

**ESTER****INDUSTRIES LTD.**

CIN : L24111UR1985PLC015063

Date: 23<sup>rd</sup> May, 2024

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

Dear Sir/Madam,

**Subject: Investor Presentation on Audited Financial Results for the quarter and financial year ended on 31<sup>st</sup> March 2024**

Please find enclosed herewith the Investor Presentation on Audited Financial Results for the quarter and financial year ended on 31<sup>st</sup> March 2024.

Please take the same on your records.

Thanking you,

Yours faithfully,  
For **Ester Industries Limited**

**Poornima Gupta**  
**Company Secretary & Compliance Officer**

Encl: As above

**Ester Industries Limited**

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**Phone** : +91-124-2656100, 4572100 **Fax** : +91-124-4572199, 2656199 **E-Mail** : info@ester.in **Website** : www.esterindustries.com

**Regd. Office & Works** : Sohan Nagar, P. O. Charubeta, Khatima - 262308 Distt. Udham Singh Nagar, Uttarakhand  
**Phone** : EPABX No. (05943) 250153-57 **Fax No.**: (05943) 250158



**ESTER**  
INDUSTRIES LTD.

# Q4 & FY24 Investor Presentation

May 2024

## 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

Key Developments – JV with Loop Industries Inc

Q4 & FY24 Results Highlights

# About Us

Diversified business portfolio

Comprehensive product suite

State-of-the-art manufacturing facilities

Global footprint

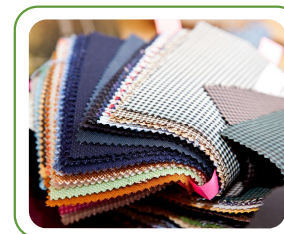
Experienced management team

Healthy financial Position



## Sales Mix (FY24)

Polyester Films **88%**



Specialty Polymers **12%**

