

ESTER**INDUSTRIES LTD.**

CIN : L24111UR1985PLC015063

Date: 7th February, 2022

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

Dear Sir

Subject: Investor presentation on financial results for the quarter and period ended on 31st December, 2021

We wish to submit the Investor presentation on financial results for the quarter and period ended on 31st December, 2021.

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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ESTER Q3 & 9M FY22 Investor Presentation

INDUSTRIES LTD.

February, 2022

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 2.0

Investment Thesis

Business Overview

Q3 FY22 Performance

About Us

Diversified business portfolio

Comprehensive product suite

State-of-the-art manufacturing facilities

Global footprint

Experienced management team

Strong Financial profile



MIX (Q3 FY22)

Polyester Films 67%

Specialty Polymers 12%

Engineering Plastics 21%

Quick Facts



1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

3

Business Segments*

43 COUNTRIES

Global Footprint

652

People

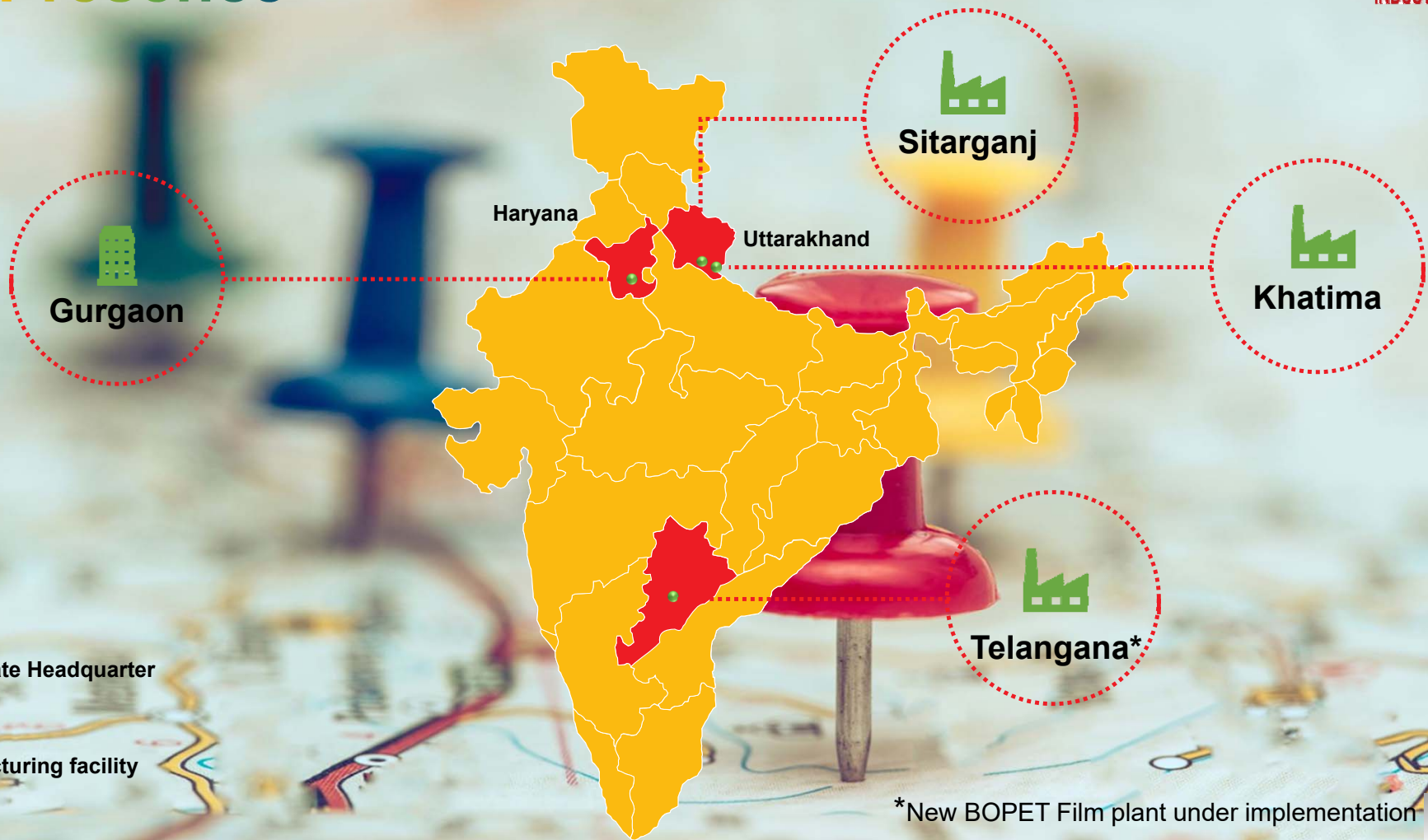
CRISIL A-

(positive outlook)

Credit Rating (Long Term)

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

Our Presence



Global Presence

ESTER
INDUSTRIES LTD.

