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.
FY17 - Highlights

FY17 – Challenging year with multiple headwinds; outlook though remains positive

Product pipeline for Specialty Polymer continues to strengthen – Filed patent under PCT for master batch to produce Specialty Polyester Yarn; product already approved by some renowned domestic players

Investing for the future – To set up a world class R&D and innovation complex at Gurgaon

- Lower lead time – Perform functions like downstream analytics and pilot scale manufacturing at the centre

Business outlook

Specialty Polymer business –

- Innovative and exciting product pipeline – some of which are at various stages of approvals and commercialization stage
- Existing products gaining good traction
- Tie up / partnership with renowned global players for developing niche specialty polymer products

Film –

- Business environment improving
  - Demand – Supply mismatch improving
  - No major capacity addition in the Industry
  - Company’s focus remains towards improving product mix and controlling costs
  - Working towards increasing share of value added products towards 35% from present level of 15%

Engineering Plastics –

- Business scenario gradually improving
- Working towards widening and improving product mix
Key Developments

Patent filing under PCT for Master Batch to produce Speciality polyester yarn

- Filed a patent for Master Batch to produce specialized polyester yarn - The Master batch is for a Cationic Dyeable Yarn which offers value advantages both from a quality and cost perspective
- Product already approved by some Indian Entities
- Overall patent filing under Specialty Polymer business - 9

To set up a world class R & D and Innovation complex at Gurgaon –

- Plans to set up R&D and Innovation complex at an approx. cost of Rs. 50 crore. This is expected to further enhance the Specialty Polyester business and stimulate the existing collaboration with companies like DuPont for development of certain other Specialty Polyester polymers
- To bring downstream analytics and pilot scale manufacturing functions in-house, in a bid to lower the lead time
- Proposes to house 40 scientists/ engineers responsible for researching and developing breakthrough innovations

Promoter hikes stake in Company—reflection of confidence in the business

- Purchased 4.92% recently, resulting in increasing overall stake in the Company to 59.14% from earlier 54.22%. Heightened stake, indicative of promoter’s belief and confidence in long term performance of the business

Shift towards being more cost effective by focusing on Cost optimisation –

- The Company has aligned its operational efficiencies towards meeting the future goals by optimizing operational cost
- Emphasis on value addition, value added offerings presently comprise ~15% of portfolio
**Performance Update**

**Revenue**

<table>
<thead>
<tr>
<th>Q4 FY16</th>
<th>Q3 FY17</th>
<th>Q4 FY17</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>183</td>
<td>177</td>
<td>200</td>
<td>771</td>
<td>707</td>
</tr>
</tbody>
</table>

Reasons for reduction in sales value are primarily two namely:
(a) No chips sales as compared to sales of Rs. 20.28 crores during FY 2015-16,
(b) Specialty Polymers sales lower by 24.19 crores as compared to FY 2015-16.

**EBITDA**

<table>
<thead>
<tr>
<th>Q4 FY16</th>
<th>Q3 FY17</th>
<th>Q4 FY17</th>
<th>FY16</th>
<th>FY17*</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>11</td>
<td>14</td>
<td>75</td>
<td>46</td>
</tr>
</tbody>
</table>

Reduction in EBITDA margins mainly a result of:

- Lower proportion of high margin Specialty Polymer business;
- Industry wide capacity expansion in Film business. This has been mitigated to an extent by cost reduction. Demand supply environment now stable.

