

The cover features a warm orange-to-red gradient background with a pattern of semi-transparent circles of varying sizes. A large, dark red circular frame is centered in the upper half, containing the text. Below this frame, a thick, wavy ribbon in shades of orange and red curves across the bottom half of the page.

**27<sup>th</sup>** Annual  
Report  
2012-13

**Ester Industries Limited**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

<b>MR. ARVIND KUMAR SINGHANIA</b>	NON - EXECUTIVE CHAIRMAN
<b>MR. V. B. HARIBHAKTI</b>	DIRECTOR
<b>MR. A. K. NEWATIA</b>	DIRECTOR
<b>MR. M. S. RAMACHANDRAN</b>	DIRECTOR
<b>MR. DINESH CHANDRA KOTHARI</b>	DIRECTOR
<b>DR. ANAND CHAND BURMAN</b>	DIRECTOR
<b>MR. P. S. DASGUPTA</b>	DIRECTOR
<b>MR. PRADEEP KUMAR RUSTAGI</b>	EXECUTIVE DIRECTOR & CFO
<b>MR. ASHOK KUMAR AGARWAL</b>	EXECUTIVE DIRECTOR - OPERATIONS & PROJECTS

### COMPANY SECRETARY

MR. DIWAKER DINESH

### STATUTORY AUDITORS

M/S S.R. BATLIBOI & CO. LLP, GURGAON

### BANKERS

BANK OF INDIA  
BANK OF BARODA  
UNION BANK OF INDIA  
CANARA BANK  
STATE BANK OF BIKANER & JAIPUR

### HEAD OFFICE

PLOT NO. 11, BLOCK-A, INFOCITY-I,  
SECTOR 33 & 34, GURGAON-122001, HARYANA

### 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 JEEJEBHOY TOWERS  
25TH FLOOR, DALAL STREET  
MUMBAI 400 001

NATIONAL STOCK EXCHANGE OF INDIA LTD.  
EXCHANGE PLAZA,  
PLOT NO. C/1, G BLOCK,  
BANDRA-KURLA COMPLEX, BANDRA (E)  
MUMBAI - 400 051

## NOTICE

NOTICE is hereby given that the 27th ANNUAL GENERAL MEETING of ESTER INDUSTRIES LIMITED will be held on 30th September, 2013 at 11.30 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 2013 and the Profit and Loss account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Anand Chand Burman who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Mr. P. S. Dasgupta who retires by rotation and being eligible, offers himself for re-appointment;
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** subject to the provisions of Section 224 & 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s S.R. Batliboi & Co. LLP, Chartered Accountants, at a remuneration to be fixed by the Board of Directors

**By Order of the Board of Directors  
For Ester Industries Limited**

Place : Gurgaon

Date : 5th August, 2013

**Diwaker Dinesh**

Company Secretary

## NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE (ON A POLL ONLY) ON HIS/HER 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) The relevant details of Item Nos. 2 and 3 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
- 3) The Register of Member and Share Transfer Books will remain closed from Monday, 23rd September, 2013 to Friday, 27th September, 2013 for the purpose of Annual General Meeting.
- 4) In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.
- 5) Corporate Members intending to send their Authorized Representative to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- 6) 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 Plot No.11, Block-A, Infocity-I, Sector 33 & 34, Gurgaon – 122001, 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
- 7) Members/Proxies should bring Annual Report along with 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.
- 8) Members desiring any information on the accounts are required to write to the Company at Plot No.11, Block-A, Infocity-I, Sector 33 & 34, Gurgaon – 122001, 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.

- 9) 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.
- 10) Pursuant to Section 205A and 205C of the Companies Act, 1956, any money transferred to the Unpaid Dividend Account of the Company, which remains Unpaid or Unclaimed for a period of 7 (Seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government and the shareholders shall not be able to claim any unpaid dividend from the said fund from the Company thereafter.

The Unclaimed and Unpaid final dividend for the year 2004-05, had been transferred to IEPF on 7th November, 2013. The Company had not declared any dividend for financial years 2005-06, 2006-07 and 2011-12.

Members who have not yet encashed their dividend warrant(s) for the financial year 2007-08 to 2010-11 are requested to claim the amount of dividend from the Company immediately. The details of the said unclaimed/unpaid dividend are available on the Company's website viz. [www.esterindustries.com](http://www.esterindustries.com) as well as on the website of Ministry of Corporate Affairs viz. [www.iepf.gov.in](http://www.iepf.gov.in).

**NOTE ON APPOINTMENT OF M/S. S. R. BATLIBOI & ASSOCIATES LLP, CHARTERED ACCOUNTANTS AS STATUTORY AUDITORS OF THE COMPANY (ITEM NO. 4)**

M/s S.R. Batliboi & Co. LLP, Chartered Accountants who retires at this Annual General Meeting has shown its unwillingness for reappointment as Statutory Auditors of the Company and has not offered themselves for reappointment.

Further the Company has received special notice of a resolution from a Member of the Company, in terms of the applicable provisions of the Act, signifying his intention to propose the appointment of M/s. S. R. Batliboi & Associates LLP as the statutory auditors, in place of existing Statutory Auditors, of the Company from the conclusion of this AGM till the conclusion of the next AGM of the Company.

M/s. S. R. Batliboi & Associates LLP has expressed its willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The Members' approval is being sought for the appointment of M/s. S. R. Batliboi & Associates LLP as the statutory auditors and to authorise the Board of Directors to determine the remuneration payable to them. None of the Directors is concerned or interested in this resolution.

**INFORMATION OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

The particulars of Directors seeking appointment/re-appointment as required under clause 49 of the listing agreement are given below:

**A. Dr. Anand Chand Burman**

Dr. Anand Chand Burman is an eminent Industrialist having expertise in Oncology, Active Pharmaceutical Ingredients and Formulations. He is a leading figure specializing in the area of research and development, invention of new drugs, pharmaceuticals, medicines and chemicals in all or any of the systems of medicines. He is Doctorate in Pharmaceutical Chemistry from University of Kansas, USA.

Directorships of Dr. Anand Chand Burman as on 31st March, 2013 are as follows:

S. No.	Name of the Company
1	Dabur India Limited
2	Dabur Pharmaceuticals Limited
3	Dabur International Limited
4	Dabur UK Limited
5	B. A. Holdings Pvt. Ltd.
6	Dabur Research Foundation
7	Hindustan Motors Limited
8	Puran Associates Pvt. Ltd.
9	ACEE Enterprises
10	Excellent (India) Pvt. Limited
11	Milky Investments & Trading Co.
12	Moonlight Ranch Pvt. Ltd.
13	H & B Stores Ltd.
14	IMB Infrastructures Pvt. Ltd.
15	Vansh Holdings Pvt. Ltd.
16	KBC India Pvt. Ltd.
17	Aviva Life Insurance Company India Ltd.
18	Vic Enterprises Pvt. Ltd.
19	Althea Lifesciences Limited
20	Hero Motocorp Ltd.
21	Windy Investments Pvt. Ltd.

22	M. B. Finmart Pvt. Ltd.
23	A.V.B. Finance Pvt. Ltd.
24	Diwan Chand Medical Services Pvt. Ltd.
25	Hobi Kosmetik
26	Dermoviva Skin Essentials Inc.
27	Diwan Chand Radnet Services Pvt. Ltd.
28	Diwan Chand Integral Health Services Pvt. Ltd.
29	Asia Pacific Healthcare Pvt. Ltd.
30	Windy Finvest Pvt. Ltd.
31	Dabur Securities Pvt. Ltd.

Membership of Dr. Anand Chand Burman in Committees of the Board as on 31st March, 2013 is as follows:

S. No.	Name of the Company	Nature of Committee	Designation
1	Dabur India Limited	Remuneration Committee	Member

Dr. Anand Chand Burman has no relationship with other Directors of the Company. He does not have any shareholding in the Company.

#### B. 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 is a specialist in structuring and negotiation of Joint Ventures and Foreign Collaborations & devising entry strategies. He counsels on Corporate Laws, Foreign Exchange, Antitrust and Mercantile Laws, Project Contracts, Construction Contracts including Telecom and other Infrastructure Projects and Financing Contracts, Specialized Corporate Litigation, Mergers and Acquisitions, Domestic and International Arbitrations.

Directorships of Mr. P. S. Dasgupta as on 31st March, 2013 are as follows:

S.No.	Name of the Company
1	Cummins India Ltd.
2	Otis Elevator Co. India Ltd.
3	Maral Overseas Ltd.
4	Bhilwara Technical Textiles Ltd.
5	Tricone Projects India Limited
6	Asian Hotels (North) Limited
7	Interstar Financial Services Ltd.
8	Timken India Ltd.
9	Bausch & Lomb Eyecare (India) Pvt. Ltd.
10	Snap-on Tools Pvt. Ltd.

11	Holcim India Pvt. Ltd.
12	Dasgupta Consulting Pvt. Ltd.
13	NDLO Consulting Pvt. Ltd.
14	Kothari Education Infrastructure Pvt. Ltd.
15	Afforce Business Consulting Pvt. Ltd.

Membership of Mr. P. S. Dasgupta in Committees of the Board as on 31st March, 2013 is as follows:

S. No.	Name of the Company	Nature of Committee	Designation
1	Cummins India Ltd.	a) Finance and Audit Committee	Member
		b) Shareholders/ Investors Grievance Committee	Member
2	Tricone Projects India Ltd.	a) Audit Committee	Member
3	Otis Elevator Co. I. Ltd.	a) Audit committee	Member
		b) Shareholders/ Investors Grievance Committee	Member
4	Timken India Ltd.	a) Remuneration Committee	Member
		b) Audit Committee	Chairman
5	Maral Overseas Ltd.	a) Remuneration Committee	Member
		b) Audit Committee	Member
6	Bhilwara Technical Textiles Ltd.	a) Shareholders/ Investors Grievance Committee	Chairman
		b) Remuneration Committee	Chairman
		c) Audit Committee	Member

Mr. P. S. Dasgupta has no relationship with other Directors of the Company. He does not have any shareholding in the Company.

**By Order of the Board of Directors  
For Ester Industries Limited**

Place : Gurgaon  
Date : 5th August, 2013

**Diwaker Dinesh**  
Company Secretary



## CHAIRMAN'S MESSAGE

### Dear shareholders,

I am pleased to present the Annual report for the financial year 2012-13 and share with you the developments and progress.

The year 2012-13 has been quite challenging as the world economy continues to endeavor to stabilize at marginal growth levels. While certain developed economies (especially the Eurozone) grappled with their financial woes, there were indications of a recovery in North America. However the growth in emerging markets was slower than expected. Areas such as Africa and the Middle East continue to address challenging socio-political conditions.

India was also affected by the global uncertainties. India's GDP grew at a rate of 5% in 2012-13 as compared to 6.9% in 2011-12, the lowest in a decade. There is a significant economic slowdown, primarily due to deceleration in industrial growth, more specifically in private investment. Rising cost of credit and weak domestic business sentiment, added to this decline. Taking a macro view of the overall economy and keeping in mind the difficult global environment, the RBI expects the GDP growth in 2013-14 to be around 6.1 – 6.7%.

The year 2012-13 presented many challenges to the BOPET Film SBU (Strategic Business Unit) due to demand supply mismatch due to over capacity additions and subdued economic growth in global markets. Additional global capacities commenced production coupled with a weak demand environment had a significant impact on pricing in the second half of the year.

Ester maintained its focus on value added and specialty products through the year and delivered a volume growth of 18% on this portfolio. The share of the value added product portfolio increased from 18% to 21% of the overall business and thereby partially mitigated the challenges of the operating environment. Ester's R&D efforts enabled the launch of two new products which were well accepted by select markets. Ester strengthened its efforts towards long term partnerships with key customers and the response has been very encouraging. Ester endeavored to build on a portfolio of developmental projects with key FMCG players via a process of co-creation based on consumer insights.

The relentless focus on cost leadership continued in 2012-13. An investment was made in another biomass fired boiler to meet

the energy needs of our manufacturing facility, which would be commissioned in the following year. Further, a reclaim extruder was installed in our largest film production line which resulted in a 40% reduction of the accumulated reclaim.

The Engineering Plastics SBU staged a significant recovery in 2012-13, recording a material sales growth of around 50%, much ahead of Industry growth. Focused customer acquisition process and improved product range enabled us to enhance the active customer base by ~ 50%. Approvals were secured from various OEMs in the automotive, electrical and appliances industries. Efforts towards development of cost-effective formulations yielded desired results in the increasingly competitive market environment.

We plan to maintain our aggressive growth strategy in 2013-14 and have planned for capacity enhancement to support our growth aspirations. We expect to further improve our performance, with respect to sales as well as profitability, by continuing to focus on new product/application development, consistent product quality and rapid response to customer needs.

The Specialty Polymers SBU made material progress by way of developing the Polyester grades, PEN (Poly Ethylene Naphthalate) & Specialty PBT (Poly Butylene Terephthalate). Developmental efforts in partnership with global companies have been put into place to expedite the product trials & qualifications. Hot-fill PET, Dish-washable PET & EBM PET are other products which are expected to pave the forward for volume growth in this business. Ester has also developed specialty PET grades based on PCR (Post Consumer Recycled) PET.

Recession in Europe has globally affected the PET rigid packaging market. Demand for rigid packaging is growing uniformly at a CAGR of 10%, in spite of a significant growth in recycling. The interest in recycling and sustainability is seen to be increasing with many entities devoting resources to work on bio derived monomers.

Ester is concerned for the environment and is committed to sustainability. Our focus in this area is evident by the following efforts:

1. Commercial launch of PCR (Post Consumer Recycled) BOPET films.

2. Usage of bio-mass to replace fossil fuels.
3. Increasing usage of bio-based raw material.
4. Exploring and experimenting with ox—biodegradable BOPET films.

You will be happy to note that as a result of these efforts, Ester has reduced its carbon footprint (fossil fuel consumption per unit) by more than 80% over the last ten years and we endeavor to further reduce the same in the coming years. I remain personally involved in all efforts related to sustainability.

While the journey around people initiatives continued, the year 2012-13 witnessed efforts enabling change management. The robust implementation of our Performance Management System (PACE) combined with the deployment of the Ester Competency Framework (Esterian DNA) challenged the team to not only bring about a positive change in their behaviors, but also brought about an appreciation for results rather than efforts. This was made possible by executing a road map which included regular communication and engagement with employees at various levels and structured training interventions. With an objective of creating a talent pool, we plan to take our people development initiatives to the next level by introducing High Potential management and Succession Planning programs.

Going forward, the two strategic priorities are profitable growth and sustainability. To progress this critical agenda, Ester would continue to focus on developing a robust customer portfolio, long term sales agreements and product mix. Long term and productive relationships with key accounts (whose priorities are aligned with Ester's innovation and development efforts) will determine the customer portfolio. The developing product mix will focus on specialty products and customized solutions for valued customers. Ester aspires to be the solution provider of choice.

I would like to take this opportunity to thank all stakeholders, including my fellow directors for their support and guidance.

I look forward to your confidence and engagement as we take our company towards a promising future.

With regards,

**Arvind Kumar Singhania**

Chairman

# DIRECTORS' REPORT

## To The Members

Your directors are pleased to present the Twenty Seventh Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2013.

## FINANCIAL RESULTS

(Rs. in lacs)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Sales and Other Income	96442.59	74785.38
Profit before Financial Expenses, Depreciation and Tax	4724.44	4106.41
Less: Interest & Other Financial Expenses	2646.81	3549.48
Profit / (Loss) before Depreciation, Extra Ordinary Items and Tax	2077.63	556.93
Depreciation	2858.52	2653.54
Profit / (Loss) before Tax	(780.89)	(2096.61)
Deferred Tax	(253.90)	(704.70)
Profit / (Loss) after Tax	(526.99)	(1391.91)
Balance brought forward from previous year	12373.89	13765.80
Appropriation : General Reserve	-	-
: Dividend & Tax on Dividend	-	-
Balance Carried to Balance Sheet	11846.90	12373.89
Basic Earnings Per Share (Rupees)	(0.84)	(2.21)

## DIVIDEND

In the absence of profits, your directors do not recommend any dividend.

## OPERATIONS REVIEW

The Gross Revenue from operations during the year under review is Rs. 96,442.59 lacs as compared to Rs. 74,785.38 lacs in the previous year, an increase of 29%. The increase is primarily on account of higher sales volume of Polyester Chips, Engineering Plastics and Specialty Polymers. Though the sales volume of Polyester Films decreased marginally, revenues of Polyester Film increased by 5.9%. The margins in the Polyester Film business

remained under pressure due to an adverse demand supply situation caused by commissioning of further new capacities in 2012-13. The collective demand for Polyester Film in India in FY 2012-13 and FY 2011-12 increased to such an extent that all the loss of demand caused in the domestic market due to the ban on use of Plastics Films in packing of Pan Masala and Gutkha during FY 2010-11, was more than recovered. To mitigate the effect of loss of sales volumes due to the aforesaid ban and cyclicity in its markets, the Company continued to focus on increasing the proportion of Value Added and specialty products in its portfolio and also initiated engagements with key accounts to ink long term sales agreements indexed to the raw material. The sales of

Value Added products and Specialty films increased from 8898 MT in 2011-12 to 10493 MT in 2012-13

To counter the threat of cheaper imports of Engineering Plastics in CFL segment, development of cost effective formulations yielded the desired results and the Company could regain erstwhile lost market share. The Company witnessed a material growth of 49% in sales of Engineering Plastics products. Consequently, the Net Sales of Engineering Plastics increased from Rs. 7,036.84 lacs to Rs. 10,528.07 lacs.

As a result of a focused strategy adopted by the management, the sales of Polyester Chips increased by about 180% both in quantity and value terms.

The Company's initiative to diversify into Specialty Polymers is on track and is likely to yield good results in the following years. The Sales volume of Specialty Polymers increased from 472 MT in FY2011-12 to 2241 MT in FY2012-13, an increase of 375% with corresponding sales value increasing from Rs. 568.98 lacs to Rs. 3983.68 lacs.

As a result of various initiatives and capacity expansions over the last five years, the Net Sales have grown at a CAGR of 22% pa, viz from Rs. 31,918.21 lacs in FY2007-08 to Rs. 87,129.44 lacs in FY2012-13.

The production of Polyester Film was marginally lower at 50,076 MT as compared to 51,744 MT during the year 2011-12. The capacity utilization in Polyester Films was approx. 88%, which is a good performance considering that the capacity was enhanced in FY 2010-11.

