

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

NOTICE is hereby given that the Extra-ordinary General Meeting of Members of ESTER INDUSTRIES LIMITED will be held on Saturday, 7th APRIL, 2012 at 1.30 PM at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima-262308, District Udham Singh Nagar, Uttarakhand, to transact the following businesses:

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s), the following Resolutions as Special Resolutions:

1. Modification in the terms of appointment of Mr. Pradeep Kumar Rustagi as Whole-Time Director of the Company

“RESOLVED THAT in partial modification of earlier Resolution passed at the Annual General Meeting of the Company held on 25th July, 2011 wherein Mr. Pradeep Kumar Rustagi was appointed as Whole-time Director of the Company w.e.f. 14th February, 2011 for a period of five years and pursuant to the provisions of Section 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of Central Government, if required, the consent of the members of the Company be and is hereby accorded for the appointment of Mr. Pradeep Kumar Rustagi as Whole-time Director of the Company from 14th February, 2011 upto 31st March, 2014 and w.e.f. 1st April, 2011 Mr. Pradeep Kumar Rustagi will be entitled/paid following remuneration—

Details of Remuneration

- i) Basic Salary shall be within the grade of Rs. 2,00,000 – Rs. 3,50,000 per month.
- ii) Special Allowance and House Rent Allowances – As per the policy applicable to employees in the same grade.
- iii) Leave Travel Allowance – The yearly payment in the form of allowance shall be equivalent to one month's basic salary
- iv) Leased Car shall be provided as per the policy of the Company.
- v) Company's contribution to Provident Fund, Superannuation Fund, as per Company Policy
- vi) Reimbursement of the Medical Expenses, Business Attire, Driver Salary, Vehicle Running and Maintenance, Business Meeting and entertainment, traveling and all other expenses incurred by him for the business of the Company
- vii) Apart from the above Mr. Pradeep Kumar Rustagi shall be entitled such other reimbursements, allowances, incentives, perquisites, amenities and benefits as per the policy of the Company as applicable time to time.

However the appointee shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration

of Mr. Pradeep Kumar Rustagi from time to time within the limits prescribed and permitted under Section 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), as amended from time to time, during his term of office without being required to seek any fresh approval of the Members of the Company and the decision of the Board of Directors shall be final and conclusive in that regard.

RESOLVED FURTHER THAT if, during the tenure of Mr. Pradeep Kumar Rustagi as Whole-time Director, the Company has no profits or its profits are inadequate in any financial year, the above remuneration will be paid to him as minimum remuneration.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to sign and execute such documents/writings or other papers as may be necessary and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution.”

2. Modification in the terms of appointment of Mr. Ashok Kumar Agarwal as Whole-Time Director of the Company

“RESOLVED THAT in partial modification of earlier Resolution passed at the Annual General Meeting of the Company held on 25th July, 2011 wherein Mr. Ashok Kumar Agarwal was appointed as Whole-time Director of the Company w.e.f. 14th February, 2011 for a period of five years and pursuant to the provisions of Section 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of Central Government, if required, the consent of the members of the Company be and is hereby accorded for the appointment of Mr. Ashok Kumar Agarwal as Whole-time Director of the Company from 14th February, 2011 upto 31st March, 2014 and w.e.f. 1st April, 2011 Mr. Ashok Kumar Agarwal will be entitled/paid following remuneration—

Details of Remuneration

- i) Basic Salary shall be within the grade of Rs. 2,00,000 – Rs. 3,50,000 per month.
- ii) Special Allowance – As per the policy applicable to employees in the same grade.
- iii) Company Accommodation or House Rent Allowance (if Company accommodation is not provided).
- iv) Leased car shall be provided as per policy of the Company.
- v) Leave Travel Allowance – The yearly payment in the form of allowance shall be equivalent to one month's basic salary
- vi) Company's contribution to Provident Fund, Superannuation Fund, as per Company Policy
- vii) Reimbursement of the Medical Expenses, Business Attire, Driver Salary, Vehicle Running and Maintenance,

Business Meeting and entertainment, traveling and all other expenses incurred by him for the business of the Company

- viii) Apart from the above Mr. Ashok Kumar Agarwal shall be entitled such other reimbursements, allowances, incentives, perquisites, amenities and benefits as per the policy of the Company as applicable time to time.

However the appointee shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the remuneration of Mr. Ashok Kumar Agarwal from time to time within the limits prescribed and permitted under Section 198, 269, 309, 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), as amended from time to time, during his term of office without being required to seek any fresh approval of the Members of the Company and the decision of the Board of Directors shall be final and conclusive in that regard.