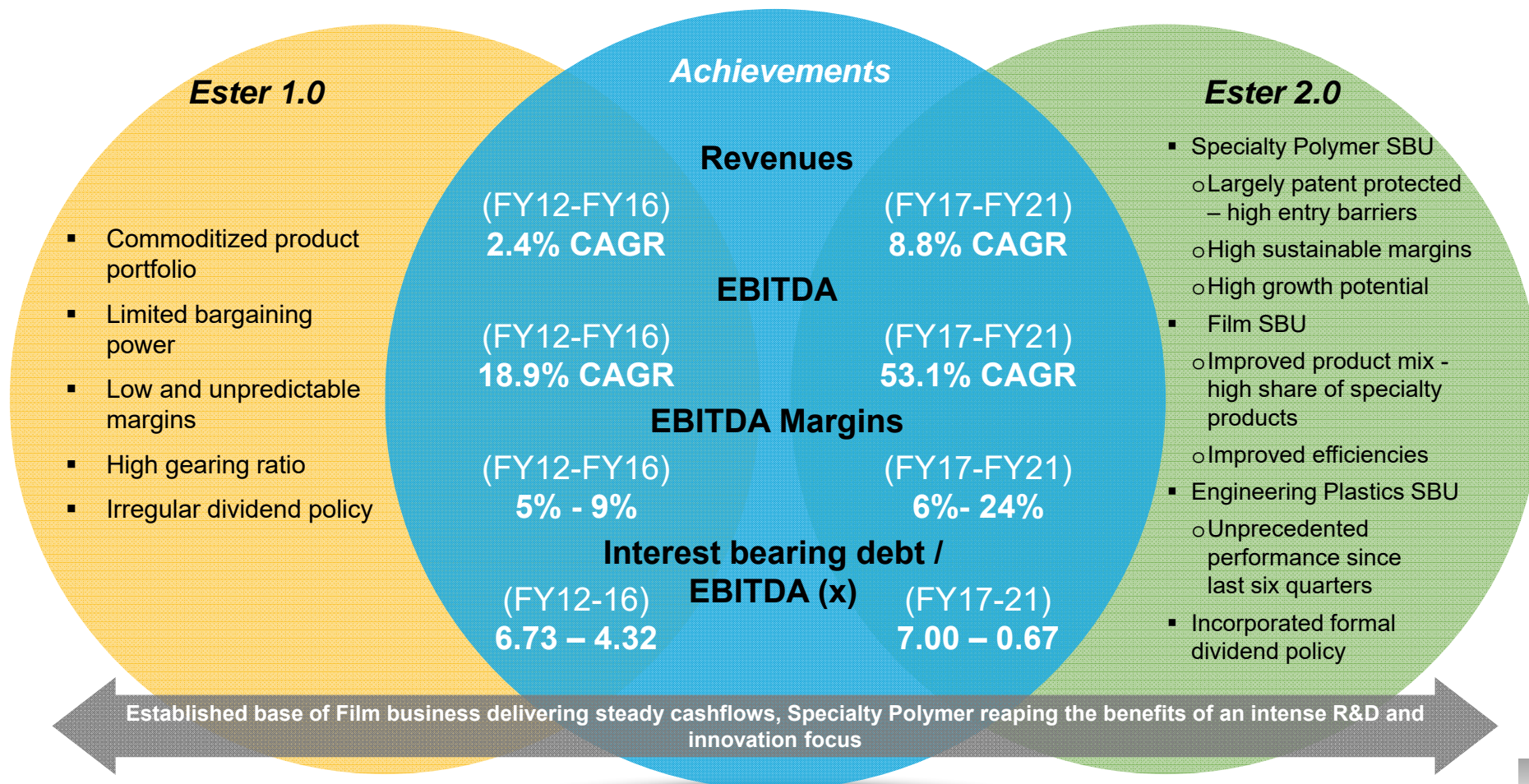
We serve more than 40 Countries



Ester 2.0 “Specialty” Company

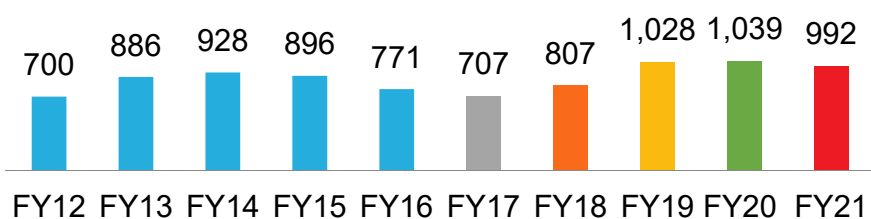


Ester 2.0 - Transformed into a “Specialty” Co.

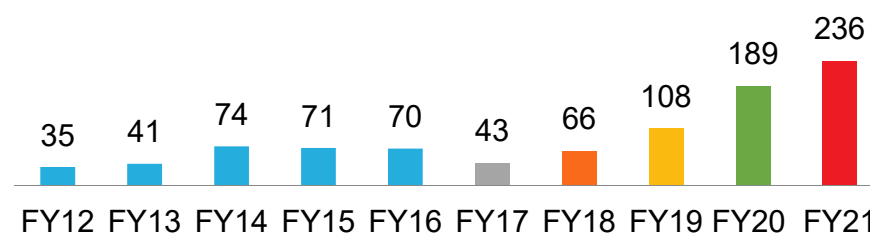


Ester 2.0 delivering consistent returns

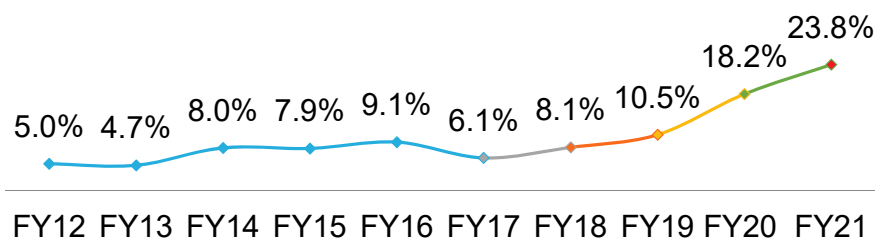
Revenues (Rs.cr)



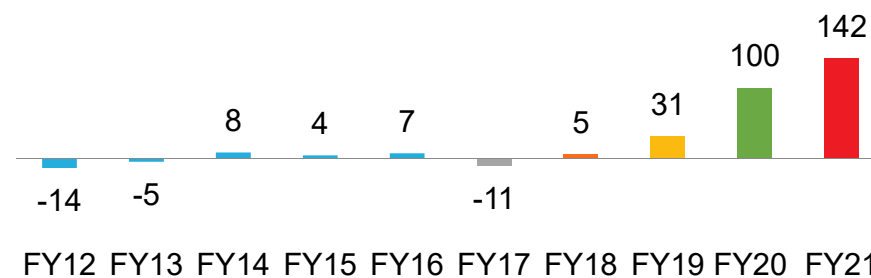
EBITDA (Rs.cr)