# Quick Facts



1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

# 2

Business Segments\*

About 50 COUNTRIES

Global Footprint

500 – KHATIMA,  
SITARGANJ, GURGAON

175 - HYDERABAD

People

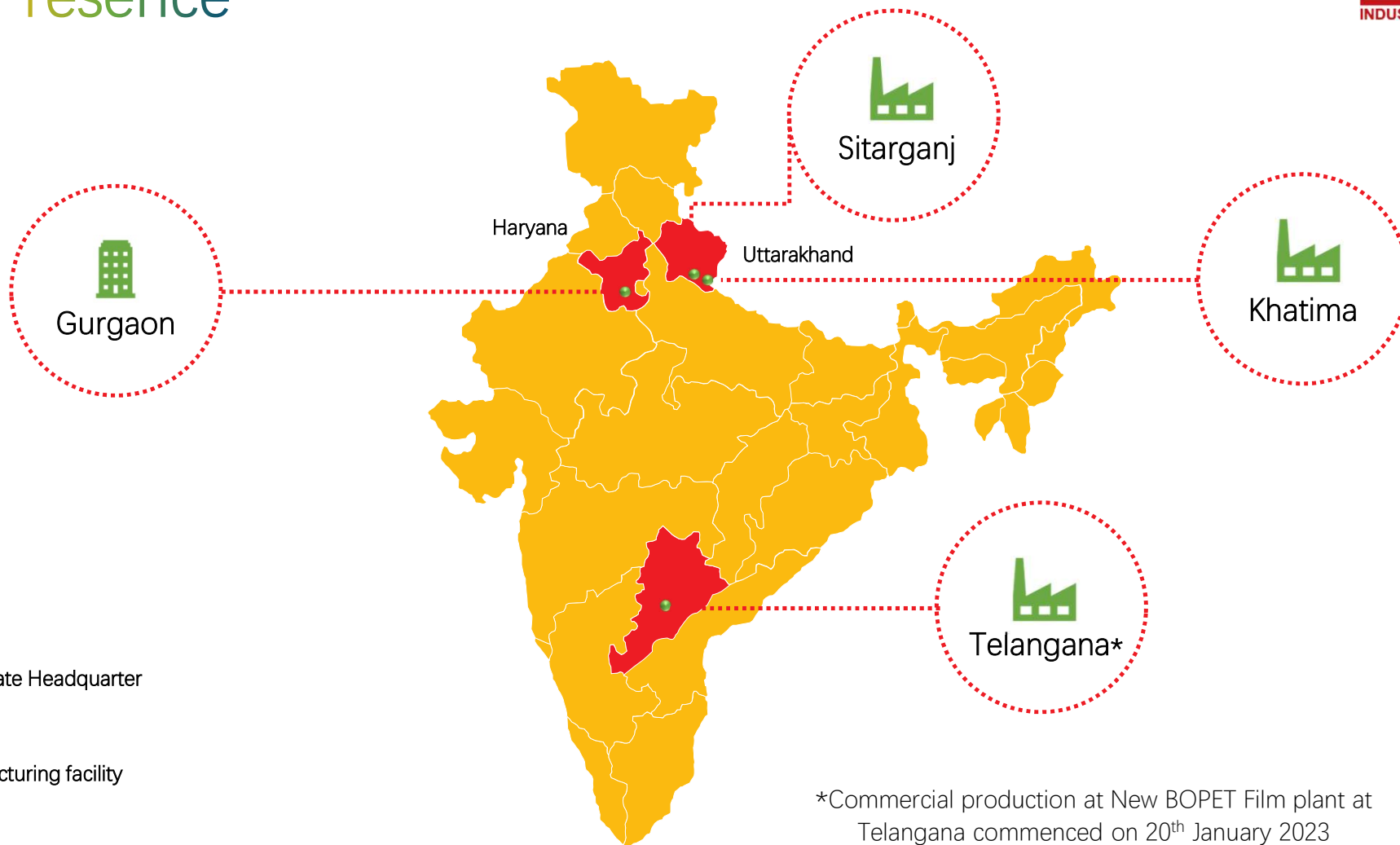
CRISIL A –

(Industry Outlook – Negative)

Credit Rating (Long Term)

PF - Polyester Film; SP - Specialty Polymers

# Our Presence



-  Corporate Headquarter
-  Manufacturing facility

\*Commercial production at New BOPET Film plant at Telangana commenced on 20<sup>th</sup> January 2023

# Global Presence

**ESTER**  
INDUSTRIES LTD.

We serve about 50 Countries



JV with Loop  
Industries, INC



## JV with Loop Industries., Inc

- Entered into a JV with Loop Industries., Inc to produce a unique product offering of lower carbon footprint recycled dimethyl terephthalate ("rDMT"), recycled mono-ethylene glycol ("rMEG") in India, using the Infinite Loop™ technology
- The Infinite Loop™ India JV facility aims to annually produce 70,000 tonnes of rDMT and 23,000 tonnes of rMEG. Ester will then convert part of these quantities into various specialty polymer grades.
  - This facility can cut carbon emissions by up to 70% compared to virgin DMT and MEG from fossil fuels
  - provide chemical companies with a straightforward, circular alternative, aiding them in meeting sustainability targets
- JV combines Loop's cutting-edge technology and access to global brands with Ester's 40 years of polymer expertise and operational prowess
- Construction is expected to be completed by the end of 2026, with commercial operations commencing in early 2027
- Project cost: US\$. 165 Mn