RESOLVED FURTHER THAT if, during the tenure of Mr. Ashok Kumar Agarwal as Whole-time Director, the Company has no profits or its profits are inadequate in any financial year, the above remuneration will be paid to him as minimum remuneration.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to sign and execute such documents/writings or other papers as may be necessary and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable, expedient or incidental for the purpose and to settle any question, difficulty or doubt that may arise in giving effect to this resolution."

**For and on behalf of the Board
For Ester Industries Limited**

Sd/-

**Place : New Delhi
Date : 14th February, 2012**

**Arvind Kumar Singhania
Chairman**

NOTE:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, TO VOTE (ON A POLL) INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY AT SOHAN NAGAR, P.O. CHARUBETA, KHATIMA - 262308 DISTRICT UDHAMSINGH NAGAR, UTTARAKHAND NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
- An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the general meeting is annexed.
- Members/proxies should bring the attendance slip duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 1

The members at their Annual General Meeting held on 25th July, 2011 approved the appointment and remuneration of Mr. Pradeep Kumar Rustagi as Whole-time Director of the Company w.e.f. 14th February, 2011 for a period of 5 (five) years pursuant to the provisions of Section 198, 269, 309, 310, read with Schedule XIII to the Companies Act, 1956 (the Act).

Due to the changed market conditions and global & domestic over supply situation, it is likely that the Company may not have adequate profits in terms of the provisions of Schedule XIII of the Act and in terms of the provisions of this Schedule in case of inadequacy of profits, the payment of managerial remuneration must be approved at a time for a period of 3 (three) years by way of Special Resolution.

Pursuant to the above, the Board at their meeting held on February 14, 2012 approved the modified terms & conditions of appointment of Mr. Pradeep Kumar Rustagi, as Whole Time Director of the Company on the recommendation of the resolution passed by the Remuneration Committee in its meeting held on the same date subject to the consent of the members of the Company and approval of Central Government, if required, pursuant to provisions of Section 198, 269, 309, 310, read with Schedule XIII of the Act. Therefore, the Board of Directors recommend the approval of this Special Resolution by the members.

This explanatory statement together with the accompanying notice is and may be treated as an abstract under Section 302 of the Act. All related documents will be open for inspection on all working days during business hours at the registered office of the Company.

Except Mr. Pradeep Kumar Rustagi as appointee Director, none of the Directors of the Company is concerned or interested in the proposed resolution. The Board of Directors recommends the above Resolutions for approval of the Shareholders.

Item No. 2:

The members at their Annual General Meeting held on 25th July, 2011 approved the appointment and remuneration of Mr. Ashok Kumar Agarwal as Whole-time Director of the Company w.e.f. 14th February, 2011 for a period of 5 (five) years pursuant to the provisions of Section 198, 269, 309, 310, read with Schedule XIII of the Companies Act, 1956 (the Act).

Due to the changed market conditions and global & domestic over supply situation, it is likely that the Company may not have adequate profits in terms of the provisions of Schedule XIII of the Act and in terms of the provisions of this Schedule in case of inadequacy of profits, the payment of managerial remuneration must be approved at a time for a period of 3 (three) years by way of Special Resolution.

Pursuant to the above, the Board at their meeting held on February 14, 2012 approved the modified terms & conditions of appointment of Mr. Ashok Kumar Agarwal, as Whole Time Director of the Company on the recommendation of the resolution passed by the Remuneration Committee in its meeting held on the same date subject to the consent of the members of the Company and approval of Central Government pursuant to provisions of Section 198, 269, 309, 310, read with Schedule XIII of the Act. Therefore the Board of Directors recommend the approval of this Special Resolution by the Members.

This explanatory statement together with the accompanying notice is and may be treated as an abstract under Section 302 of the Act. All related documents will be open for inspection on all working days during business hours at the registered office of the Company.

Except Mr. Ashok Kumar Agarwal as appointee Director, none of the Directors of the Company is concerned or interested in the proposed resolution. The Board of Directors recommends the above Resolutions for approval of the Shareholders.

The information required to be given as per Section II of Part II of Schedule XIII of the Act is detailed below for appointment of Mr. Pradeep Kumar Rustagi and Mr. Ashok Kumar Agarwal -

I) General Information:

(1)	Nature of Industry	Manufacturer of Polyester Chips, Speciality Polymers, Polyester Film and Engineering Plastics
(2)	Date of or expected date of commencement of commercial production :	1st July, 1988 and various expansions thereafter
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:	Not Applicable

(4) Financial Performance based on the given indicators:

(Rs. In Lacs)