Pursuant to the clarification issued by Ministry of Corporate Affairs, Government of India dated 9th August 2012, the foreign exchange fluctuation on foreign currency borrowings for Capital goods has been capitalized. Interest and financial expenses during the year under review were 2.99% of Net Sales with overall leveraging at prudent levels of 1.48.

Subsequent to the registration of Bio-mass based Thermal Energy generation project of the Company by the Executive Board of the Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change in its meeting dated 15th April 2011, the Company has started to earn Certified Emissions Reductions (CERs) with effect from November 2010. As the Company is aware of ongoing global environment concerns, it has committed to enhance its Thermal Energy

generation capacity by installing an additional Bio-mass based Thermal Energy generation project of 10 million kilo calories during FY2013-14 to reduce its dependence on Furnace Oil based thermal energy generation.

Details on operations, a view on the outlook for the current year and various strategies (internal and external) adopted by the Management are provided in the 'Management Discussion & Analysis Report' which forms an integral part of this Annual Report.

#### **CORPORATE OFFICE BUILDING**

During the year under review, the Company moved its Corporate Office from a rented premises in the Central Business District of Gurgaon to a self owned premises in the upcoming area of Infocity, Gurgaon.

#### **DEBOTTLENECKING AND MODERNIZATION PROJECTS**

The Company has undertaken to invest about Rs. 60 crores during FY 2013-14 in various initiatives that will enhance capability / capacity to increase production of Value Added products, reduce Power & Fuel cost and improve operating efficiency. By the end of FY2013-14, Company would be commissioning additional extrusion capacity of 8000 MT per annum in Engineering Plastics. With this expansion, the operating capacity in Engineering Plastics will increase from 8500 MT per annum to 16500 MT per annum.

#### **SCHEME OF ARRANGEMENT**

Ester Industries Limited (Transferee) has entered into a Scheme of Amalgamation with M/s. Sriyam Impex Private Limited (Transferor). Your directors have already approved the Scheme. After the implementation of the Scheme, M/s. Sriyam Impex Private Limited will be merged into your company. The Company has obtained 'No Objection Certificates' from NSE and BSE as per Listing Agreement and as on date, the company is in process to file the petition to Hon'ble High Court of Uttarakhand.

#### **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 and other statutory reports of Ester International (USA) Limited (Subsidiary of Ester Industries Limited) for financial year 2012-13, subject to compliance of conditions stated in the Circular.

Further 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 at the Corporate Office and Registered Office of the Company and its subsidiary. The same is also available on company's website viz. [www.esterindustries.com](http://www.esterindustries.com).

#### **FIXED DEPOSIT**

The Company has not accepted any deposit during the year.

#### **DIRECTORS**

Mr. P S Dasgupta and Dr. Anand Chand Burman, directors of the Company, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

#### **CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. 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 the following, 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 2013 the applicable Accounting Standards has 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 2013 have been prepared on a going concern basis.

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

#### **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 – Operations & Projects 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](http://www.esterindustries.com)

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

#### **CONSOLIDATED FINANCIAL STATEMENT**

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

#### **AUDITORS' REPORT**

The 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.

#### **STATUTORY AUDITORS**

M/s S.R. Batliboi & Co. LLP, Chartered Accountants who retires at this Annual General Meeting has shown its unwillingness for reappointment as Statutory Auditors of the Company and has not offered themselves for reappointment.

The Company has received special notice of a resolution from a Member of the Company, in terms of the applicable provisions

of the Act, signifying his intention to propose the appointment of M/s. S. R. Batliboi & Associates LLP as the statutory auditors, in place of existing Statutory Auditors, of the Company from the conclusion of this AGM till the conclusion of the next AGM of the Company.

Your Directors recommend the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors.

M/s. S. R. Batliboi & Associates LLP has expressed its willingness to act as statutory auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

#### **COST AUDITORS**

During the year under review, with the approval of the Central Government, your directors re-appointed M/s. Sanjay Gupta & Associates, Cost Accountants as Cost Auditor to carry out the cost audit for the year 2013-14. The cost audit for the year 2012-2013 shall be completed within the stipulated time as prescribed in the Companies Act, 1956 read with Cost Audit (Report) Rules, 2001.

The particulars of Cost Auditor and Cost Audit Report, as required vide General Circular No. 15/2011 dated 11th April, 2011 issued by Cost Audit Branch, Ministry of Corporate Affairs, Government of India, are as under:

<b>Name of the Cost Auditor</b>	M/s. Sanjay Gupta & Associates, Cost Accountants C4E/135, Janak Puri, New Delhi - 110058
<b>Firm Registration Number of Cost Auditor</b>	00212
<b>Due date for filing of Cost Audit Report for the financial year 2012-13 by the Cost Auditor with the Central Government</b>	Within 180 days from the close of the Company's financial year, i.e. upto 27th September, 2013
<b>Actual date for filing of Cost Audit Report for the financial year 2012-13 by the Cost Auditor with the Central Government</b>	The report shall be filed to the Central Government within due date.

#### **LISTING OF SECURITIES**

Your Company's securities are currently listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the listing fees to BSE and NSE for the financial year 2013-14.

#### **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 the Central & State Government, banks and Non-banking finance companies.

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**

Place : Gurgaon  
Date : 5th August, 2013

**(A.K. Singhania)**  
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:

- Heating was partially provided to Film Line # 1 & 2 from Husk Fired Thermic Fluid Heater instead of from Oil Fired Thermic Fluid Heater
- Cost saving of 8,285 Units / Month by installing of Variable Frequency Drives (VFDs)
- Cost savings of 22,612 Units/Month by running 2 no's 625 KVA UPS on solo mode (as per load demand) by installing static switch in line

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

#### Power & Fuel Consumption

	2012-13	2011-12	
<b>1. Electricity</b>			
<b>a. Purchased</b>			
Units (Kwh)	56895200	59397600	
Total Amount (Rs.)	249087881	242371223	
Rate per unit (Rs / Kwh)	4.38	4.06	
<b>b. Own Generation</b>			
i) Through Diesel Generator			
a) Through HSD Unit (Kwh)	6163415	2055484	
Units / Liter of diesel (HSD)	3.33	3.36	
b) Through LDO Unit (Kwh)	N.A.	22083	
Unit / Liter of LDO	N.A.	4.18	
c) Through FO Unit (Kwh)	4386156	2716467	
Unit / Liter of FO	4.18	4.15	
Cost/ per unit (Rs/Kwh)	10.14	8.73	
ii) Through Steam Turbine/Generator	N.A.	N.A.	
<b>2. Coal</b>	N.A.	N.A.	
<b>3. Furnace Oil Quantity (MT)</b>			
i) Primary Heating	MT	1640.69	3141.426
ii) Boiler	MT	472.89	80.776
Total	MT	2113.58	3222.202
Total Amount	(Rs)	88354526	120831790
Average Rate /MT	(Rs)	41803.24	37499.756

			2012-13	2011-12
<b>4. HSD Quantity (MT)</b>				
i)	Primary Heating	MT	1672.58	196.724
ii)	Boiler	MT	NIL	NIL
	Total	MT	1672.58	196.724
	Total Amount	(Rs)	63848543	7000750
	Average Rate /MT	(Rs)	38173.59	35586.66

<b>5. Husk</b>				
Quantity (MT)				
	For Steam		12469	13583
	For Primary Heating		23425	19890
	Total Qty	(MT)	35894	33473
	Total Amount	(Rs)	125062029	115740046
	Average Rate /MT	(Rs)	3484.20	3457.71

#### Consumption per unit of production

PRODUCT	UNIT	PER TON	PER TON
<b>1. Electricity</b>			
Polyester Chips	KWH	126.8	130.3
Continuous Polymerization	KWH	75.7	78.9
Polyester Film (Line -1)	KWH	948.1	949.1
Polyester Film (Line -2)	KWH	928.4	856.5
Polyester Film (Line -3)	KWH	671.4	650.1
<b>2. Furnace Oil</b>			
Polyester Chips	MT Per Ton	0.073	0.098
Continuous Polymerization	MT Per Ton	0.000	0.005
Polyester Film (Line -1)	MT Per Ton	0.021	0.064
Polyester Film (Line -2)	MT Per Ton	0.020	0.066
Polyester Film (Line -3)	MT Per Ton	0.000	0.006
<b>3. HSD Oil</b>			
Polyester Chips	KL Per Ton	0.045	0.011
Continuous Polymerization	KL Per Ton	0.002	0.001
Polyester Film (Line -1)	KL Per Ton	0.026	0.000
Polyester Film (Line -2)	KL Per Ton	0.043	0.000
Polyester Film (Line -3)	KL Per Ton	0.002	0.001
<b>4. Husk</b>			
Polyester Chips	MT Per Ton	0.000	0.000
Continuous Polymerization	MT Per Ton	0.255	0.250
Polyester Film (Line-1)	MT Per Ton	0.095	0.000
Polyester Film (Line-2)	MT Per Ton	0.014	0.000
Polyester Film (Line -3)	MT Per Ton	0.296	0.280

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	2.7%	4.05%	-	-	-
2. Steam	-	-	-	-	-
3. Primary Heating (Oil)*	-	-	-	-	-

## 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.	<p>a) Developed a variant of High Matte film for thermal transfer application. Product is under approval at a few customer sites.</p> <p>b) Developed Heat-seal Antifog film. The product has been released for customer trials.</p> <p>c) Commercialized Heat Shrink Polyester film for bottle packaging</p> <p>d) Produced Polyester Film from Post Consumer Recycle (PCR) waste</p> <p>e) Commercialized new variant of Embossable film.</p> <p>f) Developed glass-filled PET compound for automotive parts. Secured customer approval and commenced commercial sales.</p> <p>g) Developed PA6-ABS terblend for centerfacia in Automotive application. Secured OEM approval and commenced commercial sales.</p> <p>h) Enhanced Ester's product portfolio through introduction of new polymer - POM (Polyacetal).</p> <p>i) Approximately 50 new grades introduced during the year in Ester's existing product basket of PBT, PET, PC, ABS, Polyamide 6 and 66.</p> <p>j) Developed PBT compound for LED application. Initial trials have been successful. Further work may need to be undertaken to make the formulation more cost-effective.</p> <p>k) As a part of "green" initiatives, development of halogen free FR based PBT and Polyamides grades is being actively pursued.</p> <p>l) Developed two grades of Sulphonated PET Master Batches and sent to customers for trial</p> <p>m) Developed Specialty Flame Retardant Master batches and sent to customers for trial</p> <p>n) Developed three grades of Dish Washable PET and sent to customers for trial</p> <p>o) Developed a variant of PET for carpets to replace Nylon and sent to customers for trial</p> <p>p) Developed a new variant of PET for water jars with improved hot wash properties and PET for hot fill bottles by normal blow molding. Samples sent to customers in US and Europe for trials</p> <p>q) Commercialized Specialty PBT, PBT Ionomers, Poly Ethylene Naphthalate (PEN) and modified PEN.</p>
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		r) Developed Specialty PET (Terpolymers) for bottles for filling at 90-100°C
		s) Developed PET for Extrusion Blow Molding (EBM) application
2.	Future plan of action	a) Development of high-end PA66 based compounds for automotive applications.
		b) Enhancement of PET-based product basket.
		c) Development of PC-PET and PC-PBT blends.
		d) Modified PET for High Tenacity and High Elongation in textile application
		e) PET for Hot Melt Adhesive application
		f) Fast Crystallizing PET for Injection Molding application
		g) PET for thermoforming application to replace Polypropylene
		h) PEN for tyre coil application
		i) PET for superior barrier properties
		j) PET with improved impact resistance
		k) PET for Extrusion Blow Molding (EBM) to replace Polycarbonate
		l) PET for sealable / peelable Film
		m) PET for Injection Molding
		n) Company continues to remain focused on development of new products for applications in Plain Polyester Film, Metallized Polyester Film and Engineering Plastics.

#### B. Technology absorption:

Efforts in brief made towards technology absorption, adaptation and innovation.	<ul style="list-style-type: none"> <li>Installed a new Recycle Extruder in Film Line # 3.</li> </ul>
Benefits derived as a result of the above efforts.	
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	

#### C. Foreign Exchange Earnings and Outgo:

	(Rs. in Lacs)	
	2012-13	2011-12
1. Earnings – FOB Value of Exports	27,674.79	27,195.93
2. Outgo – CIF Value of Imports	11,094.04	5,520.07

# Management Discussion and Analysis

## Indian Economy

India's GDP grew at a rate of 5% in 2012-13 as compared to 6.9% in 2011-12, the lowest in a decade. There has been a significant slowdown in comparison to the preceding two years, primarily due to deceleration in industrial growth, more specifically in private investment. Rising cost of credit and weak domestic business sentiment, added to this decline. Moreover, the rate of growth of consumption expenditure (public and private) decelerated to 4.1% as compared to 8.1% in last fiscal. Estimated gross fiscal deficit worsened to 5.1 per cent of GDP for 2012-13 and the global economic turmoil exerted pressure on the exchange rate.

Taking into account a macro view of the overall economy and keeping in mind the difficult global environment, the RBI expects GDP growth in 2013-14 to be in the band of 6.1 – 6.7%

The overall WPI for FY 2012-13 stood at 7.6%, as compared to 8.9% in 2011-12. Thus, while month-wise headline inflation averaged 7.6% during April 2012 – March 2013, non-food manufacturing sector inflation (i.e. core inflation as per RBI's definition) averaged much lower at 4.8%, indicating that inflation was driven mainly by supply side factors which could not be affected by the tight monetary policy stance of the RBI.

India's inflation is largely structural, driven predominantly by agricultural supply constraints and global cost push. While the macroeconomic numbers were not very weak when compared to the global economic environment, 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.

## Operational Performance

### Business Segment

#### 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, thus making an ideal product to protect food, beverages & pharmaceuticals against oxidation and aroma loss to enable longer shelf life. Various Health and Safety conscious agencies around the world have approved PET as a safe material for use in packaging foods and beverages. The PET Film industry comprises of both thin (50 micron and under) and thick films (above 50 microns)

### Global markets

**Overview\*** : Globally, the BOPET Film industry is estimated to grow at around 7% during the next few years. Currently, the Central and East-Asian region is the largest BOPET film producing region, accounting for more than 50% of the installed BOPET film capacity in the world.

**Growth drivers:** The BOPET film segment is expected to grow on account of :

- Increase in demand, as FMCG (Fast Moving Consumer Goods) companies increase their reach in rural areas in developing economies, primarily in Asia. Smaller SKU's in flexible packaging are being used by leading brands to gain access to new customer segments near the middle of the economic pyramid .
- Focus on sustainability and environmental concerns causing a shift from other substrates (such as PVC) to BOPET, being a more environment friendly material. However price premiums are currently not available for the same.

Some emerging themes in the flexible packaging market are:

- Cost optimisation through laminate structure simplification. Thinner laminate structures offering similar performance offers opportunities for the growth of value added and speciality films.
- Changes in demography & lifestyle in fast developing and emerging economies. Enhanced consumption of ready to eat /snack foods by cash rich - time poor, double income families is driving growth for value added and speciality flexible films.

*\*Report on "World Markets for BOPET Films to 2017" by PCI Films.*

### Indian markets

**Overview :** Due to some recent capacity additions, the total installed production capacity in India is now approx. 500,000

MTPA of Thin BOPET films. Of India's production of 350,000 MTPA, around 70% is consumed within the country, while the balance is exported. Continuous capacity addition over the years has improved India's reach and share in global markets. The domestic demand for Thin BOPET film is estimated to be growing at a CAGR (Compounded Annual Growth Rate) of ~ 15%.

**Growth and drivers:** The growth in India is driven by demographic and lifestyle changes (rising middle class population), increasing investments in supermarkets, hypermarkets, innovative packaging and expansions in the organised retail sector. This has resulted in increased demand for innovative and attractive high quality packaging. The current per capita packaging consumption in India is less than one third that of developed economies and thus offers tremendous growth opportunities

The recent legislation regarding Foreign Direct Investment (FDI) in retail may enhance the demand for flexible packaging as store brands in low cost packing are expected to be introduced by the new entrants in this space. However a better clarity on the long term policy would enable global majors to take investment decisions and progress towards commencement of operations in India.

## Company Overview

### Highlights: FY 2012-13

Production	Innovation & Development	Performance
<ul style="list-style-type: none"> <li>Reclaim extruder installed in latest film production line - accumulated reclaim reduced by 40%.</li> <li>Latest film line's (Film Line # 3) production efficiency stabilised, production increased by 8.2%</li> </ul>	<p>Launched two new products for specialty applications.</p>	<ul style="list-style-type: none"> <li>Sales revenue (net of excise duty) of BOPET films increased by 4.22% from Rs. 558.17 crores in FY 2011-12 to Rs. 581.74 crores in FY 2012-13</li> <li>Sales volumes of Value Added product Increased by 17.9%</li> </ul>

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.

Ester offers a diversified portfolio of value added and speciality BOPET Films. The Company enjoys good business relations with marquee clients across India. Its global footprint extends across 75

countries, which include not only developed economies like the USA and Europe, but also the Middle East, Russia, Latin America, Africa and South East Asia.

### Competitive edge

**Scale:** Ester has consistently invested in improving operating efficiencies and increasing capacity through modifications and brownfield expansions, providing economies of scale and possessing the ability to seamlessly cater to growing demand from its markets and customers.

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

**Integrated Operations:** Vertical integration has enabled a reduction in operational cost and superior product quality on a consistent basis. Forward integration into metallised films and other Value Added products enables better realisations which improves profitability.

**Capacity Utilisation:** Ester's passion towards internal efficiency is reflected in optimum 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 and speciality BOPET Films among its peers; during FY 2012-13, volumes of Value Added products grew by 17.9% despite adverse effect on sales volumes of certain value added products as a result of ban on use of plastic films in packing of Pan Masala & Gutkha which was in full effect across India in FY 2012-13.

**Reach:** Ester's diversified geographic presence (domestic and global) mitigates the risks associated with concentration of markets. The increasing global presence enables Ester to strengthen its growth agenda.

**Processes and Systems:** Ester continues its focus on designing and implementing business processes and systems which would not only reduce constant manual intervention but also allow the organisation to enhance value on a sustainable basis. Some of the business processes which were designed and implemented were the 'Order to Cash Process' and the Credit Management Process for domestic sales.

