

Date: 3rd June, 2017

Bombay Stock Exchange 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
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Dear Sir

Subject : Press Release & Presentation on Audited financial results for the Quarter and Year ended on 31st March, 2017

We wish to submit the Press Release and Presentation on Audited financial results for the Quarter and Year ended on 31st March, 2017 approved in the Board Meeting held on 2nd June, 2017.

Please acknowledge the receipt of the same.

Thanking You

Yours Faithfully
For Ester Industries Limited


Diwaker Dinesh
Company Secretary



Encls: As Above



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.

For more information contact:

Pradeep Kumar Rustagi (CFO)
Ester Industries Ltd.

Tel: +91 124 2656 100
Fax: +91 124 2656 199
E-mail: pradeep.rustagi@ester.in

Gavin Desa / Suraj Digawalekar
CDR India

Tel: +91 22 6645 1237 / 1235
Fax: +91 22 6645 1213
E-mail: gavin@cdr-india.com
suraj@cdr-india.com

CIN: L24111UR1985PLC015063

*Regd. Office : Sohan Nagar, P.O. Charubeta, Khatima– 262308 Distt. Udham Singh Nagar, Uttarakhand
Phone: EPABX No. (05943) 250153-57; Fax No.: (05943) 250158;
Email: info@ester.in; Website: www.esterindustries.com*





Q4 & FY17 Results Presentation

June 2, 2017

ESTER
INDUSTRIES LTD.

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



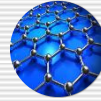
Product pipeline for Specialty Polymer continues to strengthen – Filed patent under PCT for master batch to produce Specialty Polyester Yarn; product already approved by some renowned domestic players



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

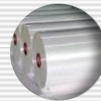
- Lower lead time – Perform functions like downstream analytics and pilot scale manufacturing at the centre

▪ 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



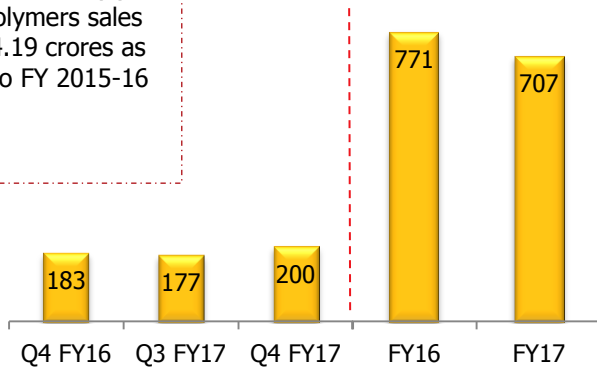
Shift towards being more cost effective by focusing on Cost optimisation –

- 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

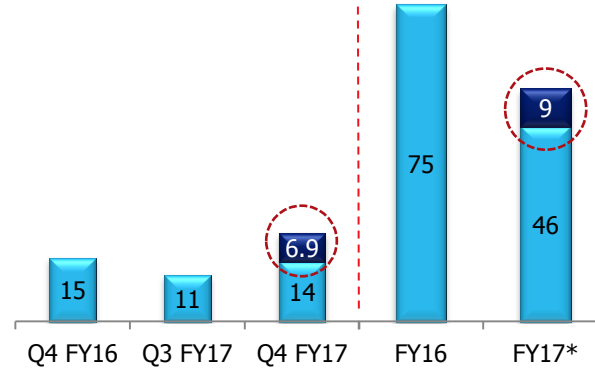
Performance Update

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

Revenue



EBITDA

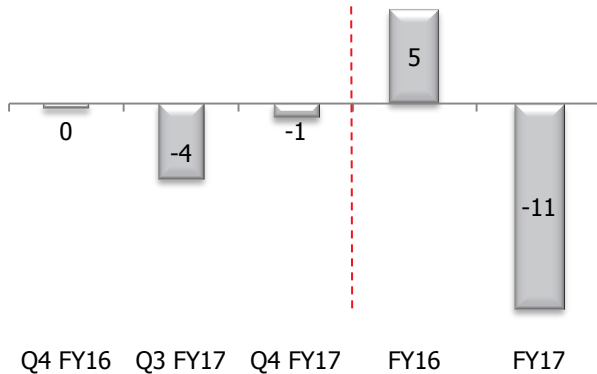


Reduction in EBITDA margins mainly a result of:

- 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**

PAT

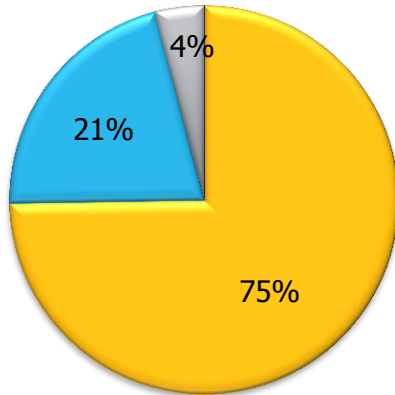


FY17EBITDA is post three onetime exceptional charges:

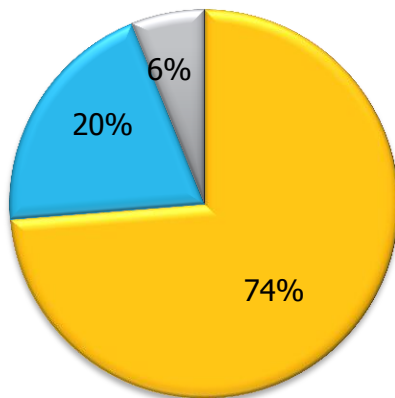
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- Devaluation of some slow moving FG inventory of Chips & Pellets following principle of Cost or Net Realisable Value (NRV). NRV is about Rs. 493 lac lower than cost in respect of such inventory.

Business Wise - Revenue Contribution

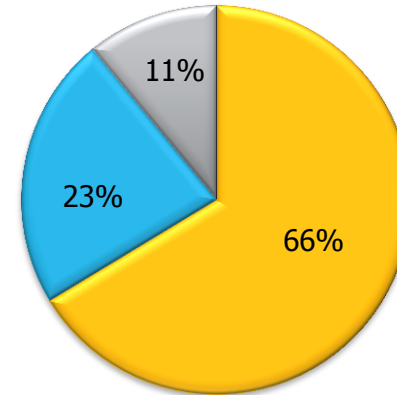
Q4 FY17



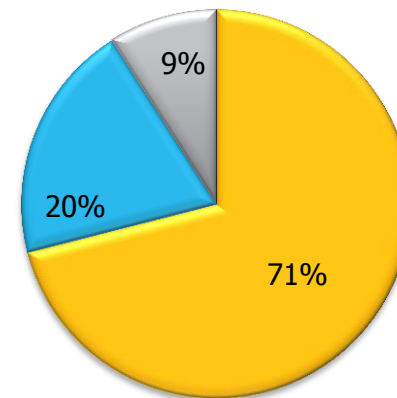
FY17



Q4 FY16



FY16

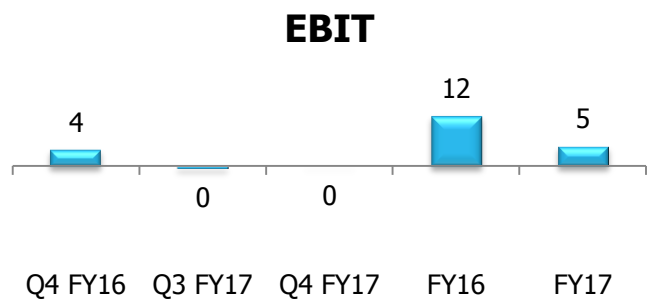
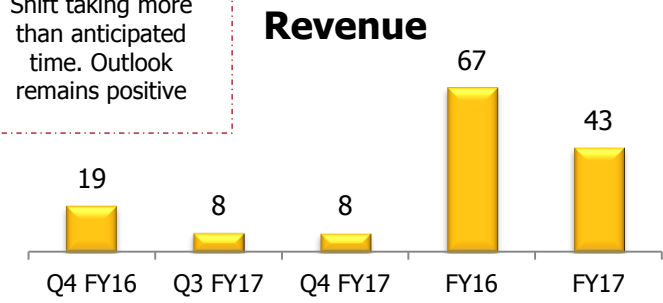


■ PF ■ EP ■ SP

Business Performance..... (Rs. cr)

