

ESTER**INDUSTRIES LTD.**

CIN : L24111UR1985PLC015063

**Date:** 7th November 2024

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

Dear Sir/Madam,

Subject: Investor Presentation on Un-audited Financial Results for the quarter and half year ended on 30th September 2024Please find enclosed herewith the Investor Presentation on Un-audited Financial Results for the quarter and half year ended on 30th September 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

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ESTER
INDUSTRIES LTD.

Q2 & H1 FY25 Investor Presentation

Nov, 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

Q2 & H1 FY25 Results Highlights

Key Developments – JV with Loop Industries Inc

About Us

Diversified business portfolio

Comprehensive product suite

State-of-the-art manufacturing facilities

Global footprint

Experienced management team

Healthy financial Position

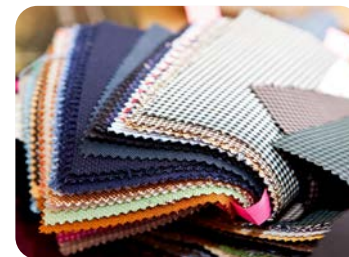
JV with Loop – A path breaking initiative

Sales Mix (Q2FY25)



Polyester Chips
& Films
Segment

85%



Specialty
Polymers
Segment

15%

Quick Facts

1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

2

Business Segments*

About 50 COUNTRIES

Global Footprint

527 – EIL – KHATIMA,
SITARGANJ, GURGAON

143 – EFL – HYDERABAD,
Gurgaon

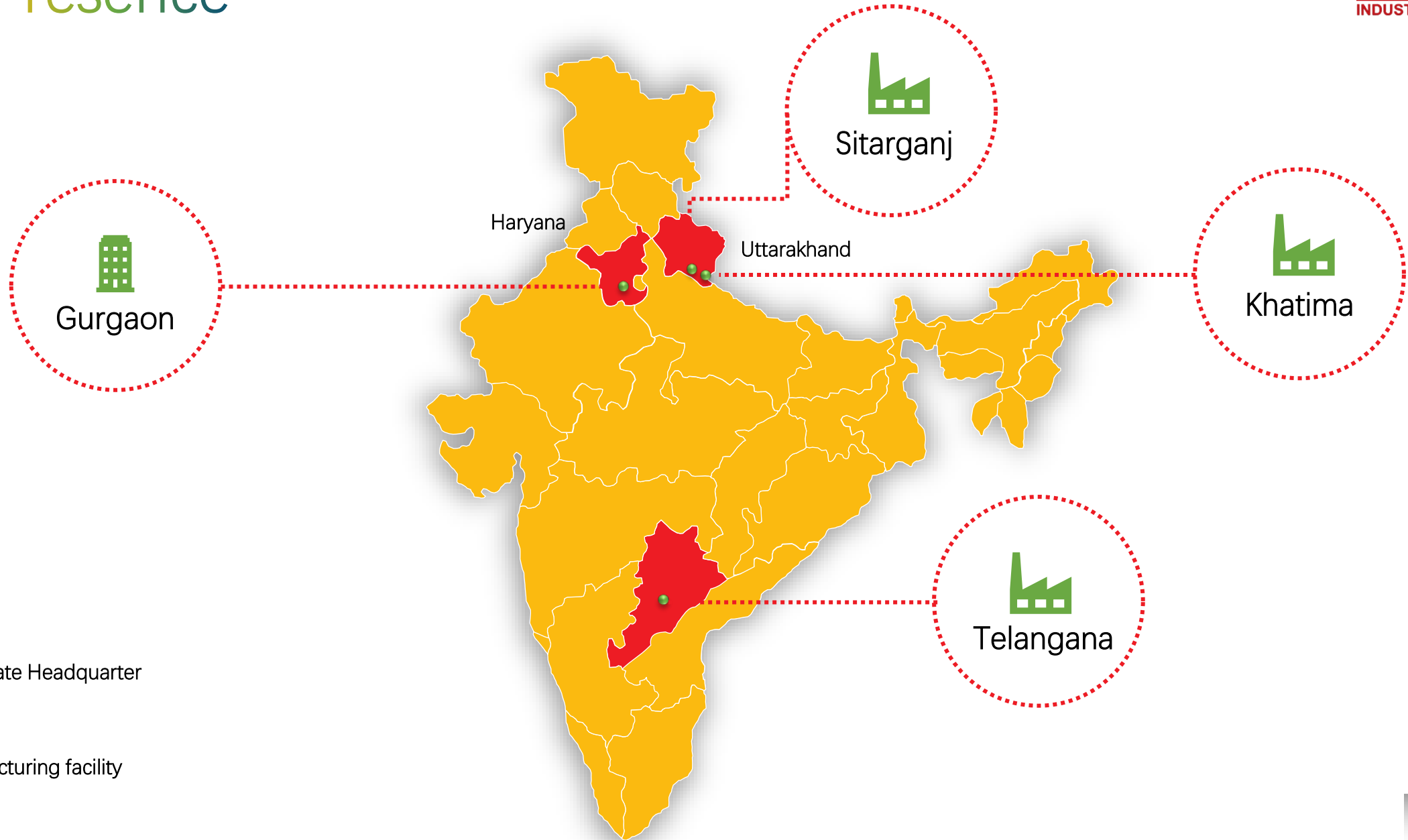
Permanent People


CRISIL A –

(Industry Outlook – Negative)

Credit Rating (Long Term)

Our Presence



 Corporate Headquarter

 Manufacturing facility

Global Presence

We serve about 50 Countries



Q2 & H1 FY25 Performance Overview

Financial Summary (Standalone)