## Performance overview (FY2012-13)

In FY 2012-13, Ester optimised its enhanced production capability and maintained high levels of operating efficiencies through the year. During the year there were new capacity additions globally which added to the surplus capacity and widened the demand and supply gap. The operating margins were under severe pressure due to a weak pricing environment which was also impacted by low economic growth in both domestic and overseas markets. In these challenging times, Ester continued to remain focused on its long term strategy of:

1. **Optimizing** production levels. Company was able to sustainably operate the New Film plant at a capacity utilization of over 90% during the FY 2012-13

**Focus on increasing market share in select profitable overseas markets.** Ester increased sales volumes of Value Added products in select profitable overseas markets by 19.3%. Keeping in mind the weak global demand and pricing scenario, a conscious choice was made to identify and market products in select overseas markets which offered profitable growth opportunities, specially for value added and speciality products. This focussed approach ensured better realisation and higher sales volumes of value added products in export markets despite the challenging environment. The share of value added products in overseas markets grew from 23% to 32% in 2012-13.

2. **Increasing volumes of Value Added products.** The overall volume of Value Added products grew by 17.9% despite the weak demand and challenging pricing environment.
3. **Enhancing** Brand Equity by participating in Industrial Fairs and Exhibitions (Pack Expo 2012, USA)
4. **Maintaining** focus on operational efficiencies by taking steps to
  - a. Reduce Cost
  - b. Reduce Waste
  - c. Improve Sustainability

### Outlook

While the global demand for BOPET films will continue to grow, pressure on margins due to demand supply imbalance as new capacity additions which are in the offing, is likely to continue in 2013-14. Ester had devised a long term 3-pronged strategy to

ensure that it is able to meet and exceed the expectations of its shareholders and stakeholders

1. Focus on procuring a robust customer profile, whose innovation and development priorities are aligned with Ester. This initiative is not only expected to support Ester in further enhancing the robustness of its sales product mix, but is also expected to guide Ester in its efforts to develop innovative products for the future.
2. Progress long term relationships and partnerships with key customers.
3. Assess market needs accurately and endeavour to be a solution provider.

This implementation of the strategy commenced in 2012-13 and the green shoots of the results are visible in the focus areas. Ester had initiated developmental projects with key FMCG players in 2012-13 which would be commercialised in 2013-14. The developmental projects would be scaled up in the months ahead which would help bolster Ester's revenue and profit growth. Building on the initiatives in the area of building long term relationships through partnerships, Ester has planned to expand this portfolio and add new key customers in 2013-14.

Ester's other priorities to achieve the stated objective are:

- Operational Excellence
  - o Optimizing asset utilisation
  - o Continuous cost reduction
- Focus on Innovation and value selling
  - o Build on sales competency to deliver complete customer solutions
  - o New product development through the process of co-creation with key customers.

Although the business is passing through a volatile phase, Ester is confident that an effective implementation of its strategy will enable the creation of a robust business model which will ensure value maximisation for its shareholders and stakeholders.

## Engineering Plastics

### The Product

Engineering Plastics (such as Polybutylene Terephthalate,

Polyamides and Polycarbonate) have better mechanical and/or thermal properties as compared to commodity plastics (such as Polystyrene, Polypropylene and Polyethylene). Engineering Plastics usually exhibit a combination of properties (such as mechanical strength, heat resistance, and impact & abrasion resistance) that make them suitable for applications in various industries such as automotive, electrical and electronics, medical, consumer durables and telecommunication.

Ester manufactures and sells its products (which are compounds of PBT, PET, PA6, PA66, PC, ABS, POM and their respective blends) under the brand name "Estoplast".

### Industry Overview

**Global:** The global engineering plastics market (estimated at 20.6 million metric tons in 2013), is expected to grow at a CAGR of 5% and will therefore be approx. 29 million metric tons by 2020. In terms of value, the demand for engineering plastics is projected to grow from US\$ 67 billion in 2013 to approximately US\$ 113.7 billion by 2020 – translating to a CAGR of 7.9%. Most of this growth is expected to emerge from developing regions like Asia-Pacific & South America and certain regions of Europe & Middle-East.

**Asia-Pacific:** The Asia-Pacific region accounts for 39% share of the global engineering plastics market, and is growing at a CAGR of 8.8%. The Engineering Plastics market in Asia-Pacific, led by India and China, has seen a higher growth over the last few years than the global market. Increased purchasing power and advancements in new applications across various industries such as automotive, construction and infrastructure, transportation, telecommunications and household appliances have primarily contributed to this growth. Polyamides and PBT are expected to achieve the highest growth in this region at around 10-11% from 2010 to 2015.

**India:** India, with its low per capita consumption of engineering plastics as compared to the global average, offers good growth prospects. The EP compounds market in India, estimated at about 125000 MT, is expected to grow at a CAGR of ~ 14% till 2015. This impressive growth is expected primarily due to rapid industrialization, increased investments in infrastructure development and a relatively stable economy. PC, PBT and Polyamides would account for a major portion of the projected growth. The automotive sector contributes to about one half of the engineering plastics consumption in India.

### Performance Overview

The actions initiated during FY2011-12 (with respect to team-building, strengthening customer base and enhancing brand visibility) yielded desired results and helped in delivering a better performance in FY2012-13. During the financial year 2012-13, our Engineering Plastics business registered a material sales growth of approximately 50%, significantly ahead of industry growth. Our focused customer acquisition process and improved product range helped in enhancing our active customer base by ~ 50%. Approvals were also secured from various Original Equipment Manufacturers (OEMs) in the automotive, electrical and appliances industries.

Some of the key actions that contributed towards this success include;

- Focus on new product development to meet customer needs that helped in expanding our product portfolio from 250 to approximately 300 grades, including introduction of a new polymer (Polyoxymethylene -POM) – in our product basket.
- Enhanced customer satisfaction through an improved distribution channel, consistent product quality and improved response time.
- Focused efforts to regain lost volumes in the CFL segment, with ~ 60% growth achieved in FY 2012-13.
- Sustained efforts for productivity/efficiency improvement at the manufacturing facility.

### Key drivers for Industry Growth

1. Increased usage of plastics in the automotive industry to reduce the weight of vehicles for better fuel efficiency and lesser emissions.
2. Increased focus by the government to promote usage of energy-saving light equipment.
3. Enhanced safety awareness resulting in higher usage of low voltage switch gear.
4. New applications for engineering plastics being developed across various industries.
5. Shifting of manufacturing bases by several global players (mainly automotive and electrical) to India for reduced production costs.
6. Increased government & private spending in construction and infrastructure projects.

## Business Prospects

**Automotive Segment:** The automotive segment comprises of automobile and auto-components and is one of the key drivers of the Indian economy. Despite a sluggish performance in 2012-13, India continues to be an attractive destination for manufacturers in view of the projected demand growth. Owing to lower manufacturing costs, many foreign players have been setting up their manufacturing bases in India to cater to the local as well as global demand.

During the financial year 2013-14, the automotive sector is projected to grow at 6-8% with estimated segment-wise growths as detailed below:

Segment	Growth in 2013-2014 (E)
Passenger Vehicle	5-7%
Commercial Vehicle	7-9%
Two-Wheeler	6-8%
Three-Wheeler	3-5%
Overall	6-8%

Over the years, the automotive industry has realized the benefits of usage of engineering plastics over metals, which leads to a reduction in vehicle weight and production costs, improvement in time-to-market and design freedom thus enhancing the overall safety of the vehicles. Today, plastics account for nearly 16% of the average vehicle weight which is expected to go up to 18% by 2020. The automotive sector accounts for approximately 50% of the demand for Polyamides and PBT compounds in India.

## Electrical & Electronics Segment

Electrical industry comprises of the lighting and switch gear industries. The switch gear industry is expected to grow at a CAGR of ~10% over the next 3 years. The government has been promoting the usage of energy-saving lighting equipment which has resulted in a high growth of 17-18% over the last two to three years, led by CFL bulbs. This growth trend is expected to continue in the coming years. The LED bulbs market, which is expected to grow at a CAGR of 40%, will play a significant role in the growth of the lighting industry.

Electronics industry consists of applications like TV, computers, semiconductor chips, etc. There have been many initiatives taken by the government to promote the manufacturing of electronic equipments in India. This is also expected to boost the consumption of engineering plastics in the Indian market.

## Optical Fiber Cable Segment

The demand in the OFC industry (that has remained more or less stagnant over the last five years) is expected to stage a comeback over the next 2 to 3 years. This growth would be driven by several government & private projects in the pipeline, with the National Optic Fiber Network's plan to connect all 250,000 gram panchayats in the country promising to be the single largest growth engine.

## Future Outlook

Buoyed by the impressive recovery in FY2012-13, wherein Ester's Engineering Plastics business grew by almost 50% (significantly outperforming the Industry)– we intend to maintain our growth performance in FY2013-14 as well. We expect to further improve our performance, with respect to sales as well as profitability, through our focused approach in the EP business. Some of the key actions that would help in ensuring profitable growth include;

- Continued focus on new product/application development led by a closer engagement with our customers
- Keeping abreast of technological developments and building R&D capability aligned to the same
- Enhancing relationship with OEMs/Tier 1/Tier 2 customers in the automotive & electrical segments and securing approvals for long-term sustainability
- Capacity enhancement to support our growth aspirations
- Exploring and developing opportunities in the Exports market
- Continuous improvement in systems & processes to enhance business robustness
- Enhancing Ester's brand equity
- Exploring opportunities for strategic alliances
- Development of Halogen & Phosphorous free compounds in line with our "green initiatives" programme
- Development of cost-effective formulations to counter the threat of lower priced Chinese imports
- Exploring opportunities for entering new market segments

## Specialty Polymers

The consumption of PET Polyester in packaging applications continues to grow at a CAGR of 10%, whereas the growth in textiles applications has been about 6%.

The consumption of PET in rigid packaging applications was 21 million tonnes during 2011 (including thermoformed containers) and about 31 million tonnes in textile applications.

USA, Europe, Japan, South Africa and Australia are the regions from where good response has been received for specialty polyesters.

### Key Drivers

The recyclability of PET material and PET's suitability for food contact applications is the main driver for growth in consumption. PET continues to remain the most preferred polymer for Packaging application.

There are significant opportunities to replace other plastics such as PP, PE, PS even at higher costs. PET can also replace PC as a cost effective superior alternative .

Modified polyesters for hot fill applications are in great demand. There are various applications and several customized PET grades are under development for various applications. Ester is working on various customized products with material market potential.

1. The 4/5 gallon water containers manufactured with this new grade with improved hot washability can be a safer product for reusing after hot wash (can also be superior alternative to PC).
2. Polyester container which can be filled at 82-85°C for applications in Juices, Health drinks, Sports drinks etc. and containers which can be used for filling various product such as Syrup, Sauces, Jams at a temperature 90-95°C are in great demand.

There is also significant demand for modified PET for dish washable containers.

### Competitive Edge

Ester is focusing mainly on packaging applications. The critical success parameter is being able to modify the requisite physical properties of PET molecular structure without any adverse affect on its colour, clarity and chemical properties is the main key to develop the required product grade. The modification of polymer rheology is being achieved by incorporating various catalyst and additives in PET and also by process technology. Ester is furthering its sustainability agenda by incorporating PCR PET Flakes and using Bio MEG to manufacture all its specialty polyester grades.

During FY 2012-13, Ester manufactured specialty grades of PET,

PBT and PEN material and carried out almost 1050 trials batches in its pilot plant. These products have been sent to various customers for approval. We have identified suitable partners for each product to expedite development & commercial trials by incorporating joint development and partnership approach.

Ester has also successfully recycled all the polyester based waste generated during manufacture so as to achieve a zero wastage process. Four grades developed by Ester have received US FDA approval. Patent application for hotfill PET has already been filed.

### BUSINESS & FINANCIAL PERFORMANCE

	Quantity Produced (MT) (During 2012-13)	Quantity Produced (MT) (During 2011-12)	Growth
PET Chips (including Specialty Polymers)	69571	60217	15.5%
PET Film	50076	51744	(3.2%)
PET Film - Metallized	9366	10491	(10.7%)
Engineering Plastics	6964	4641	50.0%

	Quantity Sold (During 2012-13)	Quantity Sold (During 2011-12)	Growth
PET Chips	17257	6218	177.5%
Specialty Polymers	2241	472	374.8%
PET Film	40237	40005	0.58%
PET Film - Metallized	9402	10199	(7.8%)
Engineering Plastics	6945	4655	49.2%

	Sales Value (Net of Excise Duty) (Rs. in Lacs) (During 2012-13)	Sales Value (Net of Excise Duty) (Rs. In Lacs) (During 2011-12)	Growth
PET Chips	14424.60	4956.17	191.0%
Specialty Polymers	3941.90	563.66	599.3%
PET Film	45213.69	42655.54	6.0%
PET Film - Metallized	12952.33	13150.09	(1.5%)
Engineering Plastics	10527.69	7035.39	49.6%

	(Rs. in Lacs) (During 2012-13)	(Rs. In Lacs) (During 2011-12)	Growth
EBITDA	4724.44	4106.42	15.1%
PBT	(780.89)	(2096.61)	62.7%
PAT	(526.99)	(1391.91)	62.1%

The increase in sales value (net of Excise Duty) has been primarily on account of a significant increase in the sales volume of

Polyester Chips, Specialty Polymers and Engineering Plastics. In Polyester Films, despite marginal reduction in volumes, the sales value has increased by 4.22% as the volumes of Value Added and Specialty films in the sales mix has increased by 17.9%

Margins in the Polyester Film business remained under pressure. However, the continuous focus on increasing the proportion of Value Added and Speciality films (along with rationalising its customer and market portfolio) has enabled the company to mitigate the effect of cyclical in the business to some extent.

Pursuant to clarification issued by the Ministry of Corporate Affairs, Government of India dated 9th August 2012, foreign exchange fluctuation on foreign currency borrowings for Capital goods has been capitalized.

Due to repayment of term borrowings, the financial leveraging indicated by Total Debt: Tangible Net Worth ratio stands at the prudent level of 1.48 as on 31st March 2013. The book value per equity share stood at Rs. 40.27.

### **Risk Management**

In the current volatile and dynamic environment, each business is embedded with uncertainties, affecting operational & financial performance and prospects.

The Risk Management framework adopted by the Company encompasses 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, business decisions are taken in a manner that risk and reward are optimally balanced, 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**

Following the philosophy that People are key assets that facilitate achievement of the vision and transform dreams into reality, continuous efforts are made to ensure creation of value aligned with business objectives

Building on the platform created over last few years, the Performance Management System (PMS) as conceptualised and designed is being implemented in the right earnest and manner.

Efforts were focused on enabling managers to drive performance within their teams. We focused on high impact performance with an objective to ensure efficient and optimum delivery of PMS to individuals.

A set of critical business focussed behaviours that form the DNA of a high performance work culture at Ester has been drawn. The behavioural competencies have been designed keeping in mind the key elements of Ester's goals and growth drivers of cost leadership and product innovation. These behaviours will drive us towards achieving the aggressive business goals that we have set for ourselves. This will enable us to manage the talent and achieve the long term objective of Succession Planning.

Steps are being taken continuously to enhance the capability levels of the team. We facilitated Development Centres and created Individual Development Plans (IDPs) for identified managers. We have been working closely with individuals and their managers to keep the momentum going as regards to IDPs.

### **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
- Regular Performance Reviews

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 during the year 2012-13 implemented a Business Intelligence tool. This enables the managers to access relevant data & information on real time basis to make informed decisions. Company has also upgraded its ERP (SAP from R/3 4.7 to ECC 6.0).

### **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, internal and external stakeholders.

We continue to work on various programs aimed at improving the livelihood of the economically disadvantaged sections of society by making contributions to charitable institutions. We continue to support the Make-A-Wish Foundation a global organization that has enriched the lives of children with life-threatening medical conditions through its unique wish-granting work.

Ester has in the past demonstrated its commitment towards preserving environment by reducing dependence on fossil fuels. Another step in that direction is being taken by enhancing our Thermal Energy generation capacity by installing yet another Bio-mass based Thermic Fluid Heater.

We will continue to support socially relevant programs in FY2013-14.

### **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 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 in consonance with the requirement of 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 2012-13. The dates on which the meetings were held are 4th May, 2012, 1st August, 2012, 7th November, 2012, 17th January, 2013, and 11th February, 2013.

**Details of Name, Composition, and Attendance record of the Directors for the year ended 31.03.2013 and the number of Directorship and Committee Chairmanship/Membership held by them in other Companies are as follows:**

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

<sup>1</sup>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 .

<sup>2</sup>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) only.

None of the directors is related to each other.

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

Dr. Anand Chand Burman

Mr. P. S. Dasgupta

#### **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 and other Committees of the Board.
4. Information on recruitment and remuneration of senior offices 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.

#### **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 viz. [www.esterindustries.com](http://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 Executive Director-Operations & Projects 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.
- i. Approval of appointment of CFO or any other person heading the finance function or discharging that function.

During the year 2012-2013, the Audit Committee has met 4 times on 4th May, 2012, 1st August 2012, 7th November, 2012 and 11th February, 2013.

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	No. of Meetings held	Attendance of the Members
Mr. V. B. Haribhakti (Chairman of Committee)	Independent Director	4	4
Mr. Dinesh Chandra Kothari	Independent Director	4	4
Mr. M. S. Ramachandran	Independent Director	4	3

Mr. V. B. Haribhakti & Mr. Dinesh Chandra Kothari is a qualified Chartered Accountant having rich experience in Accounting and Finance. Other member of the Committee has 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.

The Chairman, Executive Director & CFO, Executive Director-Operations & Projects 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 28th September, 2012.

### 3. Remuneration Committee

The broad terms of reference of the Committee are to appraise the performance of Managing/ Whole Time Directors/Relative of Directors, and to decide and approve remuneration including any revision thereto from time to time, in respect of the managerial personnel of the Company and Non Executive Directors of the Company. Remuneration Committee also plays the role of Nomination Committee in terms of Schedule XIII of the Companies Act, 1956.

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

Name of the Member	Category	No. of Meeting held	No. of Meeting attended
Mr. V.B Haribhakti	Independent Director	1	1
Mr. Dinesh Chandra Kothari	Independent Director	1	1
Mr. M.S Ramachandran	Independent Director	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 during the year 2012-13 to the Non-Executive Directors are given below –

Name of the Director	Sitting Fees Paid (In Rs.)
Mr. Arvind Kumar Singhania	50,000
Mr. A. K. Newatia	50,000
Mr. V. B. Haribhakti	1,00,000
Mr. Dinesh Chandra Kothari	90,000
Mr. M. S. Ramachandran	70,000
Dr. Anand Chand Burman	30,000
Mr. P. S. Dasgupta	50,000

#### Details of remuneration paid/payable to Executive Directors

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. The notice period for Executive Directors is three months.

