Ester Industries Limited | 25th Annual Report 2010-11

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Our DNA at Ester.

Because when the times are tough, we focus on building capabilities, improving processes, optimising costs and thinking creatively.

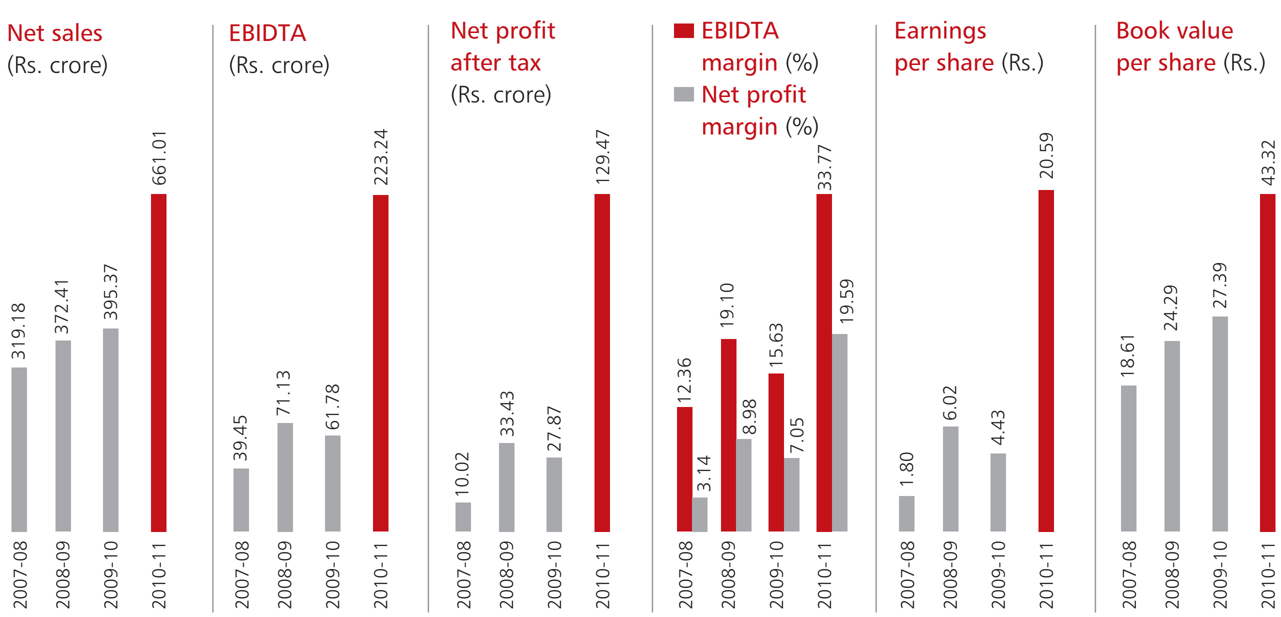
Because when it comes to execution, we deliver with courage, commitment, passion and excellence.

The result: we are now among India's largest Thin BOPET Film manufacturers.

Ester Industries Limited is India's leading integrated manufacturer of Thin Biaxially Oriented Polyethylene Terephthalate (BOPET) Films and a significant player in the field of Engineering Plastics.

- Ester manufactures a range of Thin BOPET Films (marketed under the UmaPET brand). Its Engineering Plastics include compounds of PBT, Nylon-6, Nylon-66, Poly Carbonate and ABS, marketed under the Estoplast brand.
- Ester is headquartered in Gurgaon (Haryana, India) with its manufacturing facility in Khatima (Uttarakhand, India). The Company has a customer base across more than 70 countries. The equity shares of the Company are listed on the Bombay Stock Exchange, (BSE) and National Stock Exchange (NSE), India

Past performance at a glance

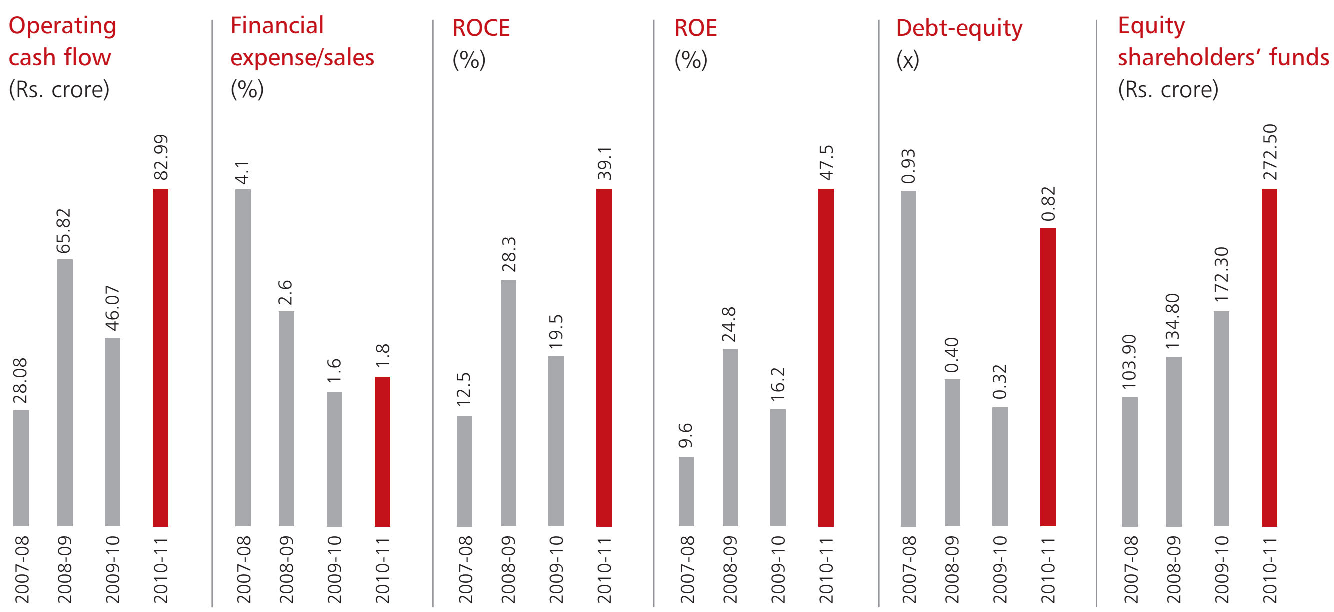


Vision

- We are committed to total customer satisfaction by being a reliable supplier of quality goods and services.
- We believe people are our most valuable asset.
- We shall provide an environment for continuous learning, growth and development to achieve corporate excellence.

Mission

- To be a global player in BOPET Films, related products and Engineering Plastics
- To ensure total customer satisfaction through innovation, continuous improvement in capability, teamwork and total employee involvement



> Driven by strong demand, and a global shortage in polyester films, 2010-11 was a watershed year for Ester Industries.

Arvind Kumar Singhania reviews the Company's performance and outlines the road ahead.

Dear Shareholders,

It gives me immense pleasure to present the Annual Report for the year 2010-11 and share with you the highlights of the year and our plans going forward.

The world economy has demonstrated continued recovery post the financial meltdown in 2008, barring a few shocks in the European Union in Greece, Spain and Portugal which, momentarily, threatened to push the world towards a double-dip recession. However, adequate corrective actions taken by the European Union have ensured stable economic scenario and a healthy growth prospects in the future.

Driven by strong demand coupled with global capacity shortages in polyester films, 2010-11 has truly been a watershed year for Ester Industries in many ways. Strategically, with the addition of a new 30,000 MT of polyester film line at our manufacturing site in Khatima, Uttarakhand, India your Company has taken a significant step towards accomplishing its goal of becoming one of the world's leading polyester films company.

Operationally, our Net Sales Turnover increased by 67% from Rs. 39,537 lacs to Rs. 66,101 lacs. The strong demand increase exhibited is another testament of the fact that Ester's products are attractive and sought-after by customers. Financially, our performance in 2010-11 has been outstanding. EBITDA and PAT grew 261% and 365% respectively compared to last year. This has enhanced the efficiency of Ester and increases our financial headroom for the future. The bourses rewarded our performance with Ester's share price peaking to its historical high of Rs. 104.65 per share.

Post our expansion, the Polyester Film capacity now stands at 57,000 MT and Metalised Film capacity at 13,200 MTPA. The Polyester Films business exhibited strong growth of 79% with Net Sales increasing from Rs. 29,177 lacs to Rs. 52,317 lacs driven by increased volumes, higher film price realisation and larger share of exports. Our sales volume has grown from 29,841 MT to 31,377 MT representing 5% growth contributed by better utilisation and new line commissioning in last quarter of financial year. In 2010-11 the Company increased the share of value-added products to 23% up from 17% in 2009-10. Ester also extended its global presence in 2010-11. Our exports presence is now in 75 countries up from 50 countries in 2009-10. For 2010-11 our exports now account for 43% of volume sold & 41% of the Net Sales Turnover

Your Company's strong performance in 2010-11 was also a reflection of underlying structural changes impacting the global thin polyester films industry. Global demand for thin polyester films grew around 8% in 2010-11. Our industry also witnessed a demand supply mismatch with the closure of unviable thin polyester film manufacturing units in high cost developed countries. Several thin film lines also converted to thick film lines in 2010-11.

Similar robust performance was expected to continue through 2011-12 as well. However, the recent ban on the use of plastic films in domestic tobacco products ('gutka') which accounts for 25-30% of domestic sales volume of polyester films, has adversely impacted our business with margins coming under pressure. The matter is sub-judice in the Honorable Supreme Court with a final decision on the ban expected in the second quarter of FY 2011-12.

Ester is navigating this regulatory headwind with our focus on product innovation and development backed by aggressive sales and marketing initiatives to: (a) diversify our customer base; (b) find new export markets and (c) increasing the basket of value-added products in our portfolio to mitigate the low margins on plain polyester films.

The Engineering Plastics Business has demonstrated a 15% growth in 2010-11 with Net Sales increasing from Rs. 6,737 lacs to Rs. 7,733 lacs driven by better price realisation. Engineering polymers are capable of high performance in a variety of environments and are hence being used in applications such as automotive, electrical and electronics appliances. These segments are demonstrating double digit annual growth rates. Overall the Indian Engineering Plastics market is growing at a pace of 15% per annum. During 2010-11 we have further enhanced our capabilities in human resources, sales and marketing and in R&D in the EP business. We are confident of delivering a better performance in EP during 2011-12.

Our balance sheet looks even healthier this year with significant improvement in the shareholders' fund with book value per equity share improving by 58% from Rs. 27.4 to Rs. 43.3. In line with our performance, the Company declared an interim dividend of 40%. The Directors have also recommended a final dividend of 40% making an aggregate dividend of 80% for 2010-11. We will use our earnings and liquidity to drive forward the development of the Company.

Ester's management is committed to delivering sustained profitable growth to its shareholders. Operational excellence is an important focus area in the pursuit of sustainable value creation. Ester's manufacturing operations continue to have a consistent track record in establishing efficiency enhancements that represent major changes in performance and add to the bottom line. We will deliver value to our shareholders through a business plan based on three key elements (a) ensuring cost efficiencies across the entire business value chain, (b) deployment of innovative product marketing strategies to quickly identify and capture high margin value-added products and (c) development of our core organisational capabilities.

Ester assigns very high importance to its customer relationships. This is evident by the introduction of a corporate requirement in 2010 to undertake Net Promoter Score (NPS) surveys to gauge our customer relationship programs and getting a consistently good score on these surveys.

In line with our future growth plans to make Ester a best-in-class business process driven company, Ester's leadership team with assistance from Hay Group – a globally recognised organisational effectiveness consulting firm – reviewed Ester's organisation capabilities to deliver on our growth plans. I am pleased to share with you two critical organisation wide initiatives which we rolled out in 2010-11.

The first initiative is to enable a high performance culture at Ester through 'business focused' behaviour – aptly named 'The Esterian DNA' – that need to be displayed by every Ester employee as they form the DNA of success at Ester – for every individual and for the Company as a whole. Through a rigorous and research-backed method, Ester's leadership has identified 'The Esterian DNA' which encompass both operational as well as soft skill elements that will be a key differentiator for us as we continue to grow and will play a key role in making our growth story a success.

The second initiative is our new performance management system - 'PACE' (Performance and Capability Enhancement) which captures the essence of our performance management philosophy. The new Performance Management System is designed to:

- Drive a high performance culture by motivating individuals to 'raise the bar' on performance
- Put in place a systematic approach for leadership development to meet today's challenge
- Create a leadership pipeline for future needs of the business
- Improve organisational performance in the long run by raising the level of performance of all employees
- Differentiate high performers and reward them adequately
- Provide a fair and transparent process for managing individual performance
- Drive employee engagement and communication

Ester strives to be global employer of choice for high performance talent and I am confident that this objective and metrics driven performance management process will be a key enabler in implementing our strategic priorities and in helping us realise our business goals and aspirations. We will build on our culture change program with an emphasis on external orientation, accountability for performance and inspirational leadership. All these elements will be implemented with a focus on collaboration and speed of execution to support the realisation of our strategy and to reach our goals.

I take this opportunity to express my gratitude to all the shareholders for their continued support and confidence in our Company. I am also thankful to my fellow Directors for their support and valuable guidance in our growth story and would also like to thank all our employees, customers, dealers, suppliers and other business associates for their association with Ester.

I look forward to your continued support as we take this company towards a promising future.

Arvind Kumar Singhania

Chairman

Management Discussion and Analysis

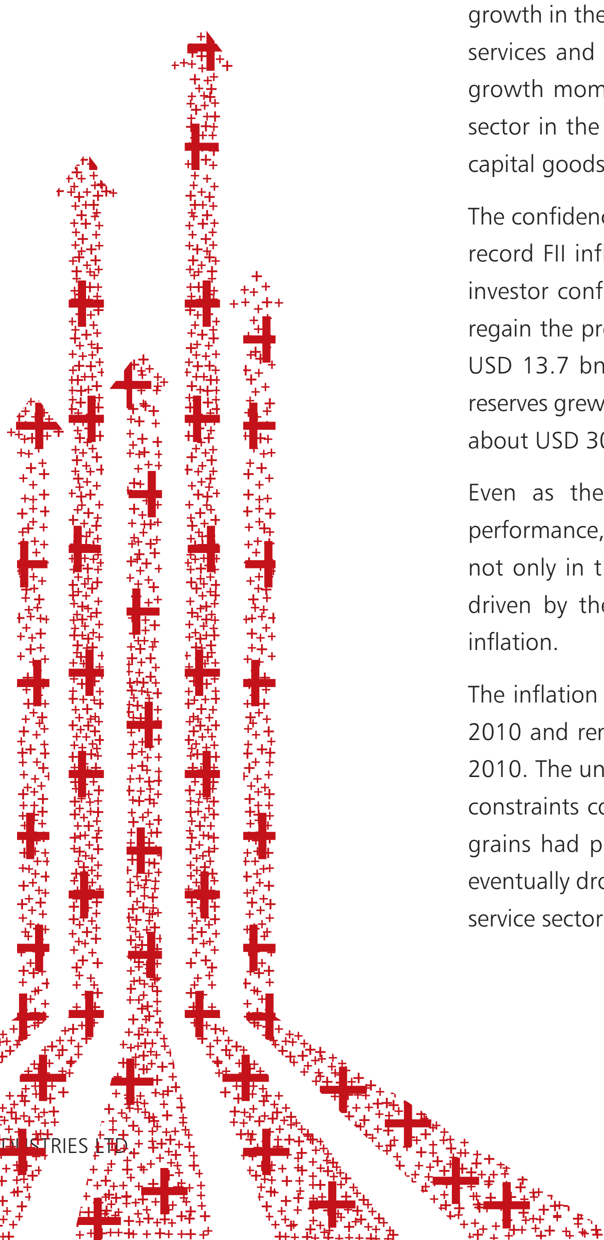
Indian economy

India's GDP grew at a healthy 8.6% in 2010-11 as compared to 8.0% in 2009-10 surpassing estimates of an 8.5% growth at the start of fiscal 2010-11. This growth was largely due to the significant growth in the agriculture sector at 5.4% (0.4% in 2009-10); the services and industrial sectors maintained their previous year growth momentum. The accelerated growth in the industrial sector in the first half of 2010-11 was hit by instability in the capital goods segment in the second half of 2010-11.

The confidence in the Indian growth story was witnessed in the record FII inflows in the economy and the revival in domestic investor confidence which helped the Indian stock markets to regain the pre-crisis record levels. Net capital inflows increased USD 13.7 bn to reach USD 36.7 bn; as on foreign exchange reserves grew USD 20 bn to cross the USD 300 bn threshold – at about USD 305.49 bn.

Even as the macroeconomic numbers displayed a strong performance, they were marked by significant volatility evident not only in the numbers but also in the sentiments primarily driven by the global clues and policy responses to cater to inflation.

The inflation witnessed a relentless rise during the first half of 2010 and remained in double digits for almost five months of 2010. The uneven monsoon during 2009, domestic supply side constraints coupled with the rising international prices of food grains had pushed the prices of primary food articles, which eventually drove inflation in the manufacturing goods as well as service sectors.



Operational performance

Business segment 1

Thin BOPET films

The product

PET is a versatile plastic used to produce a wide spectrum of packaging material for beverages, food, personal and home care, pharmaceuticals, as well as other consumer and industrial products. PET is a strong, lightweight, non-reactive and inert material. Accordingly PET film is ideal product to protect food, beverages & pharmaceuticals against oxidation and aroma loss so as to achieve long shelf life. Health-safety agencies around the world have approved PET as safe for use with foods and beverages. The PET Film industry comprises of both thin films (50 micron and under) and thick films (above 50 microns)

Global markets

Overview: Global BOPET Film industry is estimated to grow at CAGR of about 8 - 9% over next five years which is higher than the CAGR of about 7% p.a. during 2004-2009. Currently, Asian countries account for the largest market share for BOPET films with 65 -70% of BOPET Films produced and consumed within this region.

Growth and drivers: BOPET film sector is expected to grow at about 8-9% per annum in the next five years primarily on account of

- Growth in new applications such as LCD's, touch screen panels, smart phones, solar panel back sheets and photovoltaic cells
- Changes in demography & lifestyle in fast developing and emerging economies

Ester is exploring options to enter into this 'High Growth High Margin' segment of BOPET Films.

Indian markets

Overview: India has an installed capacity of about 400,000 MTPA of Thin BOPET films and accounts for about 17% of the global installed capacity. Over 65-70% of the India's production is consumed domestically while exports account for the balance. Continuous capacity addition over the years strengthened India's position in the global markets. Domestic demand for Thin BOPET film is growing at a CAGR of about 15%. Ester is engaged in the manufacture of Thin BOPET Films.

Growth and drivers: The growth in India is driven by demographic and lifestyle changes (rising middle class population), increasing investments in supermarkets, hypermarkets and organised retail sector. This is resulting in greater demand for sophisticated and attractive high quality printed packaging. Government Regulation to improve quality and safety of the packaged food products continues to enhance demand for Thin BOPET Films.

India's per capita packaging consumption at 0.24 Kgs as compared to 0.80 kgs in the developed economies (worldwide average of about 0.40 kgs) offers tremendous growth opportunities. According to an industry body and Ernst & Young study on the Indian food industry 'Flavours of Incredible India – Opportunities in the Food Industry', (October 2009), investment opportunities in the Indian food industry are set to grow by 42.5% by 2020. This is expected to accelerate the demand for BOPET films.

Thin BOPET Films – the mainstay of Ester

Capacity	Contribution to the Company's revenue	Team	Products
57,000 MTPA as at 31st March 2011	79% during 2010-11	390 members as at 31st March 2011	About 100

Highlights: 2010-11

Shop floor	Innovation	Market place	Project
+ Increased PET chip production by 19.5% from 36,177 tonnes in 2009-10 to 43,219 tonnes + Increased BOPET film production by 6.6% from 30,122 tonnes in 2009-10 to 32,116 tonnes + Increased metalised film production by 22.6% from 4,936 tonnes in 2009-10 to 6,051 tonnes	+ Developed new Value Added products like High Barrier Clear Films which offer excellent potential in terms of volume and margins.	+ Increased sales volume of BOPET films by 5.2% from 29,842 tonnes in 2009-10 to 31,379 tonnes + Increased the sales of valued-added films by 43% + Extended global presence across 25 nations; taking the global footprint to 75 countries	+ Commissioned the PET Continuous Polymerisation (CP) plant of 71,000 MTPA in November 2010 + Commissioned an additional PET film line with a capacity of 30,000 MTPA in January 2011 + Expanded metalising capacity by 7,200 MTPA in November 2010

Overview

Ester is the second largest Thin BOPET Film producer in India in terms of installed capacity. The Company's vertically integrated operations based out of Khatima, Uttarakhand comprise of PET chips, Thin BOPET Films and Metalised Thin BOPET Film manufacturing facilities.

Sold under brand name 'UmaPET', Ester offers a diversified portfolio of Value Added plain and metalised BOPET Films. The Company enjoys long healthy business relations with marquee clients across India. Its global footprint extends over 75 countries including the US, Europe and Latin America.

> Ester is the second-largest Thin BOPET film producer in India in terms of installed capacity with a global marketing footprint across 75 countries including the the US, Europe and Latin America.

Integrated operations

Polymerisation PET chips	Film making BOPET films	Metalisation Metalised films
Backward integration with a PET chip manufacturing capacity 1,07,000 MTPA	Manufacturing capacity of 57,000 MTPA	Forward integration with a metalising capacity of 13,200 MTPA
Utilises about 60% of capacity for captive consumption. Residual quantity is available for sale In future this excess capacity can seamlessly support a new BOPET film line of 30,000 MTPA – considerably reducing capital cost for expansion.	New plant based on cost effective 'CP and Direct Casting' technology – second in India and only third in the world. Post commissioning of Line 3, the first two lines would concentrate on manufacturing value-added products.	Metalised Film constitutes more than 20% of overall BOPET Film sales and fetches higher realisations.

Competitive edge

Scale: Ester consistently invested in increasing operating capacity through modification, balancing equipment and brownfield expansions, making it the second largest player in its space, providing economies of scale and the ability to seamlessly cater to growing demand.

Technology: Ester is the second manufacturer in India and globally third manufacturer to install the cost-effective Continuous Polymerisation (CP) and Direct Casting technology, significantly reducing capital cost, energy cost and overall cost of production.

Integrated operations: Vertical integration enables low-cost operations and superior product quality consistently. Forward integration into metallised Films and other Value Added products provide sizeable premium which improves profitability.

Capacity utilisation: Ester's passion for continuously raising the internal efficiency bar is reflected in over 100% capacity utilisation over the past few years, making the operations cost-effective and providing additional volumes for business growth.

Product portfolio: Ester offers the widest variety of Value Added BOPET Films among peers; proportion of volume from value-added products stood at about 23% in 2010-11.

Reach: Ester's diversified geographic presence – domestic and global – derisks the organisation for geographic concentration. The widening global presence allows it to strengthen the growth momentum.

Road ahead

On the marketing front, the team is working to establish a foothold in large number of countries with key focus on advanced economies as they constitute significant share of BOPET Film consumption (per capita consumption in the US is about 4 times that in India).

Ester is working on development of various new Value Added products. Ester has committed to incur capital expenditure on account of:

- Installation of coating capacities for manufacturing high-end value added products,
- Balancing equipment for optimum capacity utilisation and improving operating efficiencies.

The Company's thrust would be on increasing proportion of Value added products with close to 50% share from export markets.

Outlook for future

While performance in 2010-11 has been strong due to operational and structural reasons, we expect margins to come under pressure going forward. The recent ban on the use of plastic films for domestic pan masala / tobacco product ("pan masala / gutka") packaging is likely to impact our business since 25-30% of polyester films domestic demand emanated from this sector in India. The matter is sub-judice in the Supreme Court of India and a decision is expected by the second quarter 2011-12.

Business segment 2

Engineering Plastics Business

The product

Engineering Plastic is a group of Polymers comprising PBT, Nylon – 6, Nylon – 66, ABS and PC compounded in about 200 different grades under the brand name 'Estoplast'. These find applications in automobiles, white goods, electrical and electronics industry.

Domestic market

Overview: The Indian Engineering Plastics compounds business has a capacity of about 80,000 MT and is growing at 20% per annum as its growth is dovetailed to growth in automobile and electrical sectors. In the automotive segment, the engineering plastic compounds are used to replace metals and glass components. This enables reduction in the vehicle weight and improvement in fuel efficiency apart from being more cost effective.

Substitution of traditional goods with plastics: As per ICIS (market intelligence firm for global chemical and energy industries), currently per capita usage of plastics is 5.5 kg in India compared with the global average of 12 kg. However, with plastics increasingly replacing traditional materials such as metal and glass in many applications, the Indian plastic-compound business is expected to see significant growth in the years ahead.

Automobile segment: The Indian automobile industry is geared to double the passenger car manufacturing capacity by 2015. According to a study by global consultancy firm Ernst & Young, the Indian market will clock the fastest compound annual growth rate (CAGR) between 2009 and 2020, more than double of China. Besides, the auto-components industry, at USD 26 billion will jump to USD 103-113 billion in the next ten years, as per the report.

Electrical segment: Indian electrical segment is estimated to grow at 18% annually. Growth in the sector is coming from shift to energy efficient lighting products such as CFLs, FTLs & LEDs duly supplemented by robust growth in construction. Demand for Electrical Appliances / White Goods is expected to grow at about 15% due to change in lifestyle and the growing disposable income.

The Company is accredited with the TS 16949:2002 certificate for Technical Specification for manufacturing plastic compounds, an essential pre-requisite to market its products to automotive companies, especially MNCs.

Engineering Plastics

Capacity	Contribution to the Company's revenue	Team	Products
14,400 MTPA as at 31st March 2011	11.6% during 2010-11	40 members as at 31st March 2011	About 200 customised offerings as at 31st March 2011

Performance overview

During the financial year 2010-11, Engineering Plastics compounds and blends business registered a top line growth of 17%. We enhanced our customer base in the automotive and appliances segments through focused development efforts. The development efforts were supported by addition of analytical equipment for advanced testing such as Comparative Tracking Index and Surface & Volume Resistivity. With the foundation laid, this is expected to yield a healthy sales growth of PC-ABS compounds as well in 2011-12.

Following the increase in crude prices, prices of base polymers also started hardening in the later part of the year. Despite intense competition, Ester succeeded in passing on part of the cost increase to the customers.

The overall Engineering Plastics market in India is growing at a steady rate of 13-15%. The largest user of Engineering Plastics is the automotive industry which accounts for almost half of the consumption, with the 4-wheeler and 2-wheeler segments growing at 25% and 10% respectively. Other major consumers include the electrical & electronics appliances industries. Within the electrical segment, the market for Energy Saving Lamps is growing at 20% and that for low voltage switch gear products like MCB, ELCB & contactors at 15%.

Key drivers for the Indian plastic-compounds market

With a combination of light weight, high strength and adaptability in various environments, Engineering Polymers are being increasingly chosen over metals for a variety of high performance applications.

- A steady increase in demand for engineering plastics compounds is expected, driven by the double digit growth rates of end consumers such as the automotive industry, electrical (appliances, wires & cables) industry, electronics & telecom industries.
- With plastics increasingly replacing traditional materials such as metal and glass in many applications, the significant gap in per capita consumption of plastics in India as compared to the global average is expected to be bridged rapidly, resulting in sustained demand growth in coming years.

Competitive edge

Economies of scale: The Company expanded its Engineering Plastics division capacity from 3,600 MTPA to 14,400 MTPA in 2009-10. With more than 75% of the conversion cost being fixed in nature, a larger scale of operations would yield economies of scale as capacity utilisation strengthens.

Certification: The Company is accredited with the TS 16949:2002 certificate for Technical Specification for manufacturing of plastic compounds, an essential pre-requisite to market its products to automotive companies, especially MNCs.

Innovation: The Company's focus on R&D resulted in new products and variants which are expected to generate returns over the coming years.

Reach: The Company has customer base across India in Engineering Plastics. About 60 -70% of sales are in the Northern region resulting in not only shorter lead time but also better margins on account of lower freight cost.

Business prospects

With the rapidly growing (@25%) automotive industry accounting for almost half of the EP consumption in India, enhancing our market share in this segment would be one of our key focus areas. We have accordingly developed suitable formulations and embarked on the approval process with several OEMs in 2010-11. In 2011-12 we would be focusing on securing these approvals and driving rapid commercialisation of the same.

We would also be focusing on similar approvals with OEMs in the electrical and electronics appliances industries. The low voltage switch gear market (with products like MCB, ELCB & contactors) is another area that is growing rapidly (@15%) owing to investment in the infrastructure segment coupled with enhanced safety awareness. We would also be working towards developing green compounds (non-halogenated FR and pigments) for the electrical industry, as a growing demand for these compounds can be expected in the years ahead.

With the government actively promoting usage of energy saving lamps (CFL) in Indian homes & factories, this market is growing @20%. This being a price sensitive and intensely competitive market, a strong presence in this area would need to be maintained through cost leadership coupled with consistent quality and supply reliability.

