

ESTER**INDUSTRIES LTD.**

CIN : L24111UR1985PLC015063

Date: 18th May, 2021

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 year ended on 31st March, 2021

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

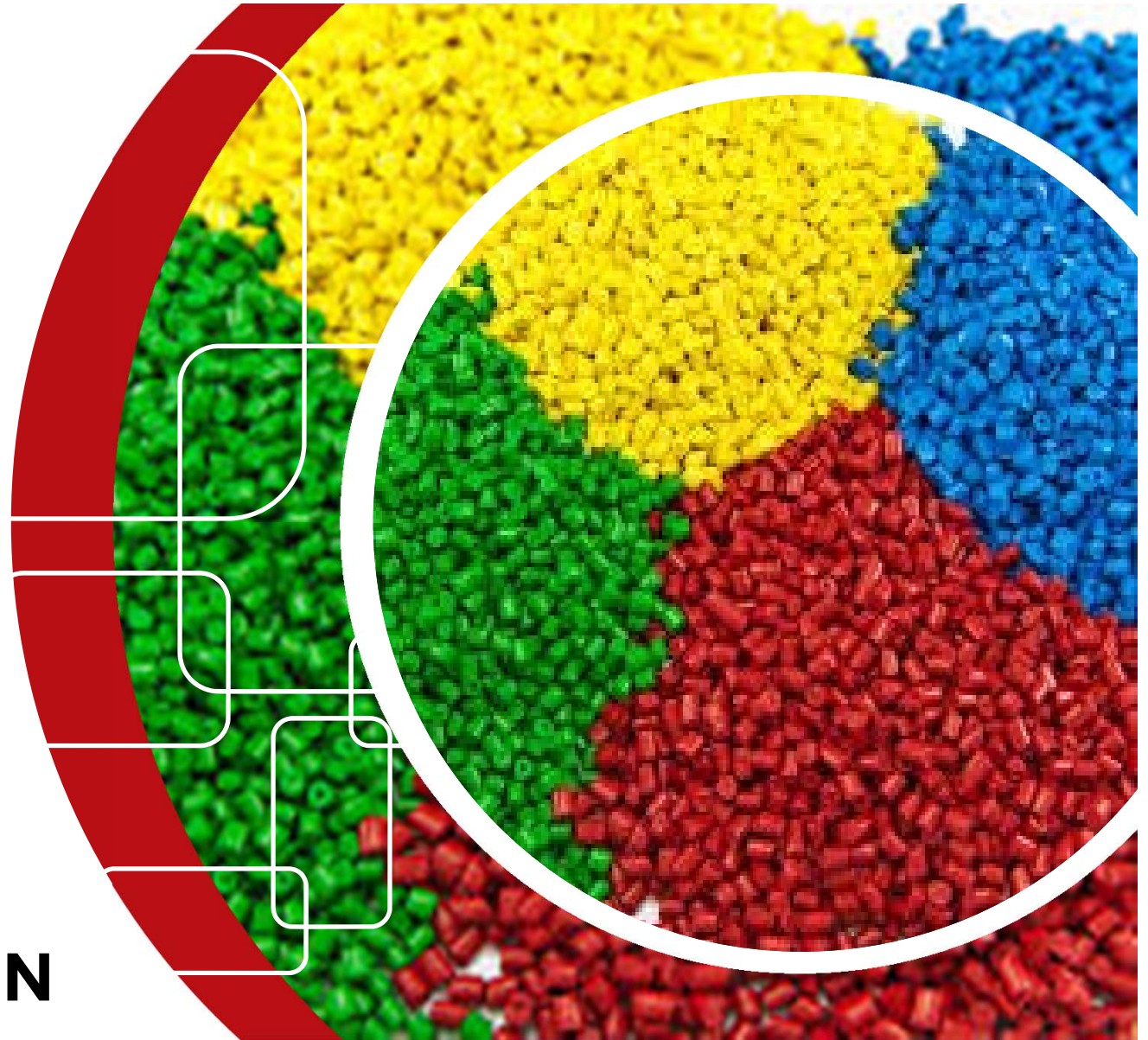
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May 18th, 2021