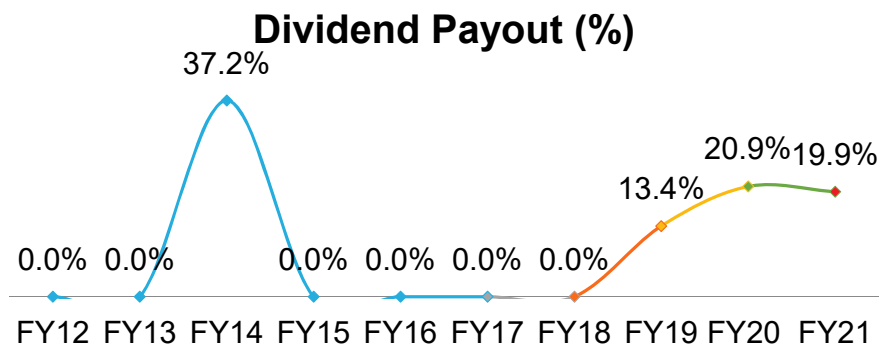
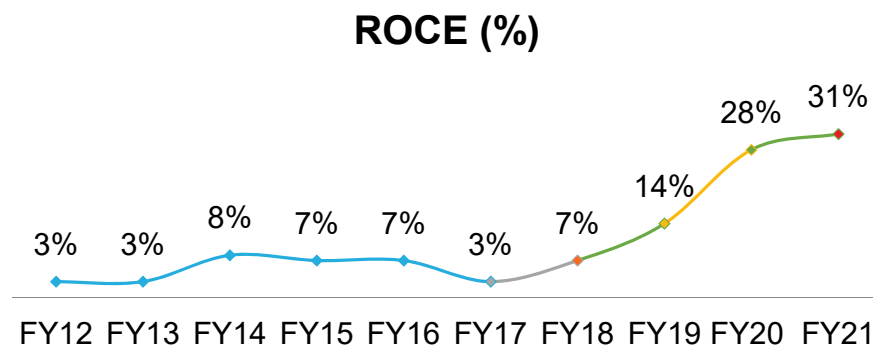
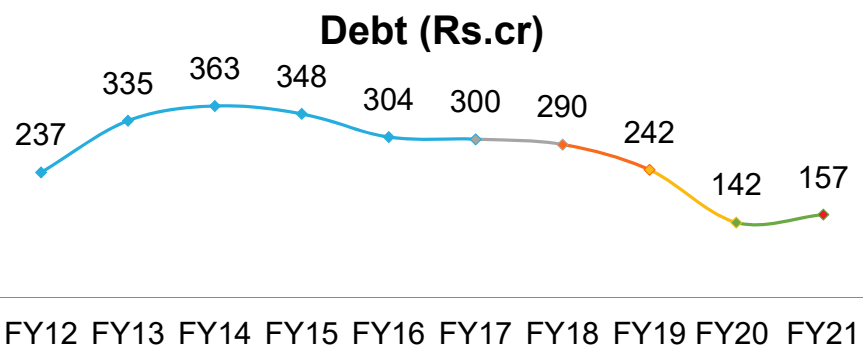
EBITDA Margins (%)



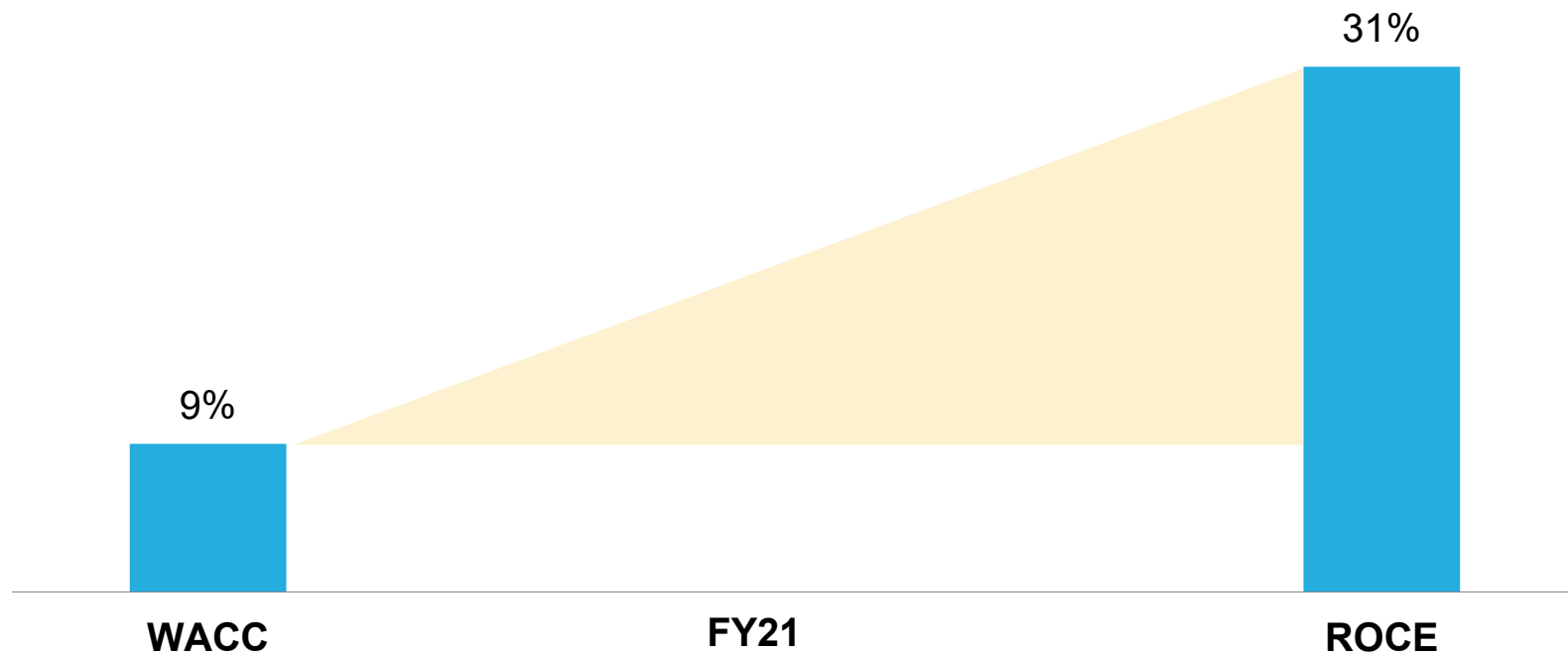
PAT (Rs.cr)