Particulars (Rs.cr)	Q2FY25	Q2FY24	%	H1FY25	H1FY24	%
Total Income	302	244	24	546	451	21
EBITDA (including Non operating income)	36	3	1100	53	15	253
EBITDA Margin (%)	12	1.1	+1190 bps	10	3.4	+660 bps
PAT	12	(13)	-	10	(18)	-
PAT Margin (%)	4	-	-	2	-	-
Other comprehensive income/(loss) (Net of Tax)	(5)	-	-	(5)	-	-
Total comprehensive income /(loss)	7	(13)	-	5	(18)	-

- Better pricing & margin environment in Film business and higher volume with better product-mix in Specialty Polymer business led to improved financial performance in Q2FY25
 - Film business: Improved demand supply environment translated into better pricing & margin
 - Specialty Polymer: Growth momentum sustained on the back of higher volume and better product mix
 - Total income includes revenue from sales of Polyester Chips – Rs. 65 crore (7,069 MT)
- Q2 FY25 - Total Comprehensive Income impacted by negative MTM provision amounting to Rs. 6 crores (Rs 4.5 crores net of tax) on account of Interest Rate Swap on FCL. However, it has & will have no impact on actual operating profit & cashflow forever as it is only a notional book entry. We expect significant part of these MTM notional losses to reverse by terminal date of the FCL

Financial Summary (Consolidated)

Particulars (Rs.cr)	Q2FY25	Q2FY24	%	H1FY25	H1FY24	%
Total Income	334	271	23	626	538	16
EBITDA (including Non operating income)	43	(0.4)	-	60	9	567
EBITDA Margin (%)	13	-	-	10	1.7	+830 bps
PAT	3	(30)	-	(13)	(53)	-
PAT Margin (%)	1	-	-	-	-	-
Other comprehensive income/(loss) (Net of Tax)	(5)	-	-	(5)	(0.1)	-
Total comprehensive income/(loss)	(2)	(30)	-	(18)	(53)	-

