



## Ester Industries reports Q1 FY24 results

**Gurugram, 14<sup>th</sup> August 2023:** Ester Industries Limited, India's leading manufacturer of Polyester Films and Specialty Polymers, announced its financial results (stand-alone and consolidated) for the quarter ended June 30, 2023.

STANDALONE	Q1 FY24	Q1 FY23**	%	Q4 FY23	%
Particulars – (Rs.cr)					
Revenues	206	402	(49)	256	(9)
EBITDA (including Non-operating income)	13	73	(83)	19	(34)
Margins (%)	6.1	18.2	(1,213bps)	7.4	(132bps)
PAT (Continuing operations)	(5)	42	-	3	-
Margins (%)	(2.4)	10.5	-	1.1	-

**\*\* Continuing & discontinued operations**

CONSOLIDATED	Q1 FY24	Q1 FY23**	%	Q4 FY23	%
Particulars – (Rs.cr)					
Revenues	267	402	(34)	293	(9)
EBITDA (including Non-operating income)	10	73	(86)	9	10
Margins (%)	3.6	18.2	(1460bps)	2.9	61bps
PAT (Continuing operations)	(22)	42	-	(18)	
Margins (%)	(8.4)	10.5	-	(6.1)	

**\*\* Continuing & discontinued operations**

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

"We have had a soft start to the year, largely on expected lines given the challenging external environment. Specialty Polymer business performance was adversely impacted by the recessionary worries persisting in the US which is a primary market for the business. Lower product off-take coupled with adverse product mix resulted in lower margins and profitability for the quarter. While sales of our marquee products i.e. MB03 and Innovative PBT contracted during the quarter, we expect revival in the volume of sales of both the products as the recessionary trend start to subside in US over next 2 -3 quarters. The long-term prospects of the business remain robust. Our efforts are directed towards building onto our portfolio by introducing new innovative products. We are also strengthening efforts in enhancing our business development team by appointing an experienced head of marketing & business development to realize the stated target.



*Film business performance is reflective of the challenging environment grappling the business at present both within India and outside. Excess supply in the market post commissioning of new capacities coupled with lower exports sales have exerted acute pressure on the realizations and consequently the unprecedented compression in margins and profitability. We could have sold higher volume but that would not have improved the bottom-line as the contribution margins were extremely low (at times even negative). While we expect margins and business continue to experience pressure in short term, medium to long term growth prospects though remain encouraging. We are also working towards improving our product mix to help improve the profitability of the business. We have recently enhanced our production capacity for such products and expect increase in volume of sales of VAS products as the economic situation outside of India (especially Europe and US) improves.*

*Consolidated results for the Q1FY24 and Q4FY23 include operations of Telangana Film plant which commenced commercial production on 20<sup>th</sup> January 2023. It generally takes 2 – 3 quarters for the operations and production to stabilize. Accordingly, production and sales levels are about 50% of the capacity during Q1 FY24 and Q4 FY23. While performance during short to medium term may be subdued on account of initial quarters of operations and external market scenario, the long-term prospects remain strong because of low cost of conversion and operations on account of huge single line capacity that is quite economical from cost of production point of view. .*

*Going forward, while the near-term challenges persists, we believe both our businesses are well positioned to drive expansion and generate substantial value for our shareholders in the medium to long-term. We are equally dedicated to keep interest bearing debt in Balance Sheet at responsible levels and maximizing our cash flows to ensure the ongoing liquidity strength of the business.”*

## **Business Highlights**

- **Polyester Films – Excess supply in domestic market and recessionary trends in US & EU weigh on exports demand in Q1 performance**
  - Excess supply in domestic market post commissioning of new facilities coupled with recessionary trends in US & EU weaken exports demand in Q1 and impacts performance, revenue momentum and profitability
    - Share of Value-added products stood at 28% during Q1FY24
  - EBIT for the quarter stood at Rs.4 crore
  - Ester Filmtech Limited (Wholly owned subsidiary) generates revenues worth Rs.64 crore during the quarter. Q1FY24 being the first full quarter of operations, the EBITDA turned out to be negative as it 2 -3 quarters to stabilize / optimize production & operations
- **Specialty Polymers – Recessionary worries in US economy halts growth momentum; remain optimistic over medium to long term**
  - Lower off-take and adverse product mix impacts Q1FY24 performance
  - Lower sales of marquee products i.e. MB03 and Innovative PBT results in margin and profitability compression
  - Expect the business to maintain its momentum in the near to medium term on the back of strong product pipeline

## **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 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 during quarter ended March 2023 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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