Ester 2.0 rewarding shareholders

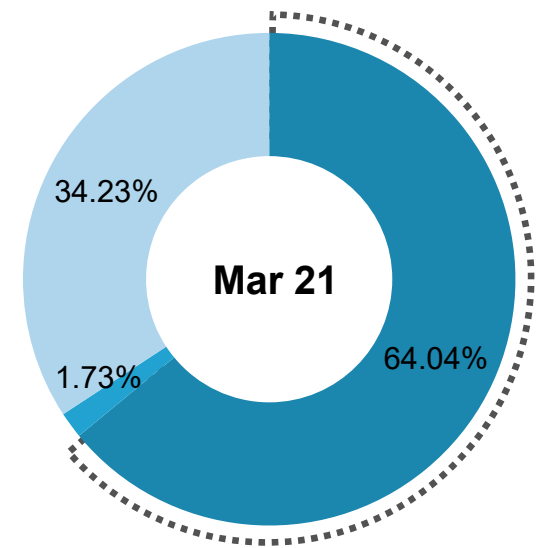
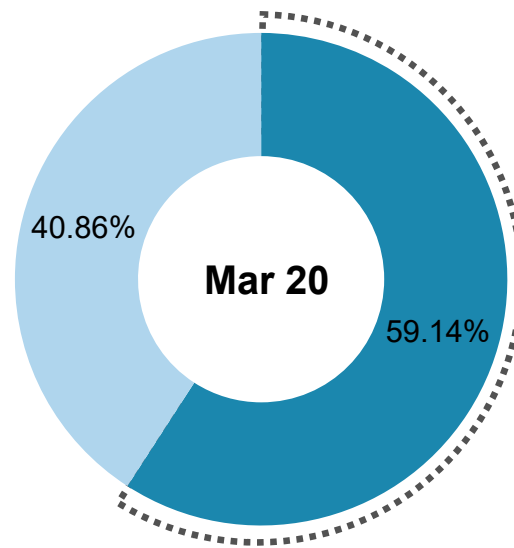
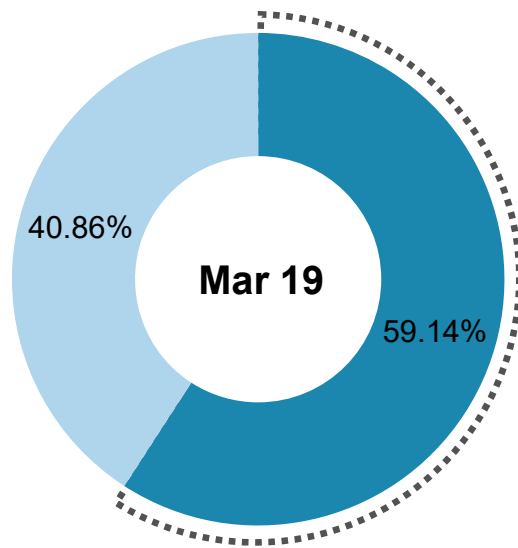


Ester 2.0 creating value for stakeholders



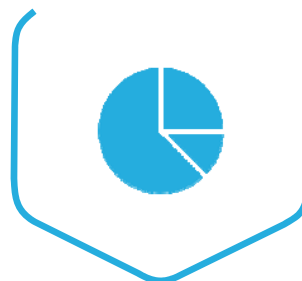
*Source: Bloomberg

Shareholding Pattern



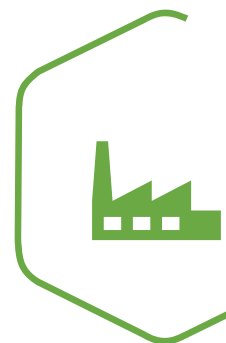
Investment Thesis

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)