**Q4 FY21
RESULTS
PRESENTATION**



Disclaimer

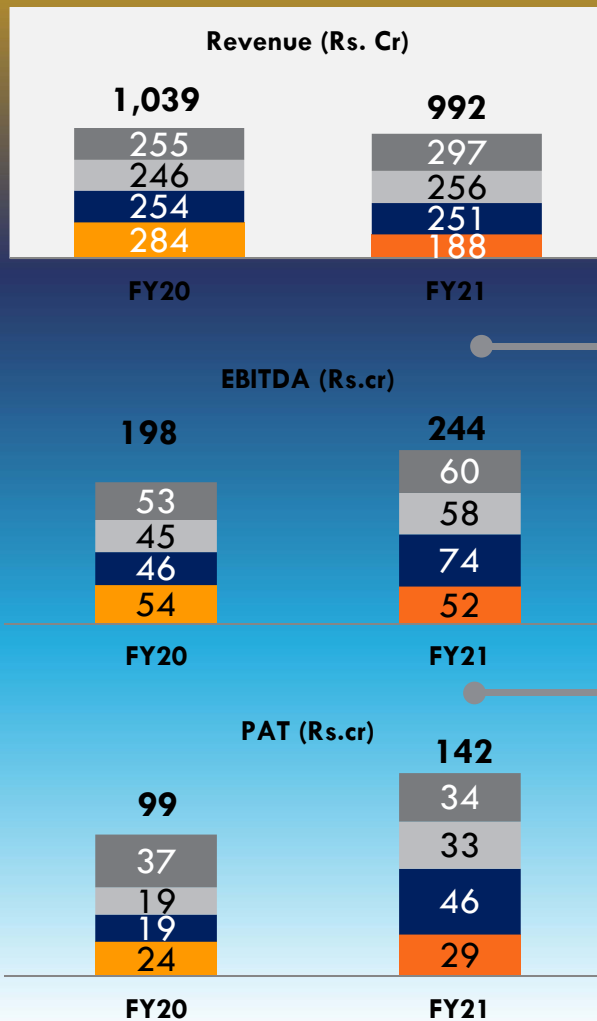
Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause actual results to differ 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.



**Q4 & FY21
Performance
Overview**



Financial Summary



Sharp pick up in Engineering Plastics and Specialty Polymers businesses coupled with the **consistent healthy performance of Film business** resulted in **17% growth** in revenues for the quarter

Improved profitability of Engineering Plastics & Specialty Polymer SBUs more than compensated for the softness in Film business margin during the quarter

This resulted in EBITDA growth of **13%** for the quarter

PAT for the quarter is lower than quarter ended March 2020 as Deferred Tax Liability, calculated at lower tax rate (25.168%), was accounted for in March 2020 quarter. But for this PAT for March 2020 would have been Rs. 26.60 crores.

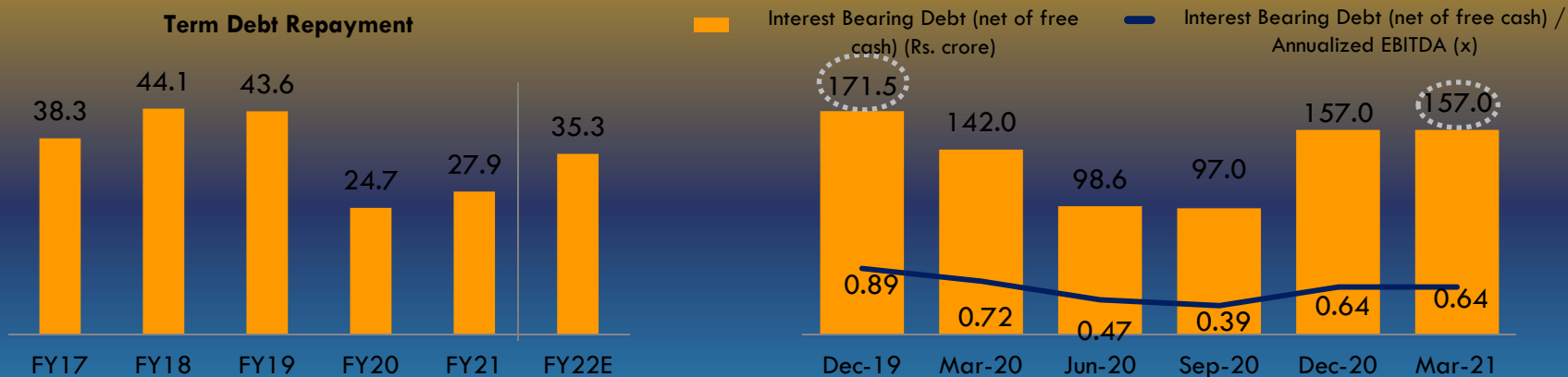
On an annual basis though, the Company generated highest ever profitability in a financial year