In order to bring in the desired level of robustness within the EP business segment we would be broadly focusing on the following areas:

- Enhancing market share in the automotive & electrical segments
- Achieving customer delight through consistent product quality & supply reliability
- Enhancing Brand visibility through participation in exhibitions / industry forums
- Achieving cost leadership through productivity improvement, waste reduction and improved capacity utilisation
- Building strong R&D capability for new product / application development
- Exploring opportunities for long-term relationships with customers / suppliers for greater stability

Road ahead

- Outpace the industry growth and strengthen profitability
- Establish direct contact with OEMs for Polycarbonates and ABS compounds
- Strengthen product development capability through organic or inorganic initiatives for developing new products which open new markets for the Company

Key financial highlights

The year under review witnessed best ever financial performance in the history of the Company. The performance during the year under review was exceptionally good on account of quite favourable demand supply scenario.

Growth in net sales	Growth in net profit
67%	365%

A. Profit and Loss Account

Highlights: 2010-11

Absolutes

- Revenue grew by 67% from Rs. 395.4 crore in 2009-10 to Rs. 661.0 crore
- EBIDTA grew by 260% from Rs. 61.9 crore 2009-10 to Rs. 223.2 crore
- PBT grew by 367% from Rs. 41.3 crore in 2009-10 to Rs. 193.4 crore
- PAT grew by 365% from Rs. 27.9 crore in 2009-10 to Rs. 129.5 crore

Derivatives

- EBIDTA margin grew from 15.7% in 2009-10 to 33.7%
- PAT margin grew from 7.0% in 2009-10 to 19.6%
- EPS increased from Rs. 4.85 in 2009-10 to Rs. 20.59

Revenue

Net sales grew 67% from Rs. 395.4 crore in 2009-10 to Rs. 661.0 crore in 2010-11 – the highest topline growth in the previous five years. This was largely due to the huge growth in the BOPET Film business.

Revenue matrix

	2009-10		2010-11		Growth over the previous year
	Amount (Rs. crore)	Proportion of net sales	Amount (Rs. crore)	Proportion of net sales	
BOPET film	291.8	73.8%	523.2	79.2%	79.3%
Engineering Plastics	65.7	16.6%	77.0	11.6%	17.2%
PET Chips/others	37.9	9.6%	60.8	9.2%	60.4%
TOTAL	**395.4**	**100%**	**661**	**100%**	**67.2%**

Thin BOPET film business: Revenue from the business grew by 79.3% from Rs. 291.8 crore in 2009-10 to Rs. 523.2 crore in 2010-11. As a result, its contribution to the Company's revenue increased to 79.2% in 2010-11 from 73.8% in 2009-10. This robust growth was due to:

- Sizeable increase in realisation on account of favourable demand supply scenario
- Volume of value-added products increased by 43% strengthening realisations and profitability
- Increased volumes primarily in the last quarter of 2010-11 consequent to the commissioning of additional capacities

Engineering Plastics: Revenue from the business grew 17.2% from Rs. 65.7 crore in 2009-10 to Rs. 77.0 crore in 2010-11 through a mix of increase in quantity and improvement in per unit realisation.

Export earnings: Exports grew 170.2% from Rs. 79.9 crore in 2009-10 to Rs. 215.9 crore in 2010-11.

Cost analysis

The Company's operating cost increased 31.3% from Rs. 333.4 crore in 2009-10 to Rs. 437.8 crore in 2010-11 in line with operational scale. Interestingly, operating cost as a proportion of total income declined from 84.4% in 2009-10 to 66.2% in 2010-11.

Raw materials: The expense increased by 34.9% from Rs. 243.5 crore in 2009-10 to Rs. 328.5 crore in 2010-11, primarily due to increased cost of feedstock besides increased requirement to feed expanded capacities.

Personnel expenses: Commissioning of new capacities in both business segments increased the team size and personnel expenses from Rs. 20.5 crore in 2009-10 to Rs. 30.0 crore in 2010-11 commensurate to the enhanced level of operations.

Power and fuel: As a result of full impact of increase in State Power Tariff in October 2009, substantial increase in prices of feed stocks for energy and increased production on account of new capacities resulted in an increase in the energy bill by 45.9% over the previous year. The current year is expected to witness the benefit of the new energy-saving 'Continuous Polymerisation and Direct Cast' technology reducing the energy cost per tonne of film produced.

Selling expenses: Selling expenses increased 61.9% from Rs. 12.3 crore in 2009-10 to Rs. 20.0 crore in 2010-11 primarily due to increase in freight outward (in line with significant increase in export volumes) and an increase in commission on sales for increased export sales.

B. Balance sheet

Highlights: 2010-11

Absolutes	Derivatives
✚ Net worth grew by 56.1% from Rs. 177.7 crore as on 31st March 2010 to Rs. 277.4 crore as on 31st March 2011 ✚ Net block grew by 120.2% from Rs. 172.4 crore as on 31st March 2010 to Rs. 379.7 crore as on 31st March 2011	✚ ROCE improved from 19.5% in 2009-10 to 39.1% ✚ ROE improved from 16.2% in 2009-10 to 47.5%

Capital employed

Capital employed increased 114.4% from Rs. 244.7 crore as on 31st March 2010 to Rs. 524.7 crore as on 31st March 2011 owing to an increase in reserves and surplus and secured debt portfolio. The judicious application of each rupee invested in business is reflected in the improved return on capital employed (ROCE) from 19.5% in 2009-10 to 39.1% in 2010-11.

Sources of funds

Shareholders' funds: Net Worth increased 58% from Rs. 172.3 crore as on 31st March 2010 to Rs. 272.5 crore as on 31st March 2011. This was largely due to an increase in reserves and surplus – from Rs.140.8 crore as on 31st March 2010 to Rs. 241.0 crore as on 31st March 2011 as business surplus worth Rs. 100.2 crore or 77.4% of the net profit for 2010-11 was ploughed back into the business. The equity capital remained unchanged at Rs. 31.44 crore comprising 6,28,93,706 equity shares with a face value of Rs. 5 per share. The promoter group held 72.1% in the Company as on 31st March 2011.

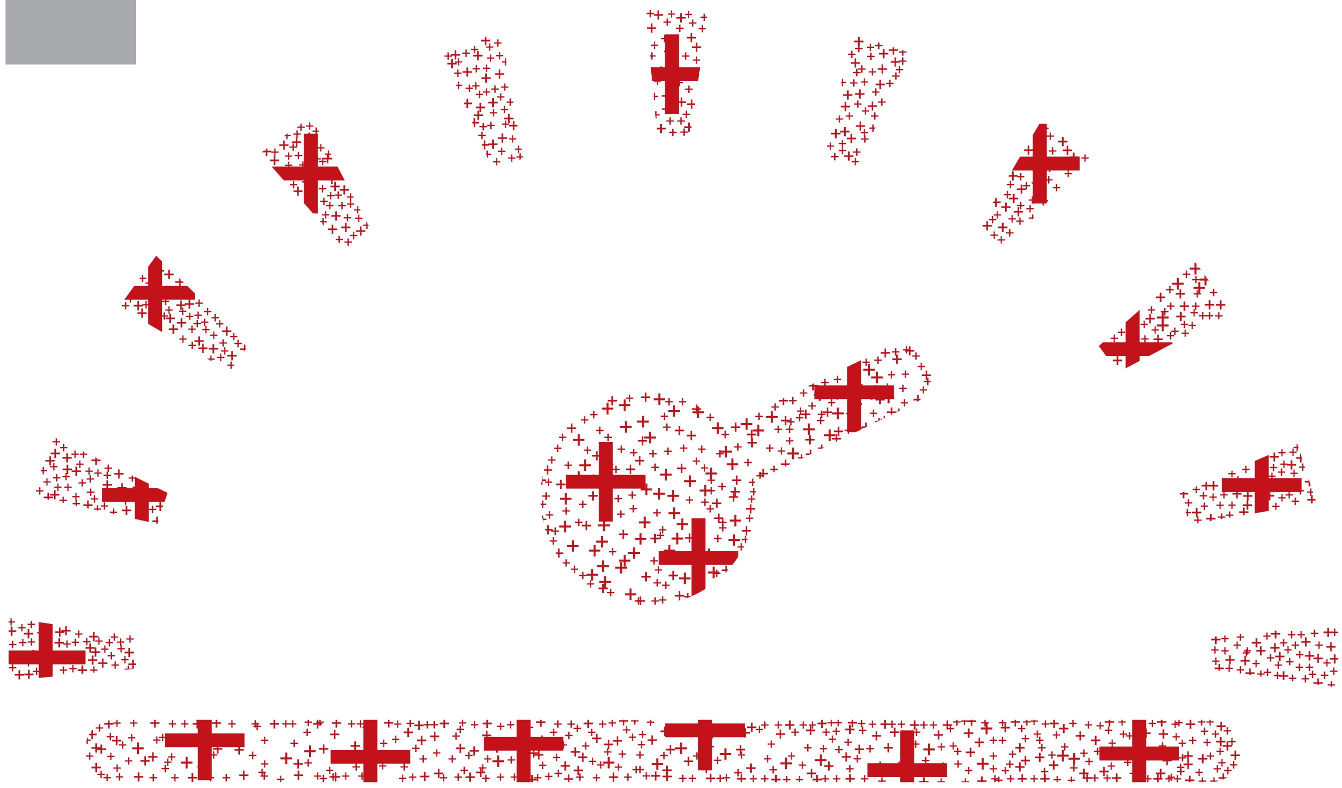
External funds: The debt portfolio increased 311.3% during the year. The Company's debt (fully secured) stood at Rs. 223.7 crore as on 31st March 2011 as against Rs. 54.4 crore as on 31st March 2010. The debt-equity ratio stood at 0.82 as on 31st March 2011 compared with 0.32 as on 31st March 2010 – on account of the additional debt taken for part-funding the recently commissioned expansion projects and consequently increased working capital requirement. As a result, interest cost increased 89.8% from Rs. 6.3 crore in 2009-10 to Rs. 11.9 crore in 2010-11.

Application of funds

Gross block: The gross block increased from Rs. 409.3 crore as on 31st March 2010 to Rs. 642.0 crore as on 31st March 2011. It also resulted in an increase in the provision for depreciation from Rs. 1,415.32 lacs in 2009-10 to Rs. 1,792.58 lacs in 2010-11 (consistently provided on the straight line method). The Company has strategised for a capex of about Rs. 50.0 crore in the current year which includes balancing equipment for the recently commissioned BOPET film capacities and creation of a corporate office building which would be funded through a prudent mix of debt and equity.

Working capital: The Company's working capital is used for purchasing raw material, managing overheads and customer credit. Net current assets increased 91.68% from Rs. 78.1 crore as on 31st March 2010 to Rs. 149.7 crore as on 31st March 2011. The current ratio improved from 2.52 as on 31st March 2010 to 2.60 as on 31st March 2011. The finance team used the surplus cash generated from the business to reduce its working capital limits with the banks – optimising the interest cost. The Company utilised low-cost funding options namely packing credit and LC backed discounting among others to optimise interest cost on working capital loans – it utilised only 25% of its cash credit facilities with banks

Receivable management was strengthened. The Company assigned credit limits to its customers and maintained a strict vigil on timely receivables. The sales mix has shifted towards exports which has caused a rise in the debtors' cycle from 44.3 days in 2009-10 to 62.5 days in 2010-11. In addition, the Company maintained its commitment to pay its vendors on the agreed due date consistently – strengthening trust in the Company.



Risk management

Risk is the face of business uncertainty, affecting corporate performance and prospects.

The Company's risk management framework comprises a clear understanding of strategies, policies, initiatives, norms, structured reporting and control. It ensures that the risk management discipline is centrally initiated by the senior management and progressively decentralised, extending to managers across hierarchies, facilitating risk mitigation at the transactional level. Consequently, only those business decisions are taken that balance risk and reward, ensuring that the Company's revenue-generating initiatives are consistent with the risks taken, so that shareholders get their desired total return.

Company classifies the risks broadly into Strategic risks, Operational risks, Financial risks and Information Technology risks. Risks in each classification are identified and aggregated to form a library of risks. The Company reviews the library of risks from time to time to update and modify its mitigation strategies with the changing risk scenario. There is a reviewing and monitoring mechanism in place to ensure effectiveness of mitigation plans.

Intellectual capital

People are Ester's key assets that transform dreams into reality.

The Company implemented major initiatives for strengthening the organisation's foundation and intellectual capital.

In 2010-11, the Company engaged one of the worlds' most reputed consultants that has globally recognised name in HR management for competency mapping and development of the entire team, leadership development and succession planning for critical roles within the organisation.

As a first step, the consultants identified the key competencies of the organisation (grouped under four clusters 'Leading through result, 'Leading through self, 'Leading through others' and 'Champion growth') and worked to map, develop and align individual competencies in line with that of the corporate.

As part of succession planning, the HR team along with the Consultants identified the critical roles in the organisation, suitable successors and developed (training and development programs) the road map for their grooming to undertake the additional responsibilities.

They accurately aligned the performance management system with the reward and recognition programme to allow for dispassionate performance appraisal and rewarding performance, strengthening motivation and building transparency within the team.

The Company also conducted an Employee engagement survey to identify the improvement areas in the organisation and to undertake initiatives for their resolution.

Internal control systems

The Company has a structured Internal Control System in place, which assures the Board of Directors and the management that there is an effective system for

- Planning and achievement of goals
- Risks evaluation
- Reliable financial and operating reporting and legal and regulatory compliance
- Adequate control against fraud and negligence
- Review of performance

The integrated financial accounting system, supported by in-built controls, ensures reliable and timely financial and operational reporting. Controls and legal compliances are periodically reviewed by audit systems. The financial accounting and audit systems ensure prevention and detection of frauds and negligence.

The Company has plans to leverage its existing ERP systems for optimal utilisation of resources and further improving operating efficiencies. To achieve this, the Company is planning to embark upon technical and functional upgrade of its existing ERP system.

Corporate Social Responsibility

CSR continues to be an important and essential part of Ester's commitment to align our Company's activities with the social, economic and environmental expectations of our stakeholders. Our corporate social responsibility (CSR) programs are designed to provide long-term benefits to our employees, customers, shareholders, partners, and individuals in communities in which we operate. Our approach to corporate social responsibility (CSR) aligns responsible business practices and social investments to create long-term value for our business.

In 2010-11 we worked on several programs aimed at improving the livelihood of the economically disadvantaged sections of society by making contributions directly to beneficiaries and through charitable institutions. We continue to support the Make-A-Wish Foundation, a global organisation that has enriched the lives of children with life-threatening medical conditions through its unique wish-granting work.

We will continue to support socially relevant programs in 2011-12 and are looking at new CSR initiatives such as setting up medical and educational facilities in the vicinity of our manufacturing facility.

Cautionary statement

Statements in this section relating to future status, events, circumstances, plans and objectives are forward – looking statements based on estimates and anticipated effects of future events. Such statements are subject to risks and uncertainties and accordingly are not predictive of future results. Actual results may differ materially from those anticipated in the forward – looking statements. The Company cannot be held responsible in any manner for such statements. The Company undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

Corporate information

Board of Directors	Mr. A. K. Singhania	*Chairman*
	Mr. V. B. Haribhakti	*Director*
	Dr. Anand Chand Burman	*Director*
	Mr. A. K. Newatia	*Director*
	Mr. M. S. Ramachandran	*Director*
	Mr. Dinesh Chandra Kothari	*Director*
	Mr. P. S. Dasgupta	*Director*
	Mr. Pradeep Kumar Rustagi	*Whole-time Director*
	Mr. Ashok Kumar Agarwal	*Whole-time Director*

Company Secretary

Mr. Girish Narang

Statutory Auditors

M/s S.R. Batliboi & Company, Gurgaon

Bankers

Bank of India
Bank of Baroda
Union Bank of India
Canara Bank
State Bank of Bikaner & Jaipur

Head Office

2nd Floor, Tower A, DLF Building No. 8
DLF Cyber City, DLF Phase-II
Sector-25, Gurgaon,
Haryana - 122 002, India

Registered Office & Works

Sohan Nagar, P.O. Charubeta
Khatima – 262 308
District Udham Singh Nagar, Uttarakhand

Registrar & Share Transfer Agents

MCS Limited
F-65, Okhla Industrial Area, Phase-I, New Delhi - 110 020

Listing of Securities

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E), Mumbai - 400 051

Directors' Report

To the members,

Your directors are pleased to present the Twenty Fifth Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2011.

Financial Results

(Rs. in lacs)

	For the year ended 31st March 2011	For the year ended 31st March 2010
Sales and Other Income	70,871.56	42,286.69
Profit before Financial Expenses, Depreciation and Tax	22,324.45	6,192.79
Less: Interest & Other Financial Expenses	1,192.55	643.22
Profit / (Loss) before Depreciation, Extra Ordinary Items and Tax	21,131.90	5,549.57
Depreciation	1,792.58	1,415.32
Profit / (Loss) before Tax	19,339.32	4,134.24
Current Tax	5,339.82	1,127.25
MAT Credit Entitlement	–	8.85
Deferred Tax	1,052.73	229.29
Profit / (Loss) after Tax	12,946.76	2,786.56
Balance brought forward from previous year	5,042.44	3,198.27
Appropriation : General Reserve	1,294.68	208.99
: Dividend & Tax on Dividend	2,928.73	733.40
Balance Carried to Balance Sheet	13,765.80	5,042.43
Basic Earnings Per Share (Rs.)	20.59	4.85

Dividend

Your directors were pleased to declare interim dividend of 40% consequent to a vastly improved performance. The directors have now recommended final dividend of 40% making aggregate dividend of 80%.

Operations Review

Your directors are pleased to inform that during the year under review, Company has earned Net Profit after Tax of Rs. 12946.76 lacs as compared to Rs. 2786.54 lacs in the year 2009-10, an increase of 364.6% on account of significant improvement in margins in Polyester Film business due to favourable demand supply scenario. The sales including excise duty and other income during the year under review are Rs. 70869.56 lacs as compared to Rs. 42286.69 lacs in the previous year, an increase of 67.6% This increase is mainly due to increase in per unit sales realisation and better product mix in Polyester Film. The production of Polyester Film was higher at 32116 MT as compared to 30122 MT during 2009-10 on account of commissioning of new Polyester Film plant in January 2011.

Sales (net of Excise Duty) of Compounded and Unfilled Engineering Plastics increased from Rs. 6569.45 lacs to Rs. 7698.35 lacs, an increase of 17.2%. Sales value of Polyester Chips increased 67.0%. Exports accounted for 32.7% of the net turnover of the Company during the year.

On account of fresh borrowings for the expansion projects and higher utilisation of working capital facilities, interest and other financial expenses increased from Rs. 643.22 lacs to Rs. 1192.55 lacs, an increase of 85.4%. As percentage to Net Sales, interest and financial expenses were 1.80%.

As a result of continuous focus on development of new products, the proportion of Value Added products in the total sales quantities of Polyester Film increased from 17% to 23%.

Executive Board of the Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change in its meeting dated 15th April 2011 has approved the registration of a Biomass-based Thermal energy generation project of the Company. Company would now be entitled to earn Certified Emissions Reductions (CERs) with effect from November 2010.

Details on operations and a view on the outlook for the current year are provided in the 'Management Discussion & Analysis Report' which forms an integral part of this Annual Report.

Expansion Projects

During the year under review, Company has successfully commissioned Continuous Polymerisation plant of 71,000 MT capacity, Polyester Film plant of 30,000 MT capacity and Metalliser of 7,200 MT capacity as per schedule. By the year end, capacity utilisation of 70% has been achieved in the new Polyester Film plant.

Subsidiary Companies

Pursuant to Circular no. 2/2011 dated 8th February, 2011 of Ministry of Corporate Affairs (MCA), the Company has not attached Annual Accounts of Ester International (USA) Limited (Subsidiary of Ester Industries Limited) subject to compliance of conditions stated in the Circular.

Fixed Deposit

The Company has not accepted any deposit during the year.

Directors

Dr. Anand Burman and Mr. P. S. Dasgupta were appointed Additional Directors effective from 12th August 2010 and 14th February 2011 respectively to hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice under Section 257 of the Companies Act, 1956 in writing from members proposing their candidature for the office of Director liable to retire by rotation.

Mr. Arvind Kumar Singhania, Chairman and Managing Director of the Company had resigned from the office of Managing Director effective from 1st April 2011. He will continue to act as Non-Executive Chairman of the Company.

Mr. Pradeep Kumar Rustagi, Chief Financial Officer and Mr. Ashok Agarwal, Business Head- Film of the Company were inducted to the Board and appointed as Whole time Directors effective from 14th February 2011 subject to the approval of the shareholder in the ensuing Annual General Meeting. They were appointed as Additional Directors to hold office upto the date of the ensuing Annual General Meeting. The Company has received requisite notice under Section 257 of the Companies Act, 1956 in writing from members proposing their candidature. Board has now granted the authority to Mr. Ashok Agarwal and Mr. Pradeep Kumar Rustagi that were earlier vested with Mr. Arvind Kumar Singhania.

Mr. Ashok Kumar Newatia and Mr. M. S. Ramachandran, directors of the Company, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Mr. M. R. Hosangady and Mr. A. P. Sarwan, Independent Directors of the Company have resigned from the directorship of the Company with effect from 7th January 2011 and 12th January 2011 respectively.

Corporate Governance

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance is included as a part of the Annual Report along with the Practicing Company Secretary's Certificate on its compliance.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, the Directors confirm on the basis of information placed before them by the Management and Auditors:-

1. That in the preparation of the annual accounts for the Financial Year ended 31st March 2011 the applicable Accounting Standards have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair state of the affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year under review;
3. That the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That the accounts of the Company for the financial year ended 31st March 2011 has been prepared on a going concern basis.

The Company's Internal Auditors have conducted periodic audits to evaluate the adequacy of internal controls and to provide reasonable assurance that the Company's established policies and procedures have been followed. The Audit Committee constituted by the Board reviews the internal controls and financial reporting issues with Internal Auditors.

Code of Conduct

The Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors and senior management of the Company. They have affirmed compliance with the Code of Conduct. A declaration to this effect duly signed by Executive Director and Business Head-Films is enclosed as a part of the Corporate Governance Report. A copy of the Code of Conduct is available on the Company's website viz. www.esterindustries.com

Code is based on fundamental principles, viz. good corporate governance and corporate citizenship. The Code covers Company's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability and legal compliance.

Consolidated Financial Statement

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, your directors provide the audited Consolidated Financial Statements in the Annual Report.

Auditors' Report

Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report do not contain any qualification of significant nature and do not call for any explanation/clarification.

Auditors

M/s. S.R. Batliboi & Company, Chartered Accountants retire at the forthcoming Annual General Meeting and are eligible for reappointment. M/s S. R. Batliboi & Company have confirmed that their appointment, if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956.

Listing of Securities

Your Company's securities are currently listed with BSE (Mumbai). During the year, the securities of the Company were delisted from Calcutta Stock Exchange (CSE) under SEBI (Delisting of Securities) Guidelines 2003. The Company has paid the listing fees to Mumbai Stock Exchange for the financial year 2011-2012.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

The prescribed details as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure 'A' forming part of this report. Your Company was a net foreign exchange earner during the year under review.

Particulars of the Employees

The particulars of the employees drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 form part of this report.

As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all shareholders of the Company excluding the statement of particulars of the employees. Any shareholder interested in obtaining a copy may write to the Company Secretary of the Company.

Acknowledgement

Your Directors acknowledge the cooperation and assistance received from various departments of Central & State Government and banks.

Your Directors wish to place on record their appreciation of the sincere services rendered by the workmen, staff and executives of the Company at all levels ensuring successful management of the Company. Your Directors also thank the shareholders for their continued support.

On behalf of the Board

New Delhi — **(A.K. Singhania)**
9th May 2011 — *Chairman*

Annexure - A

STATEMENT CONTAINING PARTICULARS PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

A. Conservation of Energy:

Measures Taken:

- Saving of 400 tons of Steam per month by installing Vapour Absorption Chillers utilising Continuous Polymerisation plant's column heat.
- Saving of 13524 units per month by-
  - Installing smaller pump in ejectors in Polyester Chips Plant.
  - Installing inverters in Process Cooling Tower Pumps in Continuous Polymerisation plant.
  - Installing inverter drive in feed water pump at Steam Boiler.
  - Modification carried out in stripper column and stopping the motor in Continuous Polymerisation plant.
  - Replacing ordinary lamps with CFL lamps in the plants.
- Saving of 1.5MT of Furnace Oil per month in Wartsila DG set by reusing fuel oil from booster unit auto filter.

Total energy consumption and energy consumption per unit of production as per Form – A is given hereunder:

Power & Fuel Consumption

		2010-11	2009-10
1. Electricity			
a. Purchased			
Unit (Kwh)		41252400	34011207
Total Amount (Rs.)		164874328	122396085
Rate per unit (Rs. / Kwh)		4.00	3.60
b. Own Generation			
i) Through Diesel Generator			
a) Through HSD Unit (Kwh)		1863792	1639772
Units / Litre of diesel (HSD)		3.39	3.28
b) Through LDO Unit (Kwh)		NA	NA
Unit / Litre of LDO		NA	NA
c) Through FO Unit (Kwh)		4454774	6255824
Unit / Litre of FO		4.12	4.12
Cost/ per unit (Rs./Kwh)		6.72	5.56
ii) Through Steam Turbine/Generator		NA	NA
2. Coal		NA	NA
3. Furnace Oil Quantity (MT)			
i) Primary Heating (FO/LDO/HSD)	MT	1677	193
ii) Boiler (FO/LDO/HSD)	MT	130	56
Total	MT	1807	248
Total Amount	(Rs.)	50139738	5778076
Average Rate /MT	(Rs.)	27747	23253

		2010-11	2009-10
4. Husk			
Quantity (MT)			
For Steam		11424	9156
For Primary Heating		19715	18845
Total Qty	(MT)	31139	28001
Total Amount	(Rs.)	96013482	66467182
Average Rate /MT (Husk)	(Rs.)	3083	2374

Consumption per unit of production

Product	Unit	Per Ton	Per Ton
1. Electricity			
Polyester Chips	KWH	124	114
Continuous Polymerisation	KWH	127	NA
Polyester Film (Line –1)	KWH	845	803
Polyester Film (Line –2)	KWH	787	831
Polyester Film (Line –3)	KWH	906	NA
2. Furnace Oil			
Polyester Chips	MT Per Ton	0.006	0.0025
Continuous Polymerisation	MT Per Ton	0.028	NA
Polyester Film (Line –1)	MT Per Ton	0.027	0.0031
Polyester Film (Line –2)	MT Per Ton	0.030	0.0035
Polyester Film (Line –3)	MT Per Ton	0.001	NA
3. Husk			
Polyester Chips	MT Per Ton	0.269	0.307
Continuous Polymerisation	MT Per Ton	0.353	NA
Polyester Film (Line-1)	MT Per Ton	0.143	0.221
Polyester Film (Line-2)	MT Per Ton	0.158	0.248
Polyester Film (Line –3)	MT Per Ton	0.0442	NA

The % saving in consumption of various forms of energy per MT of Chips & Film during the year under report as compared to previous year are given below :-

	Chips	CP	Film –1	Film –2	Film –3
1. Power	–	NA	–	5.3%	NA
2. Steam	–	NA	–	–	NA
3. Primary Heating (Oil)*	–	NA	–	–	NA

Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo

A. Research & Development (R&D):

1	Specific areas in which R&D carried out by the Company and benefits derived as a result of the R&D activities.	a) Developed Ultra High Barrier Metalised and Transparent High Barrier Plain Film b) Developed Resin and Titanium based Opaque White Polyester Film with improved opacity and UV performance c) Developed Heat Seal Film with UV and Weather Resistant properties. d) Developed Resin and Heat Seal Film with Superior Heat Seal strength e) Developed and Commercialised FR PBT Grey Grade for MCB application f) Developed and Commercialised PBT FR Grade for CFL application as per ROHS g) Developed and Commercialised FR PA6 Grey Grade for MCB application
2.	Future plan of action	Company continues to remain focused on development of new products in Polymer Resins, Plain Polyester Film, Metalised Polyester Film & Engineering Plastics.

B. Technology absorption:

Efforts in brief made towards technology absorption, adaptation and innovation.	Installed Oxygen Transmission Measurement Machine for OTR, Gelbo Tester, Dart Impact, and Sterilisation testing facility to strengthen our R&D set up in BOPET Film CTI (Comparative Tracking Index) and SVR (Surface and Volume Resistivity) equipment in Engineering Plastics
Benefits derived as a result of the above efforts.	Introduce product variants with High Value addition & this is a continuous on-going activity.
In case of Imported technology (imported during the last 5 years reckoned from the beginning of the financial year) (a) Technology imported: (b) Year of import: (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	NA

C. Foreign Exchange Earnings and Outgo: (Rs. in Lacs)

	2010-11	2009-10
1. Earnings – FOB Value of Exports	217,34.45	8357.35
2. Outgo – CIF Value of Imports	201,29.95	12600.77

Corporate Governance Report

Corporate governance is about promoting corporate fairness, transparency, accountability and ethical business conduct. The ambit of governance involved all the stakeholders and how the corporation deals with those stakeholders, including the shareholders, employees, regulators, customers, suppliers and society. It is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation.

