



Ester Industries delivers strong Q1 performance

- Revenue grows 69%; EBITDA jumps 23%; PAT expands 28%

Gurugram, 9th August, 2021: Ester Industries Limited, India's leading manufacturer of Polyester Films, Engineering Plastics and Specialty Polymers, announced its financial results for the quarter ended June 30, 2021.

Particulars (Rs.cr)	Q1 FY22	Q1 FY21	%	Q4 FY21	%
Total Revenue	319	189	69.1	297	7.4
EBITDA	64	52	23.2	60	6.8
Margins (%)	20.2	27.8	(760 bps)	20.3	(10 bps)
PAT	38	29	28.1	34	11.0
Margins (%)	11.8	16.0	(420 bps)	11.4	40 bps

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

"We have started the year on a positive note with a healthy growth in topline and profitability. The performance could have been even better but for the second wave of the pandemic which disrupted operations in the early part of the quarter. All our businesses performed well, demonstrating the resilience and innate strengths of the business.

Specialty Polymer business rebounded strongly on expected lines on the back of high demand and normalization of business environment in customer markets (especially USA). MB-03, our marquee product, reported sharp volume growth during the quarter. Innovative PBT as well delivered Y-o-Y improvement in volume terms. The other positive development has been the commercial sales of MB07, which received final approval from customers after 3 years of rigorous hard work. We expect the volumes to grow steadily for the same over the coming quarters. Further, we also achieved techno commercial qualification for LMC03. Other innovative product namely MB16 is close to achieving techno commercial qualification. We are extremely positive on the business prospects of Specialty Polymers SBU and expect overall volumes to significantly pick up in coming years.

Film business continued to maintain its recent growth momentum, with volumes remaining elevated. Margins though softened a bit during the quarter despite reporting a healthy top line growth. The main reason for margin compression is commissioning of two new production lines overseas. Another reason exerting pressure on demand in the short term is input cost pressure on smaller packs for snack foods. Besides benign realisation, higher proportion of chips sales that has very low margin contributed to lower margin percentage. We are working towards improving our product mix by increasing the share of value-added products and expect the business to deliver consistent growth in coming years, which will be aided in part by commissioning of our new BOPET film plant in the state of Telangana. We expect Film SBU to deliver consistent performance over long term.

Performance of Engineering plastics business in volumetric terms during the quarter was impacted in part by the second wave of pandemic. However, despite lower volume & revenues, the business reported sharp improvement in profitability owing to rising trend in base polymer prices. We expect the business to perform well over the coming quarter and contribute positively to the overall profitability of the Company. Relocation of unit will also facilitate further improvement in operations and profitability of the business.

We believe all our businesses are well positioned to deliver consistent growth in the coming years and create value for our shareholders.”

Business Highlights

- **Polyester Films – Volumes remain strong; low realisations impact margins**
 - Strong demand from end – user industries help maintain volume momentum; volume growth of 21% on a Y-o-Y basis and 6% on a sequential basis
 - High proportion of low margin chip sales, high ocean freight cost and benign realisations following commissioning of new additional capacities globally exert pressure on margins during the quarter
 - Expect margin trajectory to improve in the coming years on the back of growing product portfolio, expansion in range of products with recycled content and higher sales of Offline coated products

- **Specialty Polymers – Sharp rebound in the business; Expect strong performance in FY22**
 - Sharp pick up in the business; revenue growth of 238% on a Y-o-Y basis
 - Higher product off-take, reflective of strong demand
 - Positive response for newly introduced products; received customer approval for MB07
 - Better product mix (greater share of high margin products) and operating leverage resulting in profitability and margin expansion

- **Engineering Plastics – Profitability remains steady despite disruption in momentum caused by second wave of the pandemic**
 - Lower volumes during the quarter owing to covid related challenges. On a Y-o-Y basis though, witnessed smart recovery of 253% growth in revenues. Volumes have subsequently picked up pace, should revert to normal levels in the coming quarters
 - EBIT during the quarter remained steady despite revenue compression on a sequential basis on the back of improved margins
 - Sharp improvement in margins owing to rising trend in base polymer prices
 - Relocation of unit should help in further improvement in operations and profitability of the business

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, 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 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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