Q1 Q2 Q3 Q4

Debt rationalization measures....



Focused on improving Debt/EBITDA multiple by paying off debt / reduced utilization of WC limits



- Diligently working towards strengthening balance sheet by repaying debt / reducing utilization of WC limits and improving leverage ratios
- Total interest bearing debt (net of free cash) as on 31st Mar 2021 stood at Rs. 157 crore comprising of interest bearing Working Capital of Rs. 43 crore and Term Debt (net of free cash) amounting to Rs. 114 crore
- Total Outside Liabilities (net of free cash) (TOL) : Tangible Net Worth (TNW) ratio stood at 0.61 as at 31st Mar 2021 as compared to 0.58 as at 31st Dec 2020
- Out of the total scheduled repayment of term debt of Rs. 35.28 crore during FY 2021-22, the Company has already repaid Rs. 16.34 crore till 14th May 2021 including pre-payment of Rs. 14.94 crore
- Have invested Rs. 96.35 crore as equity in the Wholly Owned Subsidiary (WOS) till 31st March 2021
- Despite higher level of current assets due to increase in raw material rates and investment as equity in WOS, interest bearing debt (net of free cash) as multiple of EBITDA maintained at 0.64

....translating to upgrade in External Credit Rating



	Brickwork		CRISIL	
	Amount (Rs.cr)	Rating	Amount (Rs.cr)	Rating
Long – term Rating	245.97	BWR A – (stable) (upgrade)	275.70	CRISIL A - / Stable (assigned)
Short – term Rating	165.30	BWR A2+ (upgrade)	135.30	CRISIL A2 + (assigned)
Total	411.27		411.00	

* Bill Discounting limit of Rs. 30 cr is considered Short– term by Brickwork and Long– term by CRISIL

Chairman's Comments



Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said “FY21 has been a landmark year for us; a year wherein we delivered our highest profitability till date. While legacy Film business continued to deliver strong performance, another legacy business, Engineering Plastics returned unprecedented performance during FY 2020-21, we believe the next phase of earnings growth will be largely driven by our R&D driven and patent protected Specialty Polymer business.

Performance of Specialty Polymer business during the year was muted due to Covid-19 led disruptions. Being an export oriented business, Covid related restrictions across some of our key markets (including USA) and subsequent logistical impediments impacted demand and product off – take during the year. However, we believe the business will emerge stronger in FY22, given its underlying core strength. We have already witnessed a sharp revival in volumes & profitability during Q4 itself and expect buoyancy to continue going ahead. Demand momentum for the existing and newly introduced products continues to remain strong, which should drive the performance going forward.

Film business maintained its recent momentum and supported by unprecedented performance by EP business drove bulk of the profitability growth for the year. Volumes remained elevated throughout the year (except Covid impacted June quarter) owing to growing preference amongst consumer for packaged goods. Lower profitability for the business during Q4 was largely owing to softening of margins in export markets as there is a time lag between movement in raw material prices and corresponding adjustment in sales realisations in export market. We however expect the spreads to remain healthy over short to medium term. With domestic demand expected to remain in double digit, we believe the commissioning of our new plant in October 22 will help us to serve our customers’ demand in a better way. Furthermore our efforts towards improving the product mix by increasing the share of value added products is shaping up well and we believe a mix of scale and better product mix should help us deliver sustained healthy performance going forward.

