ESTER
INDUSTRIES LTD.
CIN : L24111UR1985PLC015063

DNV

Date:2nd June 2023

BSE Limited (BSE) Department of Corporate services Phirojee 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 Financial Results for the quarter and Financial Year ended on 31st March 2023.

We wish to submit the Investor presentation on financial results for the quarter and Financial year ended on 31st March 2023.

Please take the same on your records.

Thanking You

Yours Faithfully
For **Ester Industries Limited**

PRADEEP KUMAR RUSTAGI
Digitally signed by PRADEEP KUMAR RUSTAGI
Date: 2023.06.02 15:02:55 +05'30'

Pradeep Kumar Rustagi
Executive Director- Corporate Affairs
DIN-00879345

Encls: As above

ESTER INDUSTRIES LTD.

Q4 & FY23 Investor Presentation

June, 2023

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.

ESTER INDUSTRIES LTD.

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 (FY23)

Polyester Films 73%

Specialty Polymers 16%

*Engineering Plastics 11%

*Results for FY23 include results of Engineering Plastics (EP) business from 1st April 2022 to 14th Sept 2022 that have been reported as "Discontinued operations" as EP Business was transferred to Radici Plastics India Private Limited on 15th September 2022

Quick Facts

1985

Year of Incorporation

GURGAON, INDIA

Corporate Headquarters

2

Business Segments*

About 50 COUNTRIES

Global Footprint

549 – KHATIMA,
SITARGANJ, GURGAON

159 - HYDERABAD

People

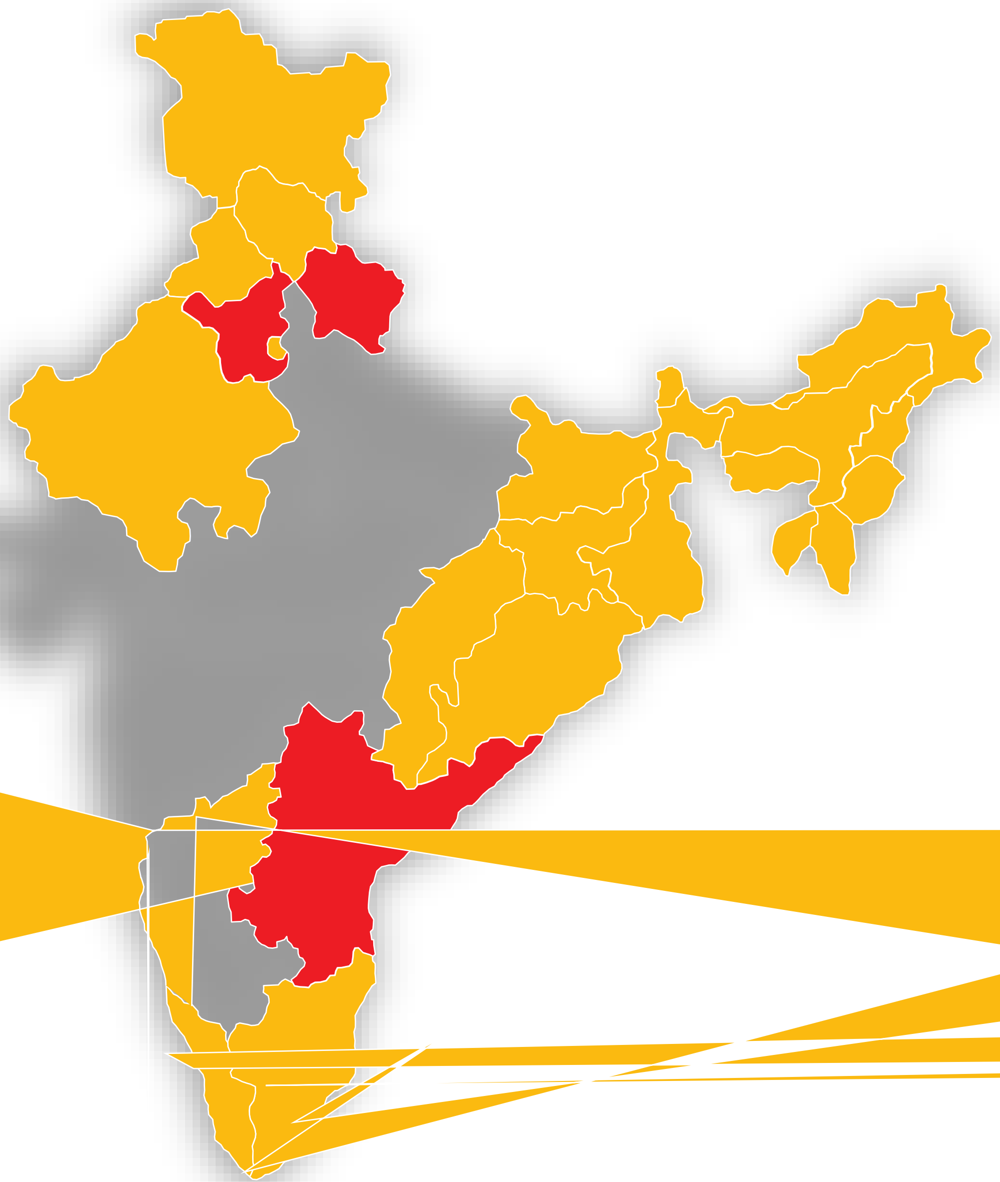
CRISIL A
(Industry Outlook – Negative)