~US\$ 28bn

*Global Mkt size: DMT and MEG specialty chemicals*

~4% CAGR

*Forecasted growth rate through 2023*

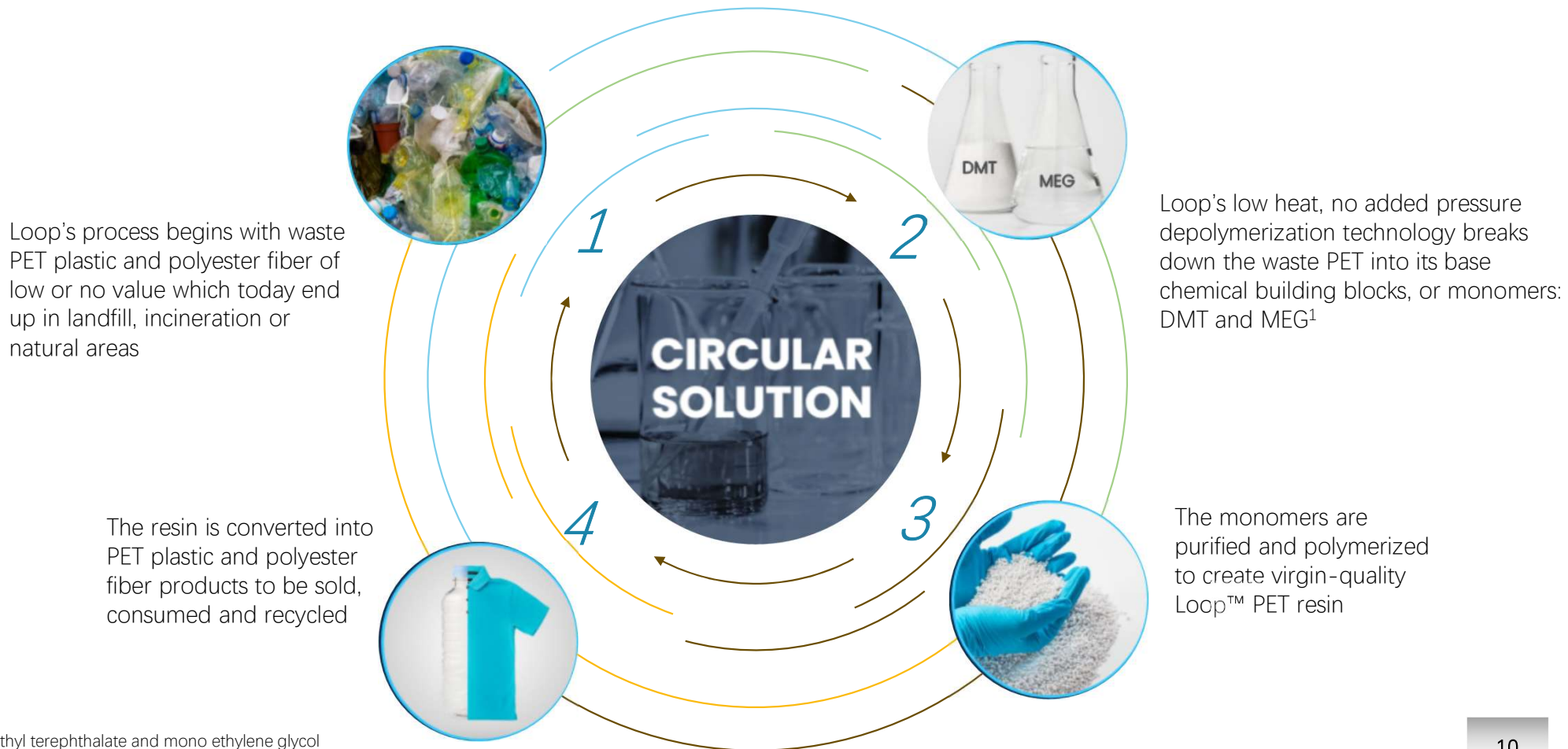
~24%

*Expected Project IRR from the JV*

~35%

*Expected Equity IRR from the JV*

# How it works – Infinite Loop™ Technology



<sup>1</sup>Dimethyl terephthalate and mono ethylene glycol  
Source: Loop Industries Inc

# Project Economics

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Output Products & Capacity: rDMT 70,000 MTPA; rMEG of 23,000 MTPA

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Estimated project capital expenditures: USD 165 Mn (Rs. 1,370 crore)

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Estimated Plant revenues: USD 159 Mn Rs. 1,320 crore (first full year of operation)

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Target EBITDA margins: ~33%

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Payback period: ~5 years

# Government Mandates Driving Recycled Demand



- Zero plastic waste 2030
- 50% recycled content<sup>2</sup>
- Extended producer responsibility<sup>2</sup>



- California requires plastic bottles contain >25% post-consumer resin by 2025 and 50% by 2030.



- €450/tonne, nonreusable plastic packaging, 2023



- £200/tonne tax on packaging not containing 30% recycled plastic
- Target of 75% recycling rate for packaging by 2030



- 100% of plastics recycled by 2025 target
- 77% of beverage bottles to be collected



- €800/tonne on nonrecycled plastic packaging based on amount of plastic
- 50% plastic packaging recycled by 2025