This corporate governance report sets out the governance framework adopted by the board of Ester Industries Limited and highlights the key activities during the year.

In its approach to governance, the board embraces best practice in the area of corporate governance to ensure the attainment of highest levels of transparency, accountability and equity in all the facets of its operations and in all its interactions with its stakeholders. The Board continues to hold and augment the standards of Corporate Governance by ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

1. Board of Directors

The Company has an optimum combination of Executive, non Executive and Independent directors, having a pool of collective knowledge from various disciplines, Engineering, Finance, Business Management, Corporate planning etc, on its board. The Board comprised of nine directors of which one is Non-Executive Chairman and belongs to Promoter category , two are Executive Director and other six are Non-executive & Independent Directors. The composition of the board is consonance with the requirement clause – 49 of the listing agreement.

The Board of Directors and its committees meet at regular intervals.

Number of Board Meetings held and the dates on which held

5 (Five) Board Meetings were held during the year 2010-11. The dates on which the meetings were held are 18th May, 2010, 19th July, 2010, 12th August, 2010, 1st November, 2010, and 14th February, 2011

Details of Name, Composition, and Attendance record of the Directors for the year ended 31.03.2011 and the number of Directorship and Committee Chairmanship/Membership by them in other Companies are as follows:

Name of the Director	Designation	Attendance Particulars		No. of directorships in other Companies[1]	No. of Membership/ Chairmanship of Committees in other Companies[2]	
		Board Meeting	Last AGM		Committee Memberships	Chairperson of Committees
A.K. Singhania[7]	Non Executive Chairman	5	Yes	1	None	None
Pradeep Kumar Rustagi[6]	Whole time Director	1	NA	1	None	None
Ashok Kumar Agarwal[6]	Whole time Director	1	NA	None	None	None
A.K. Newatia	Independent Director	5	Yes	None	None	None
Anand C. Burman[3]	Independent Director	2	NA	8	1	None
P.S. Dasgupta[4]	Independent Director	None	NA	7	8	2
M.S. Ramachandran	Independent Director	5	No	4	2	None
Dinesh Kothari	Independent Director	3	No	4	4	2
V.B. Haribhakti	Independent Director	4	Yes	7	9	4
A.P. Sarwan[5]	Independent Director	3	No	NA	NA	NA
M. R. Hosangady[5]	Independent Director	3	No	NA	NA	NA

1 *The other Directorships held by Directors as mentioned above do not include alternate directorship, directorships of Private Limited Company, Directorship in the Company incorporated outside India, and, Section 25 companies.*

2 *As required by clause 49 of the Listing Agreement, the disclosure includes memberships/ chairpersonship of Audit Committee and Shareholders/Investor Grievance Committee in Indian public companies (listed and unlisted).*

3 *Appointed as an Additional Director in the Board Meeting held on 12th August, 2010.*

4 *Appointed as an Additional Director in the Board Meeting held on 14th February, 2011.*

5 *Mr. M. R. Hosangady and Mr. A. P. Sarwan had resigned from directorship w.e.f. 7th January 2011 and 12th January 2011, respectively.*

6 *Appointed as Whole-time Directors in the Board Meeting held on 14th February, 2011.*

7 *Mr. A.K Singhania has resigned from the position of Managing Director w.e.f. 1st April, 2011. He will act as Non Executive Chairman of the Company.*

None of the directors is related to each other.

Information provided to the Board of Directors

1. Annual operating plans of the business, capital budgets, acquisitions etc.
2. Quarterly results of the Company.
3. Minutes of the meeting of the Audit committee, Remuneration Committee and Investor Grievances Committee.
4. Information on recruitment and remuneration of senior officers below the Board level.
5. Detail of any Investment.
6. Information related to the shareholder services and share transfers.
7. Significant development on the human resources and industrial relations front.
8. Details of any joint venture or collaboration agreement, if any.
9. Sale of material nature, of investments, subsidiaries assets, which is not in normal course of business.

Statutory Compliance

The Board periodically reviews the Compliance Report of the law applicable to the Company as well as the Steps taken by the Company to rectify the instances of non compliance, if any.

The elaborated details of following Directors seeking the appointment and re-appointment are forming the part of the notice –

Mr. Ashok Kumar Newatia

Mr. M. S. Ramachandran

Mr. Anand Chand Burman

Mr. P. S. Dasgupta

Mr. Pradeep Kumar Rustagi

Mr. Ashok Kumar Agarwal

Compliance of Code of Conduct

We have laid down a code of conduct for all Board Members and senior management of the Company. The code of conduct is available on the website of the Company www.esterindustries.com. All Board members and senior management personnel of the Company have affirmed their adherence to the code. The declaration to this effect from Chairman forms a part of this report.

2. Audit Committee

The Audit Committee formed in pursuance of clause 49 of the listing agreement and section 292A of the Companies Act, 1956 is instrumental in overseeing the financial reporting besides reviewing the quarterly, half yearly, annual financial result of the Company. It reviews the Company's financial and other management policies and the internal control system, internal audit system etc. through discussion with internal and external auditors. All members of the audit committee are knowledgeable in project finance, accounts and company law matters. Minutes of each audit committee meeting are placed before the board and discussed in depth.

The terms of reference stipulated by the Board to the Audit Committee are, as contained under clause 49 of the Listing Agreement, as follows:

a. To oversee financial reporting and disclosure process.

b. To recommend the appointment and removal of statutory auditors and decide their remuneration.

c. To review financial results and statements, before submission to the Board, focus primarily on-
   - Any change in accounting policies and practices.
   - Major accounting entries, based on exercise of judgment by the management.
   - Qualifications in the draft audit report.
   - Significant adjustments arising out of the audit.
   - Going concern assumption.
   - Compliance with accounting standards.
   - Compliance with stock exchange and legal requirements concerning financial statements.
   - Any related party transactions i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with larger interests of the Company.

d. To oversee adequacy of internal control systems.

e. Reviewing adequacy of internal audit function, coverage and frequency of internal audit report.

f. Discussion with internal auditors and concurrent auditors on any significant findings in their reports and follow up thereon.

g. Discussion with external auditors before audit commences, as regards nature and scope of audit, as well as having post audit discussions to ascertain any areas of concern.

h. Reviewing the Company's financial and risk management policies.

The Audit Committee comprised of three Independent Directors viz Mr. V.B. Haribhakti, Chairman, Mr. A.P. Sarwan and Mr. M.R. Hosangady. During the year under review Mr. Murli Ramarao Hosangady and Mr. A. P. Sarwan had resigned from the directorship w.e.f. 7th January, 2011 and 12th January, 2011 respectively.

After the resignation of these directors the Board appointed Mr. M. S. Ramachandran and Mr. Dinesh Chandra Kothari, Independent Directors of the Company as new members on Audit committee.

Therefore the present constitution of the Committee is as follow–

1. Mr. V. B. Haribhakti, Chairman
2. Mr. Dinesh Chandra Kothari, Member
3. Mr. M. S. Ramachandran, Member

Mr. V.B. Haribhakti is a qualified Chartered Accountant having rich experience in Accounting and Finance. Other members of the Committee have basic accounting and finance knowledge with wide exposure in their relevant areas. The composition of the Committee is in conformity with Clause 49 and Section 292A of the Companies Act, 1956.

During the year 2010-2011, the Audit Committee has met 4 times on 18th May, 2010, 12th August, 2010, 1st November, 2010 and 14th February, 2011.

The Composition of the Audit Committee and the particulars of meeting attended by the members of the Audit Committee are given below:

Name of Members	Category	Status	No. of Meetings held	Attendance of the Members
Mr. V. B. Haribhakti	Chairman	Independent Director	4	4
Mr. M. R. Hosangady	Member	Independent Director	3	3
Mr. A. P. Sarwan	Member	Independent Director	3	3
Mr. Dinesh Chandra Kothari	Member	Independent Director	1	1
Mr. M. S. Ramachandran	Member	Independent Director	1	1

The Chairman of the Board, Chief Financial Officer, Business Head- Films and Head - Finance & Accounts are invited to the meetings. Representatives of Statutory Auditors and Internal Auditors are also being invited to the meetings and most of the meetings are attended by Statutory Auditors. The Company Secretary of the Company acts as the Secretary to the Committee.

Apart from other matters, as per clause 49 of the listing agreement, the Audit committee also reviews the following information:

1. Management Discussion and Analysis of Financial condition and result of operation.
2. Statement of significant related party transactions.
3. Internal Audit report relating to internal control weakness and
4. The appointment, removal and term of remuneration of internal auditors., if any.

Mr. V.B. Haribhakti, Chairman of the Audit Committee was present at the last Annual General Meeting held on 27th July, 2010.

3. Remuneration Committee

The broad terms of reference of the Committee are to appraise the performance of Managing/ Whole Time Directors, and to decide and approve remuneration including any revision thereto from time to time, in respect of the managerial personnel of the Company.

The Remuneration Committee of the Board comprised of the three Independent Directors viz Mr. V.B. Haribhakti, Chairman, Mr. A.P. Sarwan and Mr. M.R. Hosangady. During the year under review Mr. Murli Ramarao Hosangady and Mr. A. P. Sarwan had resigned from the directorship.

After the resignation of these directors the Board appointed Mr.

M. S. Ramachandran and Mr. Dinesh Chandra Kothari, Independent Directors of the Company as new members on Remuneration committee.

Therefore the present constitution of the Committee is as follow–

1. Mr. V. B. Haribhakti, Chairman
2. Mr. Dinesh Chandra Kothari, Member
3. Mr. M. S. Ramachandran, Member

Meeting of Remuneration Committee and attendance during the year

During 2010-11, two meetings of Remuneration Committee were held on 18th May, 2010 and 14th February, 2011.

The attendance of member of the remuneration Committee at these meeting was as follows.

Sr. No	Name of the Member	No. of Meeting Held	No. of Meeting attended
1.	Mr. V.B Haribhakti	2	2
2.	Mr. A.P Sarwan	1	1
3.	Mr. M.R Hosangady	1	1
4.	Mr. Dinesh Chandra Kothari	1	1
5.	Mr. M.S Ramachandran	1	1

Remuneration Policy & Criteria of making payment to Executive and Non-Executive Directors.

The Directors remuneration policy of your Company conforms to the provision of the Companies Act, 1956 subject to such approvals as may be necessary from time to time. The remuneration paid/payable to the Executive and Non-Executive Directors, as applicable is as recommended by the Remuneration Committee, decided by the Board and approved by the Shareholders/Central Government, if required.

The remuneration payable to the directors is decided from time to time on the basis of qualification, experience, responsibilities and performance of the concerned Director and industry practice.

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. The details of sitting fees paid and Commission payable for the year 2010-11 to the Non-Executive Directors are given below –

Name of the Director	Sitting Fees Paid (In Rs.)	Commission Payable (In Rs.)
Mr. A.K. Newatia	50,000	25,00,000
Mr. A.P. Sarwan	70,000	–
Mr. M.R. Hosangady	70,000	–
Mr. V.B. Haribhakti	1,00,000	17,50,000
Mr. Dinesh Kothari	50,000	17,50,000
Mr. M.S. Ramachandran	70,000	17,50,000
Mr. Anand Chand Burman	20,000	17,50,000
Mr. P. S. Dasgupta	–	5,00,000

The Company pays remuneration to its Executive Directors by way of salary, perquisites and allowances, contribution to provident fund and superannuation fund and commission. Remuneration is paid within the overall limits approved by the members of the Company.

Details of remuneration paid/payable to Executive Directors for the financial year 2010-11 are hereinunder:-

(Figures in Rupees lacs)

Name of Director	Designation	Salary	Allowances & Perquisites	Contribution to PF and SAF	Commission Payable	Total
Mr. Arvind Kumar Singhania*	Chairman and Managing Director	33.00	43.52	5.76	400.00	482.28
Mr. Pradeep Kumar Rustagi**	Executive Director and CFO	3.07	3.50	0.50	–	7.07
Mr. Ashok Kumar Agarwal**	Executive Director and Business Head- Films	3.07	3.18	0.50	–	6.75

** w.e.f. 1st April, 2011, Mr. Arvind Kumar Singhania has resigned from the office of Managing Director. Now he continues to act as Chairman and Non-Executive Director of the Company.*

*** The details given for the remuneration of Mr. Pradeep Kumar Rustagi and Mr. Ashok Kumar Agarwal is for the period from 14th February, 2011 (date of appointment of these directors) till 31st March, 2011.*

4. Shareholders'/ Investors' Grievance Committee

The Company has a Shareholders'/ Investors' Grievance Committee to look into the redressal of investors' complaints and requests such as delay in transfer of shares, non-receipt of annual report, change of address, etc.

As on 31st March, 2011, the Committee comprised of Mr. A.K. Newatia, Non-Executive & Independent Director as Chairman and Mr. A.K. Singhania, Non Executive Director as Member of the committee. Mr. Girish Narang, Head-Legal & Company Secretary acts as the Compliance Officer.

The Board of Directors has approved the following terms of refrence for the Shareholders/ Investors Grievances Committee.

1. To approve/refuse/reject registration of transfer/transmission of shares.
2. To authorise issue of Duplicate Share Certificate and Share Certificate after split/consolidation/replacement.
3. To monitor rederessal of Shareholders and Investors Complaints about transfer of shares, non receipt of balance sheet, non receipt of declared dividend.
4. To affix or authorise affixation of the Common Seal of the Company on Share Certificate of the Company.
5. Such other function as may be assigned by the Board.

The committee meets as and when required and during the year under review.

The Company has received 104 complaints from the shareholders and all of them have been resolved by furnishing requisite information/ documents. There was no complaint pending as on 31st March 2011.

The Company gives utmost priority to the redressal of Shareholders Grievances which is evident from the fact that all complaint received from the shareholders are resolved expeditiously to the satisfaction of the shareholders.

Certification in terms of Clause 49 (V) of the Listing Agreement

Certification by Executive Director & Business head – Films and Executive Director & CFO as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board alongwith the financial statement for the year ended 31st March 2011, and the Board reviewed the same. The said Certificate is provided in the Corporate Governance Report.

5. General Body Meetings

Details of the Annual General Meetings and Extra Ordinary General Meetings held during the last three years as follows :

Annual General Meeting

Financial Year	Date	Time	Venue	Special Resolution Passed
2009-2010	27.07.2010	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	1. Appointment of Mr. Ayush Vardhan Singhania (Relative of Managing Director) as Group Leader-Business Development
2008-2009	01.07.2009	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	1. Increase in Remuneration of Managing Director
2007-2008	19.09.2008	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	1. Commission payment to Managing Director 2. Commission payment to Non-Executive Directors 3. Amendments in Article of Association

Extra Ordinary General Meeting

Financial Year	Date	Time	Venue	Special Resolution Passed
2009-2010	21.10.2009	11.00 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	Preferential allotment of Zero Coupon Fully and Compulsorily Convertible Unsecured Debentures and Zero Coupon Warrants

During the year under review no Resolution was passed through Postal Ballot.

6. Disclosures

Related Party Transactions

During the financial year 2010-11 there was no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Disclosure of Accounting Treatment

During the year in the preparation of the financial statement, no treatment different from that prescribed in an Accounting Standard has been followed.

Compliance by the Company

The Company has complied with the requirement of the Stock Exchange, SEBI and other statutory authorities relating to the capital market during the last three years.

No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI and other statutory authorities relating to the above.

Management

Management Discussion and Analysis is forming the part of the Annual Report to the Shareholders.

Whistle Blower Policy

Employees can report there concerns by e-mailing to the Company for this purpose at whistleblower@ester.in or by sending a letter to the Chairman. This mail-id will only receive mails from ester.in. Employees who wish to remain anonymous can do so.

7. Means of communication

- The quarterly and yearly financial results are generally published in the following newspapers:

  Economic Times, Times of India, Financial Express, Nav Bharat Times, Pioneer, New Delhi and Viswamanav, Bareilly, Uttar Pradesh.
- The financial results are displayed on www.esterindustries.com.
- Management Discussion and Analysis forms part of the Annual Report.

8. General Shareholder Information:

8.1 Forthcoming Annual General Meeting

Date and Time	Monday, 25th July, 2011 at 10.30 AM
Venue	Sohan Nagar, P.O. Charubeta, Khatima- 262308, District Udhamsingh Nagar, Uttarakhand

8.2 Financial Calendar (Tentative and subject to change):

Financial Results for the Quarter ending 30th June 2011	July 2011
Financial Results for the Quarter ending 30th September 2011	October 2011
Financial Results for the Quarter ending 31st December 2011	January 2012
Financial Results for the Quarter ending 31st March 2012	April/May 2012
Annual General Meeting	Any date between May 2012 - September 2012

8.3 Books closure date

15th July, 2011 to 18th July, 2011 (both days inclusive) for the purpose of taking the record of shareholders to whom dividend is to be paid if declared at the ensuing Annual General Meeting.

8.4 Dividend payment

The Board of Directors has recommended Final Dividend of 2/- per share on Equity Shares of Face Value of Rs. 5/- each for the Financial Year 2010-11. The dividend, if declared by shareholders at the ensuing AGM shall be paid to those shareholders, whose names appear on the Register of Members as on 18th July, 2011. In respect of shares held in electronic form, the dividend will be paid to the beneficial owners of the shares as on the closing hours of business on 14th July, 2011 as per the details furnished by the Depositories for this purpose.

Dividend will be paid on or after 26th July, 2011 after declaration by the shareholders in the Annual General Meeting.

8.5 Listing of Equity Shares on Stock Exchanges

Ester Industries Limited is presently listed on Bombay Stock Exchange and the details of the same is mentioned as under:

Address of Bombay Stock Exchange	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Tel: 91-22-22721233/4, Fax: 91-22-22721919
Listed Capital	62893706 Equity Shares of Rs. 5/- each
Website of Stock Exchange	www.bseindia.com

During the year 2010-11, the equity shares of the Company were delisted from Calcutta Stock Exchange w.e.f. 12th October, 2010 pursuant to application made by the Company under SEBI (Delisting of Securities) Guidelines, 2003.

8.6	(a)	Stock Code	:	500136 (Bombay Stock Exchange)
	(b)	Scrip ID	:	ESTERIND (Bombay Stock Exchange)
	(c)	ISIN Number	:	INE778B01029

8.7 Stock Market Data:

The data for trading in equity shares of the Company at Bombay Stock Exchange is provided below:

Month	Month's High Price (In Rs.)	Month's low Price (In Rs.)	Volume (No. of Shares)
Apr-10	23.65	18.00	2830163
May-10	23.15	18.55	1275199
Jun-10	26.40	20.05	2603569
Jul-10	41.00	25.60	11584667
Aug-10	52.65	38.40	9977100
Sep-10	72.25	47.05	13222634
Oct-10	96.00	64.60	5483098
Nov-10	104.65	65.90	4162940
Dec-10	84.50	57.65	2453583
Jan-11	84.50	56.10	1911904
Feb-11	57.75	41.50	4433723
Mar-11	43.30	33.60	4166222

8.8 Registrar and Share Transfer Agents:

MCS Limited,
F – 65, Okhla Industrial Area Phase - I, New Delhi – 110 020
Phone No. – 011-41406149/50/51
Fax No. – 011-41709881
E-Mail : admin@mcsdel.com

8.9 Share Transfer System:

Presently, the share transfer which are received in physical form are processed and the share certificates are returned within a period of 15 to 20 days from the date of receipts, subject to the documents being valid and complete in all respects.

8.10 Distribution of Shareholding as on 31st March 2011:

Distribution	No. of Shareholders	% to total holders	No. of shares	% to total shares
1-500	21280	85.4241	3728174	5.9277
501-1000	1838	7.3783	1561618	2.4829
1001-2000	862	3.4603	1398214	2.2231
2001-3000	306	1.2284	796714	1.2668
3001-4000	136	0.5459	494591	0.7864
4001-5000	141	0.5660	679907	1.0810
5001-10000	183	0.7346	1385429	2.2028
10001-50000	127	0.5098	2412464	3.8358
50001-100000	13	0.0522	923367	1.4681
And Above	25	0.1004	49513228	78.7253
Total	**24911**	**100.00**	**62893706**	**100.00**

Shareholding Pattern as on 31st March 2011:

Category of Shareholder	No. of Shareholders	No. of Shares	% to total shares
A. PROMOTER AND PROMOTER GROUP			
1. Indian			
a. Individual/HUF	4	600	0.0010
b. Bodies Corporate	2	9172650	14.5844
Sub Total	**6**	**9173250**	**14.5854**
2. Foreign			
a. Bodies Corporate	4	36170192	57.5101
Sub Total	**4**	**36170192**	**57.5101**
Total Shareholding of Promoter and Promoter Group	**10**	**45343442**	**72.0955**
B. PUBLIC SHAREHOLDING			
1. Institutions			
a. Mutual Funds/UTI	5	27700	0.0440
b. Financial Institutions/Banks	10	35300	0.0561
c. Insurance Companies	1	300	0.0005
d. Foreign Institutional Investor	1	85998	0.1367
Sub Total	**17**	**149298**	**0.2373**
2. Non Institutions			
a. Bodies Corporate	531	3744821	5.9542
b. Resident Individuals	24192	12899191	20.5095
c. Non-Resident Individual	159	756254	1.2024
d. Trust & Foundations	2	700	0.0011
Sub Total	**24884**	**17400966**	**27.6672**
Total Public Shareholding	**24901**	**17550264**	**27.9045**
GRAND TOTAL (A) + (B)	**24911**	**62893706**	**100.00**

8.11 Dematerialisation of Shares:

As on 31st March 2011, 84.6% of the Company's shares were held in dematerialised form.

8.12 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity

As on date there are no outstanding warrants or any convertible instruments. The Company has not issued any GDR/ADR.

8.13 Plant location:

Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand

8.14 (i) Investor Correspondence (For transfer/dematerlisation of shares and any other query related to the shares of the Company)	**For shares held in physical form** MCS Limited F – 65, Okhla Industrial Area Phase - I, New Delhi – 110 020 Phone No. – 011-41406149/50/51, Fax No. – 011-41709881 E-Mail: - admin@mcsdel.com **For shares held in Demat form** To the respective Depository Participant
(ii) Any query on Annual Report	**Ester Industries Ltd.** Secretarial Department DLF Building No. 8, Tower A, 2nd Floor, DLF Cyber City, DLF Phase II, Sector 25, Gurgaon, Haryana – 122 002 Phone: 0124-4572100, Fax : 0124-4572199 E-Mail: shares.deptt@ester.in Web site: www.esterindustries.com

Declaration

It is hereby declared that all the Board Members and Senior Management of the Company have affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company.

For **Ester Industries Limited**

Sd/-
Ashok Kumar Agarwal
Executive Director and Business Head – Films

Date: 9th May 2011
Place: New Delhi

Certificate by Executive Director & CFO and Executive Director & Business Head-Films

In terms of clause 49(V) of the Listing Agreement, we certify as under:

(a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended on 31st March 2011 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year 2010-2011 which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee

(i) significant changes, if any, in the internal control over financial reporting during the year;

(ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Pradeep Kumar Rustagi
Executive Director and CFO

Sd/-
Ashok Kumar Agarwal
Executive Director and Business Head- Films

Date : 9th May 2011
Place : New Delhi

Certificate on Corporate Governance

To,
The Members of Ester Industries Limited

We have examined the compliance of conditions of Corporate Governance by Ester Industries Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. K. Choudhary & Co.
(Company Secretaries)

Sd/-
Vineet K. Choudhary
C. P. No. – 4548

Date: 9th May 2011
Place: Noida

Auditors' Report

To

The Members of Ester Industries Limited

1. We have audited the attached Balance Sheet of Ester Industries Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

      b) in the case of the profit and loss account, of the profit for the year ended on that date; and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Firm registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: 9th May 2011

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date
Re: Ester Industries Limited

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) There was no substantial disposal of fixed assets during the year.

ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year.

b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii) a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the Order), are not applicable.

b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f), and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) (herein referred to as the Order), are not applicable.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There is no sale of service; hence provisions of this clause, to the extent of sale of services are not applicable to the Company. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and other material statutory dues have generally been regularly deposited with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, and material other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Dispute on MODVAT credit taken on chips used in yarn and on exempted clearance of chips. Demand raised for duty on removal of PET Chips in custody	30.04	July 87 to June 93 and Jan 95	Commissioner Central Excise (Noida)
Central Excise Act, 1944	Dispute on MODVAT credit taken on inputs and Capital Goods used in chips which were cleared at NIL duty.	173.86	March 90 to Feb 92 and Oct 94 to Feb 95	Commissioner (Appeals), Central Excise Ghaziabad
Central Excise Act, 1944	Dispute on disallowance of MODVAT on TEG as documents were more than six months old.	4.80	March 92	Customs, Excise, Service Tax Appellate Tribunal (Delhi)
The Customs Act, 1962	Demand for Custom Duty forgone on value based advance license.	57.72	June 93 to April 95	Commissioner/Additional Commissioner Customs (DEEC) Mumbai
Central Excise Act, 1944	Demand on PET Chips waste cleared at nil rate of duty. MEG received under chapter X after rescinding of Notification No. 34/87 CE. Inadmissibility of MODVAT credit against PBT Chips and Polyester films.	4.57	July 93 to May 94 and Feb to Aug 2000	Deputy Commissioner Central Excise, Rampur
Central Excise Act, 1944	Demand raised on account of differences in stocks as per physical and book records.	7.72	November 1992	Commissioner Meerut II
The Customs Act, 1962	Dispute on disallowance of remission on MEG lost in Transit and utilisation of MODVAT credit	32.99	June 87 to Oct 88, March 91 to May 91 and 1993	Assistant Commissioner, Rampur
Central Excise Act, 1944	Demand on shortages on inputs on department physical verification.	3.09	July 2010	Assistant Commissioner, Rampur
Income Tax Act, 1961	Penalty imposed on difference of loss assessed by Income Tax Department and tax return filed by the Company.	1.84	1988-89	High Court, Delhi
Income Tax Act, 1961	Dispute on Disallowance of advertisement expenditure pursuant to Rule 6B of IT Rules, 1962 by ITAT	1.68	A.Y. 1990-91, 1993-94 to 1997-98	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Dispute on Disallowances of club expenditure on the contention that expenses not incurred wholly and exclusively for the business needs.	1.8	A.Y. 1990-91, 1993-94 to 1994-95 & A.Y.2005-06	Income Tax Appellate Tribunal, Delhi & Commissioner of Income Tax (Appeals) Delhi
Income Tax Act, 1961	Dispute on Disallowances of 50% of entertainment expenses on the contention of non participation of the employee for incurring such expenditure	5.10	A.Y. 1993-94 to 1997-98	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Dispute on disallowances of expenses relating to previous year.	14.68	A.Y. 1993-94 to 1997-98	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Disallowance of 80HHC benefit in MAT computation	55.35	AY: 2004-05 to 2005-06	Commissioner Appeals
Income Tax Act, 1961	Dispute on disallowances of excess depreciation claimed by company, bonus provision, expenses incurred on earning exempt income by invoking section 14A of the Act	14.43	A.Y. 2006-07 to A.Y. 2008-09	Commissioner Appeals

x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money through a public issue during the year.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & CO.
Firm registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: 9th May 2011

Balance Sheet As at 31st March, 2011

(Rs. in lacs)

	Schedules	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	3,144.69	3,144.69
Reserves and surplus	2	24,665.40	14,693.66
		27,810.09	**17,838.35**
Loan funds			
Secured loans	3	22,369.09	5,438.57
Deferred Tax Liabilities (net)	4	2,854.06	1,801.32
Total		**53,033.24**	**25,078.24**
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		64,202.40	40,932.50
Less: Accumulated depreciation/ amortisation		27,879.10	27,353.81
Net block		36,323.30	13,578.69
Capital work-in-progress including capital advances		1,646.38	3,661.18
		37,969.68	**17,239.87**
Investments	6	90.41	26.93
Current Assets, Loans and Advances			
Inventories	7	7,437.54	3,913.64
Sundry debtors	8	12,103.31	5,115.16
Cash and bank balances	9	1,822.85	1,817.75
Other current assets	10	724.38	282.70
Loans and advances	11	2,222.60	1,821.95
(A)		**24,310.68**	**12,951.20**
Less: Current Liabilities and Provisions			
Current liabilities	12	7,029.30	3,886.14
Provisions	13	2,308.23	1,253.62
(B)		**9,337.53**	**5,139.76**
Net Current Assets (A-B)		**14,973.15**	**7,811.44**
Total		**53,033.24**	**25,078.24**
Notes to Accounts	22		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

per Manoj Gupta
Partner
Membership No. 83906

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Profit and Loss Account For the year ended 31st March, 2011