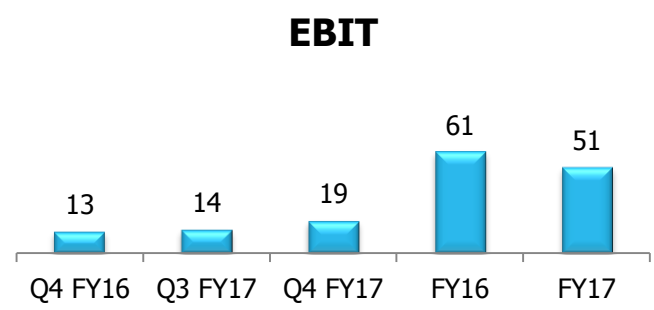
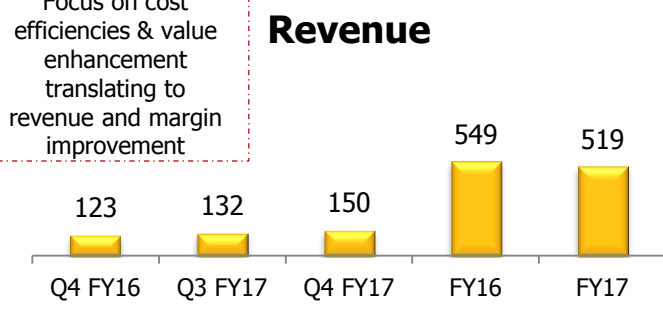
Specialty Polymers

Shift taking more than anticipated time. Outlook remains positive



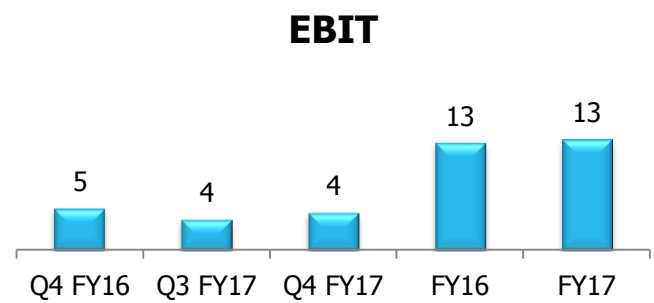
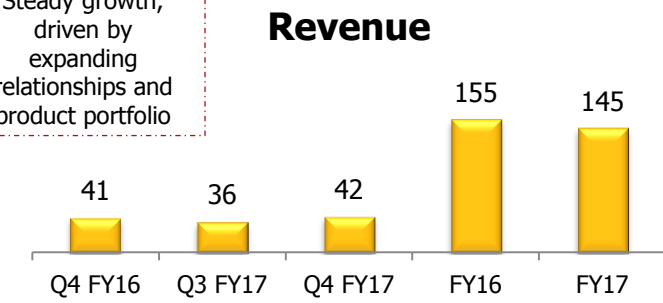
Polyester Films & Chips

Focus on cost efficiencies & value enhancement translating to revenue and margin improvement



Engineering Plastics

Steady growth, driven by expanding relationships and product portfolio



Chairman's Comments



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

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

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



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

Particulars (Rs cr)	Q4 FY17	Q4 FY16	%	FY17	FY16	%
Revenues	149.9	122.8	22.12	519.4	548.9	-5.36
EBIT	14.42	10.55	36.68	46.43	60.64	-23.43
Adj. EBIT	19.35	10.55	83.41	51.36	60.64	-15.30
<i>Margins (%)</i>	<i>9.62</i>	<i>8.59</i>		<i>8.4</i>	<i>11.05</i>	
<i>Adj. Margins (%)</i>	<i>12.91</i>	<i>8.59</i>		<i>9.89</i>	<i>11.05</i>	