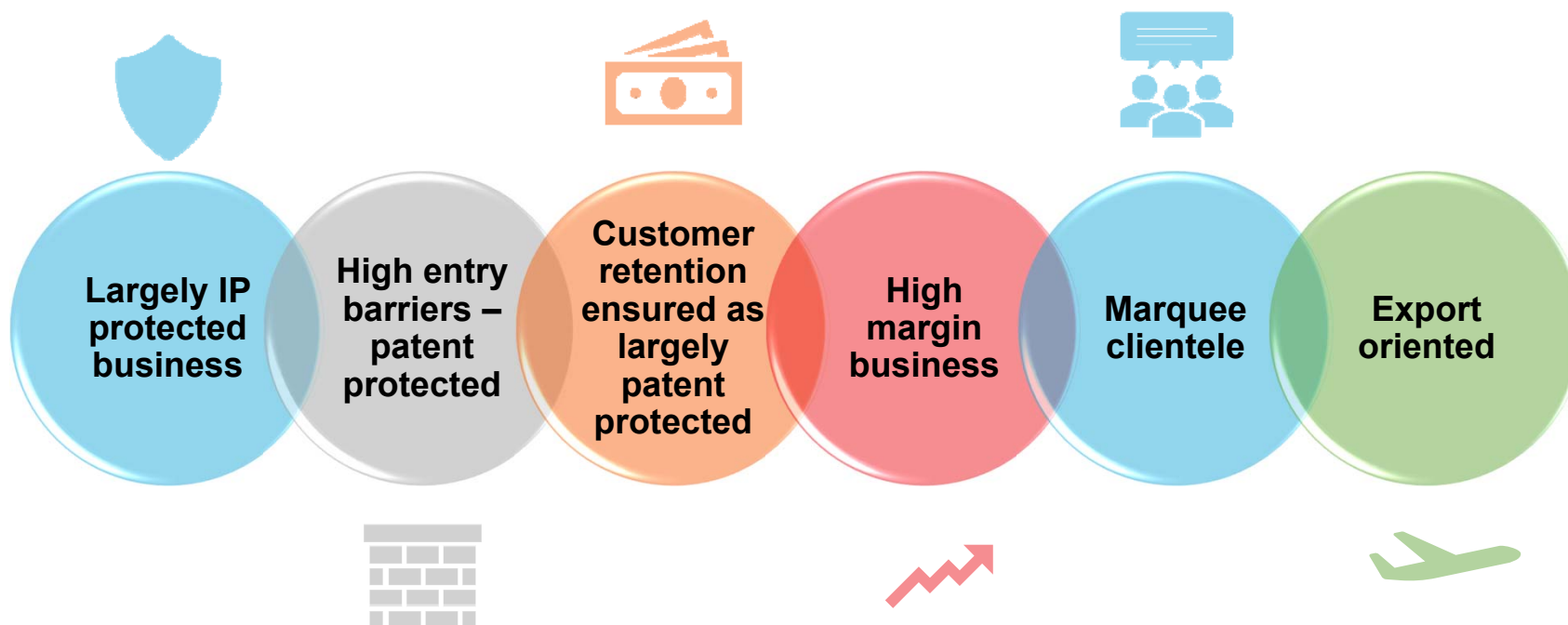
FOIL REPLACEMENT
(Metalized High Barrier film)





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; 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



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

Achieved sales of 792 MT during nine months ended December 2021

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

EPS and Margin accretive

Exciting product portfolio

- **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

- **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
 - Potential for sizable sales volume

