



Ester Industries reports Q2 & H1 FY24 results

Gurugram, 8th November 2023: Ester Industries Limited, India's leading manufacturer of Polyester Films and Specialty Polymers, announced its financial results for the quarter and half year ended September 30, 2023.

Particulars – Continued Operations (Rs.cr)	Q2 FY24	Q2 FY23	%	H1 FY24	H1 FY23	%
Revenues	243.9	308.1	(20.8)	450.1	634.6	(29)
EBITDA (including Non-operating income)	2.7	30.2	(91.1)	15.2	92.2	(83.5)
Margins (%)	1.1	9.8	(870 bps)	3.4	14.5	(1110 bps)
PAT (Continuing operations)	(12.8)	7.6	-	(18.0)	41.7	-
Margins (%)	-	2.5	-	-	6.6	-

Commenting on the performance, Mr. Arvind Singhania, Chairman, Ester Industries said:

"While we have seen a gradual pick up in the business on a sequential basis, broadly though the situation remains challenging.

Specialty Polymer business performance despite witnessing some pick up in revenues and volumes during the quarter is trending well below its historical levels and potential largely owing to the inflationary worries and subdued business environment in the US, the primary market for the business. Also, while we did witness volume growth during the quarter, the product mix was unfavorable with low contribution of marquee high margin products which in turn led to lower profitability for the business. While the inherent strength and prospects of the business remains intact, the requisite acceleration hinges on the health of the US economy. We remain committed towards building an exciting and innovative product pipeline.

Film business performance like Specialty Polymer did witness improvement on a sequential basis, but the overall situation remains challenging. We have seen significant increase in capacities in recent times which in turn has had an adverse effect on the realizations, margins and profitability. We expect the situation to remain challenging in the near term, as supply growth exceeds demand. However, over the medium to long term we continue to believe in the growth potential of the business. Furthermore, we also believe our efforts towards improving the mix by increasing the share of high margin value added products will benefit the business meaningfully when the tide turns.

Going forward, we remain focused on improving the internals of the business, making them more robust and efficient to help us better deal with challenges and uncertainties. Besides working towards improving the product profile, we remain equally committed towards improving the liquidity and cash profile of the business. We are confident that our endeavors will enhance our ability to generate long-term value for our shareholders."



Business Highlights

- **Polyester Films – Revenues and Profitability moderates as external challenges weigh on demand**
 - While revenues and volumes improved on a sequential basis, overall sentiments remain challenging on account of excess supply
 - Share of Value-added products stood at 25% during Q2FY24
 - Margin and profitability compression reflective of heightened competitive intensity in the industry
 - While margins may remain under pressure in the near to medium term owing to commissioning of new capacities; long term prospects of the business continue to remain favorable
- **Specialty Polymers – Heightened interest rates, inflation and recessionary trends in USA (major market) halts growth momentum**
 - Despite gradual recovery in revenues on a Q-o-Q basis, business momentum continues to remain soft amidst uncertainties in US economy (major market for the business)
 - Although, volume off-take improved on a sequential basis, EBIT and margins remained muted owing to adverse product mix
 - Recovery in the US markets, a key requisite for growth revival
 - Competitive intensity not a concern at all as products are largely IP protected
 - Product pipeline remains strong

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 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 & Sitarganj in Uttarakhand with the capacity of 67,000 TPA of Polyester Resin, 57,000 TPA of Polyester Film and 30,000 TPA of Specialty Polymers. Through Wholly Owned Subsidiary, Ester Filmtech Limited, it has in January 2023 set up state of the art manufacturing facility in Hyderabad, Telangana to produce 48,000 MT of Polyester Film and 10,000 MT of Metallized Polyester Film. The company currently generates more than 30% of its revenue from exports of Polyester Films & Specialty Polymers 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 US and other overseas markets.

For more information contact:

Pradeep Kumar Rustagi (Executive Director - Corporate Affairs)

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 / 1219

Fax: +91 22 6645 1213

Email: 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