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



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

Engineering Plastics



Engineering Plastics – Products & Applications

- 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

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

- 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, Adapters & Sockets

MCB Case, Cover & other Parts

Handles

Knobs, Panels

Switches

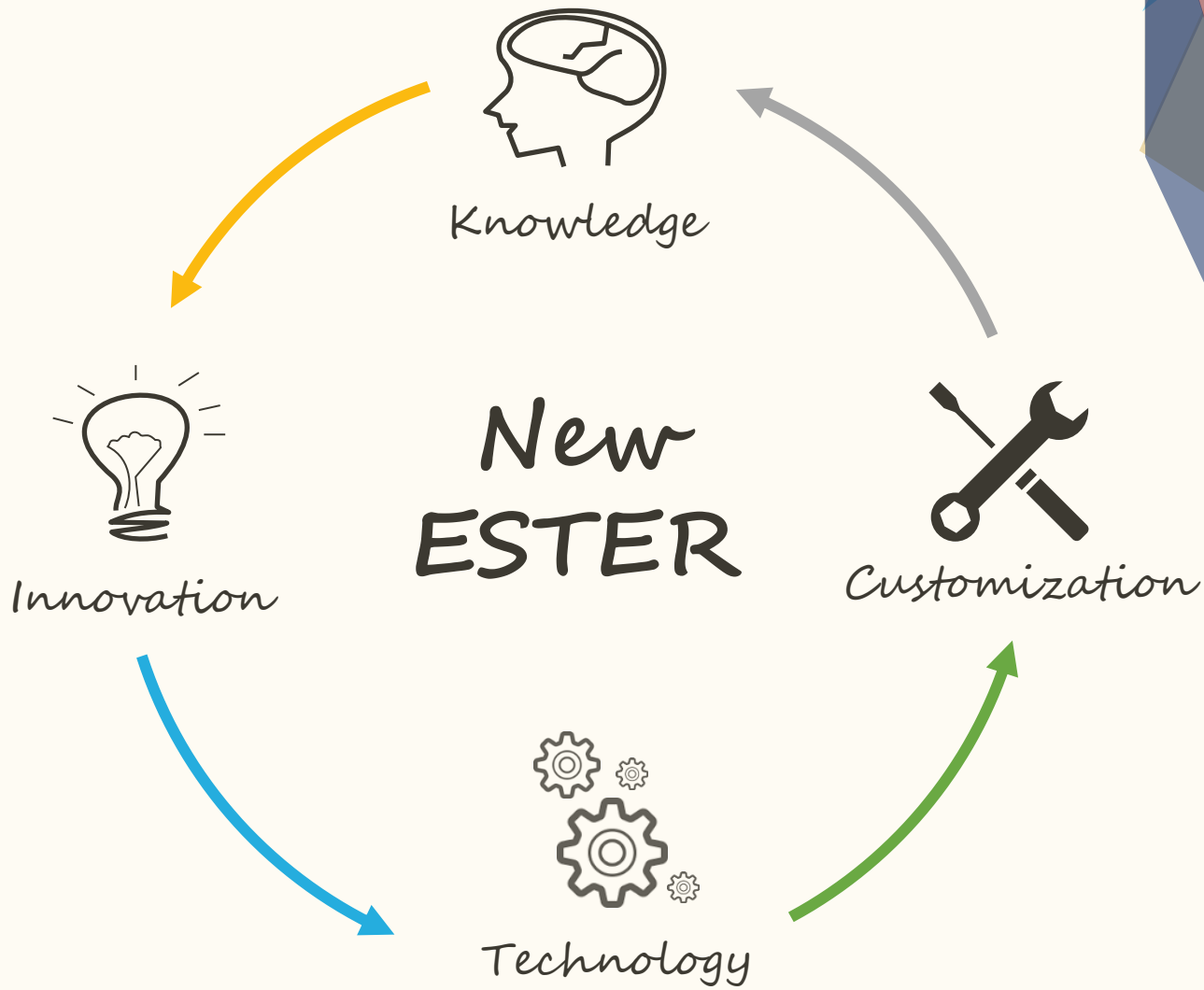
Optical Fibre Sheathing

Textile Machinery Parts

Connectors

Strategic shift – The new Ester





Business Transformation – “Commodity” to “Technology”

New Product Development

Value Addition

Technology

Innovation

Customisation



- 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

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 (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:

Pradeep Kumar Rustagi (**Chief Financial Officer**)

Ester Industries Ltd.

Tel: +91 124 2656 100

Fax: +91 124 2656 199

E-mail: pradeep.rustagi@ester.in

Gavin Desa / Suraj Digawalekar

CDR India

Tel: +91 22 6645 1237 / 1235

Fax: +91 22 6645 1213

E-mail: gavin@cdr-india.com

suraj@cdr-india.com