During financial year 2012-13, following remuneration to Executive Directors were paid/payable -

(Figures in Rupees lakhs)

Name of Director	Designation	Salary	Allowances & Perquisites	Contribution to PF and SAF	Total
Mr. Pradeep Kumar Rustagi	Executive Director and CFO	27.96	35.98	4.36	68.30
Mr. Ashok Kumar Agarwal	Executive Director- Operations & Projects	28.80	36.09	4.46	69.35

#### Details of Shareholding of Directors in Ester Industries Limited

Name of the Director	No. of Shares hold
Mr. Arvind Kumar Singhania	150
Mr. V. B. Haribhakti	1500
Mr. M. S. Ramachandran	Nil
Mr. A. K. Newatia	Nil
Mr. Dinesh Chandra Kothari	20,000
Dr. Anand Chand Burman	Nil
Mr. P. S. Dasgupta	Nil
Mr. Pradeep Kumar Rustagi	400
Mr. Ashok Kumar Agarwal	100

#### **4. Share Transfer cum Shareholders'/ Investors' Grievance Committee**

The Company has a Share Transfer cum 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.

During the year Mr. Arvind Kumar Singhania, Non Executive Chairman of the Company, has been appointed as new member of Share Transfer Cum Shareholders/ Investors Grievance Committee.

Therefore the present constitution of the Committee is as follow –

1. Mr. A. K. Newatia, Independent Director (Chairman of the Committee)
2. Mr. Arvind Kumar Singhania, Non Executive Chairman of the Board
3. Mr. Pradeep Kumar Rustagi, Executive Director & CFO
4. Mr. Ashok Kumar Agarwal, Executive Director-Operations & Projects

Mr. Diwaker Dinesh, Company Secretary, acts as Compliance Officer.

The Board of Directors has approved the following terms of reference for the Share Transfer cum 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 redressal 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 functions as may be assigned by the Board.

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

The Company has received 70 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, 2013.

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 – Operations and Projects and Executive Director & CFO as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board along with the financial statement for the year ended 31st March 2013, and the Board reviewed the same. The said Certificate is annexed with the Corporate Governance Report.

#### **5. Borrowing Committee**

The Company has a Borrowing Committee, authorized and empowered to borrow such amount as Company may require within the agreed limit from time to time for the purpose of the business of the Company.

The Borrowing Committee of the Board comprised of the four directors of which one is Non- Executive Chairman and belongs to Promoter category, two are Executive Director and other one is Independent Director viz as follows:

1. Mr. A. K. Newatia, Independent Director (Chairman of the Committee)
2. Mr. Arvind Kumar Singhania, Non-Executive Chairman of the Board
3. Mr. Pradeep Kumar Rustagi, Executive Director & CFO
4. Mr. Ashok Kumar Agarwal, Executive Director-Operations & Projects

#### **Meeting of Borrowing Committee and attendance during the year**

No Borrowing Committee Meeting was held during the Year 2012-2013.

## 6. 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
2011-2012	28.09.2012	12.00 Noon	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	<ol style="list-style-type: none"> <li>Commission on Profits to Non Executive Director of the Company</li> <li>Modification in terms and conditions of appointment of Mr. Ayush Vardhan Singhania</li> </ol>
2010-2011	25.07.2011	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	<ol style="list-style-type: none"> <li>Commencement of New Business under Other Objects</li> <li>Alteration of Articles of Association of the Company</li> </ol>
2009-2010	27.07.2010	10.30 A.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	Appointment of Mr. Ayush Vardhan Singhania (Relative of Managing Director) as Group Leader-Business Development

### Extra Ordinary General Meeting

Financial Year	Date	Time	Venue	Special Resolution Passed
2012-13	07.04.2012	1.30 P.M	Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand	<ol style="list-style-type: none"> <li>Modifications in the terms of appointment of Mr. Pradeep Kumar Rustagi as Whole-Time Director of the Company.</li> <li>Modifications in the terms of appointment of Mr. Ashok Kumar Agarwal as Whole-Time Director of the Company.</li> </ol>
2009-10	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.

## 7. Disclosures

### Related Party Transactions

During the financial year 2012-13 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 while 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 forms the part of the Annual Report to the Shareholders.

## Whistle Blower Policy

Employees can report their concerns by e-mail to the Company for this purpose at [whistleblower@ester.in](mailto:whistleblower@ester.in) or by sending a letter to the Chairman.

## 8. Means of communication

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

Economic Times, Times of India, Financial Express, Himachal Times, Dehradun.

- Website** - Ester's website [www.esterindustries.com](http://www.esterindustries.com) contains a separate dedicated section 'Investor Relations' which provides shareholders information like quarterly financial results, annual reports, shareholding patterns, news and announcements and other shareholder information. Further as all such information are also filed/intimated to BSE and NSE, the shareholder can also obtain information from their website viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
- NSE Electronic Application Processing System (NEAPS)** - NEAPS is a web based application designed by NSE for corporate. All intimations, compliance filings like corporate

action, financial results, shareholding pattern, corporate governance report etc. are intimated/filed electronically on NEAPS.

- BSE Listing Centre** - BSE has launched web based application for compliances and intimation under Listing Agreement for companies Listed in BSE. All intimations, compliance filings like corporate action, financial results, shareholding pattern, corporate governance report etc. are intimated/filed electronically on Listing Centre.
- Designated e-mail address for investor services**- In terms of Clause 47(f) of the Listing Agreement, the designated e-mail address for investor complaints is [shares.deptt@ester.in](mailto:shares.deptt@ester.in).

## 9. General Shareholder Information:

### 9.1 Forthcoming Annual General Meeting

Date and Time	Monday, 30th September, 2013 at 11.30 AM
Venue	Sohan Nagar, P.O. Charubeta, Khatima-262308, District Udham Singh Nagar, Uttarakhand

### 9.2 Financial Calendar (Tentative and subject to change):

Financial Results for the Quarter ending 30th June 2013	August – 2013
Financial Results for the Quarter ending 30th September 2013	November – 2013
Financial Results for the Quarter ending 31st December 2013	February - 2014
Financial Results for the Quarter and year ending 31st March 2014	April/May – 2014
Annual General Meeting	Any date between May 2014 - September 2014

- 9.3 Books closure date** Monday, 23rd September, 2013 to Friday, 27th September, 2013 (both days inclusive) in compliance with Listing Agreement for the purpose of Annual General Meeting

### 9.4 Dividend

No dividend has been recommended for the financial year 2012-13

## 9.5 Listing of Equity Shares on Stock Exchanges

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

<b>Address of Stock Exchanges</b>	<b>Bombay Stock Exchange Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
<b>Listed Capital</b>	62893706 Equity Shares of Rs. 5/- each	62893706 Equity Shares of Rs. 5/- each
<b>Website of Stock Exchanges</b>	<a href="http://www.bseindia.com">www.bseindia.com</a>	<a href="http://www.nseindia.com">www.nseindia.com</a>
<b>Scrip Code</b>	500136	ESTER

## 9.6 Stock Market Data:

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

Month	Bombay Stock Exchange			National Stock Exchange		
	Month's High Price (In Rs.)	Month's low Price (In Rs.)	Volume (No. of Shares)	Month's High Price (In Rs.)	Month's low Price (In Rs.)	Volume (No. of Shares)
Apr-12	22.65	19.00	508654	22.60	19.05	281630
May-12	20.40	15.55	333234	20.40	15.20	257367
Jun-12	18.45	16.05	266060	20.60	16.10	246121
Jul-12	22.35	16.55	553597	22.40	16.15	524756
Aug-12	18.90	15.80	321217	18.80	15.70	220233
Sep-12	17.20	15.75	371008	16.90	15.80	205083
Oct-12	19.95	16.50	512282	20.40	16.45	416735
Nov-12	19.30	16.50	326256	19.45	16.50	256204
Dec-12	18.35	16.25	299897	18.80	16.30	237522
Jan-13	19.50	16.00	487956	19.65	15.60	407247
Feb-13	16.35	12.50	359255	16.95	12.20	235364
Mar-13	13.35	9.30	243311	13.25	09.50	301496

### 9.7 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](mailto:admin@mcsdel.com)

### 9.8 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 10 to 15 days from the date of receipts, subject to the documents being valid and complete in all respects.

### 9.9 Distribution of Shareholding as on 31st March 2013:

Distribution	No. of Shareholders	% to total holders	No. of shares	% to total shares
1-500	22001	83.50	3943421	6.27
501-1000	2173	8.25	1848862	2.94
1001-2000	1073	4.07	1713874	2.73
2001-3000	368	1.40	956842	1.52
3001-4000	182	0.69	657486	1.05
4001-5000	156	0.59	750813	1.19
5001-10000	224	0.85	1681475	2.67
10001-50000	146	0.55	2674080	4.25
50001-100000	12	0.04	950435	1.51
And Above	15	0.06	47716418	75.87
<b>TOTAL</b>	<b>26350</b>	<b>100.00</b>	<b>62893706</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2013:**

Category of Shareholder	No. of Shareholders	No. of Shares	% to total shares
<b>A. PROMOTER AND PROMOTER GROUP</b>			
<b>1. Indian</b>			
a. Individual/HUF	2	300	0.0005
b. Bodies Corporate	1	10222650	16.2539
<b>Sub Total</b>	<b>3</b>	<b>10222950</b>	<b>16.2544</b>
<b>2. Foreign</b>			
a. Individuals (NRI/ Foreign Individuals)	2	300	0.0005
b. Bodies Corporate	1	35120192	55.8405
<b>Sub Total</b>	<b>3</b>	<b>35120492</b>	<b>55.8410</b>
<b>Total Shareholding of Promoter and Promoter Group</b>	<b>6</b>	<b>45343442</b>	<b>72.0954</b>
<b>B. PUBLIC SHAREHOLDING</b>			
<b>1. Institutions</b>			
a. Mutual Funds/UTI	5	27500	0.0437
b. Financial Institutions/Banks	10	34800	0.0553
c. Insurance Companies	1	300	0.0005
<b>Sub Total</b>	<b>16</b>	<b>62600</b>	<b>0.0995</b>
<b>2. Non Institutions</b>			
a. Bodies Corporate	496	2016064	3.2055
b. Resident Individuals	25668	14494720	23.0464
c. Non-Resident Individual	164	976880	1.5532
<b>Sub Total</b>	<b>26328</b>	<b>17487664</b>	<b>27.8051</b>
<b>Total Public Shareholding</b>	<b>26344</b>	<b>17550264</b>	<b>27.9046</b>
<b>GRAND TOTAL (A) + (B)</b>	<b>26350</b>	<b>62893706</b>	<b>100.00</b>

- 9.10 Dematerialisation of Shares:** As on 31st March 2013, 96.82% of the Company's shares were held in dematerialised form.
- 9.11 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.
- 9.12 Plant location:** Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand
- 9.13 (i) Investor Correspondence**
- (For transfer/dematerialisation of shares and any other query related to the shares of the Company)
- For shares held in physical form**  
To Registrar & Transfer Agent (RTA)  
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](mailto:admin@mcsdel.com)
- For shares held in Demat form**  
To the respective Depository Participant  
Legal & Secretarial Department  
Plot No.11, Block-A, Infocity-I,  
Sector 33 & 34, Gurgaon, Haryana – 122 001  
Phone: 0124-4572100  
Fax : 0124-4572199  
E-Mail: [shares.deptt@ester.in](mailto:shares.deptt@ester.in)  
Web site: [www.esterindustries.com](http://www.esterindustries.com)
- (ii) Any query on Annual Report**
- (iii) Investor Grievances Redressal Mechanism** – In case of any complaint, the Investor can contact the Company or our Registrar & Transfer Agent. Further the Company process investor complaints through a centralized web based “SEBI complaints redress system” (SCORES) also. Investor can check online status of complaint and action taken on the same. It assists in speedy resolution of complaint in more transparent manner.

## 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**

Place : Gurgaon  
Date : 5th August, 2013

**Ashok Kumar Agarwal**  
Executive Director – Operations & Projects

## **CERTIFICATE BY EXECUTIVE DIRECTOR & CFO AND EXECUTIVE DIRECTOR-OPERATIONS & PROJECTS**

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 2013 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 2012-2013 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.

**Pradeep Kumar Rustagi**  
Executive Director and CFO

Dated : 24th May, 2013  
Place : New Delhi

**Ashok Kumar Agarwal**  
Executive Director- Operations & Projects

## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Ester Industries Limited

We have examined the compliance of conditions of Corporate Governance by **M/s. Ester Industries Limited**, for the year ended 31st March, 2013, 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 condition of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of the 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 record 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 management has conducted the affairs of the company.

For **Dhananjay Shukla & Associates**  
(Company Secretaries)

Sd/-

**Dhananjay Shukla**

Proprietor

C.P. No. – 8271

Date : 5th August, 2013

Place : Gurgaon

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Ester Industries Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Ester Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) 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;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S. R. BATLIBOI & CO. LLP**

Chartered Accountants

Firm registration number: 301003E

**per Manoj Gupta**

Partner

Place : New Delhi

Date : May 24, 2013

Membership Number: 83906

## Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

### Re: Ester Industries Limited ('the Company')

- (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 disposal of a substantial part 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (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 Companies Act, 1956 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 and exceeding the 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, related to the

manufacture of polyester films and engineering plastics and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (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, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

- (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, cess 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:

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs. in lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
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.	57.71	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

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Dispute on disallowance of remission on MEG lost in Transit and utilization 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	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.	1.80	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.	16.94	A.Y. 2004-05 to 2005-06	Income Tax Appellate Tribunal, Delhi
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.	11.66	A.Y. 2006-07 to A.Y. 2009-10	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 and banks. The Company has no outstanding debentures during the current year.

(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 year.

**For S.R. BATLIBOI & CO. LLP**

Chartered Accountants

Firm registration number: 301003E

**per Manoj Gupta**

Partner

Place : New Delhi

Date : May 24, 2013

Membership Number: 83906

# BALANCE SHEET

as at March 31, 2013

(Rs. in Lacs)

	Notes	As at March 31, 2013	As at March 31, 2012
<b>Equity and liabilities</b>			
<b>Shareholders' fund</b>			
Share capital	3	3,144.69	3,144.69
Reserves & surplus	4	22,717.31	23,258.90
		25,862.00	26,403.60
<b>Non - current liabilities</b>			
Long term borrowings	5	15,960.42	16,796.11
Deferred tax liability (net)	6	1,895.45	2,149.35
Long term provisions	7	436.89	392.72
		18,292.76	19,338.18
<b>Current liabilities</b>			
Short term borrowings	8	14,930.37	11,079.61
Trade payables	9	2,082.32	1,860.71
Other current liabilities	10	3,911.69	3,822.18
Short term provisions	7	225.68	207.92
		21,150.06	16,970.42
<b>Total</b>		<b>65,304.82</b>	<b>62,712.19</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	37,462.42	34,981.12
Intangible assets	11	89.10	63.53
Capital work in progress		510.79	1,719.34
Non-current investment	12	1.71	80.41
Long term loans & advances	13	801.40	1,534.01
Other non-current assets	14	9.61	57.19
		38,875.03	38,435.60
<b>Current assets</b>			
Inventories	15	12,270.11	10,431.03
Trade receivables	16	10,902.17	8,420.65
Cash & bank balances	17	1,425.52	2,116.87
Short term loans & advances	13	1,354.04	2,924.44
Other current assets	14	477.95	383.60
		26,429.79	24,276.59
<b>Total</b>		<b>65,304.82</b>	<b>62,712.19</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

**per Manoj Gupta**  
Partner  
Membership no. 83906

Place : New Delhi  
Date : May 24, 2013

For and on behalf of the board of directors  
of Ester Industries Limited

**Ashok Newatia**  
Director

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013

(Rs. in Lacs)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operations (gross)	18	95,863.14	74,207.07
Less: - Excise duty		7,260.86	4,249.06
Revenue from operations (net)		88,602.28	69,958.01
Other income	19	579.45	578.31
<b>Total revenues (I)</b>		<b>89,181.73</b>	<b>70,536.32</b>
<b>Expenses</b>			
Cost of material consumed	20	64,490.13	51,833.23
(Increase) / decrease in inventories of finished goods & work in progress	21	427.58	(2,474.86)
Employee benefits expense	22	3,220.20	2,482.20
Other expenses	23	16,319.38	14,589.34
<b>Total expenses (II)</b>		<b>84,457.29</b>	<b>66,429.90</b>
<b>Earnings before interest, tax, depreciation and amortization {EBITDA} (I)-(II)</b>		<b>4,724.44</b>	<b>4,106.42</b>
Depreciation and amortisation expense	11	2,873.12	2,668.13
Less: Transferred from revaluation reserve		14.60	14.59
Finance costs	24	2,646.81	3,549.48
<b>Profit / (loss) before tax</b>		<b>(780.89)</b>	<b>(2,096.61)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		(253.90)	(704.70)
<b>Total tax expenses</b>		<b>(253.90)</b>	<b>(704.70)</b>
<b>Profit / (loss) after tax</b>		<b>(526.99)</b>	<b>(1,391.91)</b>
<b>Earnings per share</b>			
Basic & diluted (in Rs.)	25	(0.84)	(2.21)
{Nominal value per share Rs. 5 (previous year Rs. 5)}			
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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 : May 24, 2013