Moving on to Engineering Plastics, the business delivered its best ever performance till date with profitability growing over ~5 fold over the previous year. Rising trend in polymer prices and shortage of base polymers resulted into never seen before kind of margins. We are also working towards relocating our EP unit to serve our customers in an efficient & cost effective manner.

Going ahead we believe all our businesses are well positioned to deliver growth and create value for our stakeholders.”

Specialty Polymers



Specialty Polymer – The Catalyst



High entry barriers -
Patent protected
business (Product &
process)

8 (+1)

Patents
filed

22 (+3)

Product
portfolio

30,000_{MTPA}

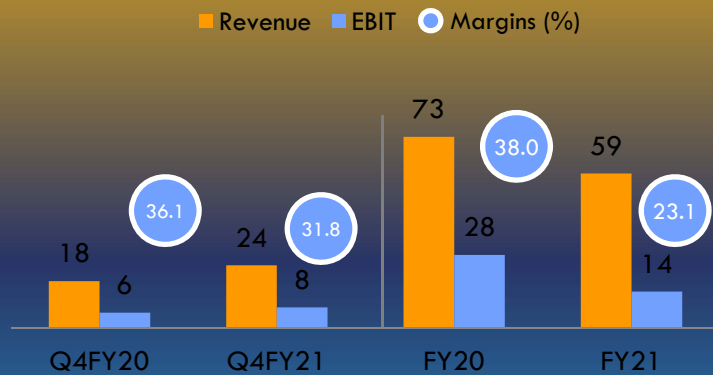
Production Capacity

35%+

EBIT margins on
achieving of adequate
scale of operations

Specialty Polymers

Figs in cr.



- Ended the year on a positive note, following sharp pick up in MB-03 volumes during Q4. Performance of Innovative PBT remained solid throughout the year
- Newly introduced products as well have been well received. Expect pick-up in volumes going ahead
- FY21 performance was largely impacted by supply led challenges on account of Covid-19 pandemic; expect buoyancy in FY22 following resumption of commercial activities and return to normalcy in geographies that we serve.

Business overview

- Product portfolio - 25 products. Out of which patents have been filed in respect of 9
- High entry barriers protected by Intellectual Property rights
- Existing Product Portfolio:
 - Stain resistant Master Batch: Covid led disruptions impacted performance during FY21; however, witnessed sharp pick up in volume in Q4. Confident to achieve targeted volumes in FY22
 - Innovative PBT: Already achieved sales of 1042 MT during FY21 as against sales of 465 MT during FY20
- New Products:
 - Encouraging progress made in the development of another new product for carpet industry in USA. Commercial sales have already started on a small scale. We foresee immense potential for the product going forward.
 - Cationic Dyeable Master Batch (MB – 16) and Deep Dyeable Master Batch (MB – 07) - Customer approval already received and commercial sales have commenced. Expect substantial volumes from these products going forward

Strong product portfolio



➤ **Partners with a Global Chemical Leader in Manufacturing innovative Polybutylene Terephthalate (PBT)**

- 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
- While agreement is for nominal quantity, there is possibility of substantial upside. Achieved sales of 465 MT in the first year of Agreement.
- Achieved sales of 1042 MT during FY 2020-21.
- Confident of achieving sales of larger volume during FY22 and onwards
- Innovative PBT find application mainly in consumer electronics application currently and is now being propagated for other applications such as automotive, textiles, cosmetics etc.