*Strong
product
pipeline*

*Attractive array of
products at varied
stages of
development*

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

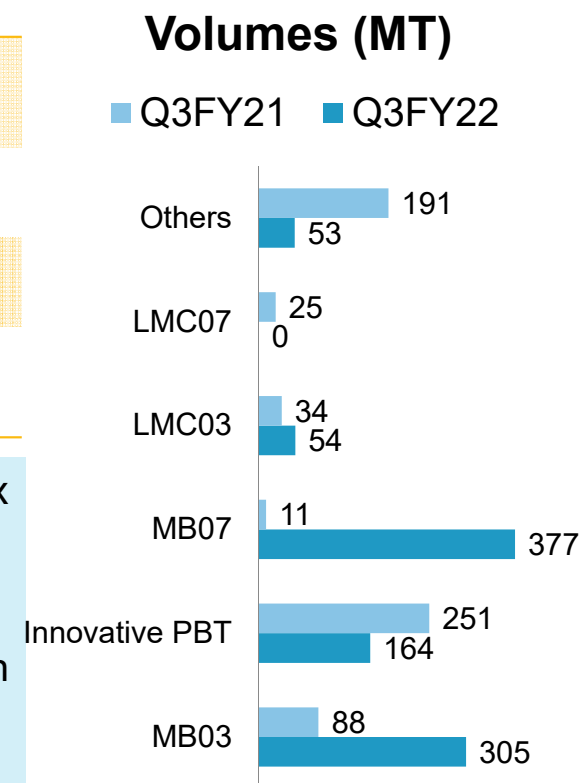


Q3 & 9M FY22 Performance

Figs. in cr

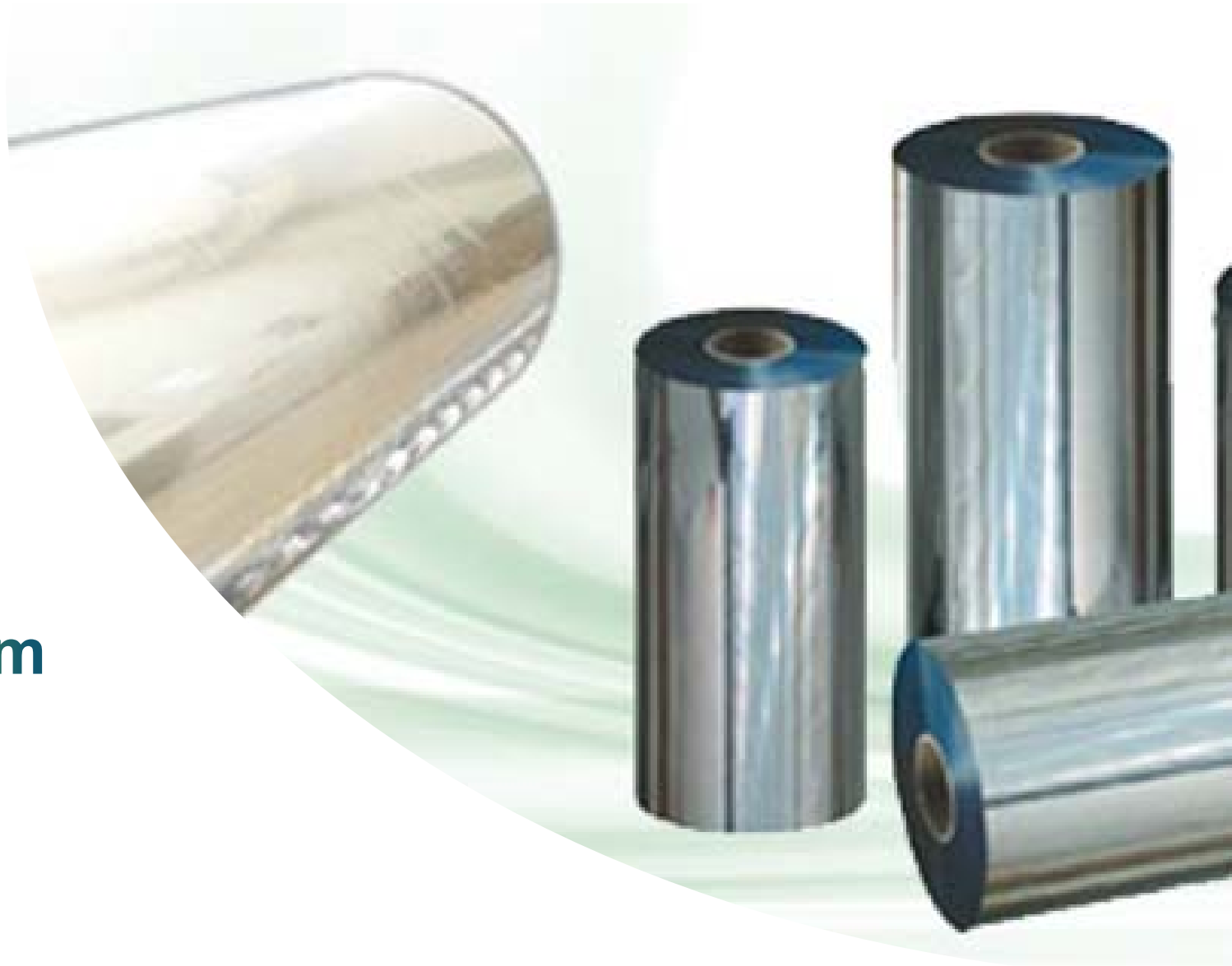


Particular	Q3 FY22	Q3 FY21	%	Q2 FY22	%	9M FY22	9M FY21	%
Sales (Vol's MT)	953	600	58.7	884	7.7	2698	1496	80.3
Revenue	44	13	234.1	46	(3.2)	125	35	253.6
EBIT	12	1	1487.4	17	(29.1)	42	5	692.9
Margins (%)	27.3	5.8	+2,157 bps	37.3	(997 bps)	33.5	14.9	+1,856 bps



- Higher product off-take resulting in improved sales velocity; revenue growth of ~3x on a Y-o-Y basis
- Witnessing good traction for new (LMCO3; LMC07) and existing (MB03) products
- Though sales of Innovative PBT declined during the quarter; basis orders in March 22 quarter, expect to match last year performance
- Adverse product mix resulted in margin compression of 997 bps on a Q-o-Q basis
- Product pipeline remains strong; confident to end FY22 on a strong note

Packaging Film Business

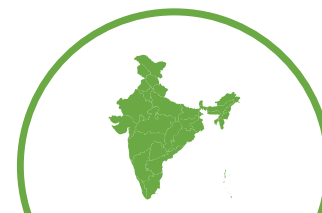


Industry Overview



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



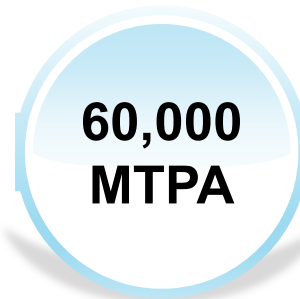
Domestic Scenario:

- 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

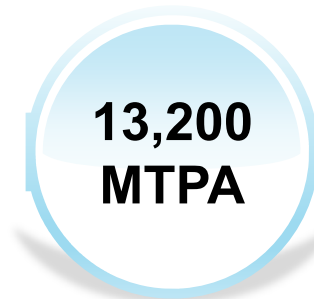
Packaging Film Business - Overview



Years of experience



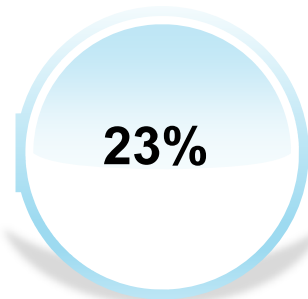
Polyester Film Mfg. capacity



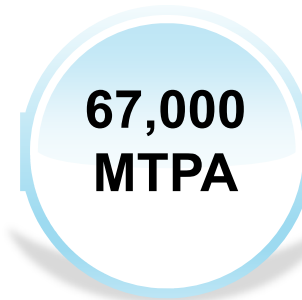
Metallized Polyester Film
Mfg. capacity



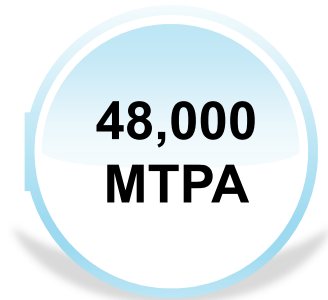
Export market
(# of countries)



Share of value-added
products (Q3FY22)



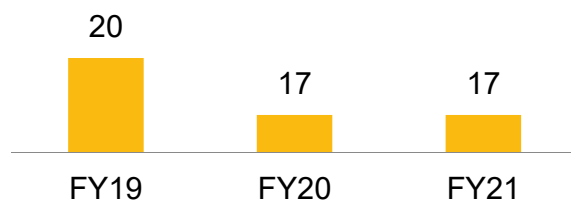
Polyethylene Terephthalate
(Polyester) chips Mfg.
capacity



BOPET Film Capacity
expansion under
implementation

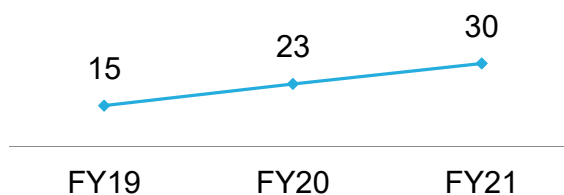
Key Strengths

Value Added (%)