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

# CASH FLOW STATEMENT for the year ended March 31, 2013

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Cash flow from operating activities</b>		
Net profit / (loss) before tax	(780.89)	(2,096.61)
Adjustments for:		
Depreciation/Amortisation	2,858.52	2,653.54
Loss on Fixed Assets Sold/Discarded (net)	83.69	15.31
Interest Expense	1,998.00	1,982.23
Interest income	(120.60)	(110.31)
Dividend income	(0.03)	(0.72)
Premium on forward contracts amortised	267.21	140.72
Unrealized foreign exchange loss (net)	54.27	1,310.58
Bad debts, advances and irrecoverable balances written off (net)	89.83	0.20
Provision for Obsolete Inventories	4.03	-
Loss on sale of Investment	8.32	-
Provisions / liabilities no longer required written back	(19.86)	(42.48)
<b>Operating Profit before Working Capital Changes</b>	<b>4,442.49</b>	<b>3,852.46</b>
<b>Movements in working capital :</b>		
Decrease / (Increase) in trade receivables	(2,447.81)	3,682.65
Decrease / (Increase) loans and advances/other current assets	2,110.16	(615.86)
Decrease / (Increase) in Inventories	(1,843.11)	(2,993.49)
Increase/ (Decrease) in Trade & Other Payables/ Provisions	2.19	1,121.45
Cash Generated from Operations	2,263.92	5,047.21
Direct Taxes Paid	-	(310.77)
<b>Net cash flow from operating activities (a)</b>	<b>2,263.92</b>	<b>4,736.44</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,672.62)	(3,676.35)
Sale of Fixed Assets	28.65	64.11
Deposits	(238.18)	(1,099.92)
Proceeds of deposits matured	940.38	1,077.82
Sale of investment	70.38	10.00
Interest Received	133.28	81.25
Dividend Received	0.03	0.72
<b>Net cash flow from / (used) in investing activities (b)</b>	<b>(2,738.08)</b>	<b>(3,542.37)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net proceeds from short term borrowings	3,834.91	1,219.57
Proceeds from long term borrowings	1,279.94	2,328.40
Repayment of long term borrowings	(2,630.57)	(974.56)
Interest Paid	(2,041.20)	(1,991.27)
Dividend Paid	(5.65)	(1,447.11)
<b>Net cash flow from / (used) in financing activities (c)</b>	<b>437.43</b>	<b>(864.97)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a+b+c)</b>	<b>(36.73)</b>	<b>329.10</b>
Cash and cash equivalents at the beginning of the year	1,021.61	692.51
<b>Cash and cash equivalents at the end of the year</b>	<b>984.88</b>	<b>1,021.61</b>
<b>Components of cash and cash equivalents</b>		
Cash on Hand	6.08	12.71
Balances with Scheduled Banks :		
- On current Accounts	915.22	939.67
- On Term Deposits	450.25	1,152.45
- On Unpaid Dividend Accounts*	63.58	69.23
<b>Cash &amp; Bank Balances</b>	<b>1,435.13</b>	<b>2,174.06</b>
<b>Less: Fixed deposits not considered as cash and cash equivalents</b>		
- Deposit Pledged with banks	37.00	106.44
- Deposit having maturity period more than 3 months	413.25	1,046.01
	<b>984.88</b>	<b>1,021.61</b>

\* 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. LLP**  
Chartered Accountants  
Firm Registration No. 301003E

**per Manoj Gupta**  
Partner  
Membership no. 83906

Place : New Delhi  
Date : May 24, 2013

For and on behalf of the board of directors  
of Ester Industries Limited

**Ashok Newatia**  
Director

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

## NOTES TO FINANCIAL STATEMENT for the year ended March 31, 2013

### 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 of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the 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 adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

#### b) Change in accounting policy

Pursuant to clarification issued by Ministry of Corporate Affairs, Government of India dated August 9, 2012, the Company has changed the accounting policy in respect of foreign exchange fluctuation as prescribed under para 4(e) of Accounting Standard 16 "Borrowing Costs". Accordingly, foreign exchange fluctuations amounting to Rs. 614.88 lacs has been capitalised and added to the cost of fixed assets. Hitherto followed, loss of the Company would have been higher by Rs. 587.77 lacs (net of tax of Rs. Nil) and net block of fixed assets would have been lower by Rs. 587.36 lacs (net of depreciation of Rs. 27.52 lacs).

#### c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### d) Tangible fixed Assets

Tangible 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. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure directly relating to construction activity is capitalized (net of income, if any). Indirect expenditure specifically attributable to construction of a project or to the acquisition of the fixed assets or bringing it to working condition is capitalised as part of Construction project or as a part of Fixed assets. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to Statement of profit and loss.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of profit and loss for the period during which such expenses are incurred.

#### e) 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 up gradations / 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 i.e 9 years or useful life, whichever is lower.

**f) Intangibles**

Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase. Software's are amortized 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 recognized 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 a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to 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

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 recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

**i) Investment**

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 recognize 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 recognized 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 from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

### **Export Benefit**

Export Benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB), Duty Draw back and advance license scheme are accounted for on accrual basis. Export benefits under Duty Exemption Pass Book (DEPB) & Duty Draw back are considered as other operating income.

### **Interest**

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

### **Dividends**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### **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**

- i) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the year.
- ii) All other exchange differences are recognized as income or as expenses in the period 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), Provident Fund (where contributed to the Regional Provident Fund Commissioner) and employee state insurance are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective authorities. The Company recognizes contribution payable to respective authorities as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.
- 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 benefit in the form of provident Fund (Where administered by trust created and managed by Company) is a defined benefit obligation of the company and the contributions are charged to Statement of profit & loss of the year when the contribution to the respective funds are due. Shortfall in the funds, if any, is adequately provided for by the company based on the actuarial valuation on projected unit credit method carried out at the end of each financial year.
- 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. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- v. Actuarial gains/losses are immediately taken to Statement of profit and loss 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 unrecognized deferred tax assets. It recognises unrecognized 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 recognized 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 Statement of profit and loss 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 cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**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 organized 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.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**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) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**t) 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.

**u) Measurement of EBITDA**

As permitted by the guidance note on revised schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit & loss. The company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company includes interest income but does not include depreciation and amortization expenses, finance cost and tax expenses.

**3. Share capital**

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Authorized shares (No.)</b>		
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
<b>Issued, subscribed &amp; fully paid up shares (No.)</b>		
62,893,706 (previous year: 62,893,706) equity shares of Rs. 5/- each fully paid	3,144.69	3,144.69

**a) Terms / rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs. 5 per share. Each equity shareholder is entitled for one vote per share. The Company declares and pays dividend in Indian rupees.

During the year ended March 31, 2013, the amount of dividend recognized as distribution to equity shareholders was Rs. nil per share (previous year : Rs. nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholder.

**b) Shares held by holding/ultimate holding company and/or their subsidiaries / their associates**

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
Goldring Investments Corp, ultimate holding company NIL (previous year 2,608,696) equity shares of Rs. 5 each fully paid	-	130.43
Wilemina Finance Corp., holding company 35,120,192 (previous year 33,561,496) equity shares of Rs. 5 each fully paid	1,756.01	1,678.07
Sriyam Impex Private Limited (subsidiary of holding) 10,222,650 (previous year 9,172,650) equity shares of Rs. 5 each fully paid	511.13	458.63

**c) Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

(Rs. In lacs)

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
7,391,306 equity shares allotted as fully paid-up pursuant to conversion of warrants and fully convertible debentures during the year 2009-10.	369.57	369.57

**d) Details of shareholders holding more than 5% shares in the Company**

	<b>As at March 31, 2013 (%)</b>	<b>As at March 31, 2012 (%)</b>
Wilemina Finance Corp., holding company 35,120,192 (previous year 33,561,496) equity shares of Rs. 5 each fully paid	55.84	53.36
Sriyam Impex Private Limited (subsidiary of holding) 10,222,650 (previous year 9,172,650) equity shares of Rs. 5 each fully paid	16.25	14.58

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### 4. Reserves & surplus

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Capital reserve</b>	5,778.57	5,778.57
<b>Capital redemption reserve</b>	335.37	335.37
<b>Securities premium account</b>	2,718.77	2,718.77
<b>Revaluation reserve</b>		
Balance as per last financial statement	548.63	563.22
Less: transferred to profit and loss account	14.60	14.59
	<b>534.03</b>	<b>548.63</b>
<b>General reserve</b>		
Balance as per last account	1,503.67	1,503.67
Add: transferred from profit and loss account	-	-
	<b>1,503.67</b>	<b>1,503.67</b>
<b>Surplus / (Deficit) in the statement of profit and loss</b>		
Balance as per the last financial statement	12,373.89	13,765.80
Add: profit / (loss) for the year	(526.99)	(1,391.91)
<b>Net surplus in the statement of profit &amp; loss</b>	<b>11,846.90</b>	<b>12,373.89</b>
<b>Total reserve &amp; surplus</b>	<b>22,717.31</b>	<b>23,258.90</b>

#### 5. Long-term borrowings

(Rs. In lacs)

	Non-Current Portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>				
Term loans from banks	1,658.51	3,050.46	2,467.34	2,301.88
Term loans from body corporate	-	43.51	43.51	107.26
Vehicle loans	98.45	113.67	78.34	80.00
Buyers' credit for capital goods	14,203.46	13,588.47	-	-
	<b>15,960.42</b>	<b>16,796.11</b>	<b>2,589.19</b>	<b>2,489.14</b>
<b>Amount Disclosed under the head "other current liabilities" (Refer note 10)</b>			<b>(2,589.19)</b>	<b>(2,489.14)</b>
<b>Total Long-term borrowings</b>	<b>15,960.42</b>	<b>16,796.11</b>	<b>-</b>	<b>-</b>

## I. Term loans

- a) **From Bank of Baroda** of Rs. 1712.00 lacs (Previous year Rs. 862.39 lacs) for Corporate Office project is secured by mortgage created by way of deposit of title deeds in respect of the immovable property (land and building) at Gurgaon. The term loan bears floating interest at the rate base rate plus 4.25% pa. As per sanction, the term loans are repayable in 71 monthly installments starting from 1st April 2012. The outstanding amount as on 31st March 2013 is repayable in 59 monthly installments starting from 1st April 2013.
- b) **From State bank of Bikaner and Jaipur** of Rs. 160.82 lacs (Previous year Rs. 211.50 lacs) is secured by first exclusive charge by way of hypothecation of Oil Fired Heater, Reclaim Co-extruder and In-Line Coater and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company). The term loan bears floating interest at the base rate plus 3.25% pa. The Term Loans are repayable in 20 quarterly installments starting from Dec' 2011. The outstanding amount as on 31st March 2013 is repayable in 14 quarterly installments starting from 1st April 2013.
- c) **From consortium member banks** of Rs. 2253.03 lacs (Previous Year Rs.4278.45 lacs) are 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 through vehicles loans and machinery acquired through term loan taken from banks / body corporate on exclusive charge basis), ranking pari passu inter-se and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company). The term loans bear floating interest rate ranging from Base Rate plus 2.75% - 4.25% pa. These term loans are repayable in 28 quarterly installments starting from 1st April 2012. The outstanding amount as on 31st March 2013 is repayable in 24 quarterly installments starting from 1st April 2013.

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).

- d) **From Body Corporate (Tata Capital Limited)** is secured by first exclusive charge by way of hypothecation of Off Line Coater and further secured by irrevocable guarantee of Mr. Arvind Kumar Singhania (Chairman of the Company) and Wilemina Finance Corp. (Holding company). The term loan from body corporate bears floating interest at the rate 16.50% pa. These term loan is repayable in 36 monthly installments starting from Feb' 2011. The outstanding amount as on 31st March 2013 is repayable in 10 monthly installments starting from 1st April 2013.

II. **Vehicle loans** are secured by hypothecation of specific vehicles acquired out of proceeds of the Loans. Vehicle loans bears interest rates ranging from 9.65 to 11.00% pa. These loans are repayable in monthly installments till July'2016.

## III. Buyers' Credit for capital goods

- a) Buyers' credit amounting to Rs. 12,092.34 lacs (Previous Year Rs. 11,585.76 lacs) are against Letters of Undertaking (LOUs) / Letter of Comfort (LOCs) issued by consortium of banks. LOUs / LOCs facility is 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 through vehicles loans and machinery acquired through term loans taken from body corporate on exclusive charge basis), ranking pari passu inter-se and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company).
- b) Buyers' Credit amounting to Rs. 1,082.36 lacs (Previous Year Rs. 1,012.91 lacs) are against LOUs / LOCs issued by Union Bank of India (UBI). LOUs / LOCs facility from UBI is secured by first exclusive charge by way of hypothecation of Metallizer (Topmet 2850) and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company).
- c) Buyers' Credit amounting to Rs. 1,028.76 lacs (Previous Year Rs. 989.80 lacs) are against LOUs / LOCs issued by State bank of Bikaner & Jaipur (SBBJ). LOUs / LOCs facility from SBBJ is secured by first exclusive charge by way of hypothecation of Oil Fired Heater, Reclaim Co-extruder and In-Line Coater, and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company).

Company has availed LOUs / LOCs facilities from the banks to avail the Buyers' Credit of Rs. 14,203.46 lacs (Previous Year - Rs. 13,588.47 Lacs). LOU / LOC facilities to the extent of Rs.13,121.10 Lacs (previous Year- Rs 12,575.56) is sanctioned to the company as a sub limit of term loans upto a period of 3 years till September 2014.

LOCs / LOUs facilities are sanctioned to the company as a sub limit of term loan, bears interest rate ranging from 0.92% to 1.95% Liability towards Buyers' Credit under LOCs / LOUs will be liquidated out of the proceeds of term loans that are repayable over a period of seven years.

## 6. Deferred tax liability

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4,237.16	3,655.39
<b>Gross deferred tax liability</b>	<b>4,237.16</b>	<b>3,655.39</b>
<b>Deferred tax assets</b>		
Provision for doubtful debts and advances	-	-
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	2,341.71	1,506.04
<b>Gross deferred tax assets</b>	<b>2,341.71</b>	<b>1,506.04</b>
<b>Net deferred tax liability / (asset)</b>	<b>1,895.45</b>	<b>2,149.35</b>

## 7. Provisions

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Long term provisions</b>		
Provision for gratuity (refer note 29)	436.89	392.72
<b>Total long term provision</b>	<b>436.89</b>	<b>392.72</b>
<b>Short term provisions</b>		
Provision for taxation (net of advance tax payments)	74.96	74.96
Provision for wealth tax	1.92	7.07
Provision for gratuity (refer note 29)	32.71	17.52
Provision for leave benefits	116.09	108.37
<b>Total short term provision</b>	<b>225.68</b>	<b>207.92</b>
<b>Total provisions</b>	<b>662.57</b>	<b>600.64</b>

## 8. Short Term Borrowings

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>		
Working capital loan from banks	6,773.59	3,084.24
Bills discounting	3,015.91	2,231.11
Buyers' credit for raw material	760.81	1,630.93
Acceptances	4,380.06	4,133.33
<b>Total short term borrowings</b>	<b>14,930.37</b>	<b>11,079.61</b>

**Working capital loan and bills discounting:** These loans 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 (both present and future) and further secured by irrevocable guarantees of Wilemina Finance Corp. (Holding company). Working Capital and Bill discounting facilities are further secured by way of second charge in respect of immovable properties and movable fixed assets.

The working capital loans from banks bear floating interest rate ranging from Base Rate plus 2.50% to 2.75% pa.

**Buyers' Credit for raw material** are against LOUs / LOCs issued by consortium of banks. The LOUs / LOCs facilities is sanctioned to the Company as a sub limit of Non Fund (LCs) based facility. The facility is 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 (both present and future) and further secured by irrevocable guarantees of Wilemina Finance Corp. (Holding company). Buyers' credit for raw material bears interest rate ranging from 1.03% to 1.66%.

## 9. Trade Payable

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Trade payables</b>		
Total outstanding dues of other than micro & small enterprises	2,053.56	1,796.18
Total outstanding dues of micro & small enterprises (refer note 33)	28.76	64.53
<b>Total trade payables</b>	<b>2,082.32</b>	<b>1,860.71</b>

## 10. Other current liability

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
Current maturities of term loans from banks	2,467.34	2,301.88
Current maturities of term loans from body corporate	43.51	107.26
Current maturities of vehicle loans	78.34	80.00
Interest accrued but not due on borrowings	63.50	106.70
Deposits from dealer / customer & others	2.58	2.58
Advances from customers	259.31	356.13
Investor education & protection fund will be credited by this amount (as & when due) - Unpaid Dividend	63.58	69.23
Others payables		
- dues to statutory authorities	200.49	114.88
- others	733.04	683.52
	<b>3,911.69</b>	<b>3,822.18</b>
<b>Total other liabilities</b>	<b>3,911.69</b>	<b>3,822.18</b>

## 11. Fixed assets

(Rs. in lacs)

Description	Gross block		Accumulated depreciation / amortisation		Net block				
	April 1, 2012	Additions	Deductions	March 31, 2013	April 1, 2012	Current year	Deductions	March 31, 2013	March 31, 2012
<b>Tangible assets:</b>									
Land - freehold (ii)	1,504.36	-	-	1,504.36	-	-	-	1,504.36	1,504.36
Buildings (ii)	5,348.90	1,843.27	23.58	7,168.59	1,529.09	168.45	13.79	1,683.75	5,484.84
Plant & machinery (i), (ii) & (iii)	56,977.58	3,171.91	38.00	60,111.49	28,055.78	2,494.24	28.19	30,521.83	29,589.66
Furniture & fixtures	199.22	183.85	94.97	288.10	92.76	11.72	54.42	50.06	238.04
Lease hold improvements	145.81	-	145.81	-	99.67	38.86	138.53	-	-
Office equipments	513.77	102.18	103.36	512.59	293.95	43.76	83.67	254.04	258.55
Vehicles	505.72	100.50	37.17	569.05	142.99	51.06	11.97	182.08	386.97
<b>Intangible assets:</b>									
Software	316.82	90.62	0.38	407.06	253.29	65.03	0.36	317.96	89.10
<b>Total</b>	<b>65,512.18</b>	<b>5,492.33</b>	<b>443.27</b>	<b>70,561.24</b>	<b>30,467.53</b>	<b>2,873.12</b>	<b>330.93</b>	<b>33,009.72</b>	<b>37,551.52</b>
<b>Previous year</b>	<b>64,202.40</b>	<b>1,916.93</b>	<b>607.17</b>	<b>65,512.18</b>	<b>27,879.09</b>	<b>2,668.14</b>	<b>79.70</b>	<b>30,467.53</b>	<b>36,323.31</b>

(i) (a) Amount of borrowing cost aggregating Rs. 108.20 lacs (Previous year Rs.5.34 lacs) have been capitalised during the year.

Building - Rs. 85.16 lacs (previous Year - NIL)

Plant & Machinery - Rs. 20.73 lacs (previous Year Rs. 5.34 lacs)

Office Equipment - Rs. 2.31 lacs (previous Year - NIL)

(b) Foreign Exchange Fluctuation aggregating Rs. 614.88 lacs on plant & machinery (Previous year NIL ) have been capitalised during the year.

(ii) (a) Gross block of fixed assets includes Rs. 7299.53 lacs (previous Year Rs.7,299.53 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. 6733.37 lacs)

(iii) Plant & machinery Rs. NIL (previous year Rs. 448.05lacs) have been adjusted for remission of liability towards technician fee & other expenses.