Particulars	F.Y. 2008-09	F.Y. 2009-10	F.Y. 2010-11
Net Sales (Less Excise Duty)	37240.96	39537.06	66100.61
Other Income	92.45	105.88	198.20
Total Income	37333.41	39642.94	66298.81
Expenditure	30219.64	33465.15	43974.36
Depreciation	1341.68	1415.32	1792.58
Interest and other financial expenses	963.45	628.22	1192.55
Profit / (Loss) before tax	4808.64	4134.25	19339.32
Provision for taxation (including Deferred tax)	1465.25	1347.69	6392.55
Profit / (Loss) after tax	3343.39	2786.56	12946.77

(5) Export performance and net foreign exchange collaborations

During the year 2010-11, the export volume (in quantity) was approx 46% of total sales quantity. This sale was made in approx 75 countries across the globe, mainly into South America, Africa, CIS countries and Far East Asian Countries. Ester also commissioned a new film line during January 2011 with additional capacity of 27000 MT/annum & keeping this in mind, Ester already started focusing in new countries/markets to expand their customer base to cater additional volume & better realisation in exports.

(6) Foreign investments or collaborators, if any :

Presently as on 31st December, 2011, the Company has following foreign Investments in the Company –

Promoter Category (Foreign) – 57.51%

Public Category (Foreign)- 1.34%

The company has no foreign collaboration.

II) INFORMATION ABOUT MR. PRADEEP KUMAR RUSTAGI & MR. ASHOK KUMAR AGARWAL

(1) BACKGROUND DETAILS, RECOGNITION OR AWARDS

Pradeep Kumar Rustagi

Mr. Pradeep Kumar Rustagi serves as Executive Director & Chief Financial Officer (CFO) of the Company and oversees the finance and accounting department. Mr. Pradeep has rich experience of 23 years with leadership roles in financial planning, accounts, budgeting & MIS, liaison with banks & financial institutions, statutory compliance and excise. Mr. Pradeep Kumar Rustagi is a qualified Chartered Accountant from the Institute of Chartered Accountants of India.

Ashok Kumar Agarwal

Mr. Ashok Kumar Agarwal serves as Executive Director & Business Head-Film of the Company. Mr. Ashok has over 30 years operational experience across production, planning and control, supply chain, engineering processes, sales and marketing, quality and people management. Under Mr. Ashok's leadership Ester successfully built and commissioned its two new lines of film production. Mr. Ashok specialises in operations, business planning and general management and has led several change management initiatives within the polyester film business at Ester.

(2) P AST REMUNERATIONS

Details of Remuneration paid to both the appointees in 2010-11 are as below* –

(Rs. In Lacs)

	Pradeep Kumar Rustagi	Ashok Kumar Agarwal
Basic Salary	23.00	23.63
Allowances	23.76	21.78

Apart from the above these Directors were also entitled/paid the following –

- 1) Company Accommodation (if HRA is not paid) and Leased car as per policy of the Company.
- 2) Leave Travel Allowance – The yearly payment in the form of allowance equivalent to one month's basic salary
- 3) Reimbursement of the Medical Expenses, Business Attire, Driver Salary, Vehicle Running and Maintenance, Business Meeting and entertainment, traveling and all other expenses incurred by him for the business of the Company
- 4) such other allowances, incentives, perquisites, amenities and benefits as per the policy of the Company as applicable time to time.

* Mr. Pradeep Kumar Rustagi and Mr. Ashok Kumar Agarwal were appointed w.e.f. 14th February, 2011, therefore from 1st April 2010 to 13th February, 2011, the remuneration were paid to them as an Employee and from 14th February, 2011 to 31st March, 2011, the remuneration were paid to them as Whole Time Directors.

(3) JOB PROFILE AND SUITABILITY

Mr. Pradeep Kumar Rustagi

Mr. Pradeep Kumar Rustagi manages and is in-charge of all the affairs relating to finance, accounts, raw material purchase, taxation etc. He also plays pivotal role in Strategy Planning and establishment of new Projects of company.

As Executive Director & CFO of the Company he will be responsible for the management of the Company, subject to the superintendence, guidance and control of the Board of Directors of the Company. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person to be appointed as the Whole-time Director of the Company

Mr. Ashok Kumar Agarwal

Mr. Ashok Kumar Agarwal manages the Business Operations, Plant Operations, Export of Polyester Film and Chips. He is overall in-charge of Factory Administration.

As Executive Director & Business Head-Film of the Company he will be responsible for the management of the Company, subject to the superintendence, guidance and control of the Board of Directors of the Company. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person to be appointed as the Whole-time Director of the Company

(4) PROPOSED REMUNERATION

Proposed Remuneration of both the Directors are given in the resolutions under Item 1 & 2.

(5) COMPARATIVE REMUNERATION

Mr. Pradeep Kumar Rustagi

The proposed remuneration would be commensurate with the size of the Company and nature of the industry. The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and capabilities of Mr. Pradeep Kumar Rustagi, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions in the same industry.