- Specialty Polymers' contribution in total income: Rs. 44 crore in Q2FY25 as compared to Rs. 27 crore in Q2FY24 and Rs. 45 crore in Q1FY25
- BOPET Films - Sales volume of 12,243 MT in Ester Industries and 7,425 MT in Ester Filmtech.
- Shutdown of Film production lines for few weeks for commercial reasons impacted overall volume during the quarter, however better pricing & margin environment resulted in improved revenue & profitability.
- Consolidated EBITDA for the Q2FY25 would have been Rs. 51 crores but for impact of exchange fluctuation & MTM on FCL / derivative availed by Ester Filmtech.
- Q2FY25 - Total Comprehensive Income impacted by negative MTM provision amounting to Rs. 6 crores (Rs 4.5 crores net of tax) on account of Interest Rate Swap on FCL availed by Ester Industries. However, it has & will have no impact on actual operating profit & cashflow as it is only a notional book entry. We expect significant part of these MTM notional losses to reverse by terminal date of the FCL.
- Consolidated capacity utilisation of 75%. Capacity Utilisation - 87% in Ester Industries and 61% in Ester Filmtech.

Cash Flow Statement (Consolidated for H1FY25)

	Cash flow (April 24 to Sep 2024)		Rs. / Crore	Nature
Source	S. No:	Particulars	Total	
	1	Opening Cash & Bank and other Bank Balance	116.88	
	1a	Investment as on 1 st April 2024	69.27	
	2	Loss before tax	(9.92)	Operating
	3	Depreciation	34.53	Operating
	4	Unrealised foreign exchange loss /MTM loss	7.42	Operating
		Sub total	218.18	
	5	Issue of Share Capital	0.92	Financing
6	Others	1.44		
Application	1	Reduction in short term Bank Borrowing	(7.38)	Financing
	2	Repayment of Term Loans (net of fresh TL raised)	(43.14)	Financing
	3	Increase in CA and reduction in CL	(52.87)	Operating
	4	Acquisition of Fixed Assets	(18.10)	Investing
		Investment in hand as on 30 th Sep 2024	49.10	
		Closing Cash & Bank Balance as on 30 th Sep 2024	49.95	

On consolidated basis, we have cash, bank balance and liquid investments amounting to Rs. 99.05 crores

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

"We are pleased with our quarterly performance which witnessed a turnaround in our Film business and continued strength in our Specialty Polymer business. After facing challenges over the past 7 – 8 quarters, Film business is now experiencing early but strong signs of revival in pricing & margin environment as demand-supply mismatch evens out.

Specialty Polymer once again posted strong results, driven by the revival of demand in key markets (USA) leading to a higher volume of sales for our marquee products, MB03 and Innovative PBT. We anticipate this positive trend to persist in the latter half of the fiscal, supported by sustained growth prospects and a promising product lineup. Due to the intellectual property protection of our business, margins and profitability are expected to remain remunerative.

As far as Film business is concerned, I am extremely pleased to report that in line with the indications we earlier shared, we are witnessing a better demand supply balance for BOPET which in turn is translating into more reasonable pricing & margin. The profitability profile of the business had been adversely impacted in the past few years largely owing to weak margins. Although our overall volume of sales for the quarter was lower compared to the past, largely owing to plant shutdown, improved product mix and better pricing & margins resulted in improved profitability for the business. We expect the trend to sustain as we enhance our utilization levels and make steady progress towards achieving our objective of increasing the share of Value Added and Specialty products. In addition, Plastic Waste Management Rules (PWMR) mandating utilization of 10% recycled content in flexible packaging laminate, coming into force from 1st April 2025 will further increase demand for Polyester Film with conversion taking place from other substrates to polyester.

I am also happy to share that the implementation of plans for our JV with Loop Industries is progressing well. Various activities towards implementation of the project are progressing well and as per current estimate we expect to commence commercial production during Q2 calendar 2027.

Moving forward, supported by our robust position in both Strategic Business Units (SBUs), we are optimistic about generating value for our shareholders, considering the strong fundamentals of each business. The collaboration with Loop represents a significant milestone that is poised to drive profitable expansion for the company in the foreseeable future."

