



## Ester Industries announces Q1 FY23 results - Revenue up 26%; EBITDA grows 13%

**Gurugram, 10<sup>th</sup> August, 2022:** Ester Industries Limited, India's leading manufacturer of Polyester Films and Specialty Polymers, announced its financial results for the quarter ended June 30, 2022.

Particulars (Rs.cr)	Q1 FY23	Q1 FY22	%	Q4 FY22	%
Revenues	402	319	26.0	388	3.6
EBITDA	73	65	13.4	65	12.4
<b>Margins (%)</b>	<b>18.2</b>	<b>20.2</b>	<b>(200 bps)</b>	<b>16.8</b>	<b>+140 bps</b>
PAT	42	38	11.9	33	28.7
<b>Margins (%)</b>	<b>10.5</b>	<b>11.8</b>	<b>(130 bps)</b>	<b>8.5</b>	<b>+200 bps</b>

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

*"We have started the year on a strong note, with both our core businesses Films and Specialty Polymers registering good growth in revenue and profitability.*

*Specialty Polymer business has not only maintained its recent growth momentum but has accelerated even further. We expect the growth momentum to continue throughout the year and onwards. Volume growth for marquee products remains encouraging. Innovative PBT has been growing significantly year after year and has seen a sharp pick up in volumes during the quarter. Due to better product mix, margins as well have picked up on a sequential basis and we expect the trend to continue over the coming quarters. Product pipeline for the business remains encouraging, offering better visibility and potential for improved performance over the coming years.*

*Film business delivered yet another solid performance, with improvement in volumes as well as realizations. Margins as well have expanded despite inflationary environment largely owing to better product mix and price revisions undertaken to offset the impact of rising input prices. Our sustained efforts towards increasing the share of value-added & specialty products in the overall mix have started to pay dividends, in part helping us to de-commoditize the product portfolio. While inflationary pressure and demand supply imbalance caused by commissioning of new production lines may cause margin compression in the near term, the long term prospects of the business remain strong.*

*We are on course to commence commercial production from Telangana plant by October 22. Basis low cost of operations and proximity to markets, we expect Telangana plant to post satisfactory financial performance.*

*The deal for divestment of Engineering Plastics business on Slump Sale basis as a Going Concern is estimated to fructify within next 25 – 30 days. While our balance sheet is already healthy & resilient, the divestment of Engineering Plastics business will further strengthen it and provide us with the requisite growth capital to further scale up our core businesses.*

*We believe our core businesses are well placed to deliver consistent growth and create value for our shareholders."*

## Business Highlights

- **Polyester Films – Strong start to the fiscal; Revenues and margins expand (Y-o-Y and Q-o-Q basis)**
  - Better realizations and higher volumes resulted in revenue growth both on a Y-o-Y and Q-o-Q basis
    - Share of Value-added & specialty products stood at 22% during Q1FY23 as against 20% during Q1FY22
  - Margins improvement during the quarter was driven by:
    - Better product mix and higher realizations (price revisions undertaken to offset rising input prices)
  - While there may margin compression in the near term owing to build up of new capacities; long term prospects of the business continues to remain favourable.
  
- **Specialty Polymers – Stellar performance; expect momentum to sustain throughout FY23**
  - Higher product off-take resulted in revenue growth both on a Y-o-Y and Q-o-Q basis
  - While demand for MB-03 remained steady; strong traction was seen for Innovative PBT during the quarter
  - Product pipeline remains strong; expect momentum to continue throughout the year
  - Realizations are linked to raw material prices; variation in average price is a function of raw material cost, product mix and customer mix
  - Basis volume off take during FY 2021-22 and Q1FY23, expect substantial increase in revenues during FY 2022-23
  
- **Engineering Plastics – Soft performance on expected lines; <updated on the deal>**
  - Double-digit volume and revenue growth on a Y-o-Y basis due to lower base; Q-o-Q decline reflective of lower demand amidst higher prices
  - EBIT and margins declined primarily on account of lower volumes of EP compounds, OFC grade material and gradual moderation in realizations
  - EBIT margins started to improve from September 20 quarter, reached its peak during June 21 quarter and then started to gradually moderate with almost normal margins during June 22 quarter.
  - Board approved sale of Engineering Plastics division to Radici Plastics India Private Limited in an all-cash slump sales transaction, amounting to Rs. 289.33 crore. Deal to fructify in next 25 – 30 days.

## 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 & Sitarganj 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 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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