- €450/tonne on virgin single use plastic, 2023



- Consumer brands to include at least 30% recycled plastic in packaging by 2025



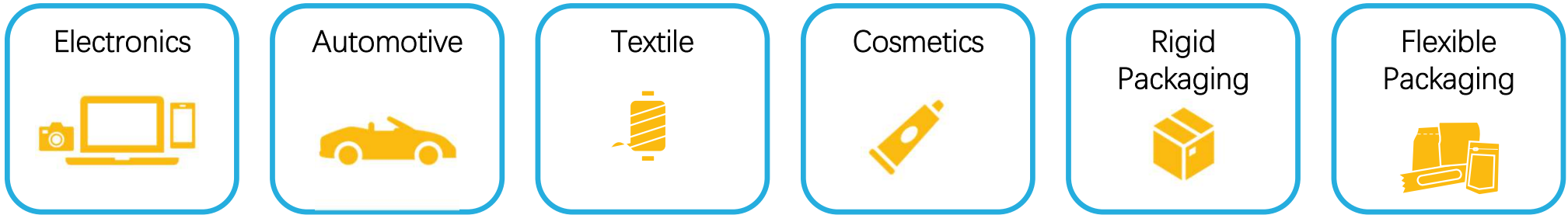
- 30% renewable plastic 2030
- Reduce plastic waste by 20% and increase recycling rates from 54% to 70% by 2025

<sup>1</sup> Projected PET consumption of 85 million tonnes per year in 2022. Historically, PET consumption has grown at 4% annually (Source: IHS Markit 2018)

<sup>2</sup> <https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-environment-and-climate-change-mandate-letter>

# End user segment

Loop Specialty Chemicals (DMT and MEG) target markets



Loop DMT and MEG enable chemical companies to:

-   
Increase their sustainability product portfolio
-   
Launch new products
-   
Contribute to supply chain decarbonization

# Q4 & FY24 Performance Overview

# Financial Summary (Standalone)

Particulars (Rs.cr)	Q4 FY24	Q4 FY23	%	FY24	FY23	%
Total Income	220.3	255.7	(13.9)	881.7	1,094.7	(19.5)
EBITDA (including Non operating income)	8.8	18.9	(53.4)	22.8	117.2	(80.5)
Margins (%)	4.0	7.4	(340 bps)	2.6	10.7	(810 bps)
PAT	(9.2)	2.9	-	(43.3)	35.8	-
Margins (%)	-	1.1	-	-	3.3	-

- Challenging external environment impacts volume offtake across both the businesses
  - Film business: Demand-supply imbalance causing pressure on pricing/margin. Expect pressure to persist in short term
  - Specialty Polymer: Adverse product mix and subdued demand in key markets resulted in lower revenue generation
- Heightened competitive intensity in Film SBU and adverse product mix in Specialty Polymer SBU impact margins and profitability



# Financial Summary (Consolidated)

Particulars – (Rs.cr)	Q4 FY24	Q4 FY23	%	FY24	FY23	%
Total Income	279.9	293	(4.5)	1,090.5	1,122.6	(2.9)
EBITDA (including Non operating income)	9.2	9	2.2	3.4	104.2	(96.7)
Margins (%)	3.3	3.1	6.5	0.31	9.3	-
PAT	(23.7)	(18)	-	(121.1)	11.7	-
Margins (%)	-	-	-	-	1.04	-

- BOPET Films - Sales volume of 51218 MT in Ester Industries and 25626 MT in Ester Filmtech.
- Low sales volume offtake in Ester Filmtech Limited (Wholly Owned Subsidiary) on account of initial quarters of operation & demand supply imbalance in Film
- Consolidated capacity utilisation of 72%.
- Capacity Utilisation - 86% in Ester Industries and 55% in Ester Filmtech

Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said *“Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said “We are committed to achieve our objective of moving from commodity products to innovative & specialty products through use of new technologies. Our partnership with Loop is aligned with this objective. Loop’s patented technology to convert all types of Polyester waste into monomers namely rDMT and rMEG combined with Ester’s decades of experience in Polymerization helps us achieving circularity in the true sense and a sustainable future as we move ahead.*

*Moving onto Specialty Polymers performance for the fiscal – we are now witnessing gradual pick-up in the business especially during the second half with volumes for some of our marquee products trending higher. We expect the momentum to continue during the new fiscal and expect volume of sales to improve quarter after quarter amidst normalization of demand. This business has already started generating decent profits and we expect this momentum to continue. As I have been reiterating, this business is IP protected which in effect ensures margins and profit preservation. Our product pipeline remains steady, and we expect new products to contribute positively going forward.*