(Rs. in lacs)

	Schedules		Year ended March 31, 2011		Year ended March 31, 2010
INCOME					
Turnover (Gross)			70,673.36		42,165.81
Less : Excise duty (Refer note no.6 of Schedule 22)			4,572.75		2,628.75
Turnover (Net)			66,100.61		39,537.06
Other income	14		198.20		120.88
Total			**66,298.81**		**39,657.94**
EXPENDITURE					
Purchase of Trading Goods			21.46		145.28
Manufacturing expenses	15		38,493.50		28,388.67
(Increase) in inventories	16		(2,337.15)		(320.76)
Personnel expenses	17		2,995.18		2,046.17
Administrative and other expenses	18		2,801.96		1,971.06
Selling expenses	19		1,999.41		1,234.73
Depreciation /amortisation		1,807.18		1,429.92	
Less : Transferred from Revaluation Reserve		14.60		14.60	
Net Depreciation /amortisation			1,792.58		1,415.32
Financial expenses	20		1,192.55		643.22
Total			**46,959.49**		**35,523.69**
Profit before tax			**19,339.32**		**4,134.25**
Provision for Tax:					
Current tax			5,339.81		1,127.25
Less: MAT Credit Entitlement			-		(8.85)
Deferred tax charge			1,052.74		229.29
Total Tax Expense			**6,392.55**		**1,347.69**
Profit after tax			**12,946.77**		**2,786.56**
Balance brought forward from previous year			5,042.44		3,198.27
Profit available for appropriation			**17,989.21**		**5,984.83**
APPROPRIATIONS					
Transfer to General Reserve			1,294.68		208.99
Interim dividend on equity shares			1,257.87		-
Proposed Dividend on equity shares			1,257.88		628.94
Tax on dividend			412.98		104.46
Surplus carried to Balance Sheet			**13,765.80**		**5,042.44**
Earnings per share	21				
Basic and Diluted (nominal value of shares Rs. 5 (Previous year Rs. 5))			20.59		4.85
Notes to Accounts	22				

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

per Manoj Gupta
Partner
Membership No. 83906

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Cash Flow Statement For the year ended 31st March, 2011

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	19,339.32	4,134.25
Adjustments for:		
Depreciation/Amortisation	1,792.58	1,415.33
Loss on Fixed Assets Sold/Discarded (net)	39.46	27.84
Interest Expense	854.10	455.73
Interest income	(62.23)	(42.06)
Dividend income	(0.07)	(0.04)
Premium on forward contracts amortised	75.56	–
Unrealized foreign exchange loss (net)	47.48	400.15
Miscellaneous expenditure written off	–	4.76
Bad debts, advances and irrecoverable balances written off (net)	2.57	20.61
Provision for Obsolete Inventories	2.41	15.91
Provision for diminution in the value of investment written back	(0.48)	(3.95)
Provision for loss on Sale of DEPB / Excess liability written back	(1.79)	(14.65)
Operating Profit before Working Capital Changes	22,088.91	6,413.88
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(7,039.41)	(1,314.84)
Decrease / (Increase) loans and advances/other current assets	(1,043.61)	(266.53)
Decrease / (Increase) in Inventories	(3,523.90)	(1,013.56)
Increase/ (Decrease) in Trade & Other Payables/ Provisions	2,634.54	1,546.50
Cash Generated from Operations	13,116.53	5,365.45
Direct Taxes Paid	(4,817.14)	(758.83)
Net cash flow from operating activities (a)	8,299.39	4,606.62
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(22,155.66)	(4,673.59)
Sale of Fixed Assets	77.81	37.36
Deposits (with maturity more than three months)	(2,895.09)	(6,685.72)
Proceeds of deposits matured (with maturity more than three months)	2,779.93	5,880.00
Purchase of Investments	(85.00)	(22.00)
Sale of investment	22.00	11.19
Interest Received	58.39	36.73
Dividend Received	0.07	0.04
Net cash flow from /(used) in investing activities (b)	(22,197.55)	(5,415.99)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from short term borrowings	1,744.60	539.93
Proceeds from long term borrowings	15,719.54	556.08
Repayment of long term borrowings	(533.62)	(990.48)
Interest Paid	(738.36)	(455.73)
Dividend Paid	(2,173.74)	(318.75)
Proceeds for issue of Share warrants and Zero Coupon Unsecured Fully and Compulsorily Convertible Debentures which were subsequently converted into equity shares (net of share issue expenses)	–	1,691.40
Net cash flow from /(used) in financing activities (c)	14,018.42	1,022.45
Net increase/(decrease) in cash and cash equivalents (a+b+c)	120.26	213.08
Cash and cash equivalents at the beginning of the year	572.25	359.17
Cash and cash equivalents at the end of the year	692.51	572.25
Components of cash and cash equivalents		
Cash on Hand	4.39	6.74
Balances with Scheduled Banks :		
- On current Accounts	633.71	537.54
- On Term Deposits	1,130.34	1,245.50
- On Unpaid Dividend Accounts*	54.41	27.97
Cash & Bank Balances as per schedule 9	1,822.85	1,817.75
Less: Fixed deposits not considered as cash and cash equivalents		
- Deposit Pledged with banks	329.11	575.50
- Deposit having maturity period more than 3 months	801.23	670.00
	692.51	572.25

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No. 83906

Place : New Delhi
Date : 9th May 2011

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

Ashok Newatia
Director

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Schedules to the accounts

(Rs. in lacs)

		As at March 31, 2011	As at March 31, 2010
Schedule 1 SHARE CAPITAL			
Authorised			
150,000,000	(Previous year: 150,000,000) equity shares of Rs. 5/- each	7,500.00	7,500.00
600,000	(Previous year: 600,000) cumulative convertible preference shares of Rs. 50/- each	300.00	300.00
8,000,000	(Previous year: 8,000,000) redeemable cumulative preference shares of Rs. 50/- each	4,000.00	4,000.00
		11,800.00	11,800.00
Issued, Subscribed & Paid-up			
62,893,706	(Previous year: 62,893,706) equity shares of Rs. 5/- each fully paid	3,144.69	3,144.69
		3,144.69	3,144.69

Of the above:

i) 3,882,000 equity shares are issued on conversion of cumulative convertible preference shares during the year 2003-04; and

ii) 7,391,306 equity shares are issued on conversion of share warrants and fully convertible debentures during the year 2009-10.

Schedule 2 RESERVES AND SURPLUS		
Capital Reserve	5,778.57	5,778.57
Revaluation Reserve		
Balance as per last account	609.51	624.11
Less: Transferred to Profit and Loss Account	46.29	14.60
	563.22	609.51
Capital Redemption Reserve	335.37	335.37
Securities Premium Account		
Balance as per last account	2,718.77	1,396.94
Add: Received during the year	-	1,330.44
Less: Share issue expenses	-	8.60
	2,718.77	2,718.78
General Reserve		
Balance as per last account	208.99	-
Add: Transfer from Profit and Loss Account	1,294.68	208.99
	1,503.67	208.99
Profit and Loss Account	13,765.80	5,042.44
	24,665.40	14,693.66

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 3 SECURED LOANS		
Term Loans		
From banks	4,698.57	1,067.10
From body corporate	297.27	243.65
Buyers' credit facilities from banks	11,400.96	-
Working capital loans from banks		
Cash credit and packing credit	3,440.28	2,846.14
Bills discounting	2,286.43	1,135.97
Vehicle Loans		
From banks	245.58	145.71
	22,369.09	5,438.57

Notes:

1. Term loans
   i) From banks of Rs. 3977.57 lacs (Previous Year Rs. 1067.10 lacs) - Secured by first mortgage created by way of deposit of title deeds in respect of the immovable properties at Khatima, both present & future and first charge by way of hypothecation of Company's all movable assets (save and except inventories, book debts, vehicles acquired under vehicles loans and machinery acquired through term loan taken from body corporate on exclusive charge basis), ranking pari passu inter-se.

   From Bank of Baroda of Rs. 721 lacs (Previous year Rs. Nil) for Corporate Office project is secured by mortgage created by way of deposit of title deeds in respect of the immovable property (land) at Gurgaon

   Term Loans from banks are further secured by second charge by way of hypothecation of stocks of raw material, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and by irrevocable guarantees of a Director of the Company and a promoter Company.

   ii) From Body Corporate (Tata Capital Limited) of Rs. 297.27 lacs (Previous Years Rs. 243.65 lacs) is secured by first exclusive charge by way of hypothecation of Engineering Plastics Extruder No: 3 & Off Line Coater and further secured by irrevocable guarantee of a Director of the Company and a promoter Company.

2. Buyers' Credit from banks amounting to Rs. 10516.80 lacs (Previous Year Rs. Nil) - Secured by first mortgage created by way of deposit of title deeds in respect of the immovable properties situated at Khatima, both present & future and first charge by way of hypothecation of all movable assets (save and except inventories, book debts, vehicles acquired under vehicles loans and machinery acquired through term loans taken from body corporate on exclusive charge basis), ranking pari passu inter-se.

   Buyers' Credit from Union Bank of India amounting to Rs. 884.16 lacs (Previous Year Rs. Nil) - Secured by first exclusive charge by way of hypothecation of new Metallizer (Topmet 2850) and further secured by irrevocable guarantee of a Director of the Company and a promoter Company

3. Working Capital Loans from Banks amounting to Rs. 4,909.52 lacs (Previous year Rs. 3,982.11 lacs) are secured by first charge by way of hypothecation of stocks of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables and all other movables, both present and future and further secured by irrevocable guarantees of a Director of the Company and a Promoter Company. Working Capital Loans are further secured by way of second charge in respect of immovable properties at Khatima and movable fixed assets.

   Working capital loan amounting to Rs. 817.19 (Previous year Rs. Nil) from Yes Bank is secured by residual and subservient charge on stock of Raw material, semi finished and finished good, stores and spares, bills receivables and book debts (both present and future) and further secured by residual and subservient charge on movable fixed assets (both present and future) and further secured by irrevocable guarantee of a director of the company

3. Vehicle loans are secured by hypothecation of specific vehicles acquired out of proceeds of the Loans.

4. Term Loans and Vehicle Loans installments falling due within next 12 months - Rs. 479.68 lacs (Previous Year Rs. 644.76 lacs).

5. Company has availed Letter of Undertaking (LOU) / Letter of Comfort (LOC) facility from the banks to avail of Buyers' Credit of Rs. 11,400.96 lacs (Previous Year - Rs. Nil). LOU / LOC facility to the extent of Rs. 10,516.80 lacs (Previous Year - Rs. Nil) is sanctioned to the Company as a sub limit of sanctioned term loans.

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	3,125.75	2,148.28
Gross Deferred Tax Liability (a)	3,125.75	2,148.28
Deferred Tax Assets		
Provision for doubtful debts and advances	88.86	143.14
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	182.83	203.82
Gross Deferred Tax Assets (b)	271.69	346.96
Net deferred tax liability / (asset) (a)-(b)	2,854.06	1,801.32

Schedule 5 FIXED ASSETS

	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION				NET BLOCK	
Description	April 1, 2010	Additions	Deduction / Adjustments	March 31, 2011	April 1, 2010	Current year	Deduction / Adjustments	March 31, 2011	March 31, 2011	March 31, 2010
Tangible Assets:										
Land - Freehold (i) & (iii)	60.03	1,426.51	-	1,486.54	-	-	-	-	1,486.54	60.03
Buildings (iii)	2,683.25	2,610.22	-	5,293.47	1,263.74	101.21	-	1,364.95	3,928.52	1,419.51
Plant & Machinery (ii) & (iii)	36,879.11	20,181.21	1,320.96	55,739.36	25,429.68	1,556.77	1,253.38	25,733.07	30,006.29	11,449.43
Furniture & Fixtures	172.27	22.70	2.67	192.30	71.75	11.05	1.37	81.43	110.87	100.52
Lease Hold Improvements (iv)	145.81	-	-	145.81	66.45	16.61	-	83.06	62.75	79.36
Office Equipments	369.24	85.12	8.56	445.80	230.78	28.31	8.24	250.85	194.95	138.46
Vehicles	426.76	204.72	39.05	592.43	134.02	49.08	18.90	164.20	428.23	292.74
Intangible Assets:										
Softwares	196.03	110.66	-	306.69	157.39	44.15	-	201.54	105.15	38.64
Total	40,932.50	24,641.14	1,371.24	64,202.40	27,353.81	1,807.18	1,281.89	27,879.10	36,323.30	13,578.69
Previous year	40,197.03	1,057.02	321.80	40,932.50	26,173.97	1,429.92	250.08	27,353.81	13,578.69	14,023.06
Capital work in Progress (iv)									1,646.38	3,661.18
Total									37,969.68	17,239.87

Notes :

i) Conveyance deed in respect of part of the land valued at Rs. 4.75 lacs (previous year Rs. 4.75 lacs) is pending for execution.

ii) a) Amount of borrowing cost aggregating Rs. 428.64 (previous year Rs. Nil) is capitalised during the year.

b) Current year's deletions from Plant & Machinery include Rs. 687.10 lacs [previous year Rs. 149.97 lacs (on account of discarding of the Machinery of Film Plant Division and UPS Division.)] on account of discarding of the old machinery and equipments.

iii) a) Gross Block of Fixed Assets includes Rs. 7,299.53 lacs (previous year Rs. 7,933.38 lacs) being the amount added on revaluation of Fixed Assets on 31-10-1992.

Revaluation was carried out by an external valuer as per "Existing Use Value" Method using prevailing market prices of the assets and where such prices were not available, RBI indices were used.

Details of additions due to revaluation during 1992 are as follows.

Land - Rs. 39.93 Lacs (previous year Rs. 39.93 lacs)
Building - Rs. 526.23 Lacs (previous year Rs. 526.23 lacs)
Plant and Machinery - Rs. 6733.37 Lacs (previous year Rs. 7367.22 lacs)

iv) Capital work in Progress including capital advances of Rs. 1,186.28 lacs (previous years Rs. 2,306.50 lacs).

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 6 INVESTMENTS		
Long Term Investments (At cost)		
A. Other than trade - Quoted		
Equity Shares		
- Nil (Previous year 50) equity shares of Rs. 10 each fully paid up in Recron Synthetics Ltd*	-	0.02
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Pearl Polymers Ltd.	0.04	0.04
- 200 (Previous year 100) equity shares of Rs. 10 each fully paid up in Polyplex Corporation Ltd.	0.05	0.05
- Nil (Previous year 100) equity shares of Rs. 10 each fully paid up in Orkay Silk Mills Ltd *	-	0.04
- 50 (Previous year 50) equity shares of Rs. 10 each fully paid up in J.K.Synthetics Ltd.	0.03	0.03
- 10 (Previous year 10) equity shares of Rs. 10 each fully paid up in J.K.Cement Ltd	-	-
- 200 (Previous year 100) equity shares of Rs. 10 each fully paid up in Reliance Industries Ltd.	0.14	0.14
- 100 (Previous year 100) equity shares of Rs. 5 each fully paid up in Reliance Communication Limited (Formerly Reliance Communication Ventures Limited)	-	-
- 7 (Previous year 7) equity shares of Rs. 10 each fully paid up in Reliance Infrastructure Limited (Formerly Reliance Energy Ventures Limited)	-	-
- 5 (Previous year 5) equity shares of Rs. 10 each fully paid up in Reliance Capital Limited (Formerly Reliance Capital Ventures Limited)	-	-
- 25 (Previous year 25) equity shares of Rs. 5 each fully paid up Reliance Power Limited (Formerly Reliance Natural Resources Limited)	-	-
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Haryana Petrochemicals Ltd.	0.04	0.04
- Nil (Previous year 50) equity shares of Rs. 10 each fully paid up in Central India Polyesters Ltd *	-	0.06
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Sanghi Polyester Ltd.	0.08	0.08
- Nil (Previous year 100) equity shares of Rs. 10 each fully paid up in Garware Nylons Ltd *	-	0.01
- 360 (Previous year 360) equity shares of Rs. 5 each fully paid up in Venlon Enterprises Ltd.	0.10	0.10
- 196 (Previous year 196) equity shares of Rs. 10 each fully paid up in Nirlon Ltd.	0.02	0.02
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Modipon Ltd.	0.11	0.11
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Garware Polyester Ltd.	0.01	0.01
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in SRF Ltd.	0.02	0.02
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Uflex Industries Ltd.	0.05	0.05
- 200 (Previous year 100) equity shares of Rs. 10 each fully paid up Jindal Poly Films Ltd.	0.03	0.03
- 30,000 (Previous year 30,000) equity shares of Rs. 10 each fully paid up in Ispat Industries Limited**	7.17	-
- 1000 (Previous year 1000) equity shares of Rs. 10 each fully paid up in Bajaj Hindustan Limited**	5.40	-
Other than trade - Quoted -		
Equity shares partly paid		
- Nil (Previous year 68,700) equity shares of Rs. 10 each partly paid up Industrial Development Bank of India*	-	25.03
B. Other than trade - Unquoted		
Units of Mutual Fund		
- 21,824.53 (Previous year 21,824.53) units of SBI- Magnum Comma Fund - Growth Plan of Rs. 22.91 each fully paid up units purchased during the year Rs. Nil (Previous Year Rs. 5 lacs)	5.00	5.00
- NIL (Previous year 50,000) units in Baroda Pioneer PSU Bond Fund - Growth Plan of Rs. 10 each fully paid up 50,000 units sold during the year of Rs. 5 lacs (Previous Year Rs. Nil) units purchased during the year Rs. Nil (Previous Year Rs. 5 lacs)	-	5.00
- Nil (Previous year 14,430.01) units in Baroda Pioneer Growth Fund - Growth Plan of Rs. 48.51 each fully paid up 14,430.01 units sold during the year of Rs. 7 lacs (previous year Rs. Nil) units purchased during the year Rs.Nil (Previous Year Rs. 7 lacs)	-	7.00
- 50,000 (Previous year Nil) units in Baroda Pioneer Infrastructure Fund - Growth Plan of Rs. 10 each fully paid up (50,000 units of Rs. 5 lacs purchased during the year.)	5.00	-
- 100,000 (Previous year Nil) units in Baroda Pioneer PSU Equity Fund - Growth Plan of Rs. 10 each fully paid up (100,000 units of Rs. 10 lacs purchased during the year.)	10.00	-

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 6 INVESTMENTS (Contd...)		
B. Other than trade - Unquoted *(Contd...)*		
Units of Mutual Fund *(Contd...)*		
- 100,000 (Previous year Nil) units in SBI- PSU Fund Growth of Rs. 10 each fully paid up (100,000 units of Rs.10 lacs purchased during the year.)	10.00	-
- 108,342 (Previous year Nil) units in SBI- PSU Fund Growth Plan of Rs. 9.23 each fully paid up (108,342 units of Rs. 10.00 lacs purchased during the year.)	10.00	-
- 99,940.04 (Previous year Nil) units in SBI-SHF- Ultra Short Term Fund - Growth Plan of Rs. 10.01 each fully paid up (99,940.01 units of Rs. 10.00 lacs purchased during the year.)	10.00	-
- 14,612.83 (Previous year Nil) units in DSP Blackrock balanced Fund- Growth Plan of Rs. 68.43 each fully paid up (14,612.83 units of Rs. 10.00 lacs purchased during the year.)	10.00	-
- 20,633.45 (Previous year Nil) units in DSP Blackrock Top 100 Eq Fund- Growth Plan of Rs. 96.93 each fully paid up (20,633.45 units of Rs. 20 lacs purchased during the year.)	20.00	-
Preference shares		
- 20,000 (Previous year 20,000) preference shares of Rs. 10 each fully paid up Ispat Industries Limited**	4.78	-
(a)	98.07	42.88
C. In Subsidiary Companies		
Other than trade (Unquoted, fully paid-up)		
- 25,000 (Previous year 25,000) equity shares of Rs. 1 each fully paid Ester International [USA] Ltd. (a company under the same management under section 370(1B) of the Companies Act, 1956.)	9.69	9.69
Share Capital in Ester Europe GmbH, Germany* (a company under the same management under section 370(1B) of the Companies Act, 1956.)	-	12.36
(b)	9.69	22.05
D. Current Investments (At lower of cost or market value)		
A. Equity Shares Fully Paid (Non Trade) (Quoted)		
Other than trade (Quoted) - Equity shares		
- 30,000 (Previous year 30,000) equity shares of Rs. 10 each fully paid up in Ispat Industries Limited**	-	7.17
- 1000 (Previous year 1000) equity shares of Rs. 10 each fully paid up in Bajaj Hindustan Limited**	-	5.40
Other than trade (Unquoted) - Preference shares (at cost)		
- 20,000 (Previous year 20,000) Preference shares of Rs. 10 each fully paid up Ispat Industries Limited**	-	4.78
(c)	-	17.35
Total (a) + (b) + (c)	107.76	82.28
Less : Provision for Diminution in the Value of		
Long Term Investments ***	10.16	47.68
Current Investments	-	7.67
Less: Provision on transfer from current investment to long term investment		
Unquoted - Preference shares fully paid	2.78	-
Quoted - Equity shares fully paid	4.41	-
	90.41	26.93
Aggregate amount of quoted investments (Market value Rs. 11.66 lacs (Previous year Rs. 10.76 lacs)) (net of provision)	8.41	7.41
Aggregate amount of unquoted investments (net of provision)	82.00	19.52
Total investment net of provisions	90.41	26.93
The following investments were purchased and sold during the year		
11984.66 (previous year Nil) Units Mutual Fund of Rs. 10 each of Baroda Pioneer Fund- Growth Plan.	-	5.00
100,000 (previous year Nil) Units Mutual Fund of Rs. 10 each of DSP Black Rock Focused 25 Fund- Growth Plan.	10.00	-

* Includes investments for Rs. 37.52 lacs written off against provision

** Investments transferred from current investments in previous year to Long term investments in current year

*** Includes Rs. 9.69 lacs (previous year Rs. 22.05 lacs) for investment in subsidiary companies

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 7 INVENTORIES (at lower of cost and net realisable value)		
Raw materials (including Stock in transit Rs. 867.28 lacs (previous year Rs. 598.86 lacs))	2,942.50	1,941.57
Stores and spares (including Stock in transit Rs. 23.48 lacs (previous year Rs. 21.85 lacs))	813.99	628.17
Work-in-progress	735.66	290.22
Finished goods (including Stock in transit Rs. 141.51 lacs (previous year Rs. 18.54 lacs))	2,944.63	1,053.25
By-product and waste	0.76	0.43
	7,437.54	3,913.64
Schedule 8 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	46.67	3.49
Unsecured, considered doubtful	5.44	363.65
Other debts		
Secured, considered good	1,770.06	742.96
Unsecured, considered good	10,286.58	4,368.71
	12,108.75	5,478.81
Less: Provision for doubtful debts	5.44	363.65
	12,103.31	5,115.16
Schedule 9 CASH AND BANK BALANCES		
Cash on hand	4.39	6.74
Balances with scheduled banks :		
On current accounts	633.71	537.54
On unpaid dividend accounts	54.41	27.97
On deposits accounts {Includes receipts for Rs. 329.11 lacs pledged with banks (Previous year Rs. 575.50 lacs)}	1,130.34	1,245.50
	1,822.85	1,817.75
Schedule 10 OTHER CURRENT ASSETS		
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	11.04	7.27
Interest receivable on deposits	13.09	9.25
Export benefits receivable	650.26	266.18
Unamortised Premium on Forward Contracts	49.99	-
	724.38	282.70

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 11 LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	1,192.08	565.14
Advance Tax and Tax deducted at Source (Net of Provision for Tax)	87.93	87.93
MAT credit entitlement		
Opening balance	284.45	682.54
Add: Created during the year	-	8.85
Less: Utilised during the year	(284.45)	(406.93)
Balances with excise, custom, etc.	641.04	560.83
Loans to employees	37.72	52.67
Deposits-others	263.83	232.65
VAT Credit (Input) Receivables	-	38.27
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	31.91	67.24
	2,254.51	1,889.19
Less: Provision for doubtful advances	31.91	67.24
	2,222.60	**1,821.95**
Included in the loans and advances are:		
i) Dues from companies under the same management:		
Ester International USA Limited, a Subsidiary company	60.64	63.21
{Maximum amount outstanding during the year Rs. 60.64 lacs (Previous year Rs. 63.21 lacs)}		

Schedule 12 CURRENT LIABILITIES		
Acceptances	2,942.79	1,519.79
Sundry creditors		
- total outstanding dues of Micro and Small Enterprises (refer note.10 of Schedule 22)	30.53	-
- total outstanding dues of creditors other than Micro and Small Enterprises	3,239.36	1,485.36
{Includes Rs. 668.19 lacs (Previous year Rs. 212.11 lacs) relating to capital goods}		
Subsidiary company	60.00	60.00
Advances from customers	444.62	245.56
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
a) Unpaid dividend	54.41	27.96
Forward Contract	-	402.13
Deposits from dealers/customers and others	2.58	2.58
Other liabilities	139.27	142.76
Interest accrued but not due on loans	115.74	-
	7,029.30	**3,886.14**

Schedule 13 PROVISIONS		
Provision for taxation (net of advance tax payments)	606.09	490.35
Less: MAT utilised during the year	(284.45)	(406.93)
Provision for gratuity (refer note no.7 of Schedule 22)	396.44	333.16
Provision for leave encashment	119.56	102.72
Provision for wealth tax	8.65	0.92
Proposed dividends	1,257.88	628.94
Tax on proposed dividends	204.06	104.46
	2,308.23	**1,253.62**

Schedules to the accounts

(Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 14 OTHER INCOME		
Interest on:		
Bank deposits {Tax deducted at source Rs. 2.94 lacs (Previous year: Rs. 4.67 lacs)}	27.69	31.56
Debtors {Tax deducted at source Rs. 2.26 lacs (Previous year: Rs. 2.45 lacs)}	22.57	15.00
Others - on deposit with electricity department {Tax deducted at source Rs. 2.01 lacs (Previous year: Rs. 2.25 lacs)}	11.97	10.50
Insurance claim received	92.66	8.43
Dividend on current investments - Non-trade	0.07	0.04
Profit on sale of current investments - Non-trade (net)	0.81	1.19
Provision no longer required / unspent liabilities:		
Balance written back	1.79	7.40
DEPB provision written back	-	14.65
Provision for diminution in the value of investment written back	0.48	3.95
Miscellaneous income	40.16	28.16
	198.20	**120.88**

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 15 MANUFACTURING EXPENSES (refer note no.15 of Schedule 22)		
Raw materials and chemicals consumed	32,846.61	24,353.12
{net of export incentive of Rs. 1,029.37 lacs (Previous year Rs. 638.37 lacs)}		
Packing materials consumed	974.62	698.77
Power and fuel	3,601.84	2,468.00
Consumption of stores and spare parts	801.93	745.79
Material handling charges	135.88	90.70
(Decrease) / increase in excise duty on closing stock (refer note no 6 of Schedule 22)	132.62	32.29
	38,493.50	**28,388.67**

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 16 (INCREASE) IN INVENTORIES		
Closing inventories		
Work in progress	735.66	290.22
Finished Goods	2,944.63	1,053.25
By-product and waste	0.76	0.43
	3,681.05	**1,343.90**
Opening inventories		
Work in progress	290.22	294.66
Finished Goods	1,053.25	727.25
By-product and waste	0.43	1.23
	1,343.90	**1,023.14**
	(2,337.15)	**(320.76)**

Schedules to the accounts

(Rs. in lacs)

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule 17 PERSONNEL EXPENSES (refer note no.15 of Schedule 22)			
Salaries, wages and bonus		2,545.75	1,722.09
Contribution to provident fund		119.20	100.10
Gratuity expense (refer Note No.7 of Schedule 22)		85.92	39.45
Other post-employment funds		76.07	74.53
Workmen and staff welfare expenses		168.24	110.00
		2,995.18	**2,046.17**

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule 18 ADMINISTRATIVE AND OTHER EXPENSES (refer note no.15 of Schedule 22)			
Rent		109.79	148.97
Rates and taxes		17.29	8.59
Insurance		108.14	99.52
Repairs & maintenance			
- Plant and machinery		104.95	89.16
- Buildings		21.82	12.11
- Others		101.37	89.37
Travelling and conveyance		685.13	417.05
Communication costs		110.62	92.88
Legal and professional charges		612.66	233.31
Printing and stationery		26.29	19.14
Donations (other than political parties)		19.00	22.62
Commission to non-executive directors		100.00	42.00
Directors' sitting fees		4.30	4.45
Payment to Auditor*@			
- As auditors		24.00	20.00
- Other services		6.00	-
- Out of pocket expenses		1.28	1.25
Loss on fixed assets sold / discarded	71.15		
Less : Transferred from Revaluation Reserve	31.69		
Loss on fixed assets sold / discarded (net)		39.46	27.84
Bad debts, advances and irrecoverable balances written off (net)		2.57	20.61
Loss on sale of DEPB licence		24.65	-
Foreign exchange fluctuation loss (net of gain of Rs. 65.10 lacs (Previous year Rs. 147.32 lacs))		170.74	329.92
Premium on forward contract amortised		75.56	-
Obsolete inventories written off		2.41	15.91
Miscellaneous expenditure written off		-	4.77
Miscellaneous expenses		433.93	271.59
		2,801.96	**1,971.06**

* Excluding service tax of Rs. 3.22 lacs (previous year Rs. 2.19 lacs)

@Net-off of Rs. Nil (previous year Rs. 1 lacs) has been paid to the auditors in respect of their services in preferential allotment of securities and has been charged off against securities premium account as share issue expenses

Schedules to the accounts

(Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 19 SELLING EXPENSES		
Freight	1,608.70	1,027.33
Commission and brokerage (other than sole selling agents)	210.02	93.44
Discount, claims and rebates	83.38	72.27
Others	97.31	41.69
	1,999.41	1,234.73

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 20 FINANCIAL EXPENSES (refer note no.15 of Schedule 22)		
Interest		
- on term loans	256.16	152.08
- on working capital	526.57	318.65
- on buyer's credit facilities	71.37	-
Bank charges	338.45	172.49
	1,192.55	643.22

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 21 EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account	12,946.77	2,786.56
Calculation of weighted average number of equity shares		
Number of Equity Shares at the beginning of the year	62,893,706	55,502,400
Number of Equity Shares issued during the year (in absolute no's)	-	7,391,306
	62,893,706	62,893,706
Weighted average number of equity shares in calculating EPS (in absolute no's)	62,893,706	57,486,915
Basic EPS computed on the basis of earnings (Rs.)	20.59	4.85
Diluted EPS computed on the basis of earnings (Rs.)	20.59	4.85

Schedule 22 NOTES TO ACCOUNTS

1. Nature of Operations

   Ester Industries Limited (hereinafter referred to as 'the Company') is a manufacturer of Polyester Film and Engineering Plastics.