Credit Rating (Long Term)

- **PF** - Polyester Film; **SP** - Specialty Polymers

(**EP** - Engineering Plastics business divested on 15th September 2022)

Presence



Global Presence

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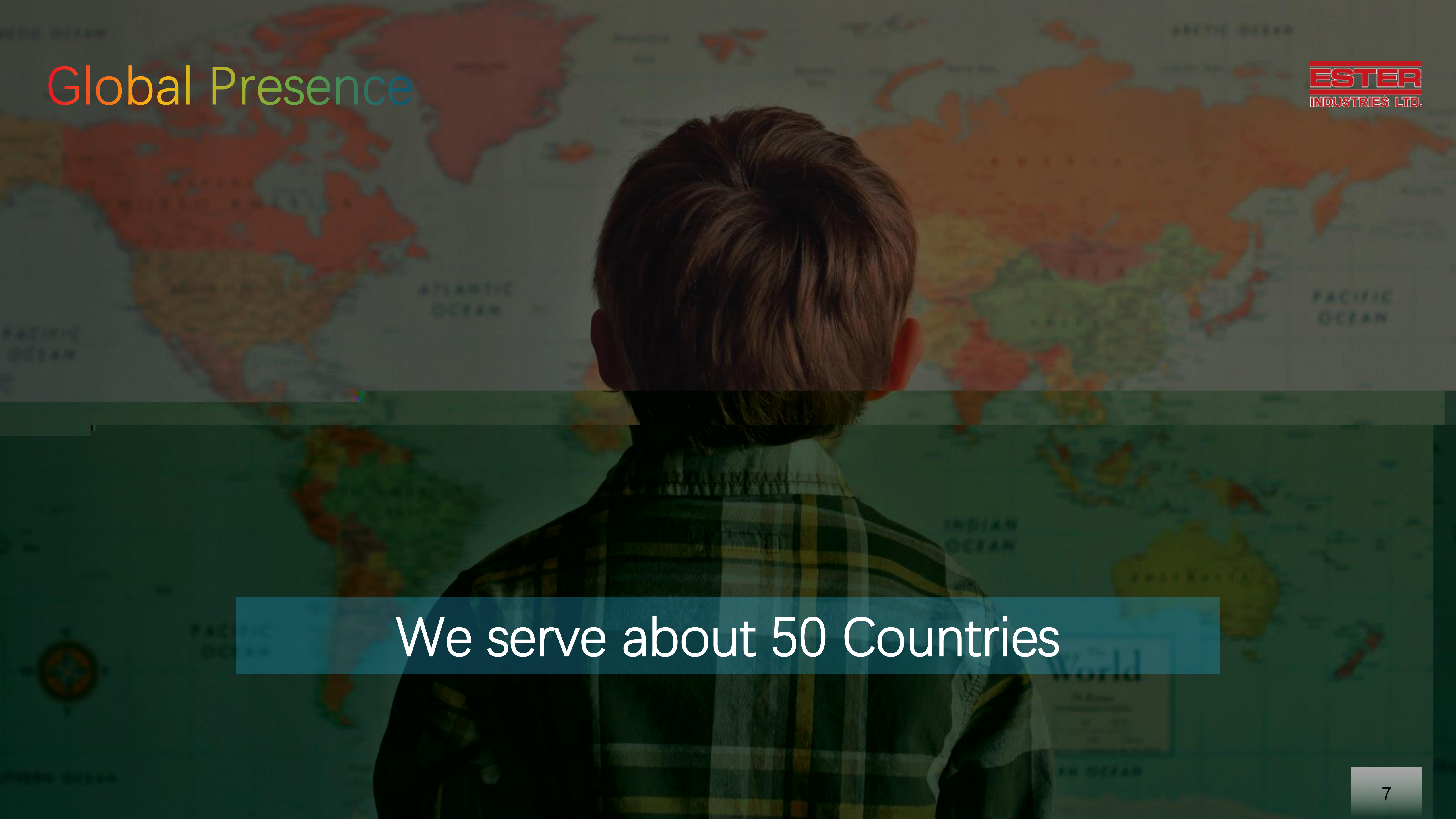

We serve about 50 Countries

Q4 & FY23 Performance Overview

Financial Summary (Standalone)

Particulars – Continued Operations (Rs.cr)	Q4 FY23	Q4 FY22	%	FY23	FY22	%
Revenues	256	305	(16)	1,095	1,119	(02)
EBITDA (including Non operating income)	19	53	(64)	117	182	(36)
Margins (%)	**7.4**	**17.4**	**(1000 bps)**	**10.6**	**16.2**	**(560 bps)**
PAT (Continuing operations)	3	24	(88)	36	88	(59)
Margins (%)	**1.1**	**7.9**	**(680 bps)**	**3.2**	**7.9**	**(470 bps)**
Particulars – Discontinued Operations (Rs.cr)						
PAT from discontinued operations	--	9		13	51	
PAT from disposal of discontinued operations	--	0		112	0	
Particulars – **Company as a whole (Rs.cr)**						
PAT	3	33		161	139	
EPS	0.35	3.9		19.3	16.7	

