.01
Revenue*	213	190	12.1	225	(5.3)	438	351	24.8
EBIT+	28	70	(60.0)	36	(22.2)	64	124	(48.4)
Margins (%)	***13.1***	***36.8***	***(2,370 bps)***	**16.0**	***(290 bps)***	***14.6***	***35.3***	***(2,070 bps)***

**including Chips sale worth Rs. 18 crore (Q2FY22); ~Rs.0 crore (Q2FY21) & ~Rs. 26 crore (Q1FY22)*
+adjusted for chip sales EBIT margins for Q2 FY22 would have been 14.1% as against 18% in Q1FY22

- Eliminating the impact of increase in feedstock prices from raw material consumption and revenue from operations, the EBIT margin during Q2FY22 would have been about 17%
- Margin compression during the quarter owing to:
  - Lower margins owing to excess supply following commissioning of new capacities
  - Higher shipping freight costs impacted export volume and margins
- Margin / profitability scenario likely to remain subdued over short to medium term: mitigation strategy focusing on enhancing volume of value added and off-line coated products being pursued relentlessly

Capex to drive next leg of growth

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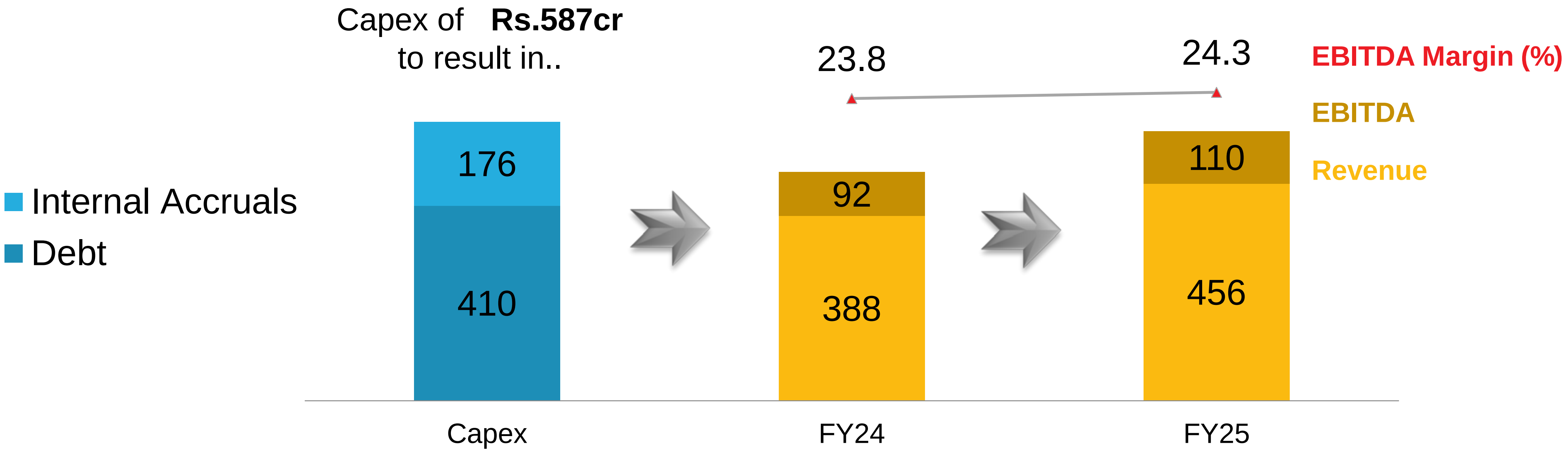

- Setting up state of the art 48,000 MTPA BOPET Film plant and 8,333 MTPA Metallized BOPET Film plant in Telangana through Wholly Owned Subsidiary
- Achieved financial closure
  - **Debt structure:** Rs. 239 crore Euro denominated term loan at less than 2% all in cost along with Rs. 171 crore rupee term loan at interest rate of ~ 8% - 8.5%. Weighted average cost of debt ~5.5% to 6%
- Commercial operations / production to commence in October 2022

Engineering Plastics

Engineering Plastics Business - Overview

ESTER INDUSTRIES LTD.

25+

Years of experience

 # 350 grades

Diverse product portfolio

13,500 MTPA

Manufacturing capacity

#3

State-of-the-art compounding lines

“Gold Winner”

“Fastest growing Enterprise – Processing Engineering Polymers” 2015

Business Salience

- Diverse product portfolio
- Backward integrated player
- Increasing share of high margin products
- “Unit relocation” to result in margin expansion
- Strong sector tailwinds

Engineering Plastics – Products & Applications

ESTER INDUSTRIES LTD.

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.

Q2 & H1 FY22 Performance

ESTER INDUSTRIES LTD.