2. Statement of Significant Accounting Policies

   a) Basis of preparation

   The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

   b) Use of estimates

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

   c) Fixed Assets

   Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any, except Land, Building and Plant & Machinery, which had been revalued on 31.10.1992 by a Government registered valuer on the basis of the then replacement value. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

   Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

   d) Depreciation

   i. Depreciation on fixed assets (other than lease hold improvements) is provided using Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956. The management of the Company is of the view that this depreciation rate fairly represents the useful life of the assets except for the following assets where a higher rate is used:

	Rates (SLM)	Schedule XIV Rates (SLM)
Batteries under UPS Project (Plant and Machinery)	19.60%	5.28%

   ii. Fixed assets costing below Rs. 5000 are depreciated at the rate of 100%.

   iii. Depreciation on the revalued portion of fixed assets is adjusted against the Revaluation Reserve.

   iv. Depreciation on the amount of additions made to fixed assets due to upgradations / improvements is provided over the remaining useful life of the asset to which it relates.

   v. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

   vi. Lease hold improvements are amortised over a primary period of lease or useful life, whichever is lower.

   e) Expenditure incurred during the construction period

   Expenditure directly relating to construction activity is capitalised (net of income, if any). Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to Profit & Loss account.

   f) Intangibles

   Software costs relating to acquisition of initial software license fee and installation costs are capitalised in the year of purchase.

   Softwares are amortised on a straight-line basis over its useful life, which is considered to be of a period of three years.

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

g) Impairment of assets

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

h) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

j) Inventories

Inventories are valued as follows:

Raw materials, Components and stores & spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost of raw materials, components and stores & spares is determined on a moving weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year.

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

Export Benefit

Export Benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB) and advance license scheme are accounted for on accrual basis and have been credited to raw material and chemical consumption account.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

Policy for Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

l) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

m) Retirement and other employee benefits

i. Retirement benefits in the form of Superannuation Fund (being funded to LIC) are funded defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable.

ii. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Retirement benefits in the form of Provident Fund (where contributed to the Regional PF Commissioner) and employee state insurance are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There are no other obligations other than the contribution payable to the respective authorities.

   Retirement benefit in the form of Provident Fund (where administered by trust created and managed by the Company) is a defined benefit obligation of the company and the contributions are charged to the Profit and Loss Account of the

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

year when the contributions to the respective funds are due. Shortfalls in the funds, if any, is adequately provided for by the Company.

iv. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

v. Actuarial gains/losses are immediately taken to Profit and Loss account and are not deferred.

n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation and carry forward of tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

o) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

q) Segment Reporting Policies

Identification of segments:

Primary Segment

Business Segment

The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of Polyester film and Engineering plastics.

Secondary Segment

Geographical Segment

The analysis of geographical segments is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

Inter Segment Transfers:

Inter Segment transfers of goods, as marketable products produced by separate segments of the Company for captive consumption, are not accounted for in the books of account of the Company. For the purpose of segment disclosures, however, inter segment transfers have been taken at cost.

Allocation of common costs:

Common allocable costs are allocated to each segment in proportion to the turnover of the segment, except where a more logical allocation is possible.

Unallocated items:

Corporate income and expense are considered as a part of un-allocable income & expense, which are not identifiable to any business segment.

r) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3. Capital Commitments

(Rs. in lacs)

	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for	9,454.54	13,890.27

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

4. Contingent Liabilities not provided for

(Rs. in lacs)

		March 31, 2011	March 31, 2010
a)	Excise Duty and Customs Duty pending hearing of appeals/writ petitions:		
i)	Cenvat Credit Disallowed on inputs (for the period March 1990 to May 1991) not covered Under Rule 57A, mainly Santotherm, Diethyl Glycol, Delion MS etc. Disallowance was due to use of inputs for manufacturing of exempted goods.	8.06	8.06
ii)	Removal of PET Chips (exempted goods) from bonded warehouse without payment of duty	3.00	6.95
iii)	Goods sold from depot at higher value than one declared at factory gate price for the period Jun 1988 to Mar1992.	25.46	26.96
iv)	Cenvat Credit disallowed on Inputs like DMT, additives etc. for the manufacturing of Polyester Chips. Disallowance was due to use of inputs for manufacturing of exempted goods.	164.20	164.20
v)	Reversal of Cenvat credit availed on HSD. Department disallowed credit alleging that Cenvat credit has been wrongly availed on HSD	206.92	206.92
vi)	Cenvat credit availed on raw material. Disallowance on account of credit availed fully on raw materials and not on pro-rata basis for clearance of dutiable goods i.e. Polyester Films.	11.72	11.72
vii)	Availment of credit on import of Dimethyl Terephalate Disallowance was due to use of inputs for manufacturing of exempted goods.	57.71	57.71
viii)	Other Miscellaneous Cases	33.82	39.85
ix)	CENVAT credit Rs. 58 lacs not admissible on shape & section as capital goods and Rs. 2.5 lacs recoverable against shortage of cenvatable inputs	3.09	0.00
x)	Demand raised on account of Excess / Shortfall in stocks alleged by Preventive Staff	12.95	12.95
	Total (A)	526.93	535.32
b)	Show cause notices related to denial of Service Tax credit & Excise rebate on export	2.59	2.59
c)	Income Tax:		
	Demand raised during assessment (A.Y. 1989-90)	1.84	1.84
	Disallowed of advertisement expenditure pursuant to Rule 6B of IT Rules, 1962 in the revised return of income which is based on the auditor's report in respect of A.Y. 1990-91, 1993-94 to 1997-98 by ITAT	1.68	1.68
	Disallowances of club expenditure on the contention that they are not wholly and exclusively for the business needs of the Company in respect of A.Y. 1990-91, 1993-94 to 1994-95 & A.Y.2005-06 by ITAT	1.80	1.80
	Disallowances of 50% of entertainment expenses on the Contention that there has been no participation of the employee for incurring such expenditure in respect of A.Y. 1993-94 to 1997-98 by ITAT	5.10	5.10
	Disallowances of expenses relating to previous year in respect of A.Y. 1993-94 to 1997-98 by ITAT	14.68	14.68
	Demand of MAT (including interest) A.Y.04-05*	46.63	46.63
	* Disallowances of expenses incurred on earning exempt income like dividend and interest by invoking section 14A of the Act by AO in respect of A.Y.2004-05		
	* Disallowances of provision for doubtful debts and advances for computing book profits under section 115JB of the Act as they are in the nature of reserves as per Assessing officer.		

Schedules to the accounts

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

4. Contingent Liabilities not provided for

(Rs. in lacs)

		March 31, 2011	March 31, 2010
	* Disallowance of claim of profits under section 80HHC under for computing book profits under section 115JB of the Act on the contention that Company should have adjusted unabsorbed business loss and depreciation with the profits of the business first before arriving at the deduction under section 80HHC of the Act. Since, the two exceed the current years profits, there can be no deduction under section 80HHC of the Act.		
	Demand of MAT (including interest) A.Y.05-06@	17.05	17.05
	@ Disallowances of carry forward of loss on sale of investments on which dividend income is earned which is exempt from tax by invoking section 94(7) of the Act.		
	@ Disallowances of other expenses under MAT including Foreign technician fees, unexplained investments.		
	Liability in respect of disallowances of excess depreciation claimed by company, bonus provision, disallowances of expenses incurred on earning exempt income like dividend and interest by invoking section 14A of the Act in respect of A.Y. 2006-07 to A.Y. 2008-09	14.43	14.43
d)	Labour Cases:		
	Workers suspended, pending in High Court, Delhi	1.67	1.67
	Total (D) = (A)+(b)+(c)+(d)	**634.36**	**642.79**
e)	Other claims not acknowledged as debts	47.50	46.70
f)	Contingent liability in respect of partly paid up shares	-	5.15
g)	Bonds amounting to Rs. 510 lacs executed in favour of Central Excise & Customs Authorities, out of which, amount to be re-credited on receiving the proof of export is yet to be submitted.	426.48	264.06

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed in (a) to (e) above and hence no provision is considered necessary against the same.

5. a) Directors' Remuneration

(Rs. in lacs)

	Particulars	2010-11	2009-10
a)	Salary	39.14	24.00
b)	Allowances	36.49	18.00
c)	Perquisites	13.72	11.27
d)	Contribution to Provident fund	4.70	2.88
e)	Contribution to Superannuation fund	2.06	3.60
f)	Commission payable to Whole time Director	400.00	160.00
g)	Commission payable to Non -Whole time Director	100.00	42.00
Total		**596.11**	**261.75**

As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the whole time director is not included above.

Note:

In respect of the Managerial Remuneration of Rs. 15.50 lacs paid during earlier years and not sanctioned by the Department of Company Affairs, an interim stay has been granted by the Hon'ble High Court of Delhi on the writ petition filed by the Company.

Schedules to the accounts

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

5. b) **Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors**

(Rs. in lacs)

	2010-11	2009-10
Profit before tax (as per Profit and Loss Account)	**19,339.32**	**4,134.25**
Add: Depreciation as per Profit and Loss account	1,792.58	1,415.32
Loss on sale of fixed assets	39.46	27.84
Miscellaneous Expenses written off	-	4.76
Less: DEPB provision written back	-	(14.65)
Provision for on diminution in the value investment written back	-	(3.95)
Profit on sale of current investments - non trade (net)	-	(1.19)
Advances written off during the year	(35.33)	(12.97)
Provision for doubtful debts written back	(358.21)	-
Depreciation (to the extent specified in section 350 of the Companies Act, 1956)	(1,777.97)	(1,401.83)
Net profit as per Section 349 of the Companies Act, 1956	**18,999.85**	**4,147.58**
Add: Directors remuneration	596.11	261.75
Add: Sitting fees	4.30	4.45
Net Profit as per Section 198	**19,600.26**	**4,413.78**
Commission to Managing director		
- Maximum commission net of remuneration of Rs. 82.28 lacs (previous year Rs. 59.75 lacs) u/s 309 of Companies Act, 1956. (@ 5% of net profits as per section 198).	897.73	160.93
- Commission further approved for payment	400.00	160.00
Commission to Non-Executive directors		
- Maximum commission u/s 309 of Companies Act, 1956. (@ 1% of net profits as per section 198).	196.00	44.13
at 1% of net profits		
- Commission further approved for payment	100.00	42.00

6. Excise duty on sales amounting to Rs. 4,572.75 lacs (previous year Rs. 2,628.75 lacs) has been reduced from sales in profit & loss account and excise duty on increase of stock Rs. 132.62 lacs (Previous year Rs. 32.29 lacs) has been considered as expense in Schedule 15 of financial statements.

7. **Gratuity and other post-employment benefit plans:**

a) Gratuity

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the unfunded status and amounts recognised in the balance sheet for the Gratuity.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in lacs)

	Gratuity	
	March 31, 2011	March 31, 2010
Current service cost	29.96	25.05
Interest cost on benefit obligation	26.65	24.51
Expected return on plan assets	–	–
Net actuarial loss recognised in the year	29.30	(10.11)
Past service cost	–	–
Net benefit expense	**85.92**	**39.45**

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

Balance sheet

Details of provision for Gratuity *(Rs. in lacs)*

	March 31, 2011	March 31, 2010
Defined benefit obligation	396.44	333.16
Less: Un-recognised past service cost	-	-
Plan liability	**396.44**	**333.16**

Changes in the present value of the defined benefit obligation are as follows: *(Rs. in lacs)*

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	333.16	306.32
Interest cost	26.65	24.50
Current service cost	29.96	25.05
Benefits paid	(22.63)	(12.60)
Actuarial losses on obligation	29.30	(10.11)
Closing defined benefit obligation	396.44	333.16

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets, categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

	March 31, 2011 %	March 31, 2010 %
Discount rate	8.0	8.0
Increase in Compensation cost	5.50	5.50
Employee turnover – Age Group		
Up to 30 years	3.0	3.0
30 – 44 years	2.0	2.0
Above 44 years	1.0	1.0

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous three years are as follows: *(Rs. in lacs)*

	Gratuity			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	396.44	333.16	306.32	268.72
Deficit	396.44	333.16	306.32	268.72
Experience adjustments on plan liabilities Loss/(Gain)	29.30	(10.11)	25.24	–
Experience adjustments on plan assets	–	–	–	–

Contribution to Defined Contribution Plans: *(Rs. in lacs)*

	2010-11	2009-10
Superannuation fund	75.66	74.53
Provident fund contribution to Government authority	68.44	76.47

b) Provident Fund

The Company has set up Provident Fund Trust which is managed by the Company, and as per the Guidance note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB), Provident Fund set up by the employers, which required interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the guidance note from the Acturial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund liability. However, the Company has ascertained that at the year end there is no shortfall in the Provident Fund Trust.

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

8. The Company has taken various residential, office and warehouse premises under operating lease agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed under the lease agreement and there are no subleases.

(Rs. in lacs)

Particulars	Lease Payments 2010-11	Lease Payments 2009-10
Total lease payment for the year (Recognised in Profit and Loss Account)	109.79	148.97
Minimum Lease Payments		
Not later than one year	85.23	97.62
Later than one year but not later than five years	233.80	295.52
Later than five years	-	2.89

9. Derivative Instruments and Un-hedged Foreign Currency Exposure

Forward contract outstanding as at Balance Sheet date.

Particulars	Currency	C.Y.	PY	Purpose
Purchase (Cross Currency)	EURO	–	9,500,000	Firm commitment against capital goods order
Purchase	EURO	2,014,600	–	Forwards on account of hedging on foreign loans taken
	USD	3,546,615	–	for capital goods.
	USD	291,200	-	Forward on account of hedging of raw material procurement.

Particulars of Un-hedged foreign Currency Exposure as at the Balance Sheet date

Particulars	Currency	Amount in Foreign Currency (in absolute figures) 31-Mar-11	Amount in Foreign Currency (in absolute figures) 31-Mar-10	Rates 31-Mar-11	Rates 31-Mar-10	Amount (Rs. in Lacs) 31-Mar-11	Amount (Rs. in Lacs) 31-Mar-10
Import Creditors (Acceptances)	USD	201,600.00	902,065.00	44.47	45.39	89.65	409.45
Import Creditors (Acceptances)	JPY	1,940,400.00	1,940,400.00	0.54	0.49	10.48	9.45
Export Debtors	USD	12,267,486.00	1,338,263.00	44.21	44.68	5423.46	597.88
	Euro	530,990.00	147,628.00	61.58	60.87	326.98	89.86
	GBP	90,800.00	26,227.00	71.29	71.84	64.73	18.84
Advances for goods & Services	Euro	1,902,213.95	60,044.00	62.26	63.78	1184.32	38.30
	USD	533,180.05	673,092.00	44.47	45.57	237.11	306.71
	GBP	-	2,472.00	-	73.86	-	1.83
	JPY	21,659,400.00	6,494,400.00	0.54	0.51	116.96	33.16
	CHF	-	850.00	-	42.86	-	0.36

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

10. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

(Rs. in lacs)

No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006	2010-11	2009-10
i	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	30.53	-
	Interest Due	-	-
ii	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
	Payment made beyond the Appointed Date	284.25	134.17
	Interest Paid beyond the Appointed Date	-	-
iii	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
iv	The amount of interest accrued and remaining unpaid at the end of the year; and	-	-
v	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

11. Segment Reporting

The Company operates in two segments manufacturing and sale of polyester film and engineering plastics. The Company has chosen business segments as its primary segments considering the dominant source of nature of risks and returns, internal organisation and management structure. A brief description of the reportable segment is as follows:

Polyester Film : Polyester Films that are used in primarily flexible packaging and other industrial application. Polyester Film is known for high tensile strength, chemical and dimensional stability, transparency, reflective, gas and aroma barrier properties and electrical insulation. PET Chips is the main raw material used to manufacture the film

Engineering Plastics : Engineering Plastics are group of plastic materials that exhibit superior mechanical and thermal properties over the more commonly used commodity plastics. Engineering Plastics are equipped with certain electrical properties which enable it to be used in specific industries such as automotive, telecommunication, electrical, electronics and lighting, consumer durable etc.

A Segment Disclosure

(Rs. in lacs)

	Polyester Film		Engineering Plastics		Total	
Particulars	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE						
External Turnover	58,401.89	32,966.55	7,698.72	6,570.51	66,100.61	39,537.06
Inter Segment Sales/Income	-	-	-	-	-	-
Other income	92.66	15.10	-	0.01	92.66	15.11
SEGMENT RESULT	24,081.73	6,721.33	885.45	1,223.96	24,967.18	7,945.29
Unallocated Corporate Expenses					4,540.85	3,273.59
Operating Profit					20,426.33	4,671.70
Interest & Finance charges					1,192.55	628.22
Interest Income					62.23	57.06
Extra-ordinary Items					-	-
Unallocated Other Income					43.31	48.71
Income Taxes					6,392.55	1,347.69
Net Profit					**12,946.77**	**2,786.56**

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

(Rs. in lacs)

Particulars	Polyester Film 2010-11	Polyester Film 2009-10	Engineering Plastics 2010-11	Engineering Plastics 2009-10	Total 2010-11	Total 2009-10
OTHER INFORMATION						
Segment assets	47,402.78	19,549.54	4,006.13	3,552.01	51,408.91	23,101.55
Unallocated corporate assets					10,961.86	7,090.21
Total assets					**62,370.77**	**30,191.75**
Segment liabilities	5,160.21	3,335.02	353.45	513.87	5,513.66	3,848.89
Unallocated corporate liabilities					29,047.02	8,504.52
Total liabilities					**34,560.68**	**12,353.41**
Capital expenditure	18,710.67	3,708.53	78.33	474.54	18,789.00	4,183.07
Unallocated Capital expenditure					3,837.34	490.51
Total Capital expenditure					**22,626.34**	**4,673.58**
Depreciation/Amortisation	1,350.09	1,069.36	55.42	37.89	1,405.51	1,107.25
Unallocated Depreciation/Amortisation					387.07	312.84
Total Depreciation/Amortisation					**1,792.58**	**1,420.08**
Non-cash expenses other than depreciation and amortisation	-	16.70	-	-	-	16.70
Unallocated Non-cash expenses other than depreciation and amortisation					2.41	401.40
Total Non-cash expenses other than depreciation and amortisation					**2.41**	**418.10**

B. **Information About Secondary Segments**

a) Revenue as per Geographical Markets

(Rs. in lacs)

	2010-11	2009-10
India *	43,829.29	30,969.37
Outside India	22,271.32	8,567.69
Total	**66,100.61**	**39,537.06**

* Includes Deemed export within India

b) Carrying amount of Segment Assets (Debtors) by geographical location of assets

(Rs. in lacs)

	2010-11	2009-10
India	4,036.33	3,522.23
Outside India	8,066.98	1,592.93
Total	**12,103.31**	**5,115.16**

Rest of the current assets are common and not segregable geographical segment wise.

c) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished.

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

12. a) Names of Related parties

Nature of Relationship	Name of Related Party
Names of related parties where control exists	
- Holding Company	- Goldring Investments Corp.
- Subsidiary Company	- Ester International (USA) Limited (EIUL)
Names of Associates/Joint Ventures :	
- Associates	- Saraswati Trading Company Limited
Key Management Personnel.	- Mr. A K Singhania (Chairman & Managing Director)
	- Mr. Ashok Kumar Agrawal (Executive Director with effect from 14th February 2011)
	- Mr. Pradeep Rustagi (Executive Director with effect from 14th February 2011)
Relatives of Key Management Personnel.	- Mr. Sitaram Singhania (Father of Mr. A K Singhania)
	- Uma Devi Singhania (Mother of Mr. A.K.Singhania)
	- Jai Vardhan Singhania (Son of Mr. A K Singhania)
	- Ayush Vardhan Singhania (Son of Mr. A K Singhania)
Individuals, which directly or indirectly through subsidiaries, control or exercise significant influence over the company.	- Uma Devi Singhania (upto 3rd May 2010)
	- Jai Vardhan Singhania (with effect from 3rd May 2010)
Enterprises owned or significantly influenced by Key management personnel or their relatives	- Super Leasing Limited *
	- Sriyam Impex Private Limited
	- Saraswati Trading Company Limited
	- Sri Lakshmi Investments Limited
	- Wilemina Finance Corporation
	- Polyplex Corporation Limited

* Now merged with Sriyam Impex Private Limited (with effect from 18th February 2011)

12. b.) Related Party Disclosures *(Rs. in lacs)*

Nature of Transactions	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals owning, directly or indirectly, a substantial interest in the voting power of the Company	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Transactions during the year						
Managerial Remuneration						
A.K.Singhania	-	482.28	-	-	-	482.28
	(-)	(219.75)	(-)	(-)	(-)	(219.75)
Ashok.K.Agrawal	-	6.75	-	-	-	6.75
	(-)	(-)	(-)	(-)	(-)	(-)
Pradeep Rustagi	-	7.07	-	-	-	7.07
	(-)	(-)	(-)	(-)	(-)	(-)
Rent Paid						
Super Leasing Ltd	-	-	-	-	18.00	18.00
	(-)	(-)	(-)	(-)	(18.00)	(18.00)
Interest free loan repaid during the year						
Spring Falls Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(661.03)	(661.03)

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

12. b.) Related Party Disclosures *(Contd...)*

(Rs. in lacs)

Nature of Transactions	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals owning, directly or indirectly, a substantial interest in the voting power of the Company	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Material Sold						
Polyplex Corporation Limited	- (-)	- (-)	- (-)	- (-)	1.19 (373.17)	1.19 (373.17)
Material Purchased						
Polyplex Corporation Limited	- (-)	- (-)	- (-)	- (-)	4.83 (-)	4.83 (-)
Sriyam Impex Pvt.Ltd.	- (-)	- (-)	- (-)	- (-)	0.92 (-)	0.92 (-)
Amount received on issue of unsecured fully and Compulsorily Convertible Debentures						
M/s. Wilemina Finance Corporation	- (-)	- (-)	- (-)	- (-)	- (600.00)	- (600.00)
Amount received on issue of Share Warrants						
M/s. Super Leasing Limited	- (-)	- (-)	- (-)	- (-)	- (500.00)	- (500.00)
Conversion of unsecured fully Compulsorily Convertible Debenture into Equity Shares						
M/s. Wilemina Finance Corporation	- (-)	- (-)	- (-)	- (-)	- (130.44)	- (130.44)
Conversion of Share Warrants into Equity Shares						
M/s. Super Leasing Limited	- (-)	- (-)	- (-)	- (-)	- (108.70)	- (108.70)
Security Premium on Equity Shares						
M/s. Wilemina Finance Corporation	- (-)	- (-)	- (-)	- (-)	- (469.56)	- (469.56)
M/s. Super Leasing Limited	- (-)	- (-)	- (-)	- (-)	- (391.30)	- (391.30)
Balances Outstanding as at year end						
Commission Payable						
A.K.Singhania	- (-)	400.00 (160.00)	- (-)	- (-)	- (-)	400.00 (160.00)

Schedules to the accounts

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

12. b.) Related Party Disclosures *(Contd...)*

(Rs. in lacs)

Nature of Transactions	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals owning, directly or indirectly, a substantial interest in the voting power of the Company	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Balance payable						
Ester International USA Limited	60.64	-	-	-	-	60.64
	(60.00)	(-)	(-)	(-)	(-)	(60.00)
Balance Recoverable						
Ester International USA Limited	63.19	-	-	-	-	63.19
	(63.33)	(-)	(-)	(-)	(-)	(63.33)
Security deposit						
Super Leasing limited	-	-	-	-	4.50	4.50
	(-)	(-)	(-)	(-)	(4.50)	(4.50)
Receivable for sale of goods						
Polyplex Corporation Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(2.84)	(2.84)
Guarantees given against Loans Taken (jointly and severally) by the Company						
- A.K.Singhania - Saraswati Trading Co. Ltd.	-	25,159.06	-	-	-	25,159.06
- Sitaram Singhania * - A.K.Singhania - Saraswati Trading Co. Ltd.	(-)	(6,812.65)	(-)	(-)	(-)	(6,812.65)

* Mr. Sita Ram Singhania has not given guarantee against Loans taken as at 31st March 2011

- Previous year figures are given in brackets.
- No amount has been written off or provided for in respect of transactions with the related parties.

13. Details of Loans and Advances to Parties in which Directors are interested and investment by the loanee in the shares of the Company (as required by Clause 32 of the Listing Agreement):

(Rs. in lacs)

Description	Outstanding amount as at		Maximum amount outstanding	
	2010-11	2009-10	2010-11	2009-10
– Super Leasing Ltd.	-	-	-	-
Investment by the above mentioned loanee (Super Leasing Ltd.) in the share capital of the Company	458.63	180.77	458.63	180.77

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

14. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

14.1. Installed Capacity (as per best technical estimates of management) and Actual Production

Class of Goods	Unit	Licensed Capacity*		Installed Capacity		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Polyester Chips	MT	NA	NA	1,07,000 **	36,000	38,367@	36,177
Polyester Film	MT	NA	NA	57,000 #	27,000	32,116	30,122
Engineering Plastic	MT	NA	NA	14,400	14,400	5,784	5,996

* Delicensed Products.

** Continuous Process Plant with an installed capacity of 71,000 MT p.a. was installed in November 2010

Film plant with an installed capacity of 30,000 MT p.a. was installed in January 2011.

@ Does not include 4851 MT of Polymer Melt.

14.2. Consumption of raw materials

Particulars	2010-11 Qty. (MT)	2010-11 Value (Rs. in Lacs)	2009-10 Qty. (MT)	2009-10 Value (Rs. in Lacs)
PTA	37,106	18,625.47	31,012	13,949.89
MEG	14,805	6,772.46	12,431	4,439.29
PBT Chips	3,257	3,224.02	3,812	2,626.08
Chemicals & Consumables etc *		4,238.44		3,092.54
		32,860.39		**24,107.80**
Add : Freight		1,015.59		883.69
		33,875.99		**24,991.49**
Less : Export Incentives		1,029.38		638.37
Total		**32,846.61**		**24,353.12**

*It is not practical to furnish quantitative information in view of the large number of items which differ in size and nature.