- While Specialty Polymers performed well during the quarter & year, Film business performance was impacted by excess supply, higher input prices and power & fuel expense
- Sharp moderation in the realisations / margins of film business led to overall compression in profitability.
- On yearly basis, higher power & fuel expense, interest outgo & depreciation coupled with benign margins in Film business resulted in lower profitability
- On account of demand supply imbalance, Film business may experience some stress in short to medium term though some recovery in prices & margins being witnessed in Q1FY24

Financial Summary (Consolidated)

Particulars – Continued Operations (Rs.cr)	Q4 FY23	FY23
Revenues	293	1,127
EBITDA (including Non operating income)	9	104
Margins (%)	**3.1**	**9.2**
PAT (Continuing operations)	(18)	12
Margins (%)	**-**	**1.1**
Particulars – Discontinued Operations (Rs.cr)		
PAT from discontinued operations	-	13
PAT from disposal of discontinued operations	-	112
Particulars – Company as a whole (Rs.cr)		
PAT	(18)	137
EPS	(2.1)	16.4

Chairman’s

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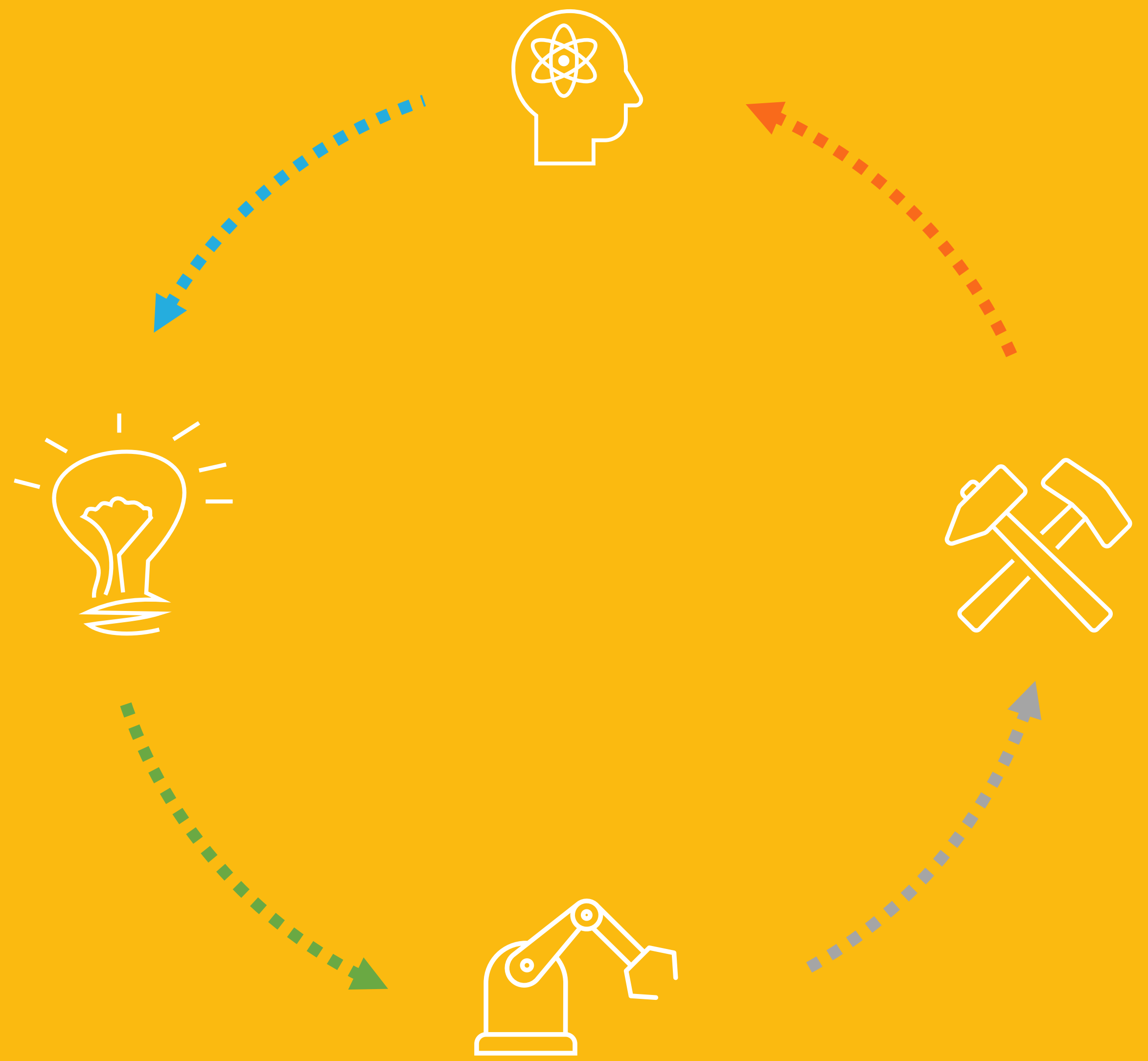
Ester 2.0
“Specialty” Company



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-FY23) 9.7% CAGR

EBITDA

(FY12-FY16) 18.9% CAGR

(FY17-FY23) 18.5% CAGR

Ester 2.0

- Specialty Polymer SBU
  - Largely patent protected – high entry barriers
  - High sustainable margins
  - High growth potential
- BOPET Film SBU
  - Improved product mix - high share of specialty products
  - Improved efficiencies
  - Expansion in Telangana – benefits of economies of scale to accrue at consolidated level
- Incorporated formal dividend policy