➤ **Cationic Dyeable Master Batch (MB-06)**

- Commercial sales have commenced

➤ **Deep Dyeable Master Batch (MB-07)**

- Commercial sales have commenced

Both these products are expected to contribute significant volumes. Commercial sales started

Patent Status



Product Code	Product Description	Status of Patent	Product approval from customer	Application
ESTER HR-03	Hot Fill PET by normal ISBM	Granted in USA and India, filed in Europe	Approved	Packaging
ESPET MB-03	Masterbatch Sulfonated PET	Granted in US, India and Europe Filed in Korea	Approved	Stain Resistance in Nylon Carpet
ESPBN	Clear PBN	Granted in USA, Europe and India	Under Trials	Monolayer and Multilayer Containers
ESPET HR-01 B3	Beer Keg PET	Granted in USA and India Filed in EU	Under Trials	Monolayer containers/Kegs
ESPET MW-01	Microwaveable PET	Filed in India	Under Trials	Extrusion and thermoforming
ESPET FR-10	Flame Retardent PET	Filed in India	Approved	Flame retardant master batch for PET Polyester in textile (PFY/PSF) & Film application
ESPET MB-06 R4 & ESPET MB-07 R8	Easy Dyeable & Cationic Masterbatch	Filed in India, USA, European Union, China, Korea & Thailand	MB-06 R3 - Under Trial MB-07 R7 - Approved	Deep and Dark dyeability in Textile
LMC grades	Low Melt Copolyetherester	Filed in India	Approved	Adhesive in Textile/Carpet Industry

Specialty Polymers – Products & Applications



Products

Polyethylene Terephthalate (PET)

Polybutylene Terephthalate (PBT)

Polyethylene Naphthalate (PEN)

Master Batches

Applications

Rigid Packaging – Hot-fill / Beer Kegs

Textile – Flame Retardant, Deep dyeable master batches, Cationic dyeable master batch

Carpets – Stain Resistant Master Batches

Heat Sealable

Engineered Plastics / Injection Moulding

Low Melt Polymers for Textiles



Polyester Films



Polyester Film – “De-Commoditizing”



De-commoditizing the business by changing product mix



Mfg. Capacity -57,000 MTPA Polyester Films & 13,200 MTPA Metalized polyester films
New Capacity of 48,000 MTPA to commence production by October 2022



Strong sector fundamentals – Stable pricing environment;

#60

No. of countries (exports)

~30%

Share of value added product by FY22 from ~18% (FY21)

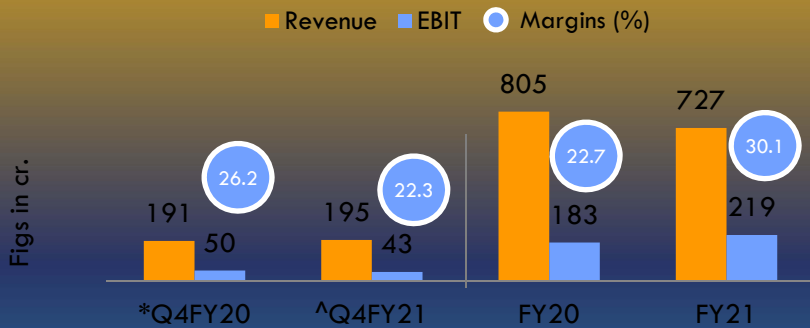


Cost rationalization initiatives and improving production & process efficiencies contributed to bottom line



Improved productivity & efficiency drives growth in production

Polyester Films



- Volumes during the quarter remained strong on the back of consistent demand. EBIT though declined following softness in margins in export markets owing to time lag between higher raw material prices and corresponding adjustment in sales realizations.
- Expect spreads to remain healthy in the short to medium term. Domestic demand continues to grow at healthy double digit rate
- Steady improvement in product mix – share of Value added products stood at 18% for FY21

FY20 – Film includes revenue of Rs. 69.98 crore & EBIT of Rs. 2.61 crore from Polyester Chips.