Mr. Ashok Kumar Agarwal

The proposed remuneration would be commensurate with the size of the Company and nature of the industry. The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the industry, size of the Company, the responsibilities and Capabilities of Mr. Ashok Kumar Agarwal, the proposed remuneration is competitive with the remuneration paid by other companies to such similar positions in the same industry.

(6) RELATIONSHIP

Mr. Pradeep Kumar Rustagi and Mr. Ashok Kumar Agarwal does not have any pecuniary relationship and is also not related to any managerial personnel of the Company. They hold following shareholding in the Company –

Mr. Pradeep Kumar Rustagi - 500 Equity Shares

Mr. Ashok Kumar Agarwal - 100 Equity Shares

III) OTHER INFORMATION

(1) Reasons of loss or inadequate profits

- The company expanded capacities of Engineering Plastics (in November 2009) and Polyester Chips and Polyester Films business (in January 2011) but because of lower GDP growth during 2011-12, the growth in the demand for the products of the Company has been lower than expected.
- Significant expansions worldwide in Polyester Film business has caused skewed demand supply balance with supply exceeding the demand.
- There has been increase in various elements of cost viz Power & Fuel, Salary & Wages and Selling Expenses, Administrative Expenses on account of inflation and increase in the Furnace Oil prices.
- Ban on the use of plastic films for domestic Pan Masala / tobacco products ("Pan Masala / Gutkha") packaging has also adversely impacted the margins in Polyester Film business. The matter is sub-judice in the Supreme Court of India.

(2) Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms

- Entering into Specialty Polymer business. The Specialty Polymer business will utilise the unutilised Polyester Chips capacity. Specialty Polymers would be exported and would fetch better realisation. Moreover, Specialty Polymer business is not cyclical in nature and therefore is not susceptible to drop in margins.
- Increasing the proportion of Value Added Niche products in the Polyester Film business. Value Added Niche products fetch higher realisation than the plain polyester film and are less susceptible to cyclicity.
- Increasing focus on reduction in costs.
- Improving processes and thereby improving productivity & efficiency that will lead to reduced wastages.
- Developing new product variants in the Polyester Film and Engineering Plastics business. This will enable the Company to increase the volume of sales of products of the Company.

IV) DISCLOSURE

1. Remuneration Package - The Remuneration Package of Mr. Pradeep Kumar Rustagi and Mr. Ashok Kumar Agarwal are informed to the Shareholder in the Resolutions under Item 1 & 2
2. Details of Remuneration Components, Stock Options and other details – All such details shall be mentioned in Annual Report for 2011-12.

All the information as required to be given pursuant to Clause 49(G) of listing agreement are already contained under details given as above pursuant to Schedule XIII of the Companies Act, 1956.

**For and on behalf of the Board
For Ester Industries Limited**

Sd/-

**Place : New Delhi
Date : 14th February, 2012**

**Arvind Kumar Singhania
Chairman**



Registered Office : Sohan Nagar, P.O. Charubeta, Khatima - 262 308, District Udham Singh Nagar, Uttarakhand

PROXY FORM

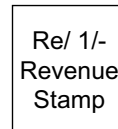
D.P. Id. No.	
Client Id No.	

Folio No.	
No. of Shares	

I/We..... R/o.....
.....being a Member/Members of ESTER INDUSTRIES LIMITED hereby appointed
Mr./Ms..... R/o or failing him/her
Mr./Ms..... R/o as my/our
Proxy to attend and vote for me/us on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on
Saturday the 7th Day of April, 2012 at 1.30 p.m. at Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh
Nagar, Uttarakhand and/or any adjournment thereof.

Signed thisday of 2012.

Signed by the said _____



- Note :
1. A proxy need not be a member of the Company.
 2. A Proxy can not speak at the meeting or vote on show of hand.
 3. This form duly completed and signed as per specimen signature registered with the Company should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the Meeting.
 4. Strike out whichever is not applicable.



Registered Office : Sohan Nagar, P.O. Charubeta, Khatima - 262 308, District Udham Singh Nagar, Uttarakhand

EXTRA ORDINARY GENERAL MEETING ATTENDANCE SLIP

DULY FILLED ATTANDANCE SLIP SHALL BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

D.P. Id. No.	
Client Id No.	

Folio No.	
No. of Shares	

I/We hereby record my/our presence at the Extra Ordinary General Meeting of the Company to be held on Saturday the 7th Day of April 2012 at 1.30 p.m. at Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand.

Name of the Shareholder (IN CAPITAL LETTER)	
Name of Proxy (IN CAPITAL LETTER)	

SIGNATURE/S OF THE SHAREHOLDER/S OR PROXY
(To be signed at the time of handing over the slip)