*As far as Film business is concerned, FY24 presented significant challenges, as anticipated due to temporary demand – supply imbalance. The introduction of new capacities resulted in oversupply, causing pressure on pricing / margins. While near-term challenges persist, we remain optimistic about the prospects of the Film SBU in medium to long term as the domestic demand for Polyester Film continues to grow at a healthy rate and further with Plastics Waste Management Rules (PWMR) mandating utilization of 10% recycled content in the flexible packaging laminate, coming into force from 1<sup>st</sup> April 2025 will further increase demand for Polyester Film with conversion taking place from other substrates to Polyester.*

*Looking ahead, we believe we are well positioned to create value for our shareholders as fundamentals of both the businesses remains firmly intact. The JV with Loop is a game changing development which will charter a path of profitable growth for the Company for years to come.*

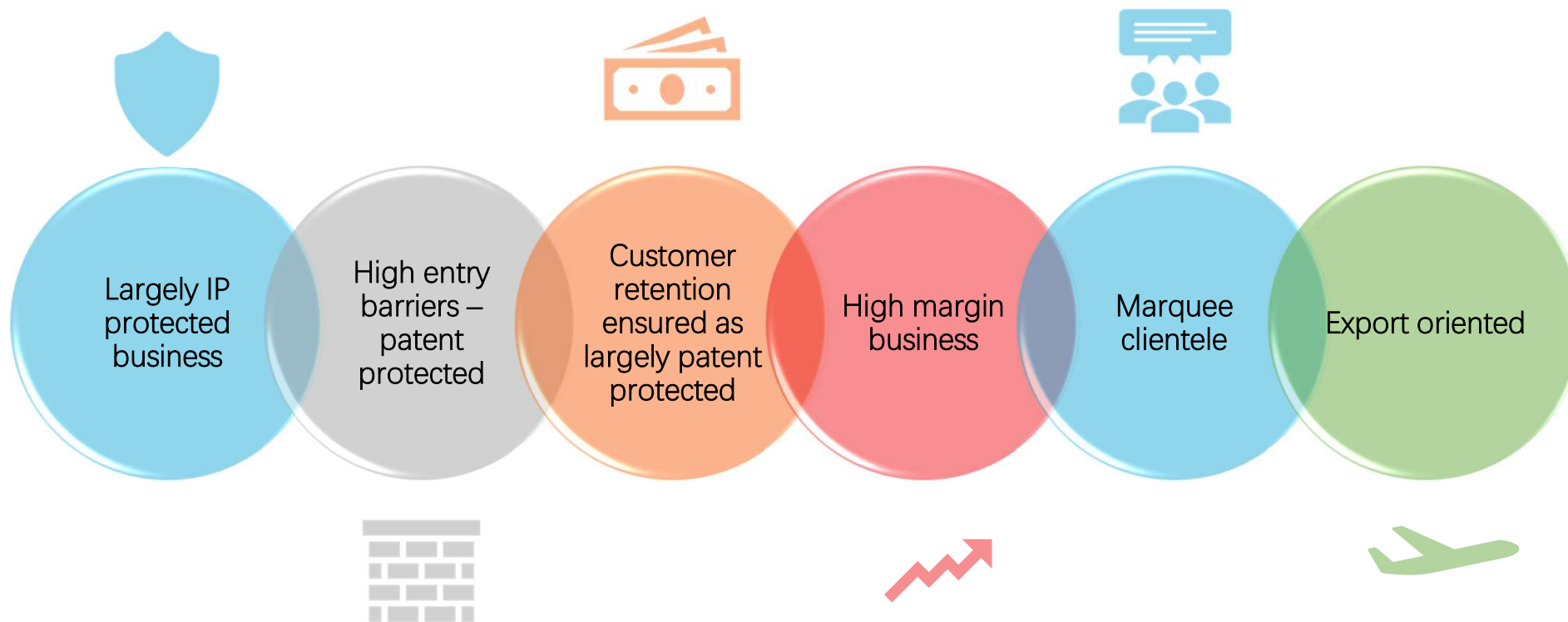
## Chairman's Comments





## Specialty Polymer

# Specialty Polymer – Business Salience



# Specialty Polymers – Case Study

## Problem



### 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

## Solution



### 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 & 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

- Regularly manufacturing & supplying Innovative Polybutylene Terephthalate (PBT) polymers to a global chemical leader
- Ester Industries is amongst 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
- The product fetches decent price / margin