Ester 2.0 delivering consistent returns

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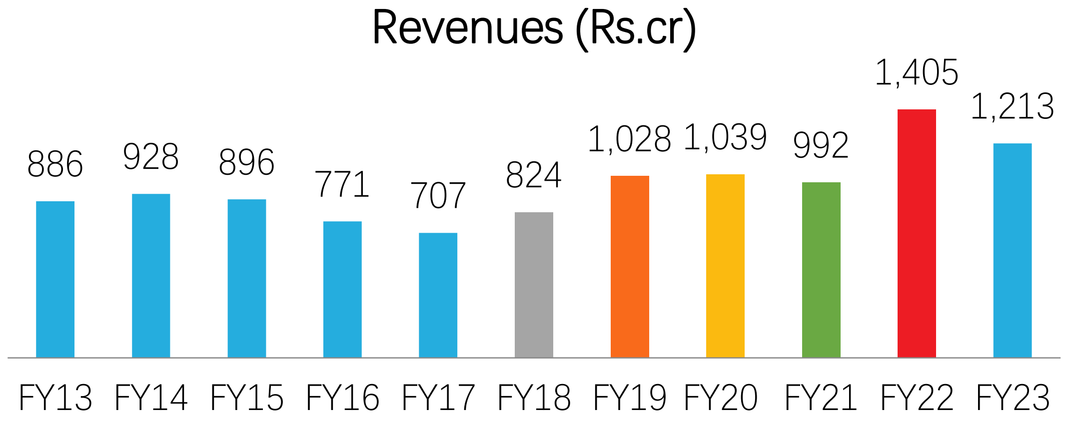
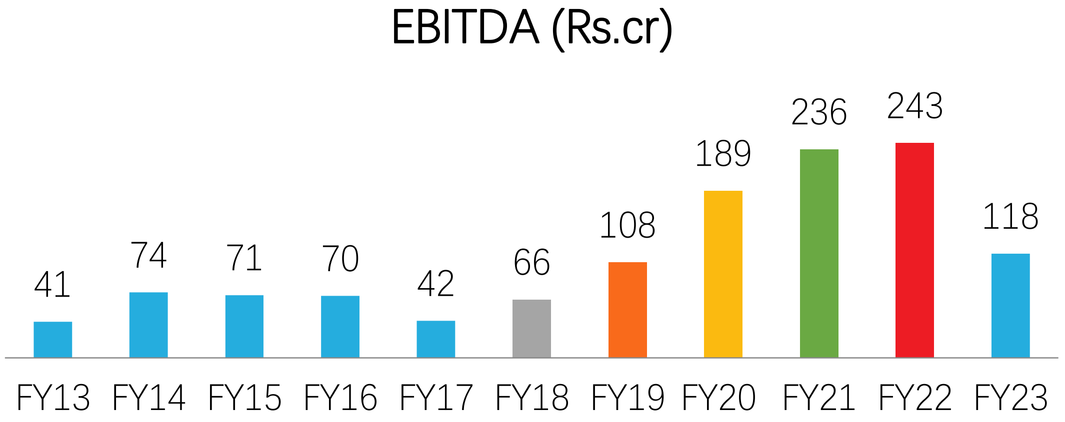
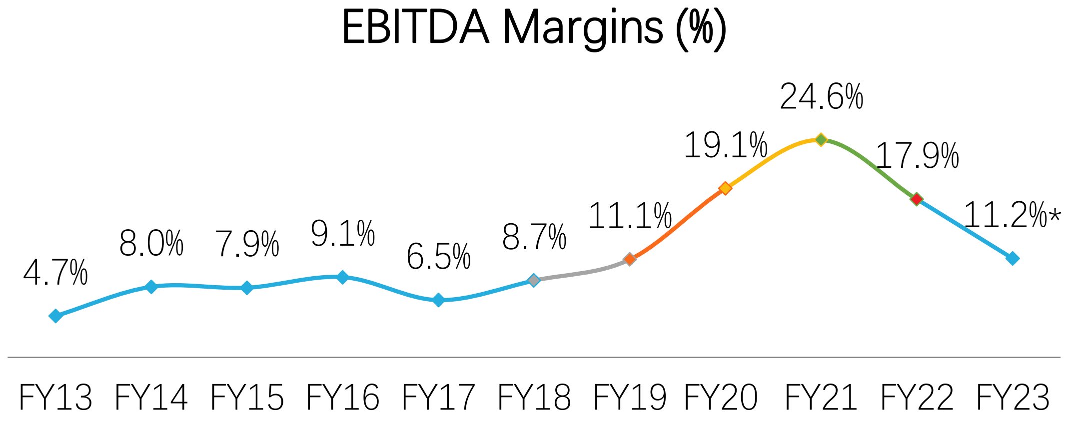
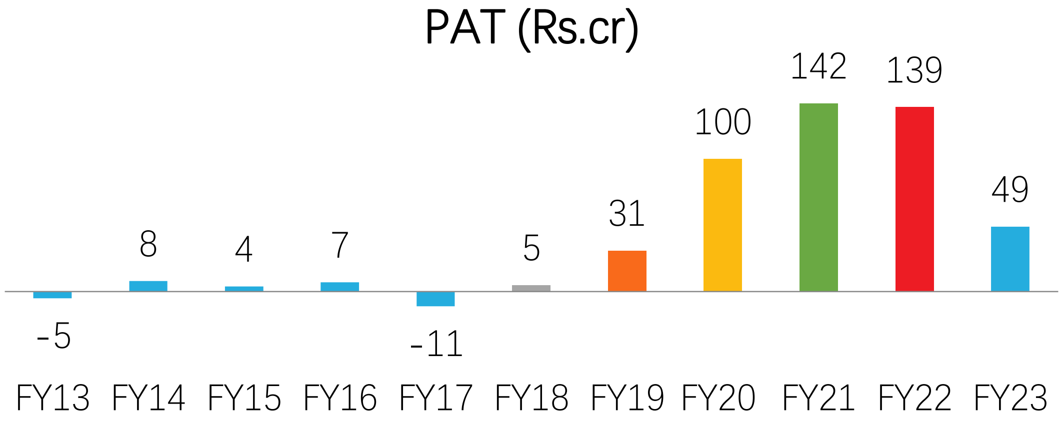