## 12. Non-current Investments

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>A. Other than trade - quoted (Valued at cost unless stated otherwise)</b>		
<b>Equity shares</b>		
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Pearl Polymers Ltd.	0.04	0.04
- NIL (previous year 200) equity shares of Rs.10 each fully paid up in Polyplex Corporation Ltd.	-	0.05
- 50 (previous year 50) equity shares of Rs.10 each fully paid up in J.K.Synthetics Ltd.	0.03	0.03
- NIL (previous year 200) equity shares of Rs.10 each fully paid up in Reliance Industries Ltd.	-	0.14
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Haryana Petrochemicals Ltd.	0.04	0.04
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Sanghi Polyester Ltd.	0.08	0.08
- 360 (previous year 360) equity shares of Rs.5 each fully paid up in Venlon Enterprises Ltd.	0.10	0.10
- NIL (previous year 196) equity shares of Rs.10 each fully paid up in Nirlon Ltd.	-	0.02
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Modipon Ltd.	0.11	0.11
- NIL (previous year 100) equity shares of Rs.10 each fully paid up in Garware Polyester Ltd.	-	0.01
- NIL (previous year 100) equity shares of Rs.10 each fully paid up in SRF Ltd.	-	0.02
- NIL (previous year 100) equity shares of Rs.10 each fully paid up in Uflex Industries Ltd.	-	0.05
- NIL (previous year 200) equity shares of Rs.10 each fully paid up Jindal Poly Films Ltd.	-	0.03
- NIL (previous year 30,000) equity shares of Rs.10 each fully paid up in Ispat Industries Limited	-	7.17
- NIL (previous year 1000) equity shares of Rs.10 each fully paid up in Bajaj Hindustan Limited	-	5.40
	<b>0.40</b>	<b>13.29</b>
<b>Less: provision for diminution in the value of Investments</b>	0.22	4.88
	0.18	8.41
<b>B. Other than trade - unquoted (Valued at lower of cost or fair value)</b>		
<b>Units of mutual fund</b>		
- NIL (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.Nil )	-	5.00
- NIL (previous year 50000) units in Baroda Pioneer Infrastructure Fund - Growth Plan of Rs. 10 each fully paid up (units purchased during the previous year Rs. Nil (previous year Rs. 5.00 lacs)).	-	5.00
- NIL (previous year 100,000) units in Baroda Pioneer PSU Equity Fund - Growth Plan of Rs. 10 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 100,000) units in SBI- PSU Fund Growth of Rs. 10 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 108,342) units in SBI- PSU Fund Growth Plan of Rs. 9.23 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 14,612.83) units in DSP Blackrock balanced Fund- Growth Plan of Rs. 68.43 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 20,633.45) units in DSP Blackrock Top 100 Eq Fund- Growth Plan of Rs. 96.93 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 20.00 lacs)).	-	20.00
<b>Preference shares</b>		
- 20,000 (previous year 20,000) preference shares of Rs.10 each fully paid up Ispat Industries Limited	4.78	4.78
	4.78	74.78
<b>Less : provision for diminution in the value of Investment Ispat Industries Limited</b>	3.25	2.78
	1.53	72.00
<b>C. In subsidiary companies (Valued at cost unless stated otherwise)</b>		
Other than trade (unquoted, fully paid up)		
- 25000 (previous year 25000) 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
<b>Less : provision for diminution in the value of Investment</b>	9.69	9.69
	-	-
	<b>1.71</b>	<b>80.41</b>
Aggregate amount of quoted investments (market value Rs 0.034 lacs, (previous year Rs. 7.14 lacs) (net of provision)	0.18	8.41
Aggregate amount of unquoted investments (net of provision)	1.53	72.00
<b>Total investment net of provisions</b>	<b>1.71</b>	<b>80.41</b>

### 13. Loans & advances

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	242.20	1,162.53
Prepaid expenses	64.31	12.88
Deposits-others	428.18	294.90
Loans and advances to related parties (Refer note 34)	66.71	63.70
<b>Total (A)</b>	<b>801.40</b>	<b>1,534.01</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind or for value to be received	489.27	850.88
Prepaid expenses	350.52	432.97
Advance tax & tax deducted at source (net of provision of tax)	195.70	182.28
Balances with statutory / Government Authorities	208.29	1,387.57
Loans to employees	62.30	57.68
Deposits-others	47.96	13.06
<b>Unsecured, considered doubtful</b>		
Advances recoverable in cash or in kind or for value to be received	31.91	31.91
	<b>1,385.95</b>	<b>2,956.35</b>
Less: provision for doubtful advances	31.91	31.91
<b>Total (B)</b>	<b>1,354.04</b>	<b>2,924.44</b>
<b>Total (A+B)</b>	<b>2,155.44</b>	<b>4,458.45</b>

### 14. Other assets

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Non-current</b>		
Others	-	-
Other bank balances (refer note 17)	9.61	57.19
<b>Total other non-current assets</b>	<b>9.61</b>	<b>57.19</b>
<b>Current</b>		
Asset held for disposal (at net book value or estimated net realizable value, which ever is less)	0.51	0.20
Interest receivable on deposits	29.47	42.15
Export benefit receivable	385.85	297.08
Unamortized premium on forward contracts	62.12	44.17
<b>Total other current assets</b>	<b>477.95</b>	<b>383.60</b>
<b>Total other assets</b>	<b>487.56</b>	<b>440.79</b>

## 15. Inventory (at lower of cost or net realizable value)

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
Raw materials {including stock in transit Rs. 978.93 lacs (previous year Rs. 777.95 lacs)}	5,376.04	3,303.66
Work in process	436.25	1,127.68
Finished goods {including stock in transit Rs. 1156.34 lacs (previous year Rs. 853.95 lacs)}	5,292.08	5,028.64
Stores and spares {including stock in transit Rs. 0.21 lacs (previous year Rs. 14.58 lacs)}	1,165.74	971.05
<b>Total inventories</b>	<b>12,270.11</b>	<b>10,431.03</b>

## 16. Trade receivables

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Un-secured, considered good	10.84	23.26
Doubtful	20.93	-
	31.77	23.26
Less: Provision for doubtful trade receivables	20.93	-
<b>Total (A)</b>	<b>10.84</b>	<b>23.26</b>
<b>Other receivables</b>		
Secured, considered good	1,545.61	1,647.28
Un-secured, considered good	9,345.72	6,750.11
<b>Total (B)</b>	<b>10,891.33</b>	<b>8,397.39</b>
<b>Total (A+B)</b>	<b>10,902.17</b>	<b>8,420.65</b>

## 17. Cash and bank balances

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Cash and cash equivalents</b>		
Cash on hand	6.08	12.71
Balances with banks in current accounts	915.22	939.67
Unpaid dividend accounts *	63.58	69.23
<b>Total (A)</b>	<b>984.88</b>	<b>1,021.61</b>
Other bank balance		
Short term deposits pledged	37.00	106.44
Deposits with maturity of more than 3 months but up to 12 months	351.99	881.47
Deposits with original maturity of more than 12 months	61.26	164.54
<b>Total (B)</b>	<b>450.25</b>	<b>1,152.45</b>
<b>Total Cash &amp; Bank Balance (A+B)</b>	<b>1,435.13</b>	<b>2,174.06</b>
Less:- Amount disclosed under non-current assets (refer note 14)	(9.61)	(57.19)
<b>Cash &amp; Bank Balance</b>	<b>1,425.52</b>	<b>2,116.87</b>

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

## 18. Revenue from operations

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of products	94,390.29	72,643.35
Other operating revenue	1,472.85	1,563.72
<b>Revenue from operations (gross)</b>	<b>95,863.14</b>	<b>74,207.07</b>
Less: Excise duty	7,260.86	4,249.06
<b>Revenue from operations (net)</b>	<b>88,602.28</b>	<b>69,958.01</b>

Excise duty on sales amounting to Rs. 7260.86 lacs (previous year Rs. 4,249.06 lacs) has been reduced from sales in statement of profit & loss and excise duty on increase/(decrease) of stock Rs. (-) 56.52 lacs (previous year Rs. 202.66 lacs) has been considered as (income) / expenses in note 23 of the financial statements.

### Other operating revenue comprises the following income:

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Other operating revenue</b>		
Sales of scrap	27.20	21.80
DEPB earned	12.90	816.12
Drawback earned	1,432.75	725.80
	<b>1,472.85</b>	<b>1,563.72</b>

### Details of goods sold

	2012-13		2011-12	
	Qty (MT)	Value	Qty (MT)	Value
Polyester / PBT chips	17,257	16,202.27	6,218	5,471.35
Speciality Polymers	2,241	3,983.68	472	568.98
Polyester films	49,639	62,320.12	50,204	58,818.62
Engineering Plastics	6,945	11,807.17	4,655	7,748.48
Others		77.05		35.92
<b>Total</b>		<b>94,390.29</b>		<b>72,643.35</b>

## 19. Other income

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest on:		
- Fixed deposits {tax deducted at source Rs. 5.77 lacs (previous year Rs. 7.59 lacs)}	58.23	76.51
- Debtors {tax deducted at source Rs. 2.12 lacs (previous year Rs. 0.88 lacs)}	33.59	21.94
- Others {tax deducted at source Rs. 2.88 lacs (previous year Rs. 2.37 lacs)}	28.78	11.86
Insurance claim	19.93	43.09
Dividend	0.03	0.72
Provisions / liabilities no longer required written back	19.86	42.48
Reversal of provision for doubtful debts	-	5.44
Foreign exchange fluctuation gain	409.98	314.24
Miscellaneous income	9.05	62.03
<b>Total other income</b>	<b>579.45</b>	<b>578.31</b>

## 20. Cost of raw material consumed

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Cost of raw material consumed	64,490.13	51,833.23
<b>Total</b>	<b>64,490.13</b>	<b>51,833.23</b>

### Details of raw material consumed

	2012-13		2011-12	
	Qty (MT)	Value	Qty (MT)	Value
PTA	59,108.73	38,003.85	51,632.51	32,137.17
MEG	23,179.27	13,829.02	20,434.62	12,072.16
PBT chips	3,765.80	4,790.89	2,575.18	3,339.67
NYLON	1,630.69	2,151.38	1,015.79	1,361.57
BUTANE DIOL	431.95	657.06	-	-
NDC	169.60	545.30	-	-
Others		4,512.63		2,922.66
<b>Total</b>		<b>64,490.13</b>		<b>51,833.23</b>

### Inventory of Raw material

(Rs. In lacs)

	2012-13 Value	2011-12 Value
PTA	2,250.14	893.02
MEG	275.79	311.54
PBT chips	569.78	625.84
NYLON	437.88	382.56
BUTANE DIOL	212.43	-
Others	1,630.02	1,090.70
	<b>5,376.04</b>	<b>3,303.66</b>

## 21. (Increase) / Decrease in Inventories

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase) / Decrease
Closing stock			
- Finished goods	5,292.08	5,028.23	263.85
- Work in process	436.25	1,127.68	(691.43)
	<b>5,728.33</b>	<b>6,155.91</b>	<b>(427.58)</b>
Opening stock			
- Finished goods	5,028.23	2,945.39	2,082.84
- Work in process	1,127.68	735.66	392.02
	<b>6,155.91</b>	<b>3,681.05</b>	<b>2,474.86</b>
<b>Total (Increase) / Decrease</b>	<b>427.58</b>	<b>(2,474.86)</b>	

### Inventory of finished goods

	2012-13		2011-12	
	Qty (MT)	Value	Qty (MT)	Value
Polyester chips	1,117.97	970.95	594.00	479.31
Speciality Polymers	371.15	622.62	370.00	365.04
Polyester films	1,809.29	2,260.66	1,821.00	2,144.32
Engineering plastics	200.40	302.72	181.00	271.32
Recycled polyester chips	1,263.02	1,135.13	2,215.00	1,768.65
		<b>5,292.08</b>		<b>5,028.64</b>

### Inventory of work in progress

	2012-13	2011-12
	Value	Value
Polyester chips	206.40	267.36
Polyester films	154.70	824.61
Engineering plastics	75.15	35.71
	<b>436.25</b>	<b>1,127.68</b>

### 22. Employee benefit expenses

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries, wages & bonus	2,494.94	1,899.95
Contribution to provident and other funds	237.57	207.77
Gratuity (refer note 29)	93.72	34.91
Staff welfare expenses	393.97	339.57
	<b>3,220.20</b>	<b>2,482.20</b>

### 23. Other Expenditure

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Manufacturing expenses</b>		
Consumption of stores and spare parts	1,136.62	1,119.64
Consumption of packing material	1,686.15	1,699.52
Power & fuel	6,486.87	5,365.94
Material handling charges	255.75	215.89
Increase / (decrease) in excise duty on closing stock	(56.52)	202.66
<b>Total manufacturing expenses (A)</b>	<b>9,508.87</b>	<b>8,603.65</b>
<b>Selling expenses</b>		
Freight	3,230.78	2,717.15
Commission and brokerage (other than sole selling agents)	409.37	381.53
Discount, claims and rebates	171.78	163.89
Others	0.68	-
<b>Total selling expenses (B)</b>	<b>3,812.61</b>	<b>3,262.57</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Administration and other expenses</b>		
Rent	123.01	123.85
Rates and taxes	25.85	70.42
Insurance	209.70	217.07
Repairs & maintenance		
- Building	26.27	33.29
- Plant & machinery	186.92	153.21
- Others	138.03	123.75
Travelling & conveyance	748.21	686.44
Communication costs	106.40	130.69
Legal & professional charges	431.31	494.15
Printing & stationery	22.17	29.26
Donations (other than political parties)	8.80	73.30
Directors sitting fees	4.40	4.30
Auditors' remuneration		
- Statutory audit fee	16.00	13.50
- Limited review fee	12.00	8.50
- Out of pocket expenses	0.98	0.92
Loss on sale of DEPB license	-	13.71
Loss on fixed assets sold / discarded	83.69	15.31
Loss on sale of Investments	8.32	-
Bad debts, advances & irrecoverable balances written off	89.83	0.20
Provision for Obsolete inventory	4.03	-
Premium on forward contract amortised	267.21	140.72
Miscellaneous expenses	484.77	390.53
<b>Total Administrative &amp; other expenses (C)</b>	<b>2,997.90</b>	<b>2,723.12</b>
<b>Total other expenses (A+B+C)</b>	<b>16,319.38</b>	<b>14,589.34</b>

#### 24. Finance cost

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest		
- on term loans	537.03	823.82
- on working capital	1,125.33	802.72
- on buyer's credit facilities	335.64	355.69
Exchange fluctuation component of borrowing cost (refer note 2(b))	-	906.01
Bank charges	648.81	661.24
	<b>2,646.81</b>	<b>3,549.48</b>

#### 25. Earning per share (EPS)

	Year ended March 31, 2013	Year ended March 31, 2012
Net profit/(loss) for calculation of basic /diluted EPS (Rs. in lacs)	(526.99)	(1,391.91)
Weighted average number of equity shares in calculating basic & diluted EPS	62,893,706	62,893,706
Basic / diluted EPS (in Rs.)	<b>(0.84)</b>	<b>(2.21)</b>

## 26. Capital commitments

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	391.61	10,392.81

Capital Commitments are on account of upgradation of slitter used in polyester film lines and other assets.

## 27. Contingent liabilities not provided for

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>(a) Excise Duty and Customs Duty pending hearing of appeals/writ petitions:</b>		
(i) Cenvat credit disallowed on inputs (for the period March 1990 to Mar 1991) not covered under rule 57A, mainly Santotherm, Diethyl Glycol, Delion etc. Disallowance was due to use of inputs for manufacture of exempted goods.	8.06	8.06
(ii) Removal of PET chips (exempted goods) from bonded warehouse without payment of duty.	3.00	3.00
(iii) Goods sold from depot at higher value than one declared at factory gate price for the period Jun 1988 to Mar 1992.	25.46	25.46
(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 material 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 Terephthalate. Disallowance was due to use of inputs for manufacturing of exempted goods.	57.71	57.71
(viii) Other Miscellaneous Cases	33.82	33.82
(ix) Cenvat credit of Rs. 0.59 lacs not admissible on shape & section as capital goods and Rs. 2.5 lacs recoverable against shortage of cenvatable inputs.	3.09	3.09
(x) Demand raised on account of excess / shortfall in stocks alleged by preventative staff.	12.95	12.95
(xi) Demand raised for differential amount of Custom Duty on import of PBT chips.	188.36	188.36
<b>Total (a)</b>	<b>715.29</b>	<b>715.29</b>
<b>(b) Show cause notices related to Service Tax &amp; Excise rebate on export</b>	<b>13.54</b>	<b>13.75</b>
<b>(c) Income Tax:</b>		
(i) Demand raised during assessment (A.Y. 1989-90)	-	1.84
(ii) Disallowance 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
(iii) Disallowance 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
(iv) Disallowance 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

	As at March 31, 2013	As at March 31, 2012
(v) Disallowance of expenses relating to previous years in respect of A.Y. 1993-94 to 1997-98 by ITAT.	14.68	14.68
(vi) Demand of MAT (including interest) A.Y. 2004-05*	5.78	5.78
* 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.		
* Disallowances of claim of profit 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.		
(vii) Demand of MAT (including interest) A.Y. 2005-06@	11.16	11.16
@ Disallowance of carry forward of loss on sale of investment on which dividend income is earned which is exempt from tax by invoking section 94(7) of the Act.		
@ Disallowance of other expenses under MAT including foreign technician fees, unexplained investment.		
(viii) Liability in respect of disallowances of excess depreciation claimed by company, bonus provision, disallowance 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. 2009-10.	11.66	37.27
<b>Total (c)</b>	<b>51.86</b>	<b>79.31</b>
<b>(d) Labour Cases:</b>		
Workers suspended, pending in High Court, Delhi	<b>1.67</b>	<b>1.67</b>
<b>Total (D) = (a)+(b)+(c)+(d)</b>	<b>782.36</b>	<b>810.02</b>
<b>(e) Other claims not acknowledged as debts</b>	49.20	48.50
<b>(f) Bonds amounting to Rs 510 lacs executed in favour of Central Excise &amp; Customs Authorities, out of which, amount to be re-credited on receiving the proof of export is yet to be submitted.</b>	366.84	163.75
<b>(g) Amount of duty saved on import under advance license - corresponding export obligation pending is Rs. 972.66 lacs</b>	8.33	-

Based on favorable 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.

## 28. Directors' Remuneration

The Company appointed Mr. Ashok Kumar Agarwal and Mr. Pradeep Kumar Rustagi as Whole Time Directors of the Company with effect from February 14, 2011 with the approval of the shareholders. During the FY 2010-11, the Company had adequate profits and both the directors were paid remuneration within the limits as prescribed in Schedule XIII to the Companies Act, 1956.