# Specialty Polymers – Products & Applications

## 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

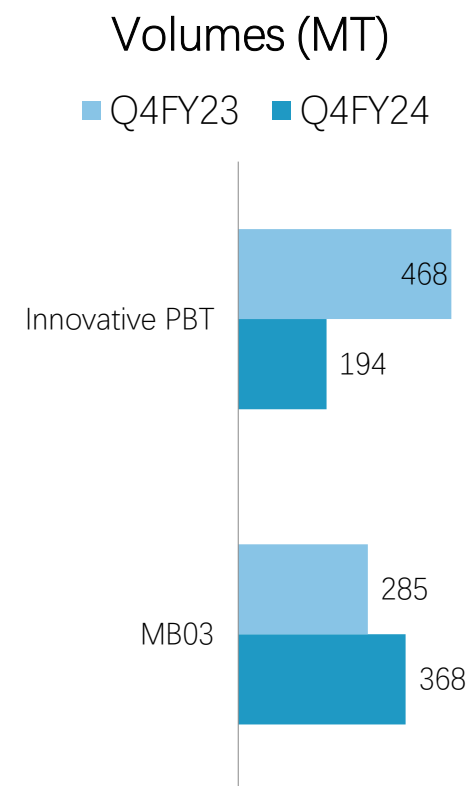
Low Melt Polymers for Textiles



# Q4 & FY24 Performance

*Figs. in cr*

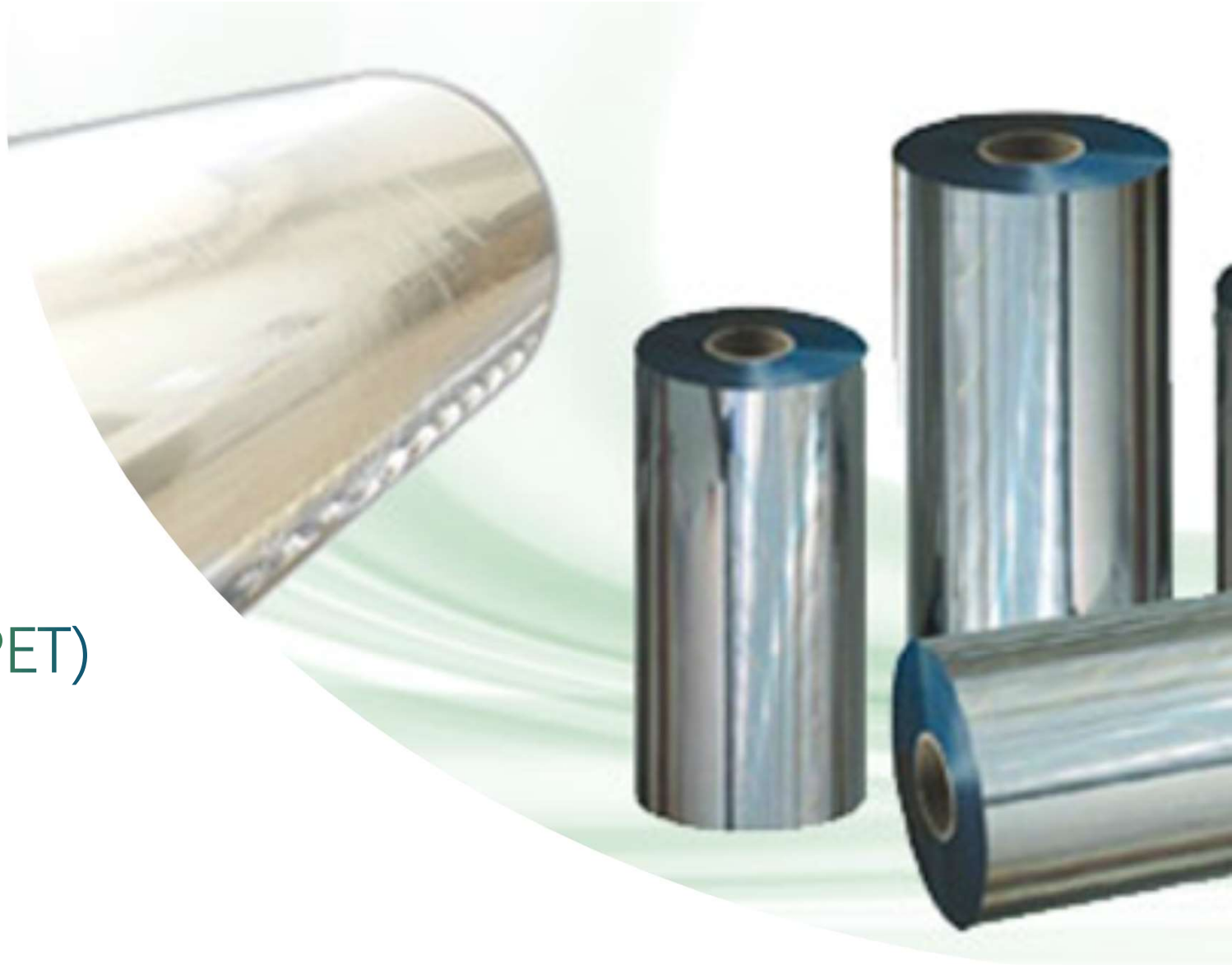
Particulars	Q4 FY24	Q4 FY23	%	FY24	FY23	%
Sales (Vol's MT)	852	878	(2.9)	2,535	3,613	(29.8)
Revenue	32	52	(38.5)	101	198	(48.9)
EBIT	9.1	12.2	(25.4)	21.9	57.2	(61.7)
Margins (%)	<i>28.5</i>	<i>23.5</i>	<i>+500 bps</i>	<i>21.6</i>	<i>28.8</i>	<i>(720 bps)</i>