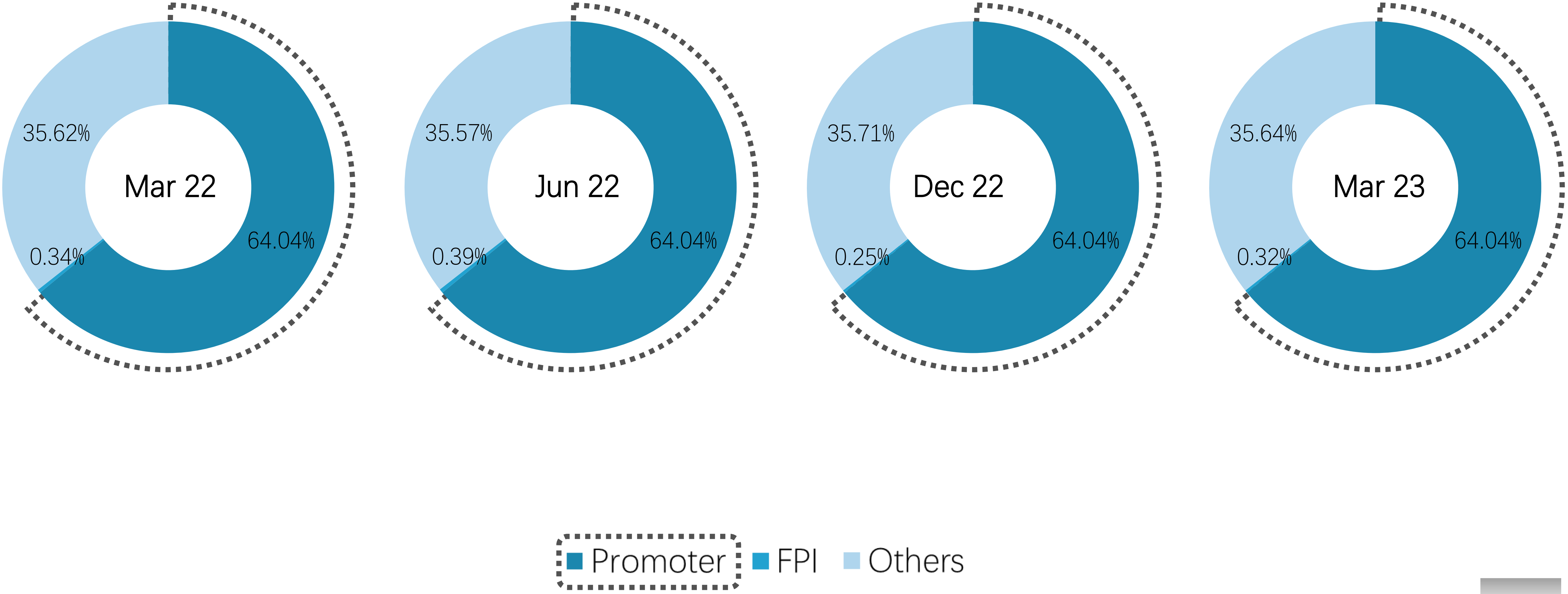






** On account of pressure on margins in Film due to demand supply imbalance and performance of EP SBU being available only for 1st April to 14th Sept 22, there has been reduction in revenue & profitability has been significantly lower*

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

Focus On Sustainability

BIO-BASED Fuel Consumption

BIO-BASED Raw Material

PACKAGING MATERIAL
Reduction/ Recycling

PVC FREE PACKAGING
(Twist Wrap / Shrink Film)

PVDC FREE PACKAGING
(Transparent High Barrier film)

FOIL REPLACEMENT
(Metalized High Barrier film)