During the financial year 2011-12, due to changed market condition caused by over-supply, the Company had suffered losses which were not determinable at the time of appointment. The remuneration paid/accrued to both the whole time directors was in excess of the limit prescribed under schedule XIII of the Companies Act, 1956 by Rs. 25.19 lacs. Therefore the Company, with the approval of shareholders in the Extra ordinary general meeting held on April 7, 2012, had made an application to the Central Government

seeking its approval for the payment of remuneration in case of losses. The said application has been approved by the Central Government on July 17, 2012.

The remuneration paid to Mr. Ashok Kumar Agarwal and Mr. Pradeep Kumar Rustagi during the current financial year has been accrued / paid in accordance with the approval given by the Central Government.

Further in respect of 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.

## 29. Gratuity and other post employment benefits plan

### 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 summaries the components of net benefit expense recognized in the Statement of profit and loss and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

### Statement of profit and loss

Net employee benefit expense recognised in employee cost

(Rs. In Lacs)

	Gratuity	
	March 31, 2013	March 31, 2012
Current service cost	38.40	33.14
Interest cost on benefit obligation	32.82	33.70
Net actuarial loss recognised in the year	22.50	(31.93)
<b>Net benefit expense</b>	<b>93.72</b>	<b>34.91</b>

### Balance sheet

Details of provision for Gratuity

(Rs. In Lacs)

	March 31, 2013	March 31, 2012
Defined benefit obligation	469.60	410.24
<b>Plan liability</b>	<b>469.60</b>	<b>410.24</b>

Changes in the present value of the defined benefit obligation are as follows:

(Rs. In Lacs)

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	410.24	396.44
Interest cost	32.82	33.70
Current service cost	38.40	33.14
Benefits paid	(34.36)	(21.12)
Actuarial losses on obligation	22.50	(31.93)
<b>Closing defined benefit obligation</b>	<b>469.60</b>	<b>410.23</b>

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, 2013	March 31, 2012
	%	%
Discount rate	8.00	8.50
Increase in compensation cost	5.50	6.00
<b>Employee turnover – Age Group</b>		
Up to 30 years	3	3
30 – 44 years	2	2
Above 44 years	1	1

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 four years are as follows:

(Rs. In lacs)

	Gratuity				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	469.60	410.24	396.44	333.16	306.32
Deficit	469.60	410.24	396.44	333.16	306.32
Experience adjustments on plan liabilities Loss/(Gain)	20.86	(30.33)	29.30	(10.11)	25.24

#### Contribution to Defined Contribution Plans:

(Rs. In lacs)

	March 31, 2013	March 31, 2012
Superannuation fund	77.18	73.06
Provident fund contribution to Government authority	84.68	75.93

#### 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 trust set up by employers, which required interest shortfall to be met by employer, needs to be treated as defined benefit plan.

Changes in the present value of the projected benefit obligation are as follows:

(Rs. In lacs)

Projected Benefit Obligation	March 31, 2013	March 31, 2012
Projected Benefit Obligation at Beginning of year	465.54	365.95
Current Service Cost	74.17	56.67
Interest Cost	39.57	31.11
Contributions by plan participants / employees	87.59	65.55
Actuarial (Gain) / Loss due to Interest guarantee	7.57	0.00
Benefits Paid	(97.63)	(170.38)
Past Service Cost	--	--
Settlements / Transfer In	6.36	115.90
Projected Benefit Obligation at End of year	583.17	464.80

Changes in the present value of the plan assets are as follows:

(Rs. In lacs)

<b>Reconciliation of Plan Assets</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Plan Asset at beginning of year	500.16	398.06
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency	-	-
Expected Return on Plan Asset	42.51	33.83
Employer Contribution	74.17	56.67
Plan Participants / Employee Contribution	87.59	65.55
Benefit Payments	(97.63)	(170.38)
Asset Gain /(Loss)	4.39	0.53
Settlements / Transfer In	6.36	115.90
Ending Asset at Fair Value	617.55	500.16

The principal assumptions used in determining liability towards shortfall in provident liability are shown below:

<b>Economic Assumptions</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
i) Interest rate	8.50%	8.50%

<b>Demographic Assumptions</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
i) Mortality	IALM (1994-96)	LIC (1994-1996)
ii) Disability	None	None
iii) Normal Retirement Age	58	58

### 30. Leases:

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. The company have paid Rs. 123.01 lacs (previous year Rs. 123.85 lacs) towards operating lease rentals.

### 31. Forward contract outstanding as at Balance sheet date:

<b>Particulars</b>	<b>Currency</b>	<b>As at</b>	<b>As at</b>	<b>Purpose</b>
		<b>March 31, 2013</b>	<b>March 31, 2012</b>	
Purchase (Cross Currency)	EURO:USD	3,935,803	500,000	Forward contract to hedge foreign currency liability in respect of Buyers' Credit against Letters of Undertaking (LOUs) / Letter of Comfort (LOCs) for import of capital goods.
Purchase	EURO	2,014,600	2,014,600	
	USD	5,977,335	3,546,615	
	USD	760,400	1,602,400	Forward contract to hedge foreign currency liability in respect of Buyers' Credit against LOUs / LOCs for import of raw material.
Sales	EURO	-	337,206	Forward contract to hedge foreign currency receivables in respect of export of goods.
	USD	1,000,000	1,750,000	

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

Particulars	Currency	Amount In Foreign Currency (In absolute figures)		Rates		Amount (Rs in lacs)	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Import Creditors (Acceptances)	Euro	23,068.82	101,574.59	69.54	67.39	16.04	68.45
	USD	2,665,942.44	2,275,740.71	54.39	50.94	1,450.01	1,159.26
Export Debtors	USD	2,979,283.99	2,158,485.49	54.39	50.89	1,620.43	1,098.45
	Euro	139,809.26	9,275.80	69.54	67.30	97.22	6.24
	GBP	-	29,145.25	-	81.78	-	23.83
LOUs / LOCs for Buyers' Credit							
- For Capital Goods	USD	8,223,977.40	5,883,665.00	54.39	50.90	4,473.02	2,994.79
	Euro	7,098,533.40	10,534,336.40	69.54	67.35	4,936.32	7,094.88
- For Raw material	USD	638,400.00	1,603,100.00	54.39	50.90	347.23	815.98

### 33. Details of dues to Micro & Small Enterprises as per MSMED Act, 2006

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
i) The principal amount & the interest due thereon remaining unpaid to any supplier as at the end of year		
Principal Amount	28.76	64.53
Interest Due thereon	-	-
ii) Payments made to supplier beyond the appointed day during the year		
Principal	661.55	648.62
Interest Due thereon	-	-
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.	-	-

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small Enterprises as per MSMED Act, 2006 on the basis of information available with the company.

### 34. a) Names of related parties

Nature of Relationship	Name of Related Party
<b>Names of related parties where control exists</b>	
- Ultimate Holding Company	- Goldring Investments Corp.
- Holding Company	- Wilemina Finance Corporation
- Subsidiary Company	- Ester International USA Limited (EIUL)
- Fellow Subsidiary Company	- Sriyam Impex Private Limited
<b>Key Management Personnel.</b>	- Mr. A K Singhania (Non-Executive Chairman)
	- Mr. Ashok Kumar Agrawal (Executive Director)
	- Mr. Pradeep Rustagi (Executive Director)
<b>Relatives of Key Management Personnel.</b>	- Mr. Ayush Vardhan Singhania (Son of Mr. A K Singhania)
<b>Individuals, which directly or indirectly through subsidiaries, control or exercise significant influence over the company.</b>	- Mr. Jai Vardhan Singhania
<b>Enterprises owned or significantly influenced by Key management personnel or their relatives</b>	- Fenton Investments Private Limited
	- PDJ Properties & Investment Services Private Limited
	- Polyplex Corporation Limited

b) Related party transaction

(Rs. in lacs)

Nature of Transactions	Holding Company	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
<b>Transactions during the year</b>						
<b>Managerial Remuneration</b>						
Ashok K. Agrawal		-	69.35	-	-	69.35
		-	(65.98)	-	-	(65.98)
Pradeep Rustagi		-	68.30	-	-	68.30
		-	(63.21)	-	-	(63.21)
<b>Rent Paid</b>						
Fenton Investment Pvt. Ltd.					20.22	20.22
					(19.55)	(19.55)
<b>Salary Paid</b>						
Ayush Vardhan Singhania		-	-	21.08	-	21.08
		-	-	(12.00)	-	(12.00)
<b>Material Sold</b>						
Polyplex Corporation Limited		-	-	-	10.00	10.00
		-	-	-	(0.32)	(0.32)
<b>Material Purchased</b>						
Polyplex Corporation Limited		-	-	-	20.58	20.58
		-	-	-	(0.17)	(0.17)
<b>Balances Outstanding as at year end</b>						
<b>Balance payable</b>						
Ester International USA Limited		60.00	-	-	-	60.00
		(60.00)	-	-	-	(60.00)
<b>Balance Recoverable</b>						
Ester International USA Limited		66.71	-	-	-	66.71
		(63.70)	-	-	-	(63.70)
<b>Security deposit</b>						
Fenton Investments Pvt.Ltd.		-	-	-	4.50	4.50
		-	-	-	(4.50)	(4.50)
<b>Payable for purchase of goods</b>						
Polyplex Corporation Limited					1.43	1.43
					-	-
<b>Receivable for sale of goods</b>						
Polyplex Corporation Limited		-	-	-	-	-
		-	-	-	(0.32)	(0.32)
<b>Guarantees given against Loans Taken (jointly and severally) by the Company</b>						
- Wilemina Finance Corporation	31,959.19					31,959.19
	(29,656.80)					(29,656.80)
- A.K.Singhania			43.51			43.51
			(150.77)			(150.77)

- Previous year figures are given in brackets.

- No amount has been written off or provided for in respect of transactions with the related parties.

### 35. 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 organization 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)

Particulars	Polyester Film		Engineering Plastics		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
<b>REVENUE</b>						
External Sales	78,074.21	62,921.17	10,528.07	7,036.84	88,602.28	69,958.01
Inter Segment Sales	-	-	-	-	-	-
<b>Total Revenue</b>	<b>78,074.21</b>	<b>62,921.17</b>	<b>10,528.07</b>	<b>7,036.84</b>	<b>88,602.28</b>	<b>69,958.01</b>
<b>SEGMENT RESULT</b>	<b>4,551.59</b>	<b>4,083.32</b>	<b>566.95</b>	<b>348.97</b>	<b>5,118.54</b>	<b>4,432.29</b>
Unallocated Corporate Expenses					3,544.37	3,557.74
<b>Operating Profit</b>					<b>1,574.17</b>	<b>874.55</b>
Finance Costs					2,646.81	3,549.48
Other Income					291.75	578.31
<b>Profit Before Tax / (Loss)</b>					<b>(780.89)</b>	<b>(2,096.62)</b>
Income Taxes					(253.90)	(704.70)
<b>Net Profit / (Loss)</b>					<b>(526.99)</b>	<b>(1,391.92)</b>
<b>OTHER INFORMATION</b>						
Segment assets	47,141.86	46,548.95	5,884.43	4,176.86	53,026.29	50,725.81
Unallocated corporate assets					12,278.53	11,922.27
<b>Total assets</b>					<b>65,304.82</b>	<b>62,648.08</b>
Segment liabilities	5,255.38	5,415.54	1,248.38	1,137.00	6,503.76	6,552.54
Unallocated corporate liabilities					32,939.06	29,691.97
<b>Total liabilities</b>					<b>39,442.82</b>	<b>36,244.51</b>
Capital expenditure	972.75	2,848.54	10.63	15.97	983.38	2,864.51
Unallocated Capital expenditure					2,689.24	811.84
<b>Total Capital expenditure</b>					<b>3,672.62</b>	<b>3,676.35</b>
Depreciation/Amortisation	2,494.06	2,309.29	63.70	59.08	2,557.76	2,368.37
Unallocated Depreciation/Amortisation					300.76	285.17
<b>Total Depreciation/Amortisation</b>					<b>2,858.52</b>	<b>2,653.54</b>
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-
Unallocated Non-cash expenses other than depreciation and amortisation					-	-
<b>Total Non-cash expenses other than depreciation and amortisation</b>					<b>-</b>	<b>-</b>

## B. INFORMATION ABOUT SECONDARY SEGMENTS

### a) Revenue as per Geographical Markets

(Rs. In lacs)

	March 31, 2013	March 31, 2012
India *	59,622.02	41,833.74
Outside India	28,980.26	28,124.27
<b>Total</b>	<b>88,602.28</b>	<b>69,958.01</b>

\* Includes Deemed export with in India

### b) Carrying amount of Segment Assets (Trade receivable) by geographical location of assets

(Rs. In lacs)

	March 31, 2013	March 31, 2012
India	6,650.23	4,431.88
Outside India	4,251.94	3,988.77
<b>Total</b>	<b>10,902.17</b>	<b>8,420.65</b>

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

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

## 36. Value of imports calculated on CIF basis

(Rs. in lacs)

	March 31, 2013	March 31, 2012
Raw Materials	9,804.78	3,281.76
Stores & Spare Parts	715.68	769.73
Capital Goods	573.58	1,468.58
<b>Total</b>	<b>11,094.04</b>	<b>5,520.07</b>

## 37. Net dividend remitted in foreign exchange

	March 31, 2013	March 31, 2012
Period to which it relates	-	April 1, 2010 to March 31, 2011
Number of non-resident shareholders (in absolute no's)	-	4
Number of equity shares held on which dividend was due	-	36,170,192
Amount remitted (USD) (in absolute no's)	-	1,593,576
Amount remitted in Rs in lacs	-	723

## 38. Earning in foreign currency:

(Rs. in lacs)

	March 31, 2013	March 31, 2012
FOB value of Export of Goods	27,674.39	27,195.93
<b>Total</b>	<b>27,674.39</b>	<b>27,195.93</b>

(FOB Value of Exports does not include Deemed Exports of Rs. 271.11 lacs (previous year Rs.132.81 lacs).

### 39. Imported and indigenous raw material and spare parts consumed

	March 31, 2013		March 31, 2012	
	Percentage	Value	Percentage	Value
<b>Raw Material</b>				
Imported	16.83	10,850.83	12.23	6,337.46
Indigenous	83.17	53,639.30	87.77	45,495.77
<b>Total</b>	<b>100.00</b>	<b>64,490.13</b>	<b>100.00</b>	<b>51,833.23</b>
<b>Stores &amp; spares</b>				
Imported	49.91	567.25	47.55	532.41
Indigenous	50.09	569.36	52.45	587.24
<b>Total</b>	<b>100.00</b>	<b>1,136.61</b>	<b>100.00</b>	<b>1,119.65</b>

### 40. Expenditure in foreign currency:

(Rs. in lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Bank charges	56.74	68.25
Legal & professional	78.63	68.33
Expense on foreign technicians	36.76	28.48
Commission and brokerage	307.66	237.18
Traveling expenses	102.08	89.94
Discount, claims and rebates	30.02	77.15
Miscellaneous expenses	37.19	49.65
<b>TOTAL</b>	<b>649.08</b>	<b>618.98</b>

41. The Board of Directors in its meeting held on January 17, 2013 accorded the approval of Scheme of amalgamation of Sriyam Impex Private Limited ("the Promoter group company") with Ester Industries Limited ("the Company") subject to regulatory and other approvals. In this process the company have filed an application with stock exchange for obtaining "No Objection" and in principle approval.
42. Previous year figure have been regrouped / reclassified whenever considered necessary, so as to confirm with the current year's classification.

As per our report of even date

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

**per Manoj Gupta**  
Partner  
Membership no. 83906

Place : New Delhi  
Date : May 24, 2013

For and on behalf of the board of directors  
of Ester Industries Limited

**Ashok Newatia**  
Director

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

## SUBSIDIARY DETAILS UNDER SECTION 212(3) OF THE COMPANIES ACT, 1956

A]	Name of the Subsidiary Company	:	Ester International [USA] Ltd.
B]	Financial Year of the Subsidiary Company ended on	:	31st March 2013
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 31.03.2013 amounted to		
	i] for the subsidiary Financial Year ended on the respective date	:	US \$ [2025] equivalent to Rs. 1.10 Lac
	ii] for the previous Financial years of the Subsidiary since it became the Holding Company's Subsidiary	:	US \$ [183,679.00] equivalent to Rs. 90.42 Lac
	b] dealt with in the accounts of Ester Industries Limited, for the year ended 31.03.2013 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. between the end of the Subsidiary Financial Year and 31.03.2013	:	NIL
F]	Material Changes between the end of the Subsidiary's Financial year and 31.03.2013	:	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 : May 24, 2013

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

# AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF ESTER INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENT OF ESTER INDUSTRIES LIMITED AND ITS SUBSIDIARIES

## To The Board of Directors of Ester Industries Limited

1. We have audited the attached consolidated balance sheet of Ester Industries Limited (the 'Ester' Group) as at March 31, 2013, and also the consolidated statement of profit and loss 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 2013;
  - (b) in the case of the consolidated statement of profit and loss, of the loss 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. LLP**

Chartered Accountants

Firm registration number: 301003E

**per Manoj Gupta**

Partner

Place : New Delhi

Date : May 24, 2013

Membership Number: 83906

# CONSOLIDATED BALANCE SHEET

as at March 31, 2013

(Rs. in Lacs)

	Notes	As at March 31, 2013	As at March 31, 2012
<b>Equity and liabilities</b>			
<b>Shareholders' fund</b>			
Share capital	3	3,144.69	3,144.69
Reserves & surplus	4	22,629.27	23,177.53
		25,773.96	26,322.22
<b>Non - current liabilities</b>			
Long term borrowings	5	15,960.42	16,796.11
Deferred tax liability (net)	6	1,895.45	2,149.36
Long term provisions	7	436.89	392.72
		18,292.76	19,338.19
<b>Current liabilities</b>			
Short term borrowings	8	14,930.37	11,079.61
Trade payables	9	2,091.88	1,869.13
Other current liabilities	10	3,931.05	3,836.43
Short term provisions	7	225.68	207.92
		21,178.98	16,993.09
<b>Total</b>		<b>65,245.70</b>	<b>62,653.49</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	37,462.42	34,981.12
Intangible assets	11	89.10	63.52
Capital work in progress		510.79	1,719.34
Non-current investment	12	1.71	80.41
Long term loans & advances	13	734.69	1,470.31
Other non-current assets	14	9.61	57.19
		38,808.32	38,371.89
<b>Current assets</b>			
Inventories	15	12,270.11	10,431.03
Trade receivables	16	10,902.17	8,420.65
Cash & bank balances	17	1,426.28	2,118.11
Short term loans & advances	13	1,360.87	2,928.21
Other current assets	14	477.95	383.60
		26,437.38	24,281.60
<b>Total</b>		<b>65,245.70</b>	<b>62,653.49</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

