



Ester Industries announces Q4 & FY17 results

FY17 Total Income: Rs. 707 crore; Core EBITDA: Rs. 55 crore
Strategic initiatives and improving macros to drive future growth

New Delhi, 2nd June, 2017: Ester Industries Limited, India's leading manufacturer of Polyester Films, Engineering Plastics and Specialty Polymers, announced its financial results for the quarter and year ended March 31, 2017.

FY17 performance overview compared with FY16

- Total Income stood to Rs. 707 crore v/s Rs. 771 crore. Reduction mainly a result of
 - No chips sales as compared to sales of Rs. 20.28 crores during FY 2015-16,
 - Specialty Polymers sales lower by 24.19 crores as compared to FY 2015-16
- EBITDA stood at Rs. 46 crore compared to Rs. 75 crore. Core EBITDA (excl. exceptional items) of Rs. 55 crore for the year. Reported EBITDA is post three onetime exceptional charges:
 - Payment of Rs. 169 lac on account of reversal of Modvat Credit availed during years 1996-98 pursuant to Court order
 - 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
 - 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..
- Loss after tax for FY17 stood at Rs. 11 crore

Commenting on the performance, 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."

Key Highlights

- **Patent filed 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

- **Robust Product Pipeline – Specialty Polymers**
 - ESPET MB 06 R3 (PET Master Batch for imparting cationic dyeability) - Cost effective and less time consuming process
 - ESPET MB 07 R7 (PET Master Batch for imparting easy dyeability using disperse dyes) - Different fabrics can be dyed in same dye bath and various colors and patterns can be produced
 - 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

- **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

Business Outlook

Specialty Polymers

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

Film Business

- 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

- 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



About Ester Industries:

Ester Industries Limited is a public limited company incorporated in 1985 promoted by the Singhanian family. The company is one of India's leading producers of Polyester Films, Engineering Plastics and Speciality 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, 57,000 TPA of Polyester Film, 30,000 TPA of Specialty Polymers and 16,500 TPA of Engineering Plastics. The company currently exports more than 30% of its production of Polyester Films with sales and distribution network in more than 56 countries across the world resulting in strong customer relationship. Specialty Polymers are manufactured primarily for the European and US markets.

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