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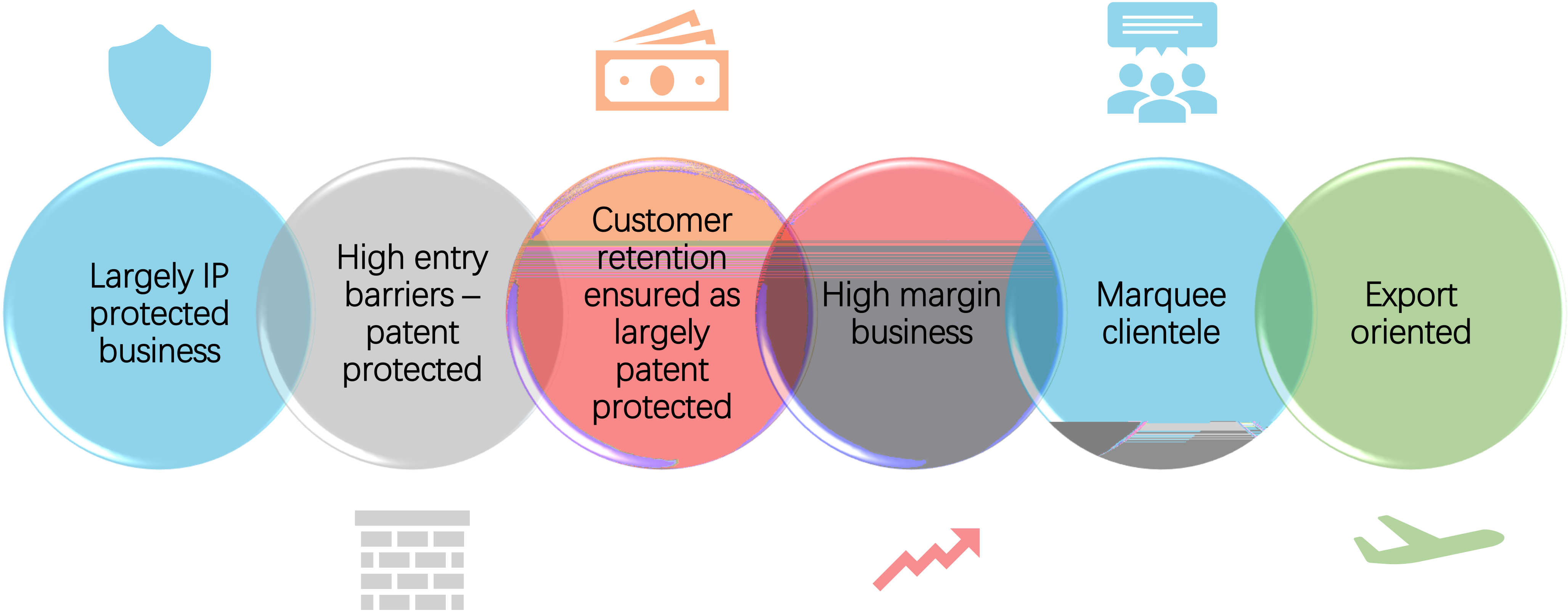
Specialty Polymer

Specialty Polymer – Business Salience



Specialty Polymers – Case Study

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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

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

Q4 & FY23 Performance

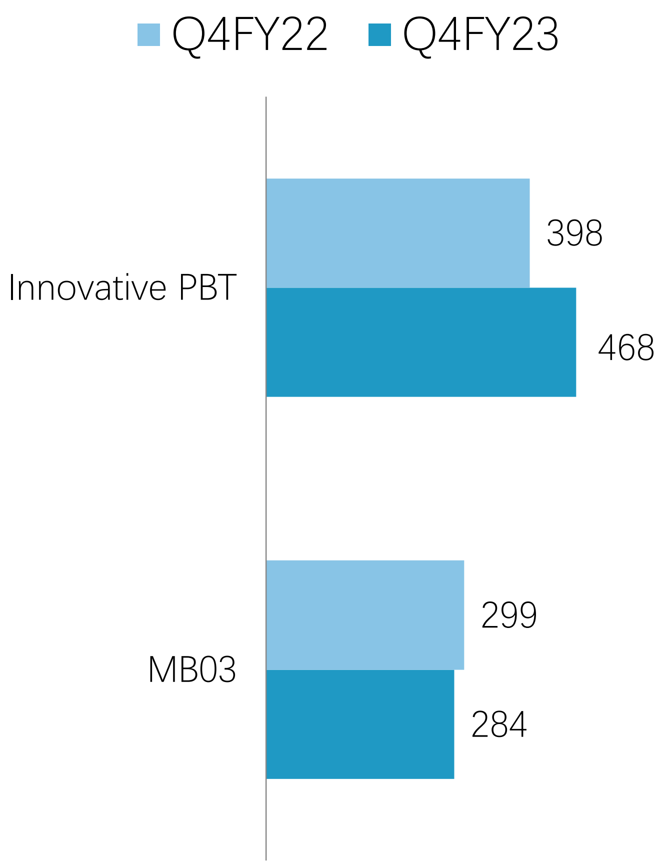
ESTER INDUSTRIES LTD.