- Witnessed good pick up in the business on a sequential basis – with revenues and profitability both higher compared to Q3FY24
- Better product mix (higher share of MB03) resulted in better margins and profitability for the quarter (compared to Q3FY24)
- Witnessing recovery in the US markets and a result expect FY25 to be much better than FY24 in terms of sales, both in volumetric & value terms, and profitability



## Packaging (BOPET) Film Business



# Industry Overview



## Global Scenario:

- Demand growth of 5.5% - 6.0%
- 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
- China and India account for ~60% of global output



## Domestic Scenario:

- Strong double digit growth rate of 11%-13% pa over past 6 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 offer promise
- Availability of recycled content films, helping sustainability initiatives

# Packaging Film Business - Overview

#35

Years of experience

108,000  
MTPA

Polyester Film capacity  
(including Telangana capacity)

23,200  
MTPA

Metallized Polyester Film capacity  
(including Telangana capacity)

About  
50

Export market  
(# of countries)

28%

Share of value-added  
products (Q4 FY24)

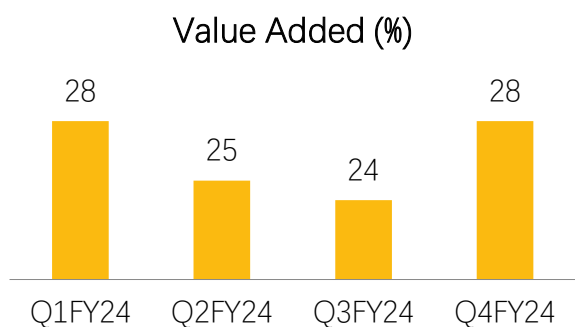
67,000  
MTPA

Polyethylene Terephthalate  
(Polyester) Chips capacity

Telangana  
Plant

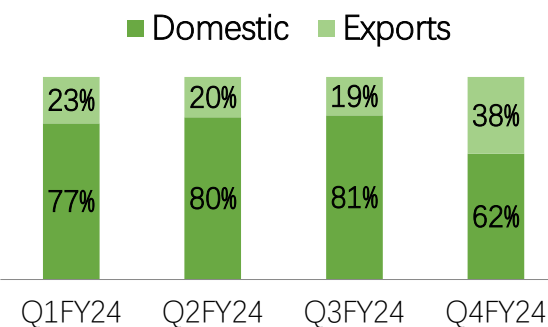
Commercial production  
commenced on 20<sup>th</sup> January 23

# Key Strengths



\*Film business (excl. chips)