14.3. Imported and indigenous raw materials and spare parts consumed

Particulars	2010-11 Percentage.	2010-11 Value (Rs. in Lacs)	2009-10 Percentage	2009-10 Value (Rs. in Lacs)
i) Raw materials				
Imported	21.45	7,044.08	46.18	11,247.12
Indigenous	78.55	25,802.53	53.82	13,106.00
Total	100.00	32,846.61	100.00	24,353.12
ii) Stores & Spare Parts				
Imported	55.38	444.00	56.76	423.22
Indigenous	44.62	357.93	43.24	322.57
Total	100.00	801.93	100.00	745.79

14.4. Details of Trading Goods

	Opening Stock		Purchase		Turnover		Closing Stock	
	Qty. (MT)	Value (Rs. in Lacs)	Qty. (MT)	Value (Rs. in Lacs)	Qty. (MT)	Value (Rs. in Lacs)	Qty. (MT)	Value (Rs. in Lacs)
MEG	-	-	-	-	-	-	-	-
	(-)	(-)	(435.70)	(130.23)	(435.70)	(163.92)	(-)	(-)
Others*	-	-	-	21.46	-	13.78	-	-
	(-)	(-)	(-)	(15.05)	(-)	(8.84)	(-)	(-)

(Previous year figures are given in brackets)

* It is not practical to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

14.5. **Production, Turnover and Stocks in respect of Manufactured Goods:**

	Opening Stock		Production		Turnover			Captive	Closing Stock	
	Qty. (MT)	Value (Rs. in Lacs)	Qty. (MT)		Qty. (MT)	Value* (Rs. in Lacs)		Qty. (MT)	Qty. @ (MT)	Value @ (Rs. in Lacs)
Polyester/ PBT Chips	872 (945)	560.26 (480.39)	38,367 (36177)	#	9,071 (6084)	6,604.39 (3882.05)	#,%	28,976 (30166)	1192 (872)	995.36 (560.26)
Polyester Film	158 (84)	147.61 (64.29)	32,116 (30122)	$	31,379 (29842)	55,531.99 (31001.53)	%	262 (206)	777 (158)	978.84 (147.61)
Engg. Plastics	284 (120)	291.19 (130.73)	5,784 (5996)		5,873 (5832)	8499.80 (7097.46)		- (-)	195 (284)	251 (291.19)
Resin Pellets	85 (103)	54.19 (51.79)	2,068 (609)		- (-)	- (-)		1,298 (627)	855 (85)	719.43 (54.15)

\# Does not include 4,851 MT (Previous year Nil) of Polymer Melt.

% Sale of Polyester/ PBT chips includes export sales of 1,027 MT(Previous year 993MT) and sale of polyester film included export sales of 13,437 MT (previous year 8,136 MT)

$ Does not include 175 MT of purchased Polyester film from the market.

Difference in stock tally of Polyester film is on account of process waste of 8 MT and accidental loss of 23 MT.

* Does not include Rs. 23.40 lacs (previous year Rs. 12.00 lacs) on account of sale of waste.

@ Excludes stock of waste of 75 MT of Rs. 0.83 lacs (Previous year 42 MT of Rs. 0.47 lacs).

(Previous year figures are given in brackets.)

14.6. **Value of imports calculated on CIF basis** (Cash basis) *(Rs. in lacs)*

	2010-11	2009-10
Raw Materials	6,175.93	9660.03
Stores & Spare Parts	499.20	369.03
Capital Goods	13,454.82	2,571.71
Total	**20,129.95**	**12,600.77**

14.7. **Net dividend remitted in foreign exchange** *(Rs. in lacs)*

	2010-11		2009-10
Period to which it relates	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010	April 1, 2008 to March 31, 2009
Number of non-resident shareholders (in absolute no's)	5	5	2
Number of equity shares held on which dividend was due (in absolute no's)	36,370,192	36,370,192	30,952,800
Amount remitted (USD) (in absolute no's)	1,590,997	778,805	317,334
Amount remitted in Rs. in lacs	727	364	154.70

14.8. **Expenditure in Foreign Currency:** *(Rs. in lacs)*

	2010-11	2009-10
Bank Charges	60.89	27.53
Legal & Professional	42.73	-
Expense on foreign technicians	493.55	14.35
Books & Periodicals	23.64	-
Brokerage & commission	122.61	42.62
Travelling Expenses	174.37	82.55
Quality compensation and discounts	12.58	5.06
Miscellaneous Expenses	24.69	18.97
Total	**955.06**	**191.08**

Schedule 22 NOTES TO ACCOUNTS *(Contd...)*

14.9. Earnings in Foreign Currency:

(Rs. in lacs)

	2010-11	2009-10
FOB value of Export of Goods	21,734.45	8,357.35
Total	**21,734.45**	**8,357.35**

FOB Value of Exports does not include Deemed Exports of Rs. 26.40 lacs (previous year Rs. 94.89 lacs).

15. Expenditure during construction period

(Rs. in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Balance brought forward	304.66	-
Add: Incurred during the year		
- Salaries, Wages and Bonus	36.81	18.44
- Travelling & Conveyance	26.98	20.09
- Legal & Professional Charges	5.08	7.60
- Insurance	56.76	50.44
- Power and fuel	25.96	94.02
- Bank Charges	(0.77)	114.07
Less: Allocated to fixed assets during the period	455.48	-
Balance Carried Forward	**-**	**304.66**

16. During the current financial year, the Company has received the approval of the appropriate authority for the closure of Ester Europe Gmbh, accordingly we have eliminated the investments from the standalone financial statements.

17. Previous year figures have been regrouped / reclassified wherever considered necessary, so as to confirm with the current year's classification.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No. 83906

Place : New Delhi
Date : 9th May 2011

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

Ashok Newatia
Director

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Balance Sheet Abstract and Company's General Business Profile

Information pursuant to Part III of Schedule VI to the Companies Act, 1956

a. Registration Details

Registration No.	L24111UR1985PLC015063	State Code	20
Balance Sheet Date	31 03 2011		

b. Capital raised during the year *(amount in Rs. Lacs)*

Public issue	NIL	Rights issue	NIL
Bonus issue	NIL	Private placement	NIL

c. Position of mobilisation and deployment of funds *(amount in Rs. Lacs)*

Total liabilities	62370.78	Total assets	62370.78
Sources of Funds			
Paid–up capital	3144.69	Reserves and surplus	24665.40
Secured loans	22369.09	Unsecured loans	NIL
Deferred tax liabilities	2854.06	**Total**	**53033.24**
Application of Funds			
Net fixed assets (including Capital work in progress)	37969.68	Investments	90.41
Net current assets	14973.15	Miscellaneous expenditure	NIL
Total	**53033.24**		

d. Performance of the Company *(amount in Rs. Lacs)*

Turnover/Other Income	70871.56	Total expenditure	51532.24
Profit before tax	19339.32	Profit after tax	12946.77
Basic Earnings per share (Rs.)	20.59	Diluted Earnings per share (Rs.)	20.59
Dividend Rate (in %)	40%		

e. Generic Names of three principal products/services of Company (as per monetary terms)

Item Code No. *(ITC code)*	Product descriptions
392069	POLYESTER CHIPS
392069	POLYESTER FILM
392069	ENGINEERING PLASTIC

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

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

A] Name of the Subsidiary Company	Ester International [USA] Ltd.
B] Financial Year of the Subsidiary Company ended on	31st March 2011
C] Shares of the Subsidiary held by:	
Ester Industries Limited, on the above date:	
a] Number and Face Value	25,000 Equity Shares of USD 1 each
b] Extent of holding	100%
D] The net aggregate amount of Profit/[Losses] of the Subsidiary Company so far as it concerns the members of Ester Industries Limited:	
a] not dealt with in the accounts of Ester Industries Limited, for the year ended 31.03.2011 amounted to	
i] for the subsidiary Financial Year ended on the respective date	US $ [2009] equivalent to Rs. 0.90 Lac
ii] for the previous Financial years of the Subsidiary since it became the Holding Company's Subsidiary	US $ [179,568.00] equivalent to Rs. 79.74 Lac
b] dealt with in the accounts of Ester Industries Limited, for the year ended 31.03.2011 amounted to	
i] for the Subsidiary's Financial Year	NIL
ii] for the previous Financial Years of the Subsidiary since it became the Holding Company's Subsidiary	NIL
E] Changes in the interest of Ester Industries Ltd. The end of the Subsidiary Financial Year and 31.03.2011	NIL
F] Material Changes between the end of the Subsidiary's Financial year and 31.03.2011	NIL
1) Fixed Assets	
2) Investments	
3) Monies lent by the Subsidiary	
4) Monies borrowed by the Subsidiary Company other than for meeting Current Liabilities	

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

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Auditors' Report

To the Board of Directors of Ester Industries Limited on the Consolidated financial statement of Ester industries Limited and its subsidiaries.

1. We have audited the attached consolidated balance sheet of Ester Industries Limited (the 'Ester' Group) as at 31st March 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Ester Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Ester Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

4. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated balance sheet, of the state of affairs of the Ester Group as at 31st March 2011;

   b) in the case of the consolidated profit and loss account, of the profit of the Ester Group for the year ended on that date; and

   c) in the case of the consolidated cash flow statement, of the cash flows of the Ester Group for the year ended on that date.

For S. R. BATLIBOI & CO.
Firm registration No. 301003E
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place - Gurgaon
Date: 9th May 2011

Consolidated Balance Sheet As at 31st March, 2011

(Rs. in lacs)

	Schedules	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	3,144.69	3,144.69
Reserves and surplus	2	24,595.21	14,621.25
		27,739.90	**17,765.94**
Loan funds			
Secured loans	3	22,369.09	5,438.57
Unsecured loans	4	-	6.74
Deferred Tax Liabilities (net)	5	2854.06	1,801.32
Total		**52,963.05**	**25,012.57**
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	64202.40	40,932.50
Less: Accumulated depreciation/ amortisation		27879.10	27,353.81
Net block		36,323.30	13,578.69
Capital work-in-progress including capital advances		1,646.38	3,661.18
		37,969.68	17,239.87
Investments	7	90.41	26.93
Current Assets, Loans and Advances			
Inventories	8	7,437.54	3,913.64
Sundry debtors	9	12,103.31	5,115.16
Cash and bank balances	10	1,823.93	1,823.02
Other current assets	11	724.38	282.70
Loans and advances	12	2,162.58	1,760.06
(A)		**24,251.74**	**12,894.58**
Less: Current Liabilities and Provisions			
Current liabilities	13	7,040.55	3,895.19
Provisions	14	2,308.23	1,253.62
(B)		**9,348.78**	**5,148.81**
Net Current Assets (A-B)		**14,902.96**	**7,745.77**
Total		**52,963.05**	**25,012.57**
Notes to Accounts	23		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

per Manoj Gupta
Partner
Membership No. 83906

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Consolidated Profit and Loss Account For the year ended 31st March, 2011

(Rs. in lacs)

	Schedules		Year ended March 31, 2011		Year ended March 31, 2010
INCOME					
Turnover (Gross)			70,673.36		42,165.81
Less : Excise duty (Refer note no.6 of Schedule 23)			4,572.75		2,628.75
Turnover (Net)			66,100.61		39,537.06
Other income	15		198.20		120.88
Total			**66,298.81**		**39,657.94**
EXPENDITURE					
Purchase of Trading Goods			21.46		145.28
Manufacturing expenses	16		38,493.50		28,388.67
(Increase) in inventories	17		(2,337.15)		(320.76)
Personnel expenses	18		2,995.18		2,046.17
Administrative and other expenses	19		2,802.85		1,971.96
Selling expenses	20		1,999.41		1,234.73
Depreciation /amortisation		1,807.18		1,429.92	
Less : Transferred from Revaluation Reserve		14.60		14.60	
Net Depreciation /amortisation			1,792.58		1,415.33
Financial expenses	21		1,192.56		643.22
Total			**46,960.39**		**35,524.59**
Profit before tax			**19,338.42**		**4,133.34**
Provision for Tax:					
Current tax			5,339.81		1,127.54
Less: MAT Credit Entitlement			-		(8.85)
Deferred tax charge			1,052.74		229.29
Total Tax Expense			**6,392.55**		**1,347.98**
Profit after tax			12,945.87		2,785.36
Balance brought forward from previous year			4,965.11		3,122.14
Profit available for appropriation			**17,910.98**		**5,907.50**
APPROPRIATIONS:					
Transfer to General Reserve			1,294.68		208.99
Interim dividend on equity shares			1,257.87		-
Proposed Dividend on equity shares			1,257.88		628.94
Tax on dividend			412.98		104.46
Surplus carried to Balance Sheet			**13,687.57**		**4,965.11**
Earnings per share	22				
Basic and Diluted (nominal value of shares Rs. 5 (Previous year Rs. 5))			20.58		4.85
Notes to Accounts	23				

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

per Manoj Gupta
Partner
Membership No. 83906

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Consolidated Cash Flow Statement For the year ended 31st March, 2011

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	19,338.42	4,133.34
Adjustments for:		
Depreciation/Amortisation	1,792.58	1,415.33
Loss on Fixed Assets Sold/Discarded (net)	39.46	27.84
Interest Expenses	854.10	455.73
Interest income	(62.23)	(42.06)
Dividend income	(0.07)	(0.04)
Premium on forward contracts amortised	75.56	-
Unrealized foreign exchange loss (net)	47.48	400.15
Miscellaneous expenditure written off	-	4.76
Bad debts, advances and irrecoverable balances written off (net)	2.57	20.62
Provision for Obsolete Inventories	2.41	15.90
Provision for diminution in the value of investment written back	(0.48)	(3.95)
Provision for loss on Sale of DEPB / Excess liability written back	(1.79)	(14.65)
Operating Profit before Working Capital Changes	22,088.01	6,412.97
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(7,039.41)	(1,314.74)
Decrease / (Increase) loans and advances/other current assets	(1,043.61)	(266.54)
Decrease / (Increase) in Inventories	(3,523.90)	(1,013.56)
Increase/(Decrease) in Trade & Other Payables/ Provisions	2,634.87	1,538.86
Cash Generated from Operations	13,115.96	5,356.99
Direct Taxes Paid	(4,817.14)	(759.13)
Net Cash from Operating Activities (a)	8,298.82	4,597.86
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(22,155.66)	(4,673.59)
Sale of Fixed Assets	77.81	37.36
Deposits (with maturity more than three months)	(2,895.09)	(6,685.72)
Proceeds of deposits matured (with maturity more than three months)	2,779.93	5,880.00
Purchase of Investments	(85.00)	(22.00)
Sale of investment	22.00	11.19
Interest Received	58.39	36.73
Dividend Received	0.07	0.04
Net Cash (used in) Investing Activities (b)	(22,197.55)	(5,415.97)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from short term borrowings	1,737.86	539.93
Proceeds from long term borrowings	15,719.54	556.08
Repayment of long term borrowings	(533.62)	(990.38)
Interest Paid	(738.36)	(455.73)
Dividend Paid	(2,173.74)	(318.76)
Proceeds for issue of Share warrants and Zero Coupon Unsecured Fully and Compulsorily Convertible Debentures which were subsequently converted into equity shares (net of share issue exp)	-	1,691.40
Net Cash from/(used in) Financing Activities (c)	14,011.68	1,022.54
Net (Decrease) in Cash & Cash Equivalents (a+b+c)	112.95	204.43
Opening Balance of Cash & Cash Equivalents	577.52	364.57
Foreign currency translation difference	3.12	8.52
Closing Balance of Cash & Cash Equivalents	693.59	577.52
Cash & Cash Equivalents as at year end includes:	Closing Balance	Closing Balance
Cash on Hand	4.39	6.74
Balances with Scheduled Banks :		
- On current Accounts	633.71	537.54
- On Term Deposits	1,130.34	1,245.50
- On Unpaid Dividend Accounts*	54.41	27.97
Balances with Other Banks :		
- On current Accounts	1.08	5.27
Cash & Bank Balances as per schedule 10	1,823.93	1,823.02
Less: Fixed deposits not considered as cash and cash equivalents		
- Deposit Pledged with banks	329.11	575.50
- Deposit having maturity period more than 3 months	801.23	670.00
	693.59	577.52

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

per Manoj Gupta
Partner
Membership No. 83906

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 1 SHARE CAPITAL		
Authorised		
150,000,000 (Previous year: 150,000,000) equity shares of Rs. 5/- each	7,500.00	7,500.00
600,000 (Previous year: 600,000) cumulative convertible preference shares of Rs. 50/- each	300.00	300.00
8,000,000 (Previous year: 8,000,000) redeemable cumulative preference shares of Rs. 50/- each	4,000.00	4,000.00
	11,800.00	11,800.00
Issued, Subscribed & Paid-up		
62,893,706 (Previous year: 62,893,706) equity shares of Rs. 5/- each fully paid	3,144.69	3,144.69
	3,144.69	3,144.69

Of the above:

i) 3,882,000 equity shares are issued on conversion of cumulative convertible preference shares during the year 2003-04; and

ii) 7,391,306 equity shares are issued on conversion of share warrants and fully convertible debentures during the year 2009-10.

	As at March 31, 2011	As at March 31, 2010
Schedule 2 RESERVES AND SURPLUS		
Capital Reserve	5,778.57	5,778.57
Revaluation Reserve		
Balance as per last account	609.51	624.11
Less: Transferred to Profit and Loss Account	46.29	14.60
	563.22	609.51
Capital Redemption Reserve	335.37	335.37
Securities Premium Account		
Balance as per last account	2,718.77	1,396.94
Add: Received during the year	-	1,330.44
Less: Share issue expenses	-	8.60
	2,718.77	2,718.78
Foreign Exchange Translation Reserve		
Balance as per last Account	4.92	(3.60)
Add: Addition during the year	3.12	8.52
Less: Reduction during the year	-	-
	8.04	4.92
General Reserve		
Balance as per last account	208.99	-
Add: Transfer from Profit and Loss Account	1,294.68	208.99
	1,503.67	208.99
Profit and Loss Account	13,687.57	4,965.11
	24,595.21	14,621.25

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 3 SECURED LOANS		
Term Loans		
From banks	4,698.57	1,067.10
From body corporate	297.27	243.65
Buyers' credit facilities from banks	11,400.96	-
Working capital loans from banks		
Cash credit and packing credit	3,440.28	2,846.14
Bills discounting	2,286.43	1,135.97
Vehicle Loans		
From banks	245.58	145.71
	22,369.09	5,438.57

Notes:

1. Term loans
   i) From banks of Rs. 3977.57 lacs (Previous Year Rs. 1067.10 lacs) - Secured by first mortgage created by way of deposit of title deeds in respect of the immovable properties at Khatima, both present & future and first charge by way of hypothecation of Company's all movable assets (save and except inventories, book debts, vehicles acquired under vehicles loans and machinery acquired through term loan taken from body corporate on exclusive charge basis), ranking pari passu inter-se.

      From Bank of Baroda of Rs. 721 lacs (Previous year Rs. Nil) for Corporate Office project is secured by mortgage created by way of deposit of title deeds in respect of the immovable property (land) at Gurgaon

      Term Loans from banks are further secured by second charge by way of hypothecation of stocks of raw material, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and by irrevocable guarantees of a Director of the Company and a promoter Company.

   ii) From Body Corporate (Tata Capital Limited) of Rs. 297.27 lacs (Previous Years Rs. 243.65 lacs) is secured by first exclusive charge by way of hypothecation of Engineering Plastics Extruder No: 3 & Off Line Coater and further secured by irrevocable guarantee of a Director of the Company and a promoter Company.

2. Buyers' Credit from banks amounting to Rs. 10516.80 lacs (Previous Year Rs. Nil) - Secured by first mortgage created by way of deposit of title deeds in respect of the immovable properties situated at Khatima, both present & future and first charge by way of hypothecation of all movable assets (save and except inventories, book debts, vehicles acquired under vehicles loans and machinery acquired through term loans taken from body corporate on exclusive charge basis), ranking pari passu inter-se.

   Buyers' Credit from Union Bank of India amounting to Rs. 884.16 lacs (Previous Year Rs. Nil) - Secured by first exclusive charge by way of hypothecation of new Metallizer (Topmet 2850) and further secured by irrevocable guarantee of a Director of the Company and a promoter Company

3. Working Capital Loans from Banks amounting to Rs. 4,909.52 lacs (Previous year Rs. 3,982.11 lacs) are secured by first charge by way of hypothecation of stocks of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables and all other movables, both present and future and further secured by irrevocable guarantees of a Director of the Company and a Promoter Company. Working Capital Loans are further secured by way of second charge in respect of immovable properties at Khatima and movable fixed assets.

   Working capital loan amounting to Rs. 817.19 (Previous year Rs. Nil) from Yes Bank is secured by residual and subservient charge on stock of Raw material, semi finished and finished good, stores and spares, bills receivables and book debts (both present and future) and further secured by residual and subservient charge on movable fixed assets (both present and future) and further secured by irrevocable guarantee of a director of the company

4. Vehicle loans are secured by hypothecation of specific vehicles acquired out of proceeds of the Loans.

5. Term Loans and Vehicle Loans installments falling due within next 12 months - Rs. 479.68 lacs (Previous Year Rs. 644.76 lacs).

6. Company has availed Letter of Undertaking (LOU) / Letter of Comfort (LOC) facility from the banks to avail of Buyers' Credit of Rs. 11,400.96 lacs (Previous Year - Rs. Nil). LOU / LOC facility to the extent of Rs. 10,516.80 lacs (Previous Year - Rs. Nil) is sanctioned to the Company as a sub limit of sanctioned term loans.

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 4 UNSECURED LOANS		
Other Loan (Other than from Banks)	-	6.74
	-	6.74

	As at March 31, 2011	As at March 31, 2010
Schedule 5 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	3,125.75	2,148.28
Gross Deferred Tax Liability (a)	**3,125.75**	**2,148.28**
Deferred Tax Assets		
Provision for doubtful debts and advances	88.86	143.14
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	182.83	203.82
Gross Deferred Tax Assets (b)	**271.69**	**346.96**
Net deferred tax liability / (asset) (a)-(b)	**2,854.06**	**1,801.32**

Schedule 6 FIXED ASSETS

	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
Description	April 1, 2010	Additions	Deductions / Adjustments	March 31, 2011	April 1, 2010	Current year	Deductions / Adjustments	March 31, 2011	March 31, 2011	March 31, 2010
Tangible Assets:										
Land - Freehold (i) & (iii)	60.03	1,426.51	-	1,486.54	-	-	-	-	1,486.54	60.03
Buildings (iii)	2,683.25	2,610.22	-	5,293.47	1,263.74	101.21	-	1,364.95	3,928.52	1,419.51
Plant & Machinery (ii) & (iii)	36,879.11	20,181.21	1,320.96	55,739.36	25,429.68	1,556.77	1,253.38	25,733.07	30,006.29	11,449.43
Furniture & Fixtures	172.27	22.70	2.67	192.30	71.75	11.05	1.37	81.43	110.87	100.52
Lease Hold Improvements (iv)	145.81	-	-	145.81	66.45	16.61	-	83.06	62.75	79.36
Office Equipments	369.24	85.12	8.56	445.80	230.78	28.31	8.24	250.85	194.95	138.46
Vehicles	426.76	204.72	39.05	592.43	134.02	49.08	18.90	164.20	428.23	292.74
Intangible Assets:										
Softwares	196.03	110.66	-	306.69	157.39	44.15	-	201.54	105.15	38.64
Total	**40,932.50**	**24,641.14**	**1,371.24**	**64,202.40**	**27,353.81**	**1,807.18**	**1,281.89**	**27,879.10**	**36,323.30**	**13,578.69**
Previous year	40,197.03	1,057.02	321.80	40,932.50	26,173.97	1,429.92	250.08	27,353.81	13,578.69	14,023.06
Capital work in Progress (iv)									1,646.38	3,661.18
Total									**37,969.68**	**17,239.87**

Notes :

i) Conveyance deed in respect of part of the land valued at Rs. 4.75 lacs (previous year Rs. 4.75 lacs) is pending for execution.

ii) a) Amount of borrowing cost aggregating Rs. 428.64 (previous year Rs. Nil) is capitalised during the year.

b) Current year's deletions from Plant & Machinery include Rs. 687.10 lacs [previous year Rs. 149.97 lacs (on account of discarding of the Machinery of Film Plant Division and UPS Division.)] on account of discarding of the old machinery and equipments.

iii) a) Gross Block of Fixed Assets includes Rs. 7,299.53 lacs (previous year Rs. 7,933.38 lacs) being the amount added on revaluation of Fixed Assets on 31-10-1992.

Revaluation was carried out by an external valuer as per "Existing Use Value" Method using prevailing market prices of the assets and where such prices were not available, RBI indices were used.

Details of additions due to revaluation during 1992 are as follows.

Land - Rs. 39.93 Lacs (previous year Rs. 39.93 lacs)

Building - Rs. 526.23 Lacs (previous year Rs. 526.23 lacs)

Plant and Machinery - Rs. 6733.37 Lacs (previous year Rs. 7367.22 lacs)

iv) Capital work in Progress including capital advances of Rs. 1,186.28 lacs (previous years Rs. 2,306.50 lacs).

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 7 INVESTMENTS		
Long Term Investments (At cost)		
A. Other than trade - Quoted		
Equity Shares		
- Nil (Previous year 50) equity shares of Rs. 10 each fully paid up in Recron Synthetics Ltd*	-	0.02
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Pearl Polymers Ltd.	0.04	0.04
- 200 (Previous year 100) equity shares of Rs. 10 each fully paid up in Polyplex Corporation Ltd.	0.05	0.05
- Nil (Previous year 100) equity shares of Rs. 10 each fully paid up in Orkay Silk Mills Ltd *	-	0.04
- 50 (Previous year 50) equity shares of Rs. 10 each fully paid up in J.K.Synthetics Ltd.	0.03	0.03
- 10 (Previous year 10) equity shares of Rs. 10 each fully paid up in J.K.Cement Ltd	-	-
- 200 (Previous year 100) equity shares of Rs. 10 each fully paid up in Reliance Industries Ltd.	0.14	0.14
- 100 (Previous year 100) equity shares of Rs. 5 each fully paid up in Reliance Communication Limited (Formerly Reliance Communication Ventures Limited)	-	-
- 7 (Previous year 7) equity shares of Rs. 10 each fully paid up in Reliance Infrastructure Limited (Formerly Reliance Energy Ventures Limited)	-	-
- 5 (Previous year 5) equity shares of Rs. 10 each fully paid up in Reliance Capital Limited (Formerly Reliance Capital Ventures Limited)	-	-
- 25 (Previous year 25) equity shares of Rs. 5 each fully paid up in Reliance Power Limited (Formerly Reliance Natural Resources Limited)	-	-
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Haryana Petrochemicals Ltd.	0.04	0.04
- Nil (Previous year 50) equity shares of Rs. 10 each fully paid up in Central India Polyesters Ltd *	-	0.06
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Sanghi Polyester Ltd.	0.08	0.08
- Nil (Previous year 100) equity shares of Rs. 10 each fully paid up in Garware Nylons Ltd *	-	0.01
- 360 (Previous year 360) equity shares of Rs. 5 each fully paid up in Venlon Enterprises Ltd.	0.10	0.10
- 196 (Previous year 196) equity shares of Rs. 10 each fully paid up in Nirlon Ltd.	0.02	0.02
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Modipon Ltd.	0.11	0.11
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Garware Polyester Ltd.	0.01	0.01
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in SRF Ltd.	0.02	0.02
- 100 (Previous year 100) equity shares of Rs. 10 each fully paid up in Uflex Industries Ltd.	0.05	0.05
- 200 (Previous year 100) equity shares of Rs. 10 each fully paid up Jindal Poly Films Ltd.	0.03	0.03
- 30,000 (Previous year 30,000) equity shares of Rs. 10 each fully paid up in Ispat Industries Limited**	7.17	-
- 1000 (Previous year 1000) equity shares of Rs. 10 each fully paid up in Bajaj Hindustan Limited**	5.40	-
Other than trade - Quoted -		
Equity shares partly paid		
- Nil (Previous year 68,700) equity shares of Rs. 10 each partly paid up in Industrial Development Bank of India*	-	25.03
B. Other than trade - Unquoted		
Units of Mutual Fund		
- 21,824.53 (Previous year 21,824.53) units of SBI- Magnum Comma Fund - Growth Plan of Rs. 22.91 each fully paid up units purchased during the year Rs. Nil (Previous Year Rs. 5 lacs)	5.00	5.00
- NIL (Previous year 50,000) units in Baroda Pioneer PSU Bond Fund - Growth Plan of Rs. 10 each fully paid up 50,000 units sold during the year of Rs. 5 lacs (Previous Year Rs. Nil) units purchased during the year Rs. Nil (Previous Year Rs. 5 lacs)	-	5.00
- Nil (Previous year 14,430.01) units in Baroda Pioneer Growth Fund - Growth Plan of Rs. 48.51 each fully paid up 14,430.01 units sold during the year of Rs. 7 lacs (Previous Year Rs. Nil) units purchased during the year Rs. Nil (Previous Year Rs. 7 lacs)	-	7.00
- 50,000 (Previous year Nil) units in Baroda Pioneer Infrastructure Fund - Growth Plan of Rs. 10 each fully paid up (50,000 units of Rs. 5 lacs purchased during the year.)	5.00	-
- 100,000 (Previous year Nil) units in Baroda Pioneer PSU Equity Fund - Growth Plan of Rs. 10 each fully paid up (100,000 units of Rs. 10 lacs purchased during the year.)	10.00	-
- 100,000 (Previous year Nil) units in SBI- PSU Fund Growth of Rs. 10 each fully paid up (100,000 units of Rs. 10 lacs purchased during the year.)	10.00	-