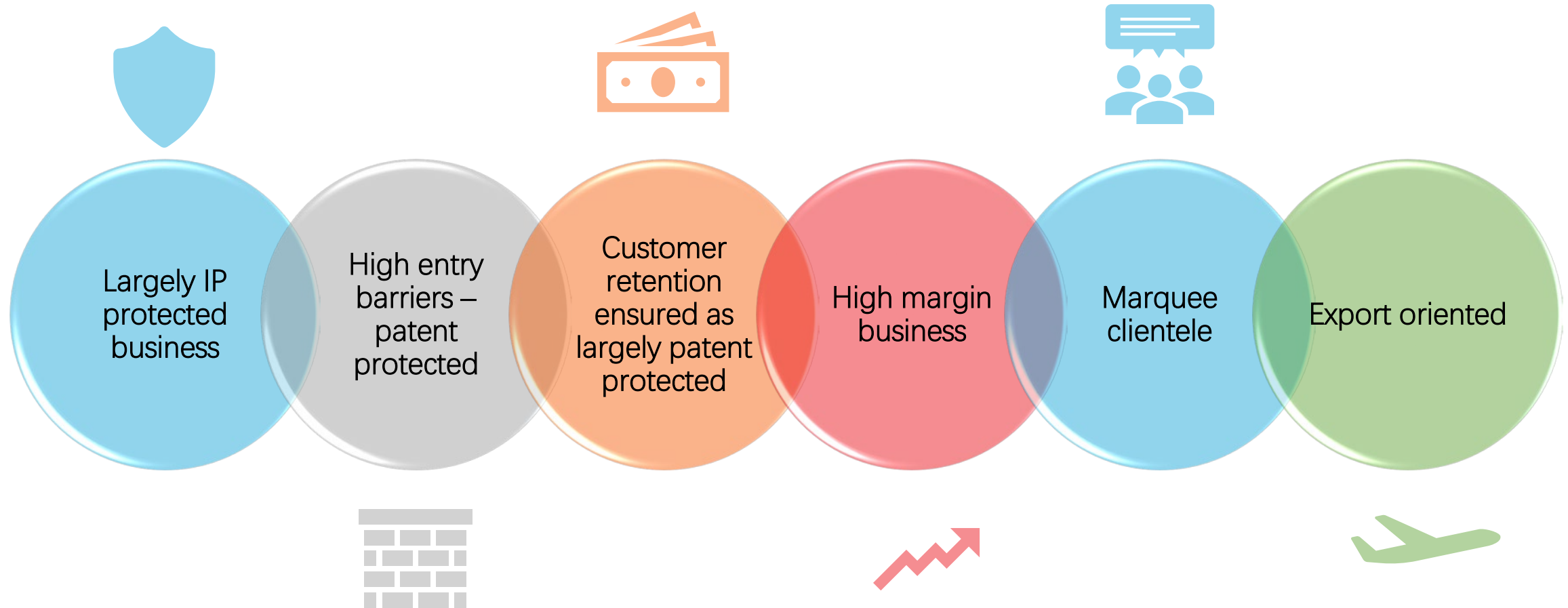
Chairman's Comments





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
- Volume (with better product mix) and Value progression