* Core EBITDA of Rs. 55 cr after excluding exceptional items

**FY17 EBITDA** is post three onetime exceptional charges:

a) Payment of Rs. 169 lac on account of reversal of Modvat Credit availed during years 1996-98 pursuant to Court order

b) Quality Claim of Euro 275000 (about Rs. 192 lacs) allowed in favour of a Specialty Polymers customer. This was the result of pollution impact on shipment. New product developed has been accepted; shipments expected to resume

c) Devaluation of some slow moving FG inventory of Chips & Pellets following principle of Cost or Net Realisable Value (NRV). NRV is about Rs. 493 lac lower than cost in respect of such inventory.
Business Wise - Revenue Contribution

Q4 FY17
- PF: 21%
- EP: 4%
- SP: 75%

FY17
- PF: 20%
- EP: 6%
- SP: 74%

Q4 FY16
- PF: 74%
- EP: 11%
- SP: 66%

FY16
- PF: 71%
- EP: 19%
- SP: 71%

PF – Polyester Films; EP – Engineering Plastics; SP – Specialty Polymers
**Revenue**

**Specialty Polymers**
- Shift taking more than anticipated time. Outlook remains positive.
- Q4 FY16: 19, Q3 FY17: 8, Q4 FY17: 8, FY16: 67, FY17: 43

**Polyester Films & Chips**
- Focus on cost efficiencies & value enhancement translating to revenue and margin improvement.
- Q4 FY16: 123, Q3 FY17: 132, Q4 FY17: 150, FY16: 549, FY17: 519

**Engineering Plastics**
- Steady growth, driven by expanding relationships and product portfolio.
- Q4 FY16: 41, Q3 FY17: 36, Q4 FY17: 42, FY16: 155, FY17: 145

**EBIT**

**Specialty Polymers**
- FY16: 4, FY17: 5

**Polyester Films & Chips**
- FY16: 12, FY17: 5

**Engineering Plastics**
- FY16: 61, FY17: 51

*PF – Polyester Films; EP – Engineering Plastics; SP – Specialty Polymers*
Commenting on the results, Mr. Arvind Singhania, Chairman, Ester Industries said

“FY17 has been a learning year for us, a year wherein the performance of all our businesses remained relatively soft. While the anticipated pick-up in specialty polymer business eluded us, we remain confident in the business’s potential and in its capability of transforming the existing business profile.

We continue to grow and invest the specialty business by strengthening our innovation and execution capability. Further, our strategic call of undertaking downstream analytics and pilot scale manufacturing internally at the new R&D complex should help us in lowering the lead time and fasten the overall process cycle. Our collaboration with global polymer players will also not only help us further improve our know how but enable us target new geographies and markets.

Moving onto our legacy businesses namely polyester film and engineering plastics our efforts are primarily directed towards improving their product mix by increasing the share of high margin value added products in the overall mix and undertaking cost optimization measures. There has been visible progress in this regard particularly in the second half of the year under review. We look forward to maintaining this momentum.

Going ahead, we are confident of delivering strong performance post the completion of business transformation.”
Specialty Polymers
New products in evaluation stages:

**ESPET MB 06 R3 (PET Master Batch for imparting cationic dyeability)**
- Used for PSF/PFY/BCF applications
- Differential dyeing
- Can be blended in bright, semi-dull and full dull PET
- Environment Friendly: Complete dye bath exhaustion: >90% against traditional process wherein 60-70% exhaustion occurs
- Cost effective and less time consuming process: Dyeing time reduced by 40% and better dye exhaustion leads to reduced ETP cost
- Imparts softness to polyester
- Enables
  - Deeper and darker dyeing
  - Flexible dosage based on dyeing depth required
  - Efficient inventory management

**ESPET MB 07 R7 (PET Master Batch for imparting easy dyeability using disperse dyes):**
- Used for PFY/PSF/BCF applications
- Different fabrics can be dyed in same dye bath and various colors and patterns can be produced
- Dyeing at 95°C - 98°C, at atmospheric pressure

**ESPET T 55 (Alkali Soluble PET):**
- Dissolves in alkaline solution at specified temperature within a specified time thus enabling fabrics of special design effect

**ESPTT ED MB 01 (Deep Dyeable PTT):**
- Developed for getting deeper and darker shade in carpets and apparels.
- Enables differential dyeing
Specialty Polymers