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 7 INVESTMENTS (Contd...)		
B. Other than trade - Unquoted *(Contd...)*		
Units of Mutual Fund *(Contd...)*		
- 108,342 (Previous year Nil) units in SBI- PSU Fund Growth Plan of Rs. 9.23 each fully paid up (108,342 units of Rs.10.00 lacs purchased during the year.)	10.00	-
- 99,940.04 (Previous year Nil) units in SBI-SHF- Ultra Short Term Fund - Growth Plan of Rs. 10.01 each fully paid up (99,940.04 units of Rs.10.00 lacs purchased during the year.)	10.00	-
- 14,612.83 (Previous year Nil) units in DSP Blackrock balanced Fund- Growth Plan of Rs. 68.43 each fully paid up (14,612.83 units of Rs. 10.00 lacs purchased during the year.)	10.00	-
- 20,633.45 (Previous year Nil) units in DSP Blackrock Top 100 Eq Fund- Growth Plan of Rs. 96.93 each fully paid up (20,633.45 units of Rs. 20 lacs purchased during the year.)	20.00	-
Preference shares		
- 20,000 (Previous year 20,000) preference shares of Rs. 10 each fully paid up in Ispat Industries Limited**	4.78	-
(a)	98.07	42.88
C. Current Investments (At lower of cost or market value)		
A. Equity Shares Fully Paid (Non Trade) (Quoted)		
Other than trade (Quoted) - Equity shares		
- 30,000 (Previous year 30,000) equity shares of Rs. 10 each fully paid up in Ispat Industries Limited**	-	7.17
- 1000 (Previous year 1000) equity shares of Rs. 10 each fully paid up in Bajaj Hindustan Limited**	-	5.40
Other than trade (Unquoted) - Preference shares (at cost)		
- 20,000 (Previous year 20,000) Preference shares of Rs. 10 each fully paid up Ispat Industries Limited**	-	4.78
(b)	-	17.35
Total (a) + (b)	98.07	60.23
Less : Provision for Diminution in the Value of		
Long Term Investments	0.47	25.63
Current Investments	-	7.67
Less: Provision on transfer from current investment to long term investment		
Unquoted - Preference shares fully paid	2.78	-
Quoted - Equity shares fully paid	4.41	-
	90.41	26.93
Aggregate amount of quoted investments (Market value Rs. 11.66 lacs, (Previous year Rs. 10.76 lacs)) (net of provision)	8.41	7.42
Aggregate amount of unquoted investments (net of provision)	82.00	19.52
Total investment net of provisions	90.41	26.93
The following investments were purchased and sold during the year		
11984.66 (previous year Nil) Units Mutual Fund of Rs. 10 each of Baroda Pioneer Fund- Growth Plan.	-	5.00
100,000 (previous year Nil) Units Mutual Fund of Rs. 10 each of DSP Black Rock Focused 25 Fund- Growth Plan.	10.00	-

* Includes investments for Rs. 37.52 lacs written off against provision

** Investments transferred from current investments in previous year to Long term investments in current year

	As at March 31, 2011	As at March 31, 2010
Schedule 8 INVENTORIES (at lower of cost and net realisable value)		
Raw materials (including Stock in transit Rs. 867.28 lacs (previous year Rs. 598.86 lacs))	2,942.50	1,941.57
Stores and spares (including Stock in transit Rs. 23.48 lacs (previous year Rs. 21.85 lacs))	813.99	628.17
Work-in-progress	735.66	290.22
Finished goods (including Stock in transit Rs. 141.51 lacs (previous year Rs. 18.54 lacs))	2,944.63	1,053.25
By-product and waste	0.76	0.43
	7,437.54	3,913.64

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 9 SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	46.67	3.49
Unsecured, considered doubtful	5.44	363.65
Other debts		
Secured, considered good	1,770.06	742.96
Unsecured, considered good	10,286.58	4,368.71
	12,108.75	5,478.81
Less: Provision for doubtful debts	5.44	363.65
	12,103.31	**5,115.16**

	As at March 31, 2011	As at March 31, 2010
Schedule 10 CASH AND BANK BALANCES		
Cash on hand	4.39	6.74
Balances with scheduled banks :		
On current accounts	633.71	537.54
On unpaid dividend accounts	54.41	27.97
On deposits accounts {Includes receipts for Rs. 329.11 lacs pledged with banks (Previous year Rs. 575.50 lacs)}	1,130.34	1,245.50
Balances with other banks :		
On current accounts	1.08	5.27
	1,823.93	**1,823.02**

	Balance outstanding		Maximum amount outstanding during the year	
Bank balances with other banks includes:	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Commerz Bank	-	3.70	3.70	3.70
Bank of India Ny	1.08	1.57	1.08	1.76

	As at March 31, 2011	As at March 31, 2010
Schedule 11 OTHER CURRENT ASSETS		
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	11.04	7.27
Interest receivable on deposits	13.09	9.25
Export benefits receivable	650.26	266.18
Unamortised Premium on Forward Contracts	49.99	-
	724.38	**282.70**

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2011	As at March 31, 2010
Schedule 12 LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	1,132.06	502.54
Advance Tax and Tax deducted at Source (Net of Provision for Tax)	87.93	87.93
MAT credit entitlement		
Opening balance	284.45	682.54
Add: Created during the year	-	8.85
Less: Utilised during the year	(284.45)	(406.93)
Balances with excise, custom, etc.	641.04	560.83
Loans to employees	37.72	52.67
Deposits-others	263.83	233.36
VAT Credit (Input) Receivables	-	38.27
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	31.91	67.24
	2,194.49	1,827.30
Less: Provision for doubtful advances	31.91	67.24
	2,162.58	1,760.06

	As at March 31, 2011	As at March 31, 2010
Schedule 13 CURRENT LIABILITIES		
Acceptances	2,942.79	1,519.79
Sundry creditors		
- total outstanding dues of Micro and Small Enterprises (refer note 10 of Schedule 23)	30.53	-
- total outstanding dues of creditors other than Micro and Small Enterprises	3,310.59	1,554.41
{Includes Rs. 668.19 lacs (Previous year Rs. 212.11 lacs) relating to capital goods}		
Advances from customers	444.62	245.56
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
a) Unpaid dividend	54.41	27.96
Forward Contract	-	402.13
Deposits from dealers/customers and others	2.58	2.58
Other liabilities	139.29	142.76
Interest accrued but not due on loans	115.74	-
	7,040.55	3,895.19

	As at March 31, 2011	As at March 31, 2010
Schedule 14 PROVISIONS		
Provision for taxation (net of advance tax payments)	606.09	490.35
Less: MAT utilised during the year	(284.45)	(406.93)
Provision for gratuity (refer note no. 7 of Schedule 22)	396.44	333.16
Provision for leave encashment	119.56	102.72
Provision for wealth tax	8.65	0.92
Proposed dividends	1,257.88	628.94
Tax on proposed dividends	204.06	104.46
	2,308.23	1,253.62

Schedules to the consolidated accounts

(Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 15 OTHER INCOME		
Interest on:		
Bank deposits {Tax deducted at source Rs. 2.94 lacs (Previous year: Rs. 4.67 lacs)}	27.69	31.56
Debtors {Tax deducted at source Rs. 2.26 lacs (Previous year: Rs. 2.45 lacs)}	22.57	15.00
Others - on deposit with electricity department		
{Tax deducted at source Rs. 2.01 lacs (Previous year: Rs. 2.25 lacs)}	11.97	10.50
Insurance claim received	92.66	8.43
Dividend on current investments - Non-trade	0.07	0.04
Profit on sale of current investments - Non-trade (net)	0.81	1.19
Provision no longer required / unspent liabilities:		
Balance written back	1.79	7.40
DEPB provision written back	-	14.65
Provision for diminution in the value of investment written back	0.48	3.95
Miscellaneous income	40.16	28.16
	198.20	120.88

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 16 MANUFACTURING EXPENSES (refer note no.14 of Schedule 23)		
Raw materials and chemicals consumed	32,846.61	24,353.11
{net of export incentive of Rs. 1,029.37 lacs (Previous year Rs. 638.37 lacs)}		
Packing materials consumed	974.62	698.77
Power and fuel	3,601.84	2,468.01
Consumption of stores and spare parts	801.93	745.79
Material handling charges	135.88	90.70
(Decrease) / increase in excise duty on closing stock (refer note no 6 of Schedule 23)	132.62	32.29
	38,493.50	28,388.67

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 17 (INCREASE) IN INVENTORIES		
Closing inventories		
Work in progress	735.66	290.22
Finished Goods	2,944.63	1,053.25
By-product and waste	0.76	0.43
	3,681.05	1,343.90
Opening inventories		
Work in progress	290.22	294.66
Finished Goods	1,053.25	727.25
By-product and waste	0.43	1.23
	1,343.90	1,023.14
	(2,337.15)	(320.76)

Schedules to the consolidated accounts

(Rs. in lacs)

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule 18 PERSONNEL EXPENSES (refer note no.14 of Schedule 23)			
Salaries, wages and bonus		2,545.75	1,722.09
Contribution to provident fund		119.20	100.10
Gratuity expense (refer Note No. 7 of Schedule 23)		85.92	39.45
Other post-employment funds		76.07	74.53
Workmen and staff welfare expenses		168.24	110.00
		2,995.18	**2,046.17**

		Year ended March 31, 2011	Year ended March 31, 2010
Schedule 19 ADMINISTRATIVE AND OTHER EXPENSES (refer note no.14 of Schedule 23)			
Rent		109.79	148.97
Rates and taxes		17.29	8.59
Insurance		108.14	99.52
Repairs & maintenance			
- Plant and machinery		104.95	89.16
- Buildings		21.82	12.11
- Others		101.37	89.37
Travelling and conveyance		685.13	417.05
Communication costs		110.62	92.88
Legal and professional charges		612.66	213.96
Printing and stationery		26.29	19.15
Donations (other than political parties)		19.00	22.62
Commission to non-executive directors		100.00	42.00
Directors' sitting fees		4.30	4.45
Payment to Auditor*@			
- As auditors		24.89	20.91
- Other services		6.00	-
- Out of pocket expenses		1.28	1.25
Loss on fixed assets sold / discarded	71.15		
Less : Transferred from Revaluation Reserve	31.69		
Loss on fixed assets sold / discarded (net)		39.46	27.84
Bad debts, advances and irrecoverable balances written off (net)		2.57	20.62
Loss on sale of DEPB licence		24.65	-
Foreign exchange fluctuation loss			
(net of gain of Rs. 65.10 lacs (Previous year Rs. 147.32 lacs))		170.74	329.91
Premium on forward contract amortised		75.56	-
Obsolete inventories written off		2.41	15.90
Miscellaneous expenditure written off		-	4.76
Miscellaneous expenses		433.93	290.94
		2,802.85	**1,971.96**

* Excluding service tax of Rs. 3.22 lacs (previous year Rs. 2.19 lacs)

@ Net-off of Rs. Nil (previous year Rs. 1 lac) has been paid to the auditors in respect of their services in preferential allotment of securities and has been charged off against securities premium account as share issue expenses

Schedules to the consolidated accounts

(Rs. in lacs)

	Year ended March 31, 2011	Year ended March 31, 2010
Schedule 20 SELLING EXPENSES		
Freight	1,608.70	1,027.33
Commission and brokerage (other than sole selling agents)	210.02	93.44
Discount, claims and rebates	83.38	72.27
Others	97.31	41.69
	1,999.41	1,234.73

Schedule 21 FINANCIAL EXPENSES (refer note no.14 of Schedule 23)		
Interest		
- on term loans	256.16	152.08
- on working capital	526.57	318.65
- on buyer's credit facilities	71.37	-
Bank charges	338.46	172.49
	1,192.56	643.22

Schedule 22 EARNINGS PER SHARE (EPS)		
Net profit as per profit and loss account	12,945.87	2,785.36
Calculation of weighted average number of equity shares		
Number of Equity Shares at the beginning of the year	62,893,706	55,502,400
Number of Equity Shares issued during the year (in absolute no's)	-	7,391,306
	62,893,706	62,893,706
Weighted average number of equity shares in calculating EPS (in absolute no's)	62,893,706	57,486,915
Basic EPS computed on the basis of earnings (Rs.)	20.58	4.85
Diluted EPS computed on the basis of earnings (Rs.)	20.58	4.85

Schedule 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Principles of Consolidation
   a. The Consolidated Financial Statements relate to Ester Industries Limited and its wholly owned subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis:
      - The financial statements of the Parent Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealised profits are eliminated in full as per Accounting Standard – 21, Consolidated Financial Statements Notified under Companies Accounting Standards Rules, 2006 (as amended). Unrealised losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.
      - The financial statements of the Subsidiary Companies used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2011.
   b. Details of subsidiary company which is considered in the consolidation and the Parent Company's holding therein are as under:

Sl. No.	Name of the subsidiary Company	Country of Incorporation	Extent of holding (%) as on March 31, 2011
1.	Ester International (USA) Limited	USA	100

   The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Parent Company's separate financial statements.

2. Statement of Significant Accounting Policies
   a) Basis of preparation

      The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

      The Consolidated Financial Statement (CFS) related to Ester Industries Limited (hereinafter referred as the "Parent Company") and its wholly owned subsidiary (hereinafter referred as the "Company")

   b) Use of estimates

      The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

   c) Fixed Assets

      Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any, except Land, Building and Plant & Machinery, which had been revalued on 31.10.1992 by a Government registered valuer on the basis of the then replacement value. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

      Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

   d) Depreciation
      i. Depreciation on fixed assets (other than lease hold improvements) is provided using Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956. The management of the Company is of the view that this depreciation rate fairly represents the useful life of the assets except for the following assets where a higher rate is used:

      ii.

	Rates (SLM)	Schedule XIV Rates (SLM)
Batteries under UPS Project (Plant and Machinery)	19.60%	5.28%

Schedule 23 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd...)*

iii. Fixed assets costing below Rs. 5000 are depreciated at the rate of 100%.

iv. Depreciation on the revalued portion of fixed assets is adjusted against the Revaluation Reserve.

v. Depreciation on the amount of additions made to fixed assets due to upgradations / improvements is provided over the remaining useful life of the asset to which it relates.

vi. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.

vii. Lease hold improvements are amortised over a primary period of lease or useful life, whichever is lower.

e) Expenditure incurred during the construction period

Expenditure directly relating to construction activity is capitalised (net of income, if any). Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to Profit & Loss account.

f) Intangibles

Software costs relating to acquisition of initial software license fee and installation costs are capitalised in the year of purchase.

Softwares are amortised on a straight-line basis over its useful life, which is considered to be of a period of three years.

g) Impairment of assets

i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over the remaining useful life.

h) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss Account on a straight-line basis over the lease term.

i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

j) Inventories

Inventories are valued as follows

Raw materials, Components and stores & spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products, in which they will be incorporated, are expected to be sold at or above cost. Cost of raw materials, components and stores & spares is determined on a moving weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arised during the year.

Export Benefit

Export Benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB) and advance license scheme are accounted for on accrual basis and have been credited to raw material and chemical consumption account.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

Policy for Insurance Claims

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

l) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification

m) Retirement and other employee benefits

i. Retirement benefits in the form of Superannuation Fund (being funded to LIC) are funded defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable.

ii. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii. Retirement benefits in the form of Provident Fund (where contributed to the Regional PF Commissioner) and employee state insurance are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There are no other obligations other than the contribution payable to the respective authorities.

Retirement benefit in the form of Provident Fund (where administered by trust created and managed by the Company) is a defined benefit obligation of the company and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. Shortfalls in the funds, if any, is adequately provided by the Company.

iv. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

v. Actuarial gains/losses are immediately taken to Profit and Loss account and are not deferred.

n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation and carry forward of tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

o) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement

q) Segment Reporting Policies

Identification of segments:

Primary Segment

Business Segment

The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of Polyester film and Engineering plastics.

Secondary Segment

Geographical Segment

The analysis of geographical segments is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

Inter Segment Transfers:

Inter Segment transfers of goods, as marketable products produced by separate segments of the Company for captive consumption, are not accounted for in the books of account of the Company. For the purpose of segment disclosures, however, inter segment transfers have been taken at cost.

Allocation of common costs:

Common allocable costs are allocated to each segment in proportion to the turnover of the segment, except where a more logical allocation is possible.

Unallocated items:

Corporate income and expense are considered as a part of un-allocable income & expense, which are not identifiable to any business segment.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

r) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3. Capital Commitments

(Rs. in lacs)

	March 31, 2011	March 31, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for	9,454.54	13,890.27

4. Contingent Liabilities not provided for

(Rs. in lacs)

	March 31, 2011	March 31, 2010
a) Excise Duty and Customs Duty pending hearing of appeals/writ petitions:		
i) Cenvat Credit Disallowed on inputs (for the period March 1990 to May 1991) not covered Under Rule 57A, mainly Santotherm, Diethyl Glycol, Delion MS etc. Disallowance was due to use of inputs for manufacturing of exempted goods.	8.06	8.06
ii) Removal of PET Chips (exempted goods) from bonded warehouse without payment of duty	3.00	6.95
iii) Goods sold from depot at higher value than one declared at factory gate price for the period June 1988 to March 1992.	25.46	26.96
iv) Cenvat Credit disallowed on Inputs like DMT, additives etc. for the manufacturing of Polyester Chips. Disallowance was due to use of inputs for manufacturing of exempted goods.	164.20	164.20
v) Reversal of Cenvat credit availed on HSD. Department disallowed credit alleging that Cenvat credit has been wrongly availed on HSD	206.92	206.92
vi) Cenvat credit availed on raw material. Disallowance on account of credit availed fully on raw materials and not on pro-rata basis for clearance of dutiable goods i.e. Polyester Films.	11.72	11.72
vii) Availment of credit on import of Dimethyl Terephalate Disallowance was due to use of inputs for manufacturing of exempted goods.	57.71	57.71
viii) Other Miscellaneous Cases	33.82	39.85
ix) CENVAT credit Rs. 58645 not admissible on shape & section as capital goods and Rs. 250146 recoverable against shortage of cenvatable inputs	3.09	0.00
x) Demand raised on account of Excess / Shortfall in stocks alleged by Preventive Staff	12.95	12.95
Total (A)	526.93	535.32

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

4. Contingent Liabilities not provided for *(Contd...)*

(Rs. in lacs)

		March 31, 2011	March 31, 2010
b)	Show cause notices related to denial of Service Tax credit & Excise rebate on export	2.59	2.59
c)	Income Tax:		
	Demand raised during assessment (A.Y. 1989-90)	1.84	1.84
	Disallowed of advertisement expenditure pursuant to Rule 6B of IT Rules, 1962 in the revised return of income which is based on the auditor's report in respect of A.Y. 1990-91, 1993-94 to 1997-98 by ITAT	1.68	1.68
	Disallowances of club expenditure on the contention that they are not wholly and exclusively for the business needs of the Company in respect of A.Y. 1990-91, 1993-94 to 1994-95 & A.Y.2005-06 by ITAT	1.80	1.80
	Disallowances of 50% of entertainment expenses on the Contention that there has been no participation of the employee for incurring such expenditure in respect of A.Y. 1993-94 to 1997-98 by ITAT	5.10	5.10
	Disallowances of expenses relating to previous year in respect of A.Y. 1993-94 to 1997-98 by ITAT	14.68	14.68
	Demand of MAT (including interest) A.Y.04-05*	46.63	46.63
	*Disallowances of expenses incurred on earning exempt income like dividend and interest by invoking section 14A of the Act by AO in respect of A.Y.2004-05		
	* Disallowances of provision for doubtful debts and advances for computing book profits under section 115JB of the Act as they are in the nature of reserves as per Assessing officer.		
	* Disallowance of claim of profits under section 80HHC for computing book profits under section 115JB of the Act on the contention that Company should have adjusted unabsorbed business loss and depreciation with the profits of the business first before arriving at the deduction under section 80HHC of the Act. Since, the two exceed the current years profits, there can be no deduction under section 80HHC of the Act.		
	Demand of MAT (including interest) A.Y.05-06@	17.05	17.05
	@Disallowances of carry forward of loss on sale of investments On which dividend income is earned which is exempt from tax by invoking section 94(7) of the Act.		
	@Disallowances of other expenses under MAT including Foreign technician fees, unexplained investments.		
	Liability in respect of disallowances of excess depreciation claimed by company, bonus provision, disallowances of expenses incurred on earning exempt income like dividend and interest by invoking section 14A of the Act in respect of A.Y. 2006-07 to A.Y. 2008-09	14.43	14.43
d)	Labour Cases:		
	Workers suspended, pending in High Court, Delhi	1.67	1.67
	Total (D) = (A)+(b)+(c)+(d)	**634.36**	**642.79**
e)	Other claims not acknowledged as debts	47.50	46.70
f)	Contingent liability in respect of partly paid up shares	-	5.15
g)	Bonds amounting to Rs. 510 lacs executed in favour of Central Excise & Customs Authorities, out of which, amount to be re-credited on receiving the proof of export is yet to be submitted.	426.48	264.06

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed in (a) to (e) above and hence no provision is considered necessary against the same.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

5. a) Directors' Remuneration

(Rs. in lacs)

Particulars	2010-11	2009-10
a) Salary	39.14	24.00
b) Allowances	36.49	18.00
c) Perquisites	13.72	11.27
d) Contribution to Provident fund	4.70	2.88
e) Contribution to Superannuation fund	2.06	3.60
(f) Commission payable to Whole time Director	400.00	160.00
g) Commission payable to Non -Whole time Director	100.00	42.00
Total	596.11	261.75

As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the whole time director is not included above.

Note:

In respect of the Managerial Remuneration of Rs.15.50 lacs paid during earlier years and not sanctioned by the Department of Company Affairs, an interim stay has been granted by the Hon'ble High Court of Delhi on the writ petition filed by the Company.

5. b) **Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to directors**

(Rs. in lacs)

	2010-11	2009-10
Profit before tax (as per Profit and Loss Account)	19339.32	4,134.25
Add: Depreciation as per Profit and Loss account	1792.58	1,415.32
Loss on sale of fixed assets	39.46	27.84
Miscellaneous Expenses written off	-	4.76
Less: DEPB provision written back	-	(14.65)
Profit on sale of current investments - non trade (net)	-	(1.19)
Advances written off during the year	(35.33)	(12.97)
Provision for doubtful debts written back	(358.21)	-
Depreciation (to the extent specified in section 350 of the Companies Act, 1956)	(1777.97)	(1,401.83)
Net profit as per Section 349 of the Companies Act, 1956	**18,999.85**	**4,147.58**
Add : Directors remuneration	596.11	261.75
Add : Sitting fees	4.30	4.45
Net Profit as per Section 198	**19,600.26**	**4,413.78**
Commission to Managing director		
- Maximum commission net of remuneration of Rs. 82.28 lacs (previous year Rs. 59.75 lacs) u/s 309 of Companies Act, 1956. (@ 5% of net profits as per section 198).	897.73	160.93
- Commission further approved for payment	400.00	160.00
Commission to Non-Executive directors		
- Maximum commission u/s 309 of Companies Act, 1956. (@ 1% of net profits as per section 198).	196.00	44.13
at 1% of net profits		
- Commission further approved for payment	100.00	42.00

6. Excise duty on sales amounting to Rs. 4,572.75 lacs (previous year Rs. 2,628.75 lacs) has been reduced from sales in profit & loss account and excise duty on increase in stock amounting to Rs. 132.62 lacs (previous year Rs. 32.29 lacs) has been considered as expense in Schedule 16 of financial statements.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

7. Gratuity and other post-employment benefit plans:

a) Gratuity

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the unfunded status and amounts recognised in the balance sheet for the Gratuity.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost) *(Rs. in lacs)*

	Gratuity	
	March 31, 2011	March 31, 2010
Current service cost	29.96	25.05
Interest cost on benefit obligation	26.65	24.51
Expected return on plan assets	-	-
Net actuarial loss recognised in the year	29.30	(10.11)
Past service cost	-	-
Net benefit expense	**85.92**	**39.45**

Balance sheet

Details of provision for Gratuity *(Rs. in lacs)*

	March 31, 2011	March 31, 2010
Defined benefit obligation	396.44	333.16
Less: Un-recognised past service cost	-	-
Plan liability	**396.44**	**333.16**

Changes in the present value of the defined benefit obligation are as follows: *(Rs. in lacs)*

	March 31, 2011	March 31, 2010
Opening defined benefit obligation	333.16	306.32
Interest cost	26.65	24.50
Current service cost	29.96	25.05
Benefits paid	(22.63)	(12.60)
Actuarial losses on obligation	29.30	(10.11)
Closing defined benefit obligation	396.44	333.16

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets, categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

	March 31, 2011 %	March 31, 2010 %
Discount rate	8.0	8.0
Increase in Compensation cost	5.50	5.50
Employee turnover – Age Group		
Up to 30 years	3.0	3.0
30 – 44 years	2.0	2.0
Above 44 years	1.0	1.0

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

Amounts for the current and previous three years are as follows: *(Rs. in lacs)*

	Gratuity			
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	396.44	333.16	306.32	268.72
Deficit	396.44	333.16	306.32	268.72
Experience adjustments on plan liabilities Loss/(Gain)	29.30	(10.11)	25.24	-
Experience adjustments on plan assets	-	-	-	-

Contribution to Defined Contribution Plans: *(Rs. in lacs)*

	2010-11	2009-10
Superannuation fund	75.66	74.53
Provident fund contribution to Government authority	68.44	76.47

b) **Provident Fund**

The Company has set up Provident Fund Trust which is managed by the Company, and as per the Guidance note on implementing AS-15, Employee Benefits (Revised 2005) issued by the Accounting Standard Board (ASB), Provident Fund set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Pending the issuance of the guidance note from the Acturial Society of India, the Company's Actuary has expressed his inability to reliably measure the Provident Fund liability. However, the Company has ascertained that at the year end there is no shortfall in the Provident Fund Trust.

8. The Company has taken various residential, office and warehouse premises under operating lease agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed under the lease agreement and there are no subleases. *(Rs. in lacs)*

	Lease Payments	
Particulars	2010-11	2009-10
Total lease payment for the year (Recognised in Profit and Loss Account)	109.79	148.97
Minimum Lease Payments		
Not later than one year	85.23	97.62
Later than one year but not later than five years	233.80	295.52
Later than five years	-	2.89

9. **Derivative Instruments and Un-hedged Foreign Currency Exposure**

Forward contract outstanding as at Balance Sheet date.

Particulars	Currency	C.Y.	PY	Purpose
Purchase (Cross Currency)	EURO	–	9,500,000	Firm commitment against capital goods order
Purchase	EURO	2,014,600	–	Forwards on account of hedging on foreign loans taken
	USD	3,546,615	–	for capital goods.
	USD	291,200	-	Forward on account of hedging of raw material procurement.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

Particulars	Currency	Amount in Foreign Currency (in absolute figures)		Rates		Amount (Rs. in Lacs)	
		31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Import Creditors (Acceptances)	USD	201,600.00	902,065.00	44.47	45.39	89.65	409.45
Import Creditors (Acceptances)	JPY	1,940,400.00	1,940,400.00	0.54	0.49	10.48	9.45
Export Debtors	USD	12,267,486.00	1,338,263.00	44.21	44.68	5423.46	597.88
	Euro	530,990.00	147,628.00	61.58	60.87	326.98	89.86
	GBP	90,800.00	26,227.00	71.29	71.84	64.73	18.84
Advances for goods & Services	Euro	1,902,213.95	60,044.00	62.26	63.78	1184.32	38.30
	USD	533,180.05	673,092.00	44.47	45.57	237.11	306.71
	GBP	-	2,472.00	-	73.86	-	1.83
	JPY	21,659,400.00	6,494,400.00	0.54	0.51	116.96	33.16
	CHF	-	850.00	-	42.86	-	0.36

10. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 *(Rs. in lacs)*

No.	Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006	2011	2010
i	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	Principal Amount Unpaid	30.53	-
	Interest Due	-	-
ii	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year		
	Payment made beyond the Appointed Date	284.25	134.17
	Interest Paid beyond the Appointed Date	-	-
iii	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
iv	The amount of interest accrued and remaining unpaid at the end of the year; and	-	-
v	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

11. Segment Reporting

The Company operates in two segments manufacturing and sale of polyester film and engineering plastics. The Company has chosen business segments as its primary segments considering the dominant source of nature of risks and returns, internal organisation and management structure. A brief description of the reportable segment is as follows:

Polyester Film : Polyester Films that are used in primarily flexible packaging and other industrial application. Polyester Film is known for high tensile strength, chemical and dimensional stability, transparency, reflective, gas and aroma barrier properties and electrical insulation. PET Chips is the main raw material used to manufacture the film

Engineering Plastics : Engineering Plastics are group of plastic materials that exhibit superior mechanical and thermal properties over the more commonly used commodity plastics. Engineering Plastics are equipped with certain electrical properties which enable it to be used in specific industries such as automotive, telecommunication, electrical, electronics and lighting, consumer durable etc.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

A. Segment Disclosure

(Rs. in lacs)

Particulars	Polyester Film 2010-11	Polyester Film 2009-10	Engineering Plastics 2010-11	Engineering Plastics 2009-10	Total 2010-11	Total 2009-10
REVENUE						
External Turnover	58,401.89	32,966.55	7,698.72	6,570.51	66,100.61	39,537.06
Inter Segment Sales/Income	-	-	-	-	-	-
Other income	92.66	15.10	-	0.01	92.66	15.11
SEGMENT RESULT	**24,081.73**	**6,720.43**	**885.45**	**1,223.96**	**24,967.18**	**7,944.39**
Unallocated Corporate Expenses					4,541.74	3,273.60
Operating Profit					20,425.44	4,670.79
Interest & Finance charges					1,192.56	643.22
Interest Income					62.23	57.06
Extra-ordinary Items					-	-
Unallocated Other Income					43.31	48.71
Income Taxes					6,392.55	1,347.98
Net Profit					**12,945.87**	**2,785.36**
OTHER INFORMATION						
Segment assets	47,402.78	19,549.54	4,006.13	3,552.01	51,408.91	23,101.55
Unallocated corporate assets					10,902.92	7,033.59
Total assets					**62,311.83**	**30,135.14**
Segment liabilities	5,160.21	3,335.03	353.45	513.87	5,513.66	3,848.90
Unallocated corporate liabilities					29,058.27	8,520.30
Total liabilities					**34,571.93**	**12,369.20**
Capital expenditure	18,710.67	3,708.53	78.33	474.54	18,789.00	4,183.07
Unallocated Capital expenditure					3,837.34	490.51
Total Capital expenditure					**22,626.34**	**4,673.58**
Depreciation/Amortisation	1,350.09	1,069.36	55.42	37.89	1,405.51	1,107.25
Unallocated Depreciation/Amortisation					387.07	312.84
Total Depreciation/Amortisation					**1,792.58**	**1,420.09**
Non-cash expenses other than depreciation and amortisation	-	16.70	-	-	-	16.70
Unallocated Non-cash expenses other than depreciation and amortisation					2.41	401.40
Total Non-cash expenses other than depreciation and amortisation					**2.41**	**418.10**

B. Information About Secondary Segments

a) Revenue as per Geographical Markets

(Rs. in lacs)

	2010-11	2009-10
India *	43,829.29	30,969.37
Outside India	22,271.32	8,567.69
Total	**66,100.61**	**39,537.06**

* Includes Deemed export with in India

b) Carrying amount of Segment Assets (Debtors) by geographical location of assets

(Rs. in lacs)

	2010-11	2009-10
India	4,036.33	3,522.23
Outside India	8,066.98	1,592.93
Total	**12,103.31**	**5,115.16**

Rest of the current assets are common and not segregable geographical segment wise.