*Q4FY20 – Film includes revenue of Rs. 12 crore & EBIT of Rs. 0.51 crore from Polyester Chips

Business overview

- Manufactures and markets polyester films under the brand **“UmaPET”**
- **Manufacturing capacity** - 57,000 MTPA for polyester films & 13,200 MTPA for metalized polyester films
- **Integrated player** – Polyethylene Terephthalate (Polyester) chips manufacturing capacity 67,000 MTPA
- **Global Footprint** : Formidable reach across more than 60+ countries
- Value Added & Specialty products include transparent barrier film, shrink film & silky matte etc.
- Thrust on increasing proportion of value added & specialty products in overall mix by focusing on innovation, development and partnership with customers both in India and overseas.
- As regards expansion of Film capacity through a wholly owned subsidiary, we have already started implementation of the project and invested Rs. 96.35 crores till 31st March 2021

Potential impact of Covid-19 on the Film business



- Demand from the Consumer Staples sector for flexible packaging is expected to remain strong
- Increased focus on health & hygiene products to widen opportunity
- Raw material started to rise from November. Have started to stabilise now.
- Due to severe second wave of Covid – 19 across India, there is a likelihood that some of the planned commissioning of new capacities in near term may be delayed

Film Business – Expect momentum to continue



Industry Dynamics

- Market size of Domestic BOPET films ~540000 MTPA
- Domestic demand growing at 11%-13%

Company specific initiatives

- Setting up an advanced polyester film manufacturing facility in the state of Telangana
- Capex of Rs. 587 crore; Targeted Completion date – October 2022
- Working towards increasing the share of value added products – ~30% by FY22
- Off Line Coater that has been commissioned in May 2020 will enable us to enhance the volume of Value Added & Specialty Films significantly. Commercial sales have started from the month of June 2020
- BOPET Film made from 100% PCR has been certified by two reputed institutions

Polyester Films – Products & Applications

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



Engineering Plastics



Engineering Plastics – “Structurally positive; near term challenging”



#250

Product Portfolio

13,500MTPA

Mfg. capacity

“Estoplast”

Products marketed
under the brand



“Fastest Growing Enterprise
Processing (Engineering Polymers)”
at the Plastindia Exhibition in
February 2015

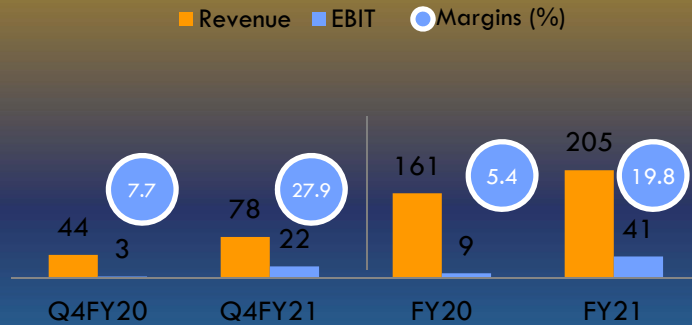


Improving product / customer
mix, expanding exports &
controlling costs to improve
margin profile & return ratio

Engineering Plastics



Figs in cr.



- Best performance till date; delivers stellar performance in FY21 - Strong volumes and operating leverage resulted in higher profitability
- Unprecedented margin expansion
- Strong pick up in demand from end user industries – OFC, Auto and electrical & electronics industry and better realisations (owing to shortage of raw material) resulted in higher revenue and profitability
- Expect business to continue to make meaningful contribution to the bottom-line of the Company going forward

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Business highlights

- A well regarded manufacturer of Engineering plastics
- Diverse Product Portfolio – 250+ grades / products marketed under the brand “ESTOPLAST”
- Manufacturing capacity - 13,500 MTPA
- Evaluating capacity expansion in view of improved performance
- Relocation of unit to a Western State would help to improve bottom line besides serving clients in a better and more efficient & cost effective manner.

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.



Investor Contacts

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About Us: (CIN :- L24111UR1985PLC015063)

Incorporated in 1985, Ester Industries Limited (EIL) is an ISO 50001:2018, ISO 9001:2015, ISO 14001:2015, IATF 16949:2016, ISO 45001:2018 and Food Safety System Certification 22000 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.