Figs. in cr

Particulars	Q2 FY22	Q2 FY21	%	Q1 FY22	%	H1 FY22	H1 FY21	%
Sales (Vol's MT)	2,973	3,562	(16.5)	2,400	23.9	5,373	4,824	11.4
Revenue	74	49	51.0	59	25.4	133	65	104.6
EBIT	18	8	125.0	22	(18.2)	40	7	471.4
Margins (%)	***24.3***	***16.3***	***+800 bps***	**37.3**	***(1,300 bps)***	***30.1***	***10.8***	***+1,930 bps***

- Revenue growth remained strong on the back of higher volumes and better realizations; higher realizations driven by higher input prices
- EBIT and margins for Q2FY22 declined in comparison to Q1FY22 as the benefit of low-cost inventory in hand / pipeline subsided
- Eliminating the impact of increase in feedstock prices from raw material consumption and sales value, the EBIT margin during Q2FY22 would have been about 34%.
- Relocation of unit should help in further improvement in operations and profitability of the business

ESTER INDUSTRIES LTD.

Q2 & H1FY22 Performance Overview

Financial Summary

ESTER INDUSTRIES LTD.

Figs. in cr

Particulars (Rs.cr)	**Q2 FY22**	**Q2 FY21**	**%**	**Q1 FY22**	**%**	**H1FY22**	**H1FY21**	**%**
Revenues	333	251	32.9	319	4.4	652	439	48.5
EBITDA*	59	73	(20.1)	64	(7.8)	123	126	(2.4)
Margins (%)	***17.7***	***29.1***	***(1,140 bps)***	***20.1***	***(240 bps)***	***18.8***	***28.7***	***(990 bps)***
PAT	33	46	(28.1)	38	(13.2)	71	75	(5.3)
Margins (%)	***9.9***	***18.3***	***(840 bps)***	***11.9***	***(200 bps)***	***10.9***	***17***	***(610 bps)***

**including other non operating income*

- Strong revenue growth across businesses, especially Specialty Polymer and Engineering Plastics SBU; performance of Film business would have been better but for lower production owing to plant shutdown for maintenance
- Eliminating the impact of increase in feedstock prices from raw material consumption and sales value, the EBITDA margin during Q2FY22 would have been about 23%
- Margin compression during the quarter owing to lower profitability in Film business resulting in lower PAT generation for the quarter
- Moderation in profitability of Film business partially made good by strong performance of Specialty Polymers & EP SBUs

Chairman's Comments

Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said *"We have had a good first half with revenues expanding ~50% over the previous year. All our businesses continue to perform well, helping us sustain the growth momentum.*

Specialty Polymer business delivered yet another quarter of solid performance on the back of good demand and off-take for our products. Demand for MB-03, one of our marquee products continues to remain strong, as reflected by the strong volume growth during the quarter. Innovative PBT as well maintained its momentum with a volume growth of 27% over the previous year. In addition to the existing products, demand for some of our newly introduced products like MB 07 & LMC 03 as well remain encouraging. As mentioned earlier, we expect the sales of the new products to pick up pace over the following quarters. Furthermore, we are also close to achieving techno commercial qualification for some of our other products as well, which once approved and commissioned should help us drive the revenues in the years to come.

Performance of Film business would have been better but for lower production owing to plant shutdown for maintenance. Margins moderated largely owing to new capacities getting commissioned. Furthermore, higher shipping costs caused by global supply chain disruption impacted both margins and volume of export sales. Benign margin environment coupled with lower production owing to plant shutdown for maintenance resulted in lower profitability during the quarter. Though the margin / profitability scenario is likely to remain subdued over short to medium term, we are working relentlessly to mitigate the same by higher volume of value added and off-line coated products. Lastly, commissioning of our new BOPET plant as well should help scale up our business in the coming years.

Engineering plastics business performed well with significant improvement in profitability. Demand from end-user customers remained buoyant which coupled with favourable pricing environment resulted in revenue growth of 51% for the quarter. We expect the business to perform well going forward as well.

Eliminating the impact of increase in feedstock prices from raw material consumption and revenues from operations, the EBITDA margin for the Company would have been 24%

We believe we are well placed to deliver growth and create value for our stakeholders."

Investor Contacts

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.

For more information contact:

Pradeep Kumar Rustagi (Chief Financial Officer)
Ester Industries Ltd.
Tel: +91 124 2656 100
Fax: +91 124 2656 199
E-mail: pradeep.rustagi@ester.in

Gavin Desa / Suraj Digawalekar
CDR India
Tel: +91 22 6645 1237 / 1219
Fax: +91 22 6645 1213
E-mail: gavin@cdr-india.com / suraj@cdr-india.com

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Thank You