(Rs.cr)	Q1FY24	Q2FY24	Q3FY24	Q4FY24
EBIT	4.0	-2.4	-3.9	-0.2
Margins (%)	2.3	-1.4	-2.4	-0.1



Product mix – aiming towards increasing the share of value added products to ~30% by FY25

Pass through business model for raw material prices  
 Raw Materials are petrochemical based products  
 Margins governed by demand supply scenario

Balanced mix of domestic and exports orders

Above stated numbers are only for Ester Industries Limited  
 \* Low EBIT (%) due to margin compression on account of severe demand supply imbalance

# 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



# Q4 FY24 Performance (Standalone)

*Figs. in cr* 

Particulars	Q4FY24	Q4FY23	%	FY24	FY23	%
Sales (Vol's MT)	13,048	14,740	(11.5)	51,218	57,172	(10.4)
Revenue	184	201	(8.5)	754	880	(14.3)
EBIT	0.3	7	-	(0.1)	72	-
<i>Margins (%)</i>	<i>0.13</i>	<i>3.4</i>	<i>-</i>	<i>(0.01)</i>	<i>8.2</i>	<i>-</i>

- Business environment remained challenging amidst heightened competition – Volumes improved marginally (on sequential basis), pricing pressure persists
  - Share of Value-added products stood at 28% during Q4FY24
- Pricing pressure more than outweighs volume growth – leading to sharp moderation in margins and profitability
- While margins may remain under pressure in the short-term owing to commissioning of new capacities; medium to long term prospects of the business continue to remain favourable.

# Ester Filmtech Limited (WOS)



- Ester Filmtech Limited, a wholly-owned-subsiidiary of Ester Industries Limited, commenced commercial production on 20<sup>th</sup> January 23 at new Polyester (BOPET) film manufacturing plant in the State of Telangana.
- Generated revenues worth Rs.76 crore during Q4FY24; volumes of 6,954 MT and revenue worth Rs. 281 crores and volumes 25,626 MT during FY24
- Low margins and lower utilization levels resulted in EBITDA loss during the quarter;
- It generally takes few quarters for the operations and production to stabilize. Accordingly, production and sales levels are about 55% of the capacity during FY24. The performance is subdued on account of initial quarters of operations and external market scenario exerting pressure on prices / margins.
- Production efficiency, stabilized operations, higher operating leverage coupled with better product mix and pricing environment should result in better profitability over the long term
- The plant is expected to generate revenues worth approximately Rs.500 – Rs.550 crore upon achieving optimal utilization at reasonable prices / margins

Particulars	Q4FY24
Sales (Vol's MT)	6,954
Revenue	75.9
EBITDA*	0.41
<b><i>Margins (%)</i></b>	<b><i>0.54</i></b>

\*including other non- operating income

# Ester Filmtech Limited – Q4 & FY24 Financials

Particulars – (Rs.cr)	Q3FY24	Q4FY24	FY24
Net Sales	73.3	75.42	276.85
Other Operating Income	0.60	0.88	2.26
EBITDA	(15.2)	(0.83)	(21.26)
Other Non-Operating Income	1.5	(0.42)	1.18
Cash Profit	(22.4)	(8.26)	(52.48)
PBT	(28.7)	(14.56)	(77.71)
PAT	(28.7)	(14.56)	(77.71)



### About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL), a public limited company, is an ISO 9001:2008, ISO 22000:2005, TS16949:2002 certified. Company is promoted by the Singhania family. The company is one of India's leading producers of Polyester Films and Specialty Polymers having a track record of continually developing new and innovative products for customers across the globe. Ester Industries has state of the art manufacturing facilities in Khatima in Uttarakhand with the capacity of 67,000 TPA of Polyester Resin, 60,000 TPA of Polyester Film and 30,000 TPA of Specialty Polymers. Through Wholly Owned Subsidiary, Ester Filmtech Limited, it has set up state of the art manufacturing facility in Hyderabad, Telangana to produce 48,000 MT of Polyester Film. The company currently generates more than 30% of its revenue from exports of Polyester Films & Specialty Polymers with sales and distribution network in more than 56 countries across the world resulting in strong customer relationship.

Specialty Polymers are manufactured primarily for the European and US markets. Specialty Polymers business is driven by technology and innovation and the Company has been granted many patents and presently has quite a few 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:

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Thank You