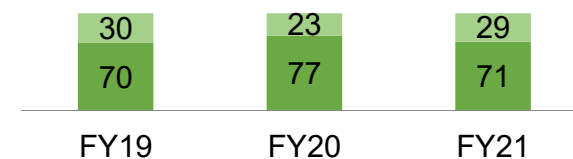
Product mix – despite reduction in recent past, aiming towards increasing the share of value added products to ~25% - 30% by FY23

EBIT Margins (%) – as per segmental results



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

■ Domestic ■ Exports



Balanced mix of domestic and exports orders

Polyester Films – Products & Applications

Products	White Opaque	High Clear	Applications	Flexible Packaging
	High Barrier	Embossable		Barrier Packaging
	Heat Sealable	Twist Wrap		Embossing
	Shrink film	Anti - Static		Lidding
	Metalized High Barrier	Matte		Label & Graphics



Q3 & 9M FY22 Performance

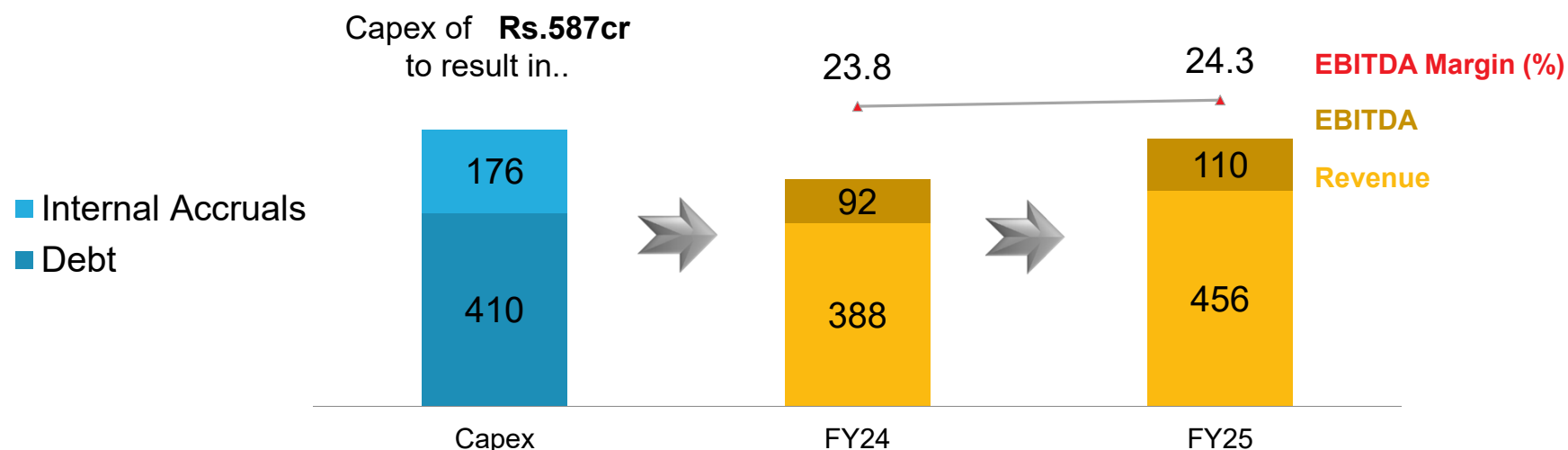
Figs. in cr **ESTER**
INDUSTRIES LTD.

Particulars	Q3FY22	Q3FY21	%	Q2 FY22	%	9M FY22	9M FY21	%
Sales (Vol's MT)	14,248	14,299	(0.4)	14,591	(2.4)	44,122	41,928	5.2
Revenue*	244	181	34.8	213	14.5	682	532	27.9
EBIT ⁺	40	52	(23.1)	28	41.2	104	176	(41.2)
Margins (%)	16.2	28.5	(1225 bps)	13.2	+306 bps	15.2	33.1	(1,790 bps)

*including Chips sale worth Rs. 30 crore (Q3FY22); ~Rs.0 crore (Q3FY21) & ~Rs. 18 crore (Q2FY22)
+adjusted for chip sales EBIT margins for Q3 FY22 would have been 18 % as against 14% in Q2FY22

- Higher realizations in Q3FY22 as compared to Q3FY21 consequent to higher feedstock prices and improved product mix resulted in revenue growth of 35% despite lower sales volume
 - Share of Value-added products stood at 23% during Q3FY22 as against 20% during Q3FY21 & Q2 FY22
- Margin compression during the Q3FY22 as compared to Q3FY21 owing to:
 - Excess supply following commissioning of new capacities both globally & locally
 - Higher freight rates impacting exports margins
- While margins may vary in near term basis demand – supply dynamics – committed towards improving product mix to help in sustaining profitability of the business

Capex to drive next leg of growth



- 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%
- Progress of implementation of the project on track; Commercial operations / production to commence in October 2022

Engineering Plastics



Engineering Plastics Business - Overview

26+

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

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.