	Q2 FY25	Q2 FY24	Q1 FY25
Volume (MT)	476	185	301
Value (Rs./crores)	26	12	17

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

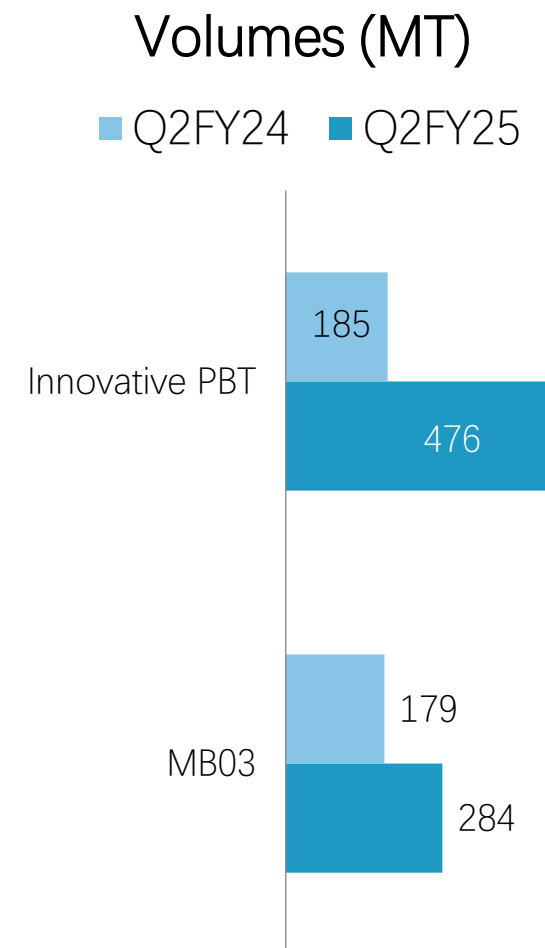
Low Melt Polymers for Textiles



Q2 & H1 FY25 Performance

Figs. in cr

Particulars	Q2FY25	Q2FY24	%	H1FY25	H1FY24	%
Sales (Vol's MT)	1,216	599	103	2,198	1,125	95
Revenue	46	27	70	92	48	92
EBIT	15	6	150	34	13	162
Margins (%)	31.9	21.3	+1,060 bps	37.4	26.4	+1,100 bps



- Strong H1 performance underpinned by higher volumes & better product mix
- Higher share of marquee products (MB03 and Innovative PBT) resulted in higher profitability and margin expansion
- Product pipeline remains encouraging, expect business momentum to continue in H2 leading to sustained revenue, margins and profitability

Packaging (BOPET) Film Business





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



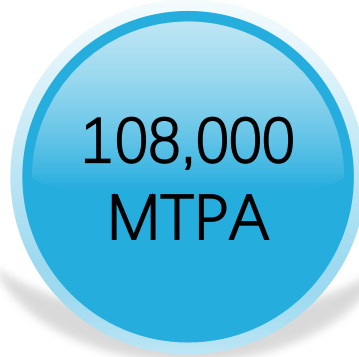
Domestic Scenario:

- 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

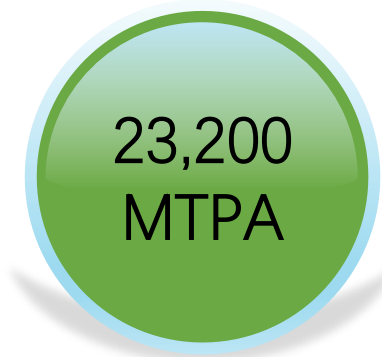
Packaging Film Business - Overview



Years of experience



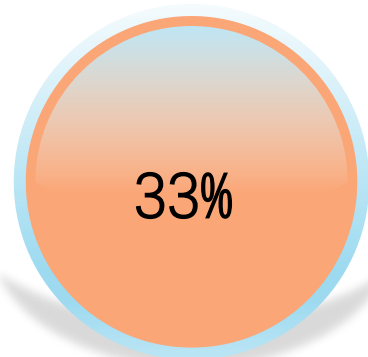
Polyester Film capacity
(including Telangana capacity)



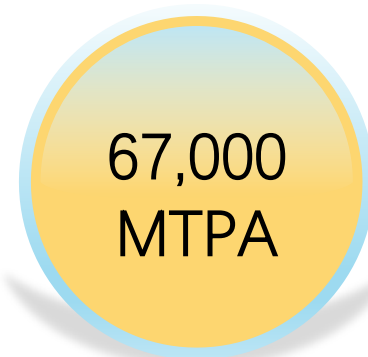
Metallized Polyester Film capacity
(including Telangana capacity)



Export market
(# of countries)



Share of value-added
products (Q2 FY25)



