



Ester Industries announces Q4 FY22 results
- Q4 FY22 Revenue up 30%; EBITDA grows 8%

Gurugram, 21st May, 2022: 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, 2022.

Particulars (Rs.cr)	Q4 FY22	Q4 FY21	%	FY22	FY21	%
Revenues	388	297	30.6	1406	992	41.7
EBITDA	65	60	8.3	252	244	3.3
Margins (%)	16.8	20.2	(340 bps)	17.9	24.6	(670 bps)
PAT	33	34	(2.9)	139	142	(2.1)
Margins (%)	8.5	11.4	(290 bps)	9.9	14.3	(440 bps)

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

"We have ended the year on a strong note with Q4 delivering a revenue growth in excess of 30%, driven by strong sales momentum across our businesses.

Specialty Polymer business returned stellar performance during the year with a strong revenue and profitability growth. Product off-take for both our marquee legacy products remained robust, indicative of the strong underlying demand. Potential for the newly introduced products remains strong as well. Sales of Innovative PBT picked up during the quarter on expected lines, following a soft Q3 and we expect the trend to continue in the coming years as well. MB-03 registered a healthy volume growth during the quarter & the year and should drive the business' performance in the near term. Margins in percentage terms are lower due to denominator effect. Product pipeline for the business remains strong and we expect the momentum to continue in FY 23 as well.

Film business performed well during the year with revenue growth of ~30% both for the quarter as well as the year. While volumes for the quarter were slightly lower, improved realizations coupled with better product mix helped improve the profitability and margins. The improved product mix is largely owing to our conscious attempt towards scaling up the share of value-added products in the overall mix. The higher pricing during the quarter was largely owing to high input prices which was passed through ensuring margin maintenance in absolute terms. On a short-term basis though the margins may remain under pressure owing to incremental supply likely to hit the market. On a long-term basis, we expect volumes and margins to remain attractive. Implementation of Telangana project is progressing as per schedule and should result in scaling up our revenues and profitability post commencement of commercial production in October 2022.

As regard to Engineering Plastics business, we are witnessing gradual rationalisation of margins which had reached extraordinary / unprecedented levels in Q4FY21 & Q1FY22 quarters. The margins in Engineering Plastics business were lower during Q4FY22 despite revenue growth of 9% over the Q4FY21. We have decided to sell the business to Radici Plastics India Private Limited to enable us to concentrate our focus

on core businesses of Films and Specialty Polymers. The proceeds from the sale will not only help us strengthen our balance sheet but also provide us the growth capital for scaling up capacities in our core businesses.

Going forward, we believe we are well placed to deliver significant growth and create value for our shareholders going forward."

Business Highlights

- **Polyester Films – Delivers strong revenue growth of 31%; sustained margin on Q-o-Q basis**
 - Higher realizations on account of higher input prices coupled with better product mix resulted in revenue growth of 31%, despite lower volume of sales during the quarter
 - Share of Value-added products stood at 23% during Q4FY22 as against 20% during Q4FY21
 - Margins in absolute terms for the quarter improved on a sequential basis: Margins in percentage terms lower for the quarter due to larger denominator
 - Better pricing environment and higher share of value-added products resulted in margin progression in absolute terms
 - While margins may remain under pressure in the near term owing to build up of new capacities; long term prospects of the business continue to remain favourable.
 - Domestic demand growing at 11%-13%; Global demand continue to grow at 6%-6.5%

- **Specialty Polymers – Stellar performance; expect momentum to sustain in FY23**
 - Improved product mix and better realisations resulted in a strong revenue growth
 - Demand for existing marquee products (MB03 & Innovative PBT) and potential for new products continues to remain strong
 - Innovative PBT witnessed a sharp recovery (Q-o-Q basis) on expected lines, expect the momentum to continue in FY23 as well
 - Product pipeline remains strong; expect momentum for the SBU to continue in FY23

- **Engineering Plastics – Entered into Business Transfer Agreement to Radici Plastics India Private Limited to divest business**
 - Engineering Plastics business not considered as Core business by the management
 - Entered into a definitive agreement to sell its Engineering Plastic Business to Radici Plastics India Private Limited in an all-cash slump sales transaction, amounting to Rs 289.33 crore (subject to adjustments specified in Business Transfer Agreement and other agreements)
 - Strategic exit enables Company to concentrate focus on Core Businesses of Polyester Films and Specialty Polymers
 - Proceeds from the transaction not only results in stronger balance sheet but also provide the requisite growth capital for scaling up the core businesses of the Company

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, 57,000 TPA of Polyester Film, 30,000 TPA of Specialty Polymers and 16,500 TPA of Engineering Plastics. The company currently exports about 30% of its production of Polyester Films with sales and distribution network in more than 40 countries across the world resulting in strong customer relationship. Specialty Polymers are manufactured primarily for the US and other overseas markets.

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