Q3 & 9M FY22 Performance

Figs. in cr

Particulars	Q3 FY22	Q3 FY21	%	Q2 FY22	%	9M FY22	9M FY21	%
Sales (Vol's MT)	2,910	4,420	(34)	2,974	(2.2)	8,284	9,244	(10)
Revenue	77	61	26.2	74	4.1	210	127	65.4
EBIT	16	12	33.3	18	(11.1)	56	19	+194.7
Margins (%)	21.3	19.1	+220 bps	23.7	(240 bps)	26.6	14.9	+1,170 bps

- Remunerative prices coupled with strong demand during the festive months of Oct 21 & Nov 21 resulted in revenue growth; the performance could have been even better but for the lower demand in auto sector
 - Improved realizations driven by higher input prices
- EBIT and margins remained steady despite limited holding of low-priced inventory
- Relocation of unit to Halol near Vadodara in Gujarat expected to help in further improving operations and profitability of the business

Q3 & 9MFY22 Performance Overview

Financial Summary

Particulars (Rs.cr)	Q3 FY22	Q3 FY21	%	Q2 FY22	%	9MFY22	9MFY21	%
Revenues	365	256	43.0	333	9.6	1,017	695	46.3
EBITDA*	64	58	10.3	59	8.4	187	183	2.2
Margin (%)	17.4	22.5	(510 bps)	17.6	(20 bps)	18.4	26.3	(790 bps)
PAT	36	33	8	33	9.1	106	108	(0.9)
Margin (%)	9.7	12.9	(320 bps)	9.9	(20 bps)	10.6	15.5	(490 bps)

*including other non operating income

- Strong performance across business segments / verticals resulting in 43% growth in revenue for the quarter.
- EBITDA growth of 10% for the quarter owing to higher sales velocity and better performance of Specialty Polymers & EP SBUs.
- Profitability growth of 8% for the quarter could have been better but for higher input prices negating the benefit of healthy revenue run rate
- Product mix not as good as quarter ended Sep 21 impacted margins in Specialty Polymers during Dec 21 quarter
- Eliminating the impact of increase in feedstock prices from raw material consumption & sales value, the EBITDA margin during Q3FY22 would have been ~26%

Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said “We are pleased with our performance for the quarter wherein we have delivered a healthy topline growth both on a Y-o-Y and Q-o-Q basis. The growth was largely broad based with all our businesses registering healthy run rate.

Specialty Polymer business maintained its recent momentum with revenues of Rs. 44 crores. during the quarter. Product off-take continued to remain high, registering a volume growth of 7.7% over the previous quarter. Customer response for both - existing and newly introduced products continues to remain encouraging. Sales of MB-03 registered a healthy growth both on an annual and sequential basis. Though sales of Innovative PBT declined during the quarter; basis orders in March 22 quarter, on annual basis we expect to match last year performance

Margins for the business trended lower owing to product mix not as good as last quarter, although we expect the same to correct going forward. Our product pipeline for the business remains healthy. Portfolio of patented products and strong product pipeline provide us the confidence of sustaining the growth going forward.

Film business delivered yet another quarter of solid growth – as higher sales realizations consequent to higher feedstock prices helped deliver revenue growth of 35% over the previous year. Furthermore, we have also been able to register improvement in margins and profitability over Q2FY22 despite competitive intensity as we could increase the share of value added & specialty products to 23%. As we have been indicating that the realizations may remain under pressure in the near term owing to excess supply, we are trying to preserve the margins and profitability by increasing the share of value-added products in the overall mix. Besides, improving the product mix, we are confident the profitability of the business will be sustained post commissioning of our new unit.

Engineering plastics business performed well during the quarter, having delivered a revenue growth of 26% over the previous year. The performance would have been even better but for slow down in the auto sector. We are hopeful of sustaining the performance going forward and believe the relocation of the unit will help us sustain the profitability besides enabling us to better serve our customers.

Going forward, we believe all our business verticals are well placed to deliver significant growth and create value for our shareholders going forward.”

Chairman's Comments



Investor Contacts

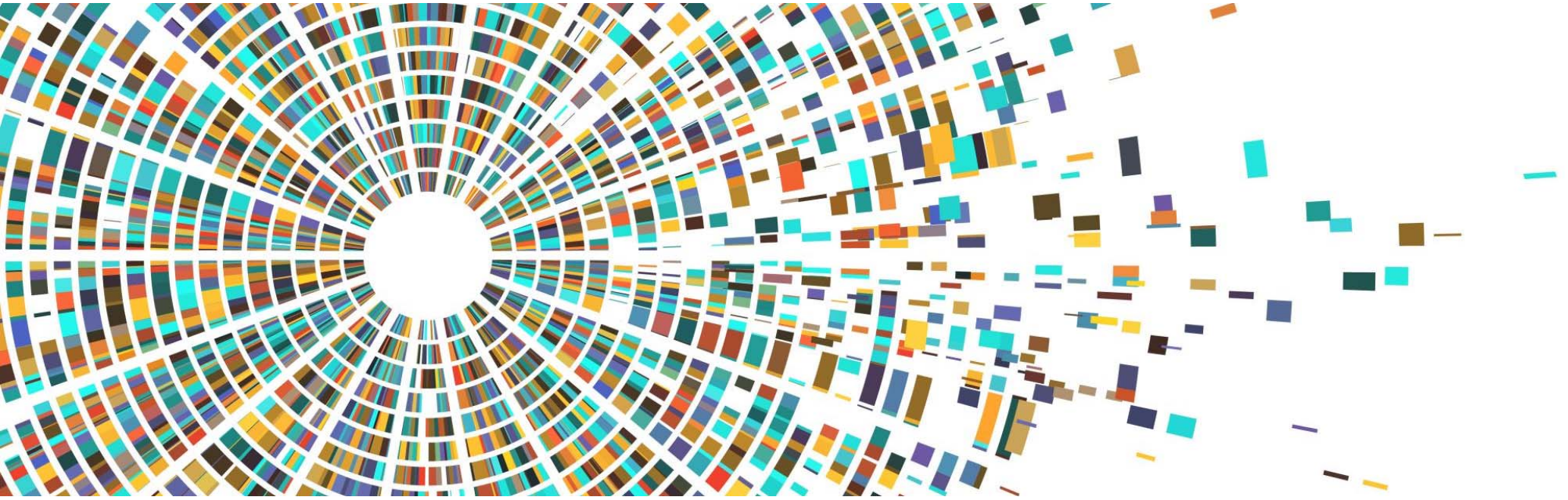
About Us: (CIN :- L24111UR1985PLC015063)

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 and Sitarganj (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:

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INDUSTRIES LTD.

Thank You