- **Product portfolio** - 18 products at various stages of development of which patents have been filed in respect of 9

- **High entry barriers** protected by Intellectual Property rights

- **To set up of R&D and Innovation Centre** – In house downstream analytics and pilot scale manufacturing to lower lead time

- **Existing Product Portfolio –**
  - **Product Stain resistant Master Batch** – Positive response from the customers; ramping up sales
  - **Master batch for a Cationic Dyeable Yarn** -- Patent filed under PCT for a Master Batch to produce specialised polyester yarn. Gaining strong potential in China and Taiwan

<table>
<thead>
<tr>
<th>Particulars (Rs cr)</th>
<th>Q4 FY17</th>
<th>Q4 FY16</th>
<th>%</th>
<th>FY17</th>
<th>FY16</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>7.82</td>
<td>19.30</td>
<td>-59.45</td>
<td>42.65</td>
<td>66.82</td>
<td>-36.17</td>
</tr>
<tr>
<td>EBIT</td>
<td>-1.96</td>
<td>3.50</td>
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<td>2.85</td>
<td>11.96</td>
<td>-76.17</td>
</tr>
<tr>
<td>Adj. EBIT</td>
<td>-0.04</td>
<td>3.50</td>
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<td>4.77</td>
<td>11.96</td>
<td>-60.12</td>
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<td>Margins (%)</td>
<td>18.13</td>
<td>6.68</td>
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<td>17.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. Margins (%)</td>
<td>18.13</td>
<td>11.18</td>
<td></td>
<td>17.90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adj EBIT does not consider one time Quality Claim of Euro 275000 (~ Rs. 192 lac) allowed in favour of a Specialty Polymers customer. This was the result of pollution impact on shipment. New product developed has been accepted; shipments expected to resume

- **Growth Drivers –**
  - Strengthening R&D capabilities
  - Develop customized polyester resins based on customer's requirement
  - Focus on developing products which will help transform latent demand into real demand
  - Develop high quality specialty polyesters to ensure competitive advantage for customers
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
- Carpets – Stain Resistant Master Batches
- Heat Sealable
- Engineered Plastics / Injection Moulding
- Low Melt Polymers for Textiles
Polyester Films
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 70,000 MTPA

**Global Footprint:** Formidable reach across more than 85 countries

**Value Added & Specialty products** include transparent barrier film, shrink film etc

  - Transparent high barrier film is being keenly explored by global buyers to replace PVdC coated PET (environmentally hazardous material) and EVOH coextruded films (due to their higher mass).

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 which will reduce the effect of inherent cyclical

<table>
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<tr>
<th>Particulars (Rs cr)</th>
<th>Q4 FY17</th>
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<th>%</th>
<th>FY17</th>
<th>FY16</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>149.9</td>
<td>122.8</td>
<td>22.12</td>
<td>519.4</td>
<td>548.9</td>
<td>-5.36</td>
</tr>
<tr>
<td>EBIT</td>
<td>14.42</td>
<td>10.55</td>
<td>36.68</td>
<td>46.43</td>
<td>60.64</td>
<td>-23.43</td>
</tr>
<tr>
<td>Adj. EBIT</td>
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<td>10.55</td>
<td>83.41</td>
<td>51.36</td>
<td>60.64</td>
<td>-15.30</td>
</tr>
<tr>
<td>Margins (%)</td>
<td>9.62</td>
<td>8.59</td>
<td>8.4</td>
<td>11.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. Margins (%)</td>
<td>12.91</td>
<td>8.59</td>
<td>9.89</td>
<td>11.05</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adj EBIT does not consider one time devaluation of slow moving FG inventory of Chips & Pellets following principle NRF. NRV is about Rs. 493 lac lower than cost in respect of such inventory.