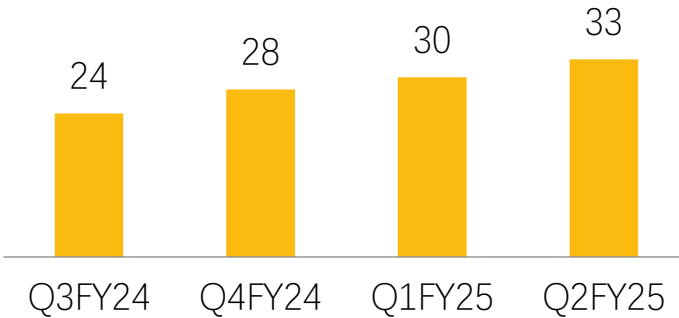
Polyethylene Terephthalate
(Polyester) Chips capacity



Commercial production
commenced on 20th January 23

Key Strengths

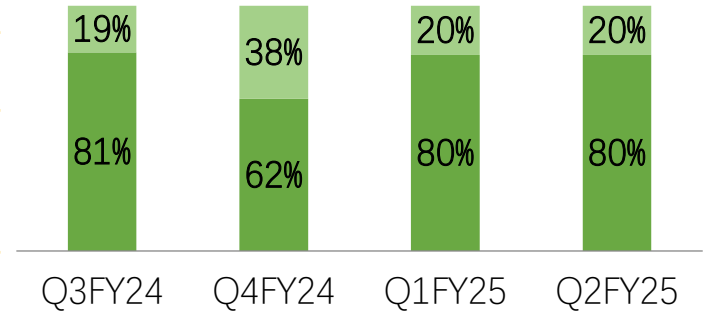
Value Added (%)



Film & Chips Segment

(Rs.cr)	Q3FY24	Q4FY24	Q1FY25	Q2FY25
EBIT	-3.3	0.3	0.4	21
Margins (%)	-1.9	0.1	0.2	8.4

■ Domestic ■ Exports



Product mix – aiming towards increasing the share of value added & specialty products to ~35% by FY25 and 40% by FY26

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

Balanced mix of domestic and exports orders

Above stated numbers are only for Ester Industries Limited

Q2FY25 profitability impacted by negative MTM provision amounting to Rs. 6 crores on Interest Rate Swap on FCL . However, it has & will have no impact on actual operating profit & cashflow forever as it is only a notional book entry. We expect significant part of these MTM notional losses to reverse by terminal date of the FCL

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



Q2 & H1 FY25 Performance (Standalone)

Figs. in cr 

Particulars	Q2FY25	Q2FY24	%	H1FY25	H1FY24	%
Sales (Vol's MT)	12,243	12,892	(5)	23,468	25,354	(7)
Revenue	252	210	20	446	388	15
EBIT	21	(1)	-	22	3	633
Margins (%)	8.4	-	-	4.9	0.8	+410 bps

- Improved performance despite shutting down of Film production Line # 1 & 2 for few weeks during the quarter on account of commercial reasons
 - Share of Value-added products stood at 33% during Q2FY25
- Better pricing & margin environment made good the negative impact of lower volumes
- Witnessing early but strong signs of recovery in pricing & margin environment, undertaking efforts towards improving product mix by increasing share of Value Added & Specialty products
- Confident of sustained margin and profitability over coming quarters / years

Ester Filmtech Limited (WOS)

- Ester Filmtech Limited, a wholly-owned-subsiary of Ester Industries Limited, commenced commercial production on 20th January 23 at new Polyester (BOPET) Film manufacturing plant in the State of Telangana.
- Generated revenues worth Rs.99 crore and volumes of 7,425 MT during Q2FY25
- Better pricing & margin environment resulted in significant improvement in EBITDA for the quarter. First half year of positive EBITDA since commencement of commercial production in Q4FY23
- Robust growth in domestic demand as well as global demand helping bridge the gap between demand & supply
- This will lead to improvement in margins and profitability in coming quarters / years
- 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 of approximately Rs. 375 crores in FY25. Upon achieving optimal utilization at reasonable prices / margins expect revenues to be Rs.450– Rs.500 crore in FY26