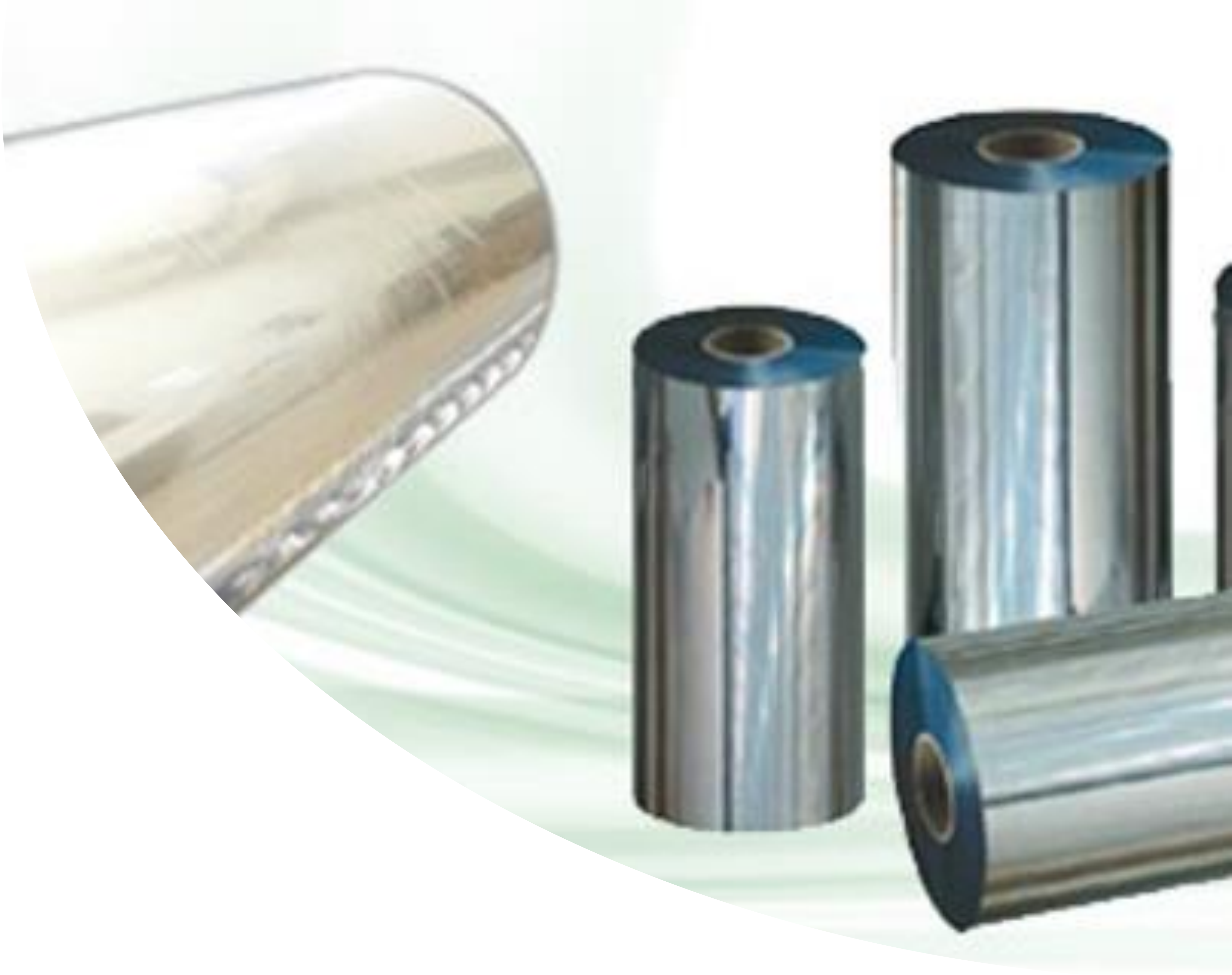
Figs. in cr

Particulars	Q4 FY23	Q4 FY22	%	FY23	FY22	%
Sales (Vol's MT)	878	903	(2.8)	3,613	3,600	+0.4
Revenue	52	47	10.6	198	173	+14.5
EBIT	12	14	(14.3)	57	56	+1.8
Margins (%)	*23.5*	*28.9*	*(540 bps)*	*28.8*	*32.2*	*(340 bps)*

- Q4FY23 witnessed a sharp recovery on a sequential basis as sales of marquee products MB03 and IQPBT revived on expected lines. On an annual basis, the performance was largely steady despite external challenges
- Profitability as well improved in Q4FY23 on a Q-o-Q basis amidst better product mix. On annual basis, profitability was stable
- Recovery in Q4FY23 over Q3FY23 is reflective of the inherent strength of the business (largely IP protected business).
- Performance of the SBU likely to remain impacted for 2 – 3 quarters until economic revival in USA

Volumes (MT)





Packaging Film Business

Industry Overview

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Global Scenario:

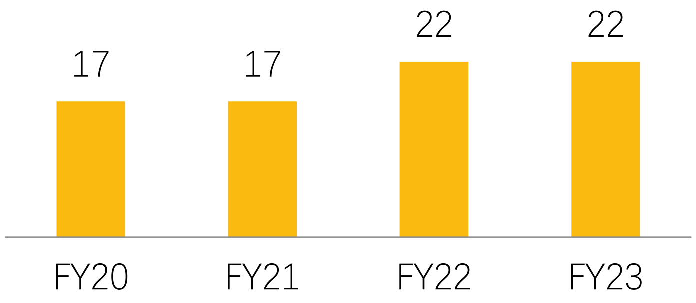
- Demand growth of 6% - 6.5%
- BOPET film used in flexible packaging applications will continue to be the key end use sector, accounting for nearly 60% of global consumption, and drive demand over the next five years
- Gaining wider application across both industrial & consumer staples and discretionary sector
- Design versatility; low carbon footprint and better cost economics driving demand
- Approximately 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 11%-13% 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 offer promise
- Availability of recycled content films, helping sustainability initiatives