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

c) The Company has common Fixed Assets for producing goods for domestic market and overseas market. Hence, separate figures for fixed assets/additions to fixed assets cannot be furnished.

12. a) Names of Related parties

Nature of Relationship	Name of Related Party
Names of related parties where control exists	
- Holding Company	- Goldring Investments Corp.
- Subsidiary Company	- Ester International (USA) Limited (EIUL)
Names of Associates/Joint Ventures :	
- Associates	- Saraswati Trading Company Limited
Key Management Personnel.	- Mr. A K Singhania (Chairman & Managing Director)
	- Mr. Ashok Kumar Agrawal (Executive Director with effect from 14th February 2011)
	- Mr. Pradeep Rustagi (Executive Director with effect from 14th February 2011)
Relatives of Key Management Personnel.	- Mr. Sitaram Singhania (Father of Mr. A K Singhania)
	- Uma Devi Singhania (Mother of Mr. A.K.Singhania)
	- Jai Vardhan Singhania (Son of Mr. A K Singhania)
	- Ayush Vardhan Singhania (Son of Mr. A K Singhania)
Individuals, which directly or indirectly through subsidiaries, control or exercise significant influence over the company.	- Uma Devi Singhania (upto 3rd May 2010)
	- Jai Vardhan Singhania (with effect from 3rd May 2010)
Enterprises owned or significantly influenced by Key management personnel or their relatives	- Super Leasing Limited *
	- Sriyam Impex Private Limited
	- Saraswati Trading Company Limited
	- Sri Lakshmi Investments Limited
	- Wilemina Finance Corporation
	- Polyplex Corporation Limited

* Now merged with Sriyam Impex Private Limited (with effect from 18th February 2011)

12. b.) Related Party Disclosures *(Rs. in lacs)*

Nature of Transactions	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals owning, directly or indirectly, a substantial interest in the voting power of the Company	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Transactions during the year						
Managerial Remuneration						
A.K.Singhania	- (-)	482.28 (219.75)	- (-)	- (-)	- (-)	482.28 (219.75)
Ashok.K.Agrawal	- (-)	6.75 (-)	- (-)	- (-)	- (-)	6.75 (-)
Pradeep Rustagi	- (-)	7.07 (-)	- (-)	- (-)	- (-)	7.07 (-)
Rent Paid						
Super Leasing Ltd	- (-)	- (-)	- (-)	- (-)	18.00 (18.00)	18.00 (18.00)
Interest free loan repaid during the year						
Spring Falls Limited	- (-)	- (-)	- (-)	- (-)	- (661.03)	- (661.03
Material Sold						
Polyplex Corporation Limited	- (-)	- (-)	- (-)	- (-)	1.19 (373.17)	1.19 (373.17)

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

12. b.) Related Party Disclosures

(Rs. in lacs)

Nature of Transactions	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals owning, directly or indirectly, a substantial interest in the voting power of the Company	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
Material Purchased						
Polyplex Corporation Limited	- (-)	- (-)	- (-)	- (-)	4.83 (-)	4.83 (-)
Sriyam Impex Pvt.Ltd.	- (-)	- (-)	- (-)	- (-)	0.92 (-)	0.92 (-)
Amount received on issue of unsecured fully and Compulsorily Convertible Debentures						
M/s. Wilemina Finance Corporation	- (-)	- (-)	- (-)	- (-)	- (600.00)	- (600.00)
Amount received on issue of Share Warrants						
M/s. Super Leasing Limited	- (-)	- (-)	- (-)	- (-)	- (500.00)	- (500.00)
Conversion of unsecured fully Compulsorily Convertible Debenture into Equity Shares						
M/s. Wilemina Finance Corporation	- (-)	- (-)	- (-)	- (-)	- (130.44)	- (130.44)
Conversion of Share Warrants into Equity Shares						
M/s. Super Leasing Limited	- (-)	- (-)	- (-)	- (-)	- (108.70)	- (108.70)
Security Premium on Equity Shares						
M/s. Wilemina Finance Corporation	- (-)	- (-)	- (-)	- (-)	- (469.56)	- (469.56)
M/s. Super Leasing Limited	- (-)	- (-)	- (-)	- (-)	- (391.30)	- (391.30)
Balances Outstanding as at year end						
Commission Payable						
A.K.Singhania	- (-)	400.00 (160.00)	- (-)	- (-)	- (-)	400.00 (160.00)
Security deposit						
Super Leasing limited	- (-)	- (-)	- (-)	- (-)	4.50 (4.50)	4.50 (4.50)
Receivable for sale of goods						
Polyplex Corporation Limited	- (-)	- (-)	- (-)	- (-)	- (2.84)	- (2.84)
Guarantees given against Loans Taken (jointly and severally) by the Company						
- A.K.Singhania - Saraswati Trading Company Limited	-	25,159.06	-	-	25,159.06	25,159.06
- Sitaram Singhania * - A.K.Singhania - Saraswati Trading Company Limited	(-)	(6,812.65)	(-)	(-)	(6,812.65)	(6,812.65)

* Mr. Sitaram Singhania has not given guarantee against loans taken as at 31st March 2011
- Previous year figures are given in brackets
- No amount has been written off or provided for in respect of transactions with the related parties

Schedule 23 NOTES TO ACCOUNTS *(Contd...)*

13. Details of Loans and Advances to Parties in which Directors are interested and investment by the loanee in the shares of the Company (as required by Clause 32 of the Listing Agreement):

(Rs. in lacs)

Description	Outstanding amount as at		Maximum amount outstanding	
	2010-11	2009-10	2010-11	2009-10
– Super Leasing Ltd.	-	-	-	-
Investment by the above mentioned loanee (Super Leasing Ltd.) in the share capital of the Company	458.63	180.77	458.63	180.77

14. Expenditure during construction period

(Rs. in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010
Balance brought forward	304.66	-
Add: Incurred during the year		
- Salaries, Wages and Bonus	36.81	18.44
- Travelling & Conveyance	26.98	20.09
- Legal & Professional Charges	5.08	7.60
- Insurance	56.76	50.44
- Power and fuel	25.96	94.02
- Bank Charges	(0.77)	114.07
Less: Allocated to fixed assets during the period	455.48	-
Balance Carried Forward	**-**	**304.66**

15. During the current financial year, the Company has received the approval of the appropriate authority for the closure of Ester Europe Gmbh, accordingly we have not consolidated the same in the consolidated financial statements.

16. Previous year figures have been regrouped / reclassified wherever considered necessary, so as to confirm with the current year's classification.

As per our report of even date

For S.R.BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

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

per Manoj Gupta
Partner
Membership No. 83906

Ashok Newatia
Director

Place : New Delhi
Date : 9th May 2011

Pradeep Rustagi
Executive Director & CFO

Girish Narang
Head - Legal & Company Secretary

Subsidiary's Financial Statement

Details of Ester International (USA) Ltd, subsidiary of the Company in terms of General Circular no. 2/2011 dated 8th February, 2011 and 3/2011 dated 21st February, 2011 issued by Ministry of Corporate Affairs-

Name of Subsidiary – Ester International (USA) Limited

Sl. No.	Particulars	Amount (Rs. in lacs)
1	Capital	9.69
2	Reserves	(79.22)
3	Total Assets	1.70
4	Total Liabilities*	71.23
5	Details of Investment (Except in case of investment in the subsidiaries)	--
6	Turnover and other income	1.42
7	Profit before taxation	0.52
8	Provision for taxation	--
9	Profit after taxation	0.52
10	Proposed Dividend	--

* excluding Capital and Reserves

Note –

1. Total assets have been converted at TT Buying Rate as on 31st March 2011.
2. Total liabilities (including capital and reserves) have been converted at TT Selling Rate as on 31st March 2011.
3. All income have been converted at TT Buying Rate as on 31st March 2011.
4. All expenses have been converted at TT Selling Rate as on 31st March 2011.

The Annual Accounts of the Subsidiary Company and the related detailed information shall be made available to the members of the Company or its subsidiary on their request. Such Annual Accounts shall also be kept for inspection by any member in the Corporate and Registered office of the Company and its subsidiary.

ESTER INDUSTRIES LTD.

Registered Office: Sohan Nagar, P.O. Charubeta, Khatima - 262308
District Udham Singh Nagar, Uttarakhand

NOTICE

NOTICE is hereby given that the 25th ANNUAL GENERAL MEETING of ESTER INDUSTRIES LIMITED will be held on 25th July, 2011 at 10.30 AM at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima - 262308, District Udham Singh Nagar, Uttarakhand, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2011 and the Profit and Loss account for the year ended on that date together with the reports of Directors and Auditors thereon.

2. To declare dividend of Rs. 2/- per Equity Share on 6,28,93,706 Equity Shares i.e. 40% on equity shares of face value of Rs. 5 each, for the financial year 2010-11 and to confirm the payment of interim dividend.

3. To appoint a Director in place of Mr. M. S. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment;

4. To appoint a Director in place of Mr. Ashok Kumar Newatia who retires by rotation and being eligible, offers himself for re-appointment;

5. To appoint M/s S.R. Batliboi & Co., Chartered Accountants, (Registration No. 301003E), the retiring auditors, to hold office as auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting, and to authorise Board of Directors to fix their remuneration.

Special Business

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

As Ordinary Resolutions:

6. APPOINTMENT OF MR. ANAND CHAND BURMAN AS DIRECTOR

   "**RESOLVED THAT** Mr. Anand Chand Burman, who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act,1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act,1956 proposing his candidature for the office of the director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

   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."

7. APPOINTMENT OF MR. P. S. DASGUPTA AS DIRECTOR

   "**RESOLVED THAT** Mr. P.S. Dasgupta, who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act,1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act,1956 proposing his candidature for the office of the director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

   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."

8. APPOINTMENT OF MR. PRADEEP KUMAR RUSTAGI AS WHOLE-TIME DIRECTOR

   "**RESOLVED THAT** Mr. Pradeep Kumar Rustagi, who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act,1956 and in respect of whom the Company has received a notice under Section

257 of the Companies Act,1956 proposing his candidature for the office of the director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT 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), Mr. Pradeep Kumar Rustagi be and is hereby appointed as a Whole-time Director and designated as Executive Director and CFO of the Company w.e.f. 14th February, 2011 for a period of 5 (Five) years on the terms and conditions mentioned below –

A) Period of Appointment

The Period of appointment of Mr. Pradeep Kumar Rustagi shall be from 14th February, 2011 to 13th February, 2016.

B) 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 Allowance – 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, travelling 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 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.

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII to the Companies Act, 1956.

The Board shall have the discretion and authority to modify the foregoing terms and remuneration within, the limit prescribed under Schedule XIII to the Companies Act, 1956.

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."

9. APPOINTMENT OF MR. ASHOK KUMAR AGARWAL AS WHOLE-TIME DIRECTOR

"RESOLVED THAT Mr. Ashok Kumar Agarwal, who was appointed as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act,1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act,1956 proposing his candidature for the office of the director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

"RESOLVED FURTHER THAT 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), Mr. Ashok Kumar Agarwal be and is hereby appointed as a Whole-time Director and designated as Executive Director and Business Head - Films of the Company w.e.f. 14th February, 2011 for a period of 5 (Five) years on the terms and conditions mentioned below –

A) Period of Appointment

The Period of appointment of Mr. Ashok Kumar Agarwal shall be from 14th February, 2011 to 13th February, 2016.

B) 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 and Leased car shall be provided as per policy of the Company.

iv) Leave Travel Allowance – The yearly payment in the form of allowance shall be equivalent to one month's basic salary

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, travelling and all other expenses incurred by him for the business of the Company

vii) Apart from the above Mr. Ashok Kumar Agarwal shall be entitled such other 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.

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII to the Companies Act, 1956.

The Board shall have the discretion and authority to modify the foregoing terms and remuneration within the limit prescribed under Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to sign and execute such documents/deeds/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."

10. INCREASE IN THE BORROWING LIMIT OF THE COMPANY

"RESOLVED THAT in modification of the resolution passed at the Annual General Meeting held on 27th March, 1995 and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, from any one or more banks, financial Institutions, investing agencies, firm, bodies corporate, multilateral agencies, foreign institutional investors, foreign financial institutions, mutual funds and/or from any other persons or combination thereof (hereafter known as lenders) whether by way of cash credit, advance, deposits, loan, term loan, overdraft, packing-credit, letter of credit, release / issuance of delivery order, pre-Shipment credit, post-Shipment credit, payment undertaking, guarantee facility, bills purchase, bills discount, buyer's credit facility, debentures, external commercial borrowing, issuing foreign currency convertible bonds, and/or any other credit facilities by whatever name called, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs. 750 Crores (Rupees Seven Hundred and Fifty Crores only).

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to sign and execute such documents/deeds/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."

As Special Resolutions:

11. COMMENCEMENT OF NEW BUSINESS UNDER OTHER OBJECTS

"RESOLVED THAT consent of the Company be and is hereby accorded pursuant to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956 (the Act) to commence the activities and /or the business as detailed under sub-clause 48 of the 'Other Objects' under the Object Clause of the Memorandum of Association of the Company.

RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorised to sign and execute such documents/deeds/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."

12. ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

"RESOLVED THAT pursuant to section 31 of the Companies

Act, 1956 and other applicable provisions, if any, the articles of association of the Company be and is hereby altered by deleting existing clause 147 and inserting the following new clause 147 –

147. In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them –

(a) for attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(b) in connection with the business of the company.

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."

By Order of the Board of Directors
For Ester Industries Limited

Sd/-
Girish Narang
Head-Legal & Company Secretary

Place: New Delhi

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) ON HIS BEHALF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT SOHAN NAGAR, P.O. CHARUBETA, KHATIMA-262308, DISTRICT UDHAM SINGH NAGAR, UTTARAKHAND NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Member and the Share Transfer Books of the Company will remain closed from 15th July, 2011 to 18th July, 2011.

4. The relevant details of Item Nos. 3, 4, 6, 7, 8 and 9 pursuant to Clause 49 of the Listing Agreement are annexed hereto.

5. The dividend as recommended by the Board of Directors, upon declaration by the members at the 25th Annual General Meeting, in respect of shares held in physical form, shall be paid to those members, whose names appear on the Register of Members of the Company as on the closing hours of business on 18th July, 2011.

   In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on 14th July, 2011 as per the details furnished by the Depositories for this purpose.

6. NECS facility has to be used by Listed Company for distribution of dividend to the members. The Company has already initiated the process and a form for availing the NECS facility is also enclosed in the Annual Report. The Members are encouraged to use the NECS facility. Members holding the shares in dematerialised mode can send the NECS form to their Depository Participant while the Members holding shares in physical form can send it to the Registrar and Share Transfer Agent of the Company viz. MCS Limited, F-65, Okhla Industrial Area Phase I, New Delhi-110 020 quoting their folio number.

   The members who hold shares in physical form and do not wish to avail the NECS facility, are requested to furnish their Bank Account Number (current/ savings) together with the name of the Bank and Branch where they would like to deposit their Dividend Warrant/ Demand Draft for encashment. These particulars will be printed on the cheque portion of the Dividend Warrant/ Demand Draft. This should be furnished by the Sole Holder or the First Named Shareholder to the Registrar and Share Transfer Agent of the Company at the address mentioned above.

In case of shares held in dematerialised form and not availing NECS facility, the Company is obliged to print such bank details on the dividend warrants as furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), "the Depositories" to the Company and the Company can not entertain any request for deletion/ change of bank details already printed on the dividend warrant(s) based on the information received from the concerned Depositories, without confirmation from them. In this regard, members are advised to contact their DP (Depository Participant) and furnish them the particulars of any change desired.

7. Members are requested to notify immediately:

   I In case shares are held in physical form: any change in address, if any, to the Company at 2nd Floor, Tower A, DLF Building No. 8, DLF Cyber City, Phase-II, Sector 25, Gurgaon, Haryana – 122 002, India or to the Registrar and Share Transfer Agent of the Company viz. MCS Limited, F-65, Okhla Industrial Area Phase I, New Delhi-110 020 quoting their folio number.

   II In case shares are held in dematerialised form: any change in address, if any, to their Depository Participants

8. The members are requested to bring their copy of Annual Report at the Annual General Meeting.

9. 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.

10. Members desiring any information on the accounts are required to write to the Company at 2nd Floor, Tower A, DLF Building No. 8, DLF Cyber City, Phase-II, Sector 25, Gurgaon, Haryana – 122 002, India at least 7 days before the Meeting so as to enable the management to keep the information ready. Replies will be provided only at the Meeting.

11. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all the working days except Saturday up-to the date of the Annual General Meeting.

NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 IV (G) (i) OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES

The particulars of Directors seeking appointment/re-appointment as required under clause 49IV(G)(i) of the listing agreement are given below:

A. Mr. Ashok Kumar Newatia

Mr. Ashok Kumar Newatia aged about 68 years is a professional and independent director and is associated with the Company since 1994. Mr. Newatia is a Chemical Engineer. He is not holding any directorships/ memberships of committees of any other Company.

He does not have any shareholding in the Company.

B. Mr. M.S. Ramachandran

Mr. M.S. Ramachandran aged about 66 years is a Mechanical Engineer by Profession. He joined Indian Oil Corporation in 1969 and assumed various roles before being appointed as Executive Director of the Oil Coordination Committee set up by the Government of India in 1998. ˇHe joined the Board of Indian Oil Corporation as Director (Planning & Business Development) in 2000. He was the Chairman of Indian Oil Corporation from 2002 to 2005. During his tenure with IOC he had redirected the organisation around key business lines with greater commercial focus, capital prudence and market-facing capabilities. As head of the national oil company, he had helped the government to initiate and implement several crucial policy changes to support de-regulation and energy security. Mr. M.S. Ramachandran was conferred with the Chemtech-Pharma Bio Hall of Fame Award in 2005 for outstanding contribution to the petroleum and petrochemicals industry.

Directorships of Mr. M.S. Ramachandran as on 31st March, 2011 are as follows:

S.No.	Name of Company
1.	ICICI Bank Limited
2.	Bharat Electronics Limited
3.	Gulf Oil Corporation Limited
4.	Supreme Petrochem Limited

Mr. M.S. Ramachandran is a member of Audit Committee of

ICICI Bank Limited and Bharat Electronics Limited and he is a member of Remuneration Committee of Gulf Oil Corporation Limited.

He holds 5000 equity shares in the Company.

C. **Dr. Anand Chand Burman**

Dr. Anand Chand Burman is an eminent Industrialist with particular interests in the areas of Research and Development in the Pharmaceutical Sciences as well as Biotechnology and Technology issues. Dr. Burman's education was both multidisciplinary and international. His high school education occurred at St. Paul's School in Darjeeling, India and was followed by a B. Sc. in Chemistry from the University of Wisconsin and M. Sc. in Chemistry from the University of Kansas. His Doctorate was in the area of Pharmaceutical Chemistry from the University of Kansas in 1980.

Professionally he has held many assignments with Dabur Group. He is currently the Chairman of Dabur India Limited. Further, he is also on the Board of Fresenius Kabi Oncology Ltd (formerly known as Dabur Pharma Limited), Dabur Research Foundation, Dabur (UK) Limited, H & B Stores Limited, Aviva Life Insurance, Hindustan Motors Limited, Hero Honda Motors Limited, etc.

He does not have any shareholding in the Company.

D. **Mr. P. S. Dasgupta**

Mr. P. S. Dasgupta was admitted to the Delhi Bar Council in the year 1978. He has been engaged in the practice of Law since 1978. He has a vast knowledge and experience of Law in the last over 32 years of legal practice. He was trained directly under the senior partner; Late Mr. Dadachanji & worked as a Sr. Associate in the firm's corporate practice for fourteen years with JB Dadachanji & Co.; where he was known for his excellent counselling, and where he was regularly consulted on strategic corporate and commercial issues and in particular on entry strategies, mergers & acquisitions, restructuring, shareholder disputes.

He does not have any shareholding in the Company.

E. **Mr. Pradeep Kumar Rustagi**

Mr. Pradeep Kumar Rustagi serves as Executive Director & Chief Financial Officer (CFO) of Ester and oversees the finance and accounting department. Mr. Pradeep has 23 years experience with leadership roles in financial planning, accounts, budgeting & MIS, liaison with banks & financial institutions, statutory compliance and excise. As CFO, Mr. Pradeep is responsible for Ester's financial operations and investor relations. Mr. Pradeep Kumar Rustagi joined Ester as a Management Trainee over 21 years ago. Pradeep is a qualified Chartered Accountant from The Institute of Chartered Accountants of India.

He holds 500 equity shares in the Company.

F. **Mr. Ashok Kumar Agarwal**

Mr. Ashok Kumar Agarwal serves as Executive Director & Business Head-Film of the Company. Mr. Ashok has over 30 years of 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 film production line-2 & line-3. Mr. Ashok specialises in operations, business planning and general management and has led several change management initiatives within the polyester film business at Ester. Mr. Ashok Agarwal earned his bachelor's degree in Electrical Engineering from Jabalpur University

He holds 100 equity shares in the Company.

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

ITEM NO. 6

Dr. Anand C. Burman, was appointed as an additional Director of the Company w.e.f. 12.08.2010 and holds the office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

The company has received notice pursuant to Section 257 of the said Act from a member along with the deposit of Rs. 500/- signifying his intention to propose the name of Dr. Anand C. Burman, for appointment as a Director of the Company. Dr Burman, has already filed his consent, to act as a Director, with the Company.

The Resolution as set out in Item No. 6 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed resolution by the Members.

None of the Directors of the Company is interested except

Dr. Anand C. Burman, in the resolution except to the extent of shares held by him in the Company, if any.

ITEM NO. 7

Mr. P.S. Dasgupta, was appointed as an additional Director of the Company w.e.f. 14.02.2011 and holds the office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The company has received notice pursuant to Section 257 of the said Act from a member along with the deposit of Rs. 500/-signifying his intention to propose the name of Mr. P.S. Dasgupta, for appointment as a Director of the Company. Mr. Dasgupta, has already filed his consent, to act as a Director, with the Company.

The Resolution as set out in Item No. 7 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed resolution by the Members.

None of the Directors of the Company is interested except Mr. P.S. Dasgupta, in the resolution except to the extent of shares held by him in the Company, if any.

ITEM NO. 8

Mr. Pradeep Kumar Rustagi, was appointed as an additional Director of the Company w.e.f. 14.02.2011 and holds the office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The company has received notice pursuant to Section 257 of the said Act from a member along with the deposit of Rs. 500/-signifying his intention to propose the name of Mr. Pradeep Kumar Rustagi, for appointment as a Director of the Company. Mr. Rustagi, has already filed his consent, to act as a Director, with the Company.

Considering expanded level of operations and growing activities of the Company, it was observed by the Board of Directors that senior members of the Company need to take additional responsibilities. Therefore the Board of Directors elevated Mr. Pradeep Kumar Rustagi to the Board and appointed him as Whole-time Director of the Company for 5 years w.e.f. 14th February, 2011 subject to the approval of the shareholders of the Company.

The Resolutions as set out in abovementioned Item No. 8 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed Ordinary resolution by the Members.

None of the Directors of the Company is interested except Mr. Pradeep Kumar Rustagi, in the resolution except to the extent of shares held by him in the Company, if any.

ITEM NO. 9

Mr. Ashok Kumar Agarwal, was appointed as an additional Director of the Company w.e.f. 14.02.2011 and holds the office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The company has received notice pursuant to Section 257 of the said Act from a member along with the deposit of Rs. 500/-signifying his intention to propose the name of Mr. Ashok Agarwal, for appointment as a Director of the Company. Mr. Ashok Agarwal, has already filed his consent, to act as a Director, with the Company.

Considering the expanded level of operations and growing activities of the Company, it was observed by the Board of Directors that senior members of the Company need to take additional responsibilities. Therefore the Board of Directors elevated Mr. Ashok Agarwal to the Board and appointed him as Whole-time Director of the Company for 5 years w.e.f. 14th February, 2011 subject to the approval of the shareholders of the Company.

The Resolutions as set out in abovementioned Item No. 9 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed Ordinary resolution by the Members.

None of the Directors of the Company is interested except Mr. Ashok Kumar Agarwal, in the resolution except to the extent of shares held by him in the Company, if any.

ITEM NO. 10

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Public Company can not borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits which may exceed at anytime the aggregate of the paid-up capital of the Company and its free reserves.

Therefore, it is proposed to increase the existing borrowing limits of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 and authorise the Board of Directors to borrow funds, which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs. 750 Crores, in rupee and/or equivalent foreign currency.

The Resolutions as set out in abovementioned Item No. 10 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed Ordinary resolution by the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution except to the extent of shares held by them in the Company, if any.

ITEM NO. 11

In the present scenario, there is huge demand for the Chartered planes, this new charting business shall generate revenues for the Company. For Income Tax purposes also, the rate of Depreciation on Aircrafts is higher and this depreciation on Aircraft would be set off against the taxable profits of main business of the Company. This would result into less out-go of cash on account of Tax, thereby making the cash flow from Aviation business positive during each year.

Chartering of aeroplane to the third parties to use its available airtime hours is new line of business of the Company. The 'Other Objects' of the Memorandum of Association in term of Section 13(1) (d) (ii) of the Companies Act, 1956 already have necessary clause to authorise the Company to commence such new business. But the provisions of Section 149 (2A) of the Companies Act, 1956 require approval of the shareholders by means of Special Resolution for commencing any business listed under the 'Other Objects' of the Memorandum of Association.

Your directors, therefore, recommend approval of the shareholders by way of Special Resolution at Item No. 11 of the accompanying Notice.

None of the Directors is interested or concerned in the said resolution except to the extent of shares held by them in the Company, if any.

ITEM NO. 12

Presently the Directors have to travel in India and outside India at various places for business purpose and have to stay at that places. Therefore to meet out these expenses by the directors, it is required to make reimbursement of these expenses to the directors. For making reimbursement to the directors, the Article of Association should contain the clause authorising the company to make reimbursement.

Pursuant to Section 31 of the Companies Act, 1956, alteration in the Article of Association requires approval of the shareholders by way of Special Resolution.

None of the Directors, is concerned or interested in this resolution. Your Directors recommend the Resolution for your approval as a Special Resolution.

By Order of the Board of Directors
For Ester Industries Limited

Sd/-
Girish Narang
Head-Legal & Company Secretary

Place: New Delhi
Date: 9th May, 2011

A TRISYS PRODUCT

info@trisyscom.com

ESTER
INDUSTRIES LTD.

DLF Building No. 8, Tower A, 2nd Floor, DLF Cyber City, DLF Phase II,
Sector - 25, Gurgaon, Haryana – 122 002, India
www.esterindustries.com.