- Improving business environment with supply demand equilibrium
- Cost reduction exercise translating to improving profitability, hopeful of improving operational efficiencies even further
- Focus on improving profitability by sprucing up product mix; more focus on developing value added products
  - Value added / specialty products constitutes about 20% of the overall revenue at present – emphasis on expanding this to 35% in 2 years
- Operational efficiencies aligned towards meeting the future goals by optimizing operational cost
- Focused on offering customers unique value proposition by aligning innovation, development and partnership
Polyester Films – Products & Applications

<table>
<thead>
<tr>
<th>Products</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Opaque</td>
<td>Flexible Packaging</td>
</tr>
<tr>
<td>High Barrier</td>
<td>Barrier Packaging</td>
</tr>
<tr>
<td>Heat Saleable</td>
<td>Embossing</td>
</tr>
<tr>
<td>Shrink film</td>
<td>Lidding</td>
</tr>
<tr>
<td>Metalized High Barrier</td>
<td>Label &amp; Graphics</td>
</tr>
<tr>
<td>High Clear</td>
<td></td>
</tr>
<tr>
<td>Embossable</td>
<td></td>
</tr>
<tr>
<td>Twist Wrap</td>
<td></td>
</tr>
<tr>
<td>Anti - Static</td>
<td></td>
</tr>
<tr>
<td>Matte</td>
<td></td>
</tr>
</tbody>
</table>
Engineering Plastics
A well regarded manufacturer of Engineering plastics

**Diverse Product Portfolio** – 350+ grades products marketed under the brand “ESTOPLAST”

**Manufacturing capacity** - 16,500 MTPA

Growing at **better than industry run rate** since the last 3 years

**Awarded** the prestigious **Plasticon Gold Award** for the “Fastest Growing Enterprise – Processing (Engineering Polymers)” at the Plastindia Exhibition in February 2015

<table>
<thead>
<tr>
<th>Particulars (Rs cr)</th>
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<th>Q4 FY16</th>
<th>%</th>
<th>FY17</th>
<th>FY16</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>42.31</td>
<td>41.40</td>
<td>2.21</td>
<td>144.81</td>
<td>155.15</td>
<td>-6.67</td>
</tr>
<tr>
<td>EBIT</td>
<td>4.49</td>
<td>5.11</td>
<td>-12.20</td>
<td>13.26</td>
<td>12.83</td>
<td>3.35</td>
</tr>
<tr>
<td>Margins (%)</td>
<td>10.6</td>
<td>12.34</td>
<td></td>
<td>9.16</td>
<td>8.27</td>
<td></td>
</tr>
</tbody>
</table>

- Enhancing relationships with OEMs & Tier-1/2 customers in the automotive/ electrical segments
- Expanding global footprint through aggressive pursuit of Identified Exports opportunities and participation in international exhibitions to enhance brand visibility.
- Building R&D capability (in-house or through strategic alliances) so as to cater to specific needs
- Enhancing Ester’s UL-certified product portfolio
Engineering Plastics – Products & Applications

**Products**
- Thermoplastic Polyester Compounds
- Polybutylene Terephthalate (PBT)
- Polyethylene Terephthalate (PET)
- Polyamide 6 Compounds
- Polyamide 6.6 Compounds

**Applications**
- CFL Holders, Adopters & Sockets
- MCB Case, Cover & other Parts
- Handles
- Knobs, Panels
- Switches
- Optical Fibre Sheathing
- Textile Machinery Parts
- Connectors
Strategic shift – The new Ester
New ESTER

Knowledge

Innovation

Customization

Technology
Business Transformation – “Commodity” to “Technology”

New Product Development  Value Addition  Technology  Innovation  Customisation

Past  Present  Future

- One amongst many in the Polyester Film and Engineering plastic space
- Transforming from a “commodity” to “technology” player
- Redefining product portfolio with innovative and customer centric products
- Aiming to be a Technology driven enterprise
- Insulate performance from effects of volatility & cyclicality
- Emphasis on sustainable & profitable growth

The Specialty Polymers business will be a key driver of this transition
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 (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.

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