Ester Filmtech Limited – Q2 & H1 FY25 Financials

Particulars – (Rs.cr)	Q2FY25	Q2FY24	H1FY25	H1FY24
Sales Volume (MT)	7,425	5,974	13,926	11,735
Total Income	99	68	180	133
EBITDA (including non-operating income)	6	(3)	7	(6)
Cash Profit	(2)	(11)	(10)	(22)
PBT	(9)	(18)	(23)	(34)
PAT	(9)	(18)	(23)	(34)

EBITDA for the Q2FY25 would have been Rs. 14 crores (14%) but for impact of exchange fluctuation & MTM on FCL / derivative availed by Ester Filmtech

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 Q1 of calendar 2027, with commercial operations commencing in Q2 of calendar 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

Loop's process begins with waste PET plastic and polyester fiber of low or no value which today end up in landfill, incineration or natural areas

The resin is converted into PET plastic and polyester fiber products to be sold, consumed and recycled



Loop's low heat, no added pressure depolymerization technology breaks down the waste PET into its base chemical building blocks, or monomers: DMT and MEG¹

The monomers are purified and polymerized to create virgin-quality Loop™ PET resin

¹Dimethyl terephthalate and mono ethylene glycol
Source: Loop Industries Inc

Project Economics

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

Estimated project capital expenditures: USD 165 Mn (Rs. 1,385 crore)

Estimated Plant revenues: USD 159 Mn Rs. 1,336 crore (first full year of operation)

Target EBITDA margins: ~35%

Payback period: ~5 years

Project Implementation – Progress

JV Company by the name 'Ester Loop Infinite Technologies Private Limited formed

Various scheduled activities towards implementation and completion of the project by Q1FY28 are progressing well and as per current estimate we expect to commence commercial production during Q2 calendar 2027..

For funding JV, Ester Industries has come out with issue of share warrants through preferential route amounting to Rs. 175 crores. 25% of the issue amount that is Rs. 43.75 crores is expected to be received in next few days,

Government Mandates Driving Recycled Demand



- Zero plastic waste 2030
- 50% recycled content²
- Extended producer responsibility²



- 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



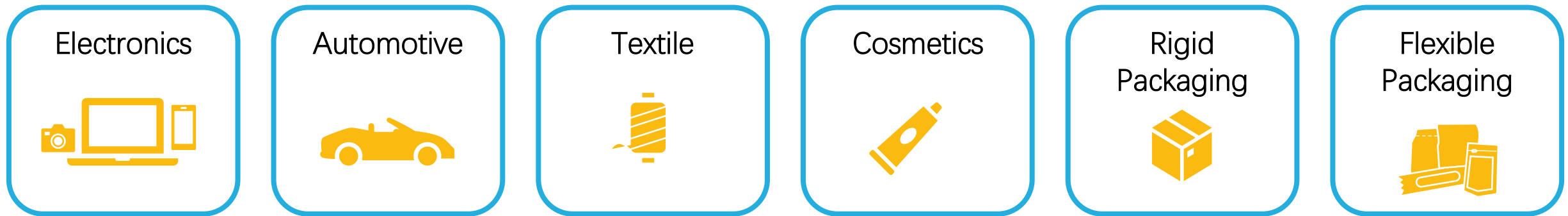
- 30% renewable plastic 2030
- Reduce plastic waste by 20% and increase recycling rates from 54% to 70% by 2025

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

²- <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

About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL), a public limited company, is an ISO 50001:2018, ISO 45001:2018, ISO 14001:2015 and ISO 9001:2015 certified. The 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 40% of its revenue from exports of Polyester Films & Specialty Polymers with sales and distribution network in about 50 countries across the world resulting in a 1strong 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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ESTER
INDUSTRIES LTD.

Thank You