



Ester Industries to expand its BOPET Film capacity

- To invest Rs. 500 cr towards setting up BOPET Film facility at a new location in a Wholly owned Subsidiary to avail the benefits of lower tax
- Funding to be through prudent mix of internal accruals and debt
- Expansion to help respond to increasingly strong demand environment and outlook

Gurugram, 5th March, 2020: The Board of Directors of Ester Industries Limited, India's leading manufacturer of Polyester Films, Engineering Plastics and Specialty Polymers, today approved plans to incorporate a wholly owned subsidiary (WOS) and to expand its Polyester Film business by setting up a Greenfield project in the WOS. The facility is expected to become operational in the next 18 – 24 months and will help Ester Industries enhance its market share.

The project entails setting up Polyester film line of 48,000 MTPA capacity, at an investment of Rs. 500 crore. The project will be funded through mix of internal accruals and external debt ensuring the Company maintains its growth momentum without over leveraging its balance sheet.

As at December 31, 2019, Ester Industries' net debt stood at Rs 173 crore translating to a Debt TNW ratio of 0.47 and a debt to EBITDA (annualized) multiple of 0.90.

The new facility will take the Company's total BOPET Film capacity to 108,000 MT enabling it to optimally respond to the growing demand for film which is also seeing usage across several new categories. BOPET Film remain a preferred choice of usage over its alternatives on the back of its superior technical properties. & cost effectiveness.

Commenting on this development, Mr. Arvind Singhania, Chairman, Ester Industries said: *"The expansion in the film business will not only help us meet the expanding demand but will also further enhance Ester Industries' competitive position in the BOPET film industry. Importantly, it reinforces our position as a long term & sustainable supplier for our customers both in India and overseas"*

We are also extremely conscious of the need to be financially prudent. The project will be funded by a mix of debt and internal accruals with the debt being raised in a staggered form over the next 18 – 24 months. The strong cashflows from our Film and Specialty Polymer businesses give me adequate comfort that our consolidated balance sheet will remain strong”

9M FY20 revenues and EBIT for the film business stood at Rs 613 crore and Rs 131 crore respectively. Further, its Specialty Polymer business, a key catalyst in transforming Ester Industries into an innovation driven Company is also shaping up well. The business which has a Product portfolio of 19 products with 7 patents having been filed, delivered revenues of Rs 55 crore and EBIT margins of ~42% for 9M FY20.

About Ester Industries:

Ester Industries Limited is a public limited company incorporated in 1985 promoted by the Singhania family. The company is one of India's leading producers of Polyester Films, Engineering Plastics and Specialty 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, 60,000 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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