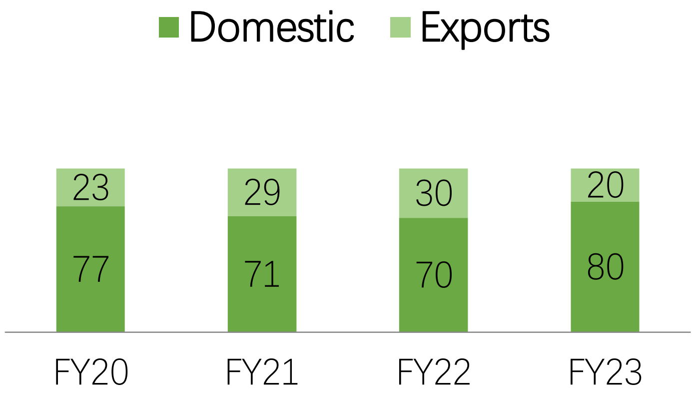
Key Strengths

Value Added (%)



*Film business (excl. chips)

(Rs.cr)	FY20	FY21	FY22	FY23
EBIT	180	219	150	72
Margins (%)	24.5	31.9	17.8	8.1



Product mix – despite reduction in recent past, aiming towards increasing the share of value added products to ~30% by FY24

Pass through business model as far as raw material prices are concerned

Raw Materials are petrochemical based products

Margins governed by demand supply scenario

Balanced mix of domestic and exports orders

*Drop in EBIT (%) due to margin compression on account of demand supply imbalance

Polyester Films – Products & Applications

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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 & FY23 Performance (Standalone)

ESTER INDUSTRIES LTD.

Figs. in cr

Particulars	Q4FY23	Q4FY22	%	FY23	FY22	%
Sales (Vol's MT)	14,740	14,028	5.0	57,172	58,151	(1.6)
Revenue*	201	256	(21.5)	880	938	(6.2)
EBIT+	7	49	(85.7)	72	153	(52.9)
Margins (%)	*3.4*	*19.2*	*(1,580 bps)*	*8.2*	*16.3*	*(810 bps)*

- Q4FY23 witnessed marginal recovery on sequential basis on the back of higher volumes following commercial operations at EFL. On an annual basis though, revenues moderated owing to benign margins
    - Share of Value-added products stood at 23% during Q4FY23
- EBIT for the quarter turned positive as against loss in Q3FY23. On an annual basis though, lower profitability is reflective of heightened competitive intensity (excess supply in near to medium term) and high input costs
- Improvement being witnessed in price realization and margins during Q1FY24 over Q4FY23
- While margins may remain under pressure in the near to medium term owing to build up in capacities; long term prospects of the business continue to remain favourable.

Ester Filmtech Limited (WOS) starts commercial operation

ESTER INDUSTRIES LTD.

- Ester Filmtech Limited, a wholly-owned-subsidiary 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.49 crore during its first quarter of operation (Q4FY23); volumes of 4,757 MT
- Low margins and lower utilization levels resulted in EBITDA loss during the quarter;
- Performance remained muted also on account of Q4FY23 being first quarter of commercial operations
- 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 crores upon achieving optimal utilization

Ester Filmtech Limited – Q4 & FY23 Financials

Particulars – Continued Operations (Rs.cr)	Q4 FY23	FY23
Net Sales	49.06	49.06
Other Operating Income	0.06	0.06
EBITDA	(9.96)	(12.70)
Other Non-Operating Income	0.03	0.03
Cash Profit	(15.93)	(19.24)
PBT	(20.68)	(24.15)
PAT	(20.68)	(24.15)
OCI	(0.07)	0.08

Engineering Plastics

Q4 & FY23 Performance (Discontinued operations)

ESTER INDUSTRIES LTD.

Figs. in cr

EP SBU - Discontinued Operations	Q4FY23	Q4FY22	%	FY23	FY22	%
Revenue from Operations	-	85	-	136.01	295	(54%)
Profit before Tax	-	12	-	17.68	68	(74%)
Margins (%)	-	14.1%	-	13.00%	23.1	(1010 bps)
PAT	-	9	-	13.23	51	(74%)
Margins (%)	-	10.6%	-	9.73%	17.3%	(755 bps)

Disposal of Discontinued Operations	FY23
Purchase Consideration	263.26
Less: Assets divested & expenses related to disposal	117.70
PBT on disposal of discontinued operations	145.56
Tax expense related to disposal of discontinued operations	33.57
NPAT on disposal of discontinued operations	111.98

- On 15th September 2023, divested its Engineering Plastic Business on Slump Sales basis to Radici Plastics India Private Limited in an all-cash transaction, amounting to Rs 263.26 crores
- Strategic exit enables Company to focus on Core Businesses of Polyester Films and Specialty Polymers
- Proceeds from the transaction not only results in stronger balance sheet but also provide the requisite growth capital for scaling up the core businesses of the Company
- Enables company to significantly improve cash reserve / liquidity position of the Company

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 and polyester chips with manufacturing facilities located in Khatima & Sitarganj (Uttarakhand) and Hyderabad (Telangana). A globally recognized player, Ester manufactures and markets its polyester films under the brand 'UmaPET''. 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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Thank You