



Ester Industries reports Q4 & FY23 results

Gurugram, 2nd June 2023: Ester Industries Limited, India's leading manufacturer of Polyester Films and Specialty Polymers, announced its financial results for the quarter and year ended March 31, 2023.

Particulars – Continued Operations (Rs.cr)	Q4 FY23	Q4 FY22	%	FY23	FY22	%
Revenues	256	305	(16)	1,095	1,119	(02)
EBITDA (including Non-operating income)	19	53	(64)	117	182	(36)
Margins (%)	7.4	17.4	(1000 bps)	10.6	16.2	(560 bps)
PAT (Continuing operations)	3	24	(88)	36	88	(59)
Margins (%)	1.1	7.9	(680 bps)	3.2	7.9	(470 bps)
Particulars – Discontinued Operations (Rs.cr)						
PAT from discontinued operations		9		13	51	
PAT from disposal of discontinued operations		0		112	0	
Particulars – Company as a whole (Rs.cr)						
PAT	3	33		161	139	
EPS	0.35	3.92		19.31	16.65	

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

"We have ended the year on a positive note with both our businesses making a comeback over previous quarter.

Specialty Polymer business performed well as sales volumes of our marquee products revived during the quarter which in turn aided in improving margins and profitability of the business. The recovery was largely on expected lines given that Q3 performance was impacted by short term headwinds across its core end user market. Though H1FY23 turned out to be significantly better than H1FY22, the headwinds caused by recessionary trends in USA impacted performance in H2FY23. Performance of the SBU is likely to remain impacted for 2 - 3 quarters until economic revival in USA. However, the prospects of the business remain robust basis innovative products already commercialized and expected to be introduced in near future. The persistent efforts of R&D team to improve innovation pipeline and process enables us to build a healthy product pipeline.



Film business staged a marginal recovery during the quarter with volumes and profitability both improving on a sequential basis. Volumes on stand-alone as well as consolidated basis benefited from the commissioning of our new unit at Telangana. Despite higher output, the business continues to see near term headwinds in terms of lower margins given excess supply in the market. Furthermore, higher input prices namely power & fuel further exerted pressure on the profitability. Though some recovery both in terms of pricing & margins is being seen in Q1FY24, the margins are expected to remain under pressure in near to medium term. To mitigate the same and to improve margins and profitability, we are focusing our efforts towards improving product mix and containing costs

We are embarking upon a journey of Business Process Re-engineering, Digital Transformation and Business Process Automation to make the processes more productive, lean, efficient and cost effective .

Going forward, we believe both our businesses are well positioned to deliver growth and create significant value for our shareholders. Furthermore, our focus on maintaining debt at prudent level, improving the cashflows and cost rationalization has enabled us to timely serve our debt commitments. While near term challenges may persist, both the businesses have demonstrated enough resilience in the past to withstand any threat and emerge stronger.”

Business Highlights

- **Polyester Films – Revenues and profitability improvement on Q-o-Q basis; pricing environment continue to remain challenging**
 - EBIT for the quarter turned positive as against loss in Q3FY23
 - Q4FY23 witnessed marginal recovery on sequential basis on the back of higher volumes following commercial operations at EFL. On an annual basis though, revenues moderated owing to benign margins
 - Share of Value-added products stood at 23% during Q4FY23
 - On an annual basis though, lower profitability is reflective of heightened competitive intensity (excess supply in near to medium term) and high input costs
 - Improvement being witnessed in price realization and margins during Q1FY24 over Q4FY23
 - While margins may remain under pressure in the near to medium term owing to build up in capacities; long term prospects of the business continue to remain favourable.
 - Ester Filmtech Limited (Wholly Owned Subsidiary) starts commercial operations, generates revenues worth Rs.49 crore during the quarter. Low margins and lower utilization levels resulted in EBITDA loss during the quarter. Performance remained muted also on account of Q4FY23 being first quarter of commercial operations
 - Production efficiency, stabilized operations, higher operating leverage coupled with better product mix and pricing environment should result in better profitability in Ester Filmtech Limited over the long term



- **Specialty Polymers – Sharp recovery on a sequential basis; remain optimistic over medium to long term**
 - Q4FY23 witnessed a sharp recovery on a sequential basis as sales of marquee products MB03 and IQPBT revived on expected lines. On an annual basis, the performance was largely steady despite external challenges
 - Profitability as well improved in Q4FY23 on a Q-o-Q basis amidst better product mix. On annual basis, profitability was stable
 - Recovery in Q4FY23 over Q3FY23 is reflective of the inherent strength of the business (largely IP protected business).
 - Performance of the SBU likely to remain impacted for 2 - 3 quarters until economic revival in USA

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 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 and 30,000 TPA of Specialty Polymers. Through Wholly Owned Subsidiary, Ester Filmtech Limited, it has recently set up state of the art manufacturing facility in Hyderabad, Telangana to produce 48,000 MT of 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.

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