**per Manoj Gupta**  
Partner  
Membership no. 83906

Place : New Delhi  
Date : May 24, 2013

For and on behalf of the board of directors  
of Ester Industries Limited

**Ashok Newatia**  
Director

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013

(Rs. in Lacs)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from operations (gross)	18	95,863.14	74,207.07
Less: - Excise duty		7,260.86	4,249.06
Revenue from operations (net)		88,602.28	69,958.01
Other income	19	579.45	578.31
<b>Total revenues (I)</b>		<b>89,181.73</b>	<b>70,536.32</b>
<b>Expenses</b>			
Cost of material consumed	20	64,490.13	51,833.23
(Increase) / decrease in inventories of finished goods & work in progress	21	427.58	(2,474.86)
Employee benefits expense	22	3,220.20	2,482.20
Other expenses	23	16,320.47	14,590.34
<b>Total expenses (II)</b>		<b>84,458.38</b>	<b>66,430.91</b>
<b>Earnings before interest, tax, depreciation and amortization {EBITDA} (I)-(II)</b>		<b>4,723.35</b>	<b>4,105.41</b>
Depreciation and amortisation expense	11	2,873.12	2,668.13
Less: Transferred from revaluation reserve		14.60	14.59
Finance costs	24	2,646.83	3,549.48
<b>Profit / (loss) before tax</b>		<b>(782.00)</b>	<b>(2,097.61)</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		(253.90)	(704.70)
<b>Total tax expenses</b>		<b>(253.90)</b>	<b>(704.70)</b>
<b>Profit / (loss) after tax</b>		<b>(528.10)</b>	<b>(1,392.91)</b>
<b>Earnings per share</b>			
Basic & diluted (in Rs.)	25	(0.84)	(2.21)
{Nominal value per share Rs. 5 (previous year Rs. 5)}			
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

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 : May 24, 2013

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2013

(Rs. in Lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Cash flow from operating activities</b>		
Net profit / (loss) before tax	(782.00)	(2,097.61)
Adjustments for:		
Depreciation/Amortisation	2,858.52	2,653.54
Loss on Fixed Assets Sold/Discarded (net)	83.69	15.31
Interest Expense	1,998.00	1,982.23
Interest income	(120.60)	(110.31)
Dividend income	(0.03)	(0.72)
Premium on forward contracts amortised	267.21	140.72
Unrealized foreign exchange loss (net)	54.27	1,310.58
Bad debts, advances and irrecoverable balances written off (net)	89.83	0.20
Provision for Obsolete Inventories	4.03	-
Loss on sale of Investment	8.32	-
Provisions / liabilities no longer required written back	(19.86)	(42.48)
<b>Operating Profit before Working Capital Changes</b>	<b>4,441.38</b>	<b>3,851.45</b>
<b>Movements in working capital :</b>		
Decrease / (Increase) in trade receivables	(2,447.81)	3,682.65
Decrease / (Increase) loans and advances/other current assets	2,110.11	(615.95)
Decrease / (Increase) in Inventories	(1,843.11)	(2,993.49)
Increase/ (Decrease) in Trade & Other Payables/ Provisions	8.43	1,132.90
Cash Generated from Operations	2,269.00	5,057.56
Direct Taxes Paid	-	(310.77)
<b>Net cash flow from operating activities (a)</b>	<b>2,269.00</b>	<b>4,746.79</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,672.62)	(3,676.35)
Sale of Fixed Assets	28.65	64.11
Deposits	(238.18)	(1,099.92)
Proceeds of deposits matured	940.38	1,077.82
Sale of investment	70.38	10.00
Interest Received	133.28	81.25
Dividend Received	0.03	0.72
<b>Net cash flow from / (used) in investing activities (b)</b>	<b>(2,738.08)</b>	<b>(3,542.37)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net proceeds from short term borrowings	3,834.91	1,219.57
Proceeds from long term borrowings	1,279.94	2,328.40
Repayment of long term borrowings	(2,630.57)	(974.56)
Interest Paid	(2,041.20)	(1,991.27)
Dividend Paid	(5.65)	(1,447.11)
<b>Net cash flow from / (used) in financing activities (c)</b>	<b>437.43</b>	<b>(864.97)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a+b+c)</b>	<b>(31.65)</b>	<b>339.44</b>
Cash and cash equivalents at the beginning of the year	1,022.85	693.59
Foreign Currency Translation difference	(5.56)	(10.18)
<b>Cash and cash equivalents at the end of the year</b>	<b>985.64</b>	<b>1,022.85</b>
<b>Components of cash and cash equivalents</b>		
Cash on Hand	6.08	12.71
Balances with Scheduled Banks :		
- On current Accounts	915.22	939.67
- On Term Deposits	450.25	1,152.44
- On Unpaid Dividend Accounts*	63.58	69.23
Balances with other bank:		
- On current Accounts	0.76	1.24
<b>Cash &amp; Bank Balances</b>	<b>1,435.89</b>	<b>2,175.30</b>
<b>Less: Fixed deposits not considered as cash and cash equivalents</b>		
- Deposit Pledged with banks	37.00	106.44
- Deposit having maturity period more than 3 months	413.25	1,046.01
	<b>985.64</b>	<b>1,022.85</b>

\* 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. LLP**  
Chartered Accountants  
Firm Registration No. 301003E

**per Manoj Gupta**  
Partner  
Membership no. 83906

Place : New Delhi  
Date : May 24, 2013

For and on behalf of the board of directors  
of Ester Industries Limited

**Ashok Newatia**  
Director

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT for the year ended March 31, 2013

### 1. Principles of consolidation

- a) The consolidated financial statement relate to Ester Industries Limited and its wholly owned subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The financial statement of the parent company and its subsidiaries have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, Income and expenses. Intra group balances and intra group transaction and resulting unrealized profits are eliminated in full as per Accounting Standard – 21, consolidated Financial statement notified under companies accounting standard rules, 2006 (as amended). Unrealized losses resulting from intra group transaction are also eliminated unless cost cannot be recovered.

The financial statement of the subsidiary companies used in the consolidation is drawn for the same period as that of the parent company i.e. March 31, 2013.

- 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, 2013
1.	Ester International (USA) Limited	USA	100%

The consolidated financial have been prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented in the same manner as the parent company's separate financial statement.

### 2. Statement of significant accounting policies

#### a) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the 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 adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

#### b) Change in accounting policy

Pursuant to clarification issued by Ministry of Corporate Affairs, Government of India dated August 9, 2012, the Company has changed the accounting policy in respect of foreign exchange fluctuation as prescribed under para 4(e) of Accounting Standard 16 "Borrowing Costs". Accordingly, foreign exchange fluctuations amounting to Rs. 614.88 lacs has been capitalised and added to the cost of fixed assets. Hitherto followed, loss of the Company would have been higher by Rs. 587.77 lacs (net of tax of Rs. Nil) and net block of fixed assets would have been lower by Rs. 587.36 lacs (net of depreciation of Rs. 27.52 lacs).

#### c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### d) Tangible fixed Assets

Tangible 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. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure directly relating to construction activity is capitalized (net of income, if any). Indirect expenditure specifically attributable to construction of a project or to the acquisition of the fixed assets or bringing it to working condition is capitalised as part of Construction project or as a part of Fixed assets. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to Statement of profit and loss.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of profit and loss for the period during which such expenses are incurred.

#### e) 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 up gradations / 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 i.e 9 years or useful life, whichever is lower.

#### f) Intangibles

Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase. Software's are amortized 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 recognized 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 a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to 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

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 recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term.

**i) Investment**

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 recognize 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 recognized 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 from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

**Export Benefit**

Export Benefits constituting import duty benefits under Duty Exemption Pass Book (DEPB), Duty Draw back and advance license scheme are accounted for on accrual basis. Export benefits under Duty Exemption Pass Book (DEPB) & Duty Draw back are considered as other operating income.

**Interest**

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

**Dividends**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

#### **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**

- i) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the year.
- ii) All other exchange differences are recognized as income or as expenses in the period 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), Provident Fund (where contributed to the Regional Provident Fund Commissioner) and employee state insurance are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective authorities. The Company recognizes contribution payable to respective authorities as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.
- 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 benefit in the form of provident Fund (Where administered by trust created and managed by Company) is a defined benefit obligation of the company and the contributions are charged to Statement of profit & loss of the year

when the contribution to the respective funds are due. Shortfall in the funds, if any, is adequately provided for by the company based on the actuarial valuation on projected unit credit method carried out at the end of each financial year.

- 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. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- v. Actuarial gains/losses are immediately taken to Statement of profit and loss 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 unrecognized deferred tax assets. It recognises unrecognized 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 recognized 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 Statement of profit and loss 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 cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **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 organized 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.

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**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) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent

liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

#### t) 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.

#### u) Measurement of EBITDA

As permitted by the guidance note on revised schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest expense, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit & loss. The company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company includes interest income but does not include depreciation and amortization expenses, finance cost and tax expenses.

### 3. Share capital

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Authorized shares (No.)</b>		
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
<b>Issued, subscribed &amp; fully paid up shares (No.)</b>		
62,893,706 (previous year: 62,893,706) equity shares of Rs. 5/- each fully paid	3,144.69	3,144.69

#### a) Terms / rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 5 per share. Each equity shareholder is entitled for one vote per share. The Company declares and pays dividend in Indian rupees.

During the year ended March 31, 2013, the amount of dividend recognized as distribution to equity shareholders was Rs. nil per share (previous year : Rs. nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholder.

**b) Shares held by holding/ultimate holding company and/or their subsidiaries / their associates**

	<b>As at</b> <b>March 31, 2013</b>	<b>As at</b> <b>March 31, 2012</b>
Goldring Investments Corp, ultimate holding company NIL (previous year 2,608,696) equity shares of Rs. 5 each fully paid	-	130.43
Wilemina Finance Corp., holding company 35,120,192 (previous year 33,561,496) equity shares of Rs. 5 each fully paid	1,756.01	1,678.07
Sriyam Impex Private Limited (subsidiary of holding) 10,222,650 (previous year 9,172,650) equity shares of Rs. 5 each fully paid	511.13	458.63

**c) Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

(Rs. In lacs)

	<b>As at</b> <b>March 31, 2013</b>	<b>As at</b> <b>March 31, 2012</b>
7,391,306 equity shares allotted as fully paid-up pursuant to conversion of warrants and fully convertible debentures during the year 2009-10.	369.57	369.57

**d) Details of shareholders holding more than 5% shares in the Company**

	<b>As at</b> <b>March 31, 2013</b> (%)	<b>As at</b> <b>March 31, 2012</b> (%)
Wilemina Finance Corp., holding company 35,120,192 (previous year 33,561,496) equity shares of Rs. 5 each fully paid	55.84	53.36
Sriyam Impex Private Limited (subsidiary of holding) 10,222,650 (previous year 9,172,650) equity shares of Rs. 5 each fully paid	16.25	14.58

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

#### 4. Reserves & surplus

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Capital reserve</b>	<b>5,778.57</b>	<b>5,778.57</b>
<b>Capital redemption reserve</b>	<b>335.37</b>	<b>335.37</b>
<b>Securities premium account</b>	<b>2,718.77</b>	<b>2,718.77</b>
<b>Revaluation reserve</b>		
Balance as per last financial statement	548.63	563.22
Less: transferred to statement of profit and loss account	14.60	14.59
	<b>534.03</b>	<b>548.63</b>
<b>General reserve</b>		
Balance as per last account	1,503.67	1,503.67
Add: transferred from statement of profit and loss account	-	-
	<b>1,503.67</b>	<b>1,503.67</b>
<b>Foreign Exchange Translation reserve</b>		
Balance as per last account	(2.14)	8.04
Add: Addition during the year	-	-
Less: Reduction during the year	5.56	10.18
	(7.70)	(2.14)
<b>Surplus / (Deficit) in the statement of profit and loss</b>		
Balance as per the last financial statement	12,294.66	13,687.57
Add: profit / (loss) for the year	(528.10)	(1,392.91)
<b>Net surplus in the statement of profit &amp; loss</b>	<b>11,766.56</b>	<b>12,294.66</b>
<b>Total reserve &amp; surplus</b>	<b>22,629.27</b>	<b>23,177.53</b>

#### 5. Long-term borrowings

(Rs. In lacs)

	Non-Current Portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>				
Term loans from banks	1,658.51	3,050.46	2,467.34	2,301.88
Term loans from body corporate	-	43.51	43.51	107.26
Vehicle loans	98.45	113.67	78.34	80.00
Buyers' credit for capital goods	14,203.46	13,588.47	-	-
	<b>15,960.42</b>	<b>16,796.11</b>	<b>2,589.19</b>	<b>2,489.14</b>
<b>Amount Disclosed under the head "other current liabilities" (Refer note 10)</b>			<b>(2,589.19)</b>	<b>(2,489.14)</b>
<b>Total Long-term borrowings</b>	<b>15,960.42</b>	<b>16,796.11</b>	<b>-</b>	<b>-</b>

## I. Term loans

- a) **From Bank of Baroda** of Rs. 1712.00 lacs (Previous year Rs. 862.39 lacs) for Corporate Office project is secured by mortgage created by way of deposit of title deeds in respect of the immovable property (land and building) at Gurgaon. The term loan bears floating interest at the rate base rate plus 4.25% pa. As per sanction, the term loans are repayable in 71 monthly installments starting from 1st April 2012. The outstanding amount as on 31st March 2013 is repayable in 59 monthly installments starting from 1st April 2013.
- b) **From State bank of Bikaner and Jaipur** of Rs. 160.82 lacs (Previous year Rs. 211.50 lacs) is secured by first exclusive charge by way of hypothecation of Oil Fired Heater, Reclaim Co-extruder and In-Line Coater and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company). The term loan bears floating interest at the base rate plus 3.25% pa. The Term Loans are repayable in 20 quarterly installments starting from Dec' 2011. The outstanding amount as on 31st March 2013 is repayable in 14 quarterly installments starting from 1st April 2013.
- c) **From consortium member banks** of Rs. 2253.03 lacs (Previous Year Rs.4278.45 lacs) are 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 through vehicles loans and machinery acquired through term loan taken from banks / body corporate on exclusive charge basis), ranking pari passu inter-se and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company). The term loans bear floating interest rate ranging from Base Rate plus 2.75% - 4.25% pa. These term loans are repayable in 28 quarterly installments starting from 1st April 2012. The outstanding amount as on 31st March 2013 is repayable in 24 quarterly installments starting from 1st April 2013.

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).

- d) **From Body Corporate (Tata Capital Limited)** is secured by first exclusive charge by way of hypothecation of Off Line Coater and further secured by irrevocable guarantee of Mr. Arvind Kumar Singhania (Chairman of the Company) and Wilemina Finance Corp. (Holding company). The term loan from body corporate bears floating interest at the rate 16.50% pa. These term loan is repayable in 36 monthly installments starting from Feb' 2011. The outstanding amount as on 31st March 2013 is repayable in 10 monthly installments starting from 1st April 2013.

II. **Vehicle loans** are secured by hypothecation of specific vehicles acquired out of proceeds of the Loans. Vehicle loans bears interest rates ranging from 9.65 to 11.00% pa. These loans are repayable in monthly installments till July'2016.

## III. Buyers' Credit for capital goods

- a) Buyers' credit amounting to Rs. 12,092.33 lacs (Previous Year Rs. 11,585.76 lacs) are against Letters of Undertaking (LOUs) / Letter of Comfort (LOCs) issued by consortium of banks. LOUs / LOCs facility is 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 through vehicles loans and machinery acquired through term loans taken from body corporate on exclusive charge basis), ranking pari passu inter-se and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company).
- b) Buyers' Credit amounting to Rs. 1,082.36 lacs (Previous Year Rs. 1,012.91 lacs) are against LOUs / LOCs issued by Union Bank of India (UBI). LOUs / LOCs facility from UBI is secured by first exclusive charge by way of hypothecation of Metallizer (Topmet 2850) and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company).
- c) Buyers' Credit amounting to Rs. 1,028.76 lacs (Previous Year Rs. 989.80 lacs) are against LOUs / LOCs issued by State bank of

Bikaner & Jaipur (SBBJ). LOUs / LOCs facility from SBBJ is secured by first exclusive charge by way of hypothecation of Oil Fired Heater, Reclaim Co-extruder and In-Line Coater, and further secured by irrevocable guarantee of Wilemina Finance Corp. (Holding company).

Company has availed LOUs / LOCs facilities from the banks to avail the Buyers' Credit of Rs. 14,203.46 lacs (Previous Year - Rs. 13,588.47 Lacs). LOU / LOC facilities to the extent of Rs.13,121.10 Lacs (previous Year- Rs 12,575.56 lacs) is sanctioned to the company as a sub limit of term loans upto a period of 3 years till September 2014.

LOCs / LOUs facilities are sanctioned to the company as a sub limit of term loan, bears interest rate ranging from 0.92% to 1.95% Liability towards Buyers' Credit under LOCs / LOUs will be liquidated out of the proceeds of term loans that are repayable over a period of seven years.

## 6. Deferred tax liability

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	4,237.16	3,655.39
<b>Gross deferred tax liability</b>	<b>4,237.16</b>	<b>3,655.39</b>
<b>Deferred tax assets</b>		
Provision for doubtful debts and advances	-	-
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	2,341.71	1,506.03
<b>Gross deferred tax assets</b>	<b>2,341.71</b>	<b>1,506.03</b>
<b>Net deferred tax liability / (asset)</b>	<b>1,895.45</b>	<b>2,149.36</b>

## 7. Provisions

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Long term provisions</b>		
Provision for gratuity (refer note 29)	436.89	392.72
Total long term provision	<b>436.89</b>	<b>392.72</b>
<b>Short term provisions</b>		
Provision for taxation (net of advance tax payments)	74.96	74.96
Provision for wealth tax	1.92	7.07
Provision for gratuity (refer note 29)	32.71	17.52
Provision for leave benefits	116.09	108.37
Total short term provision	<b>225.68</b>	<b>207.92</b>
<b>Total provisions</b>	<b>662.57</b>	<b>600.64</b>

## 8. Short Term Borrowings

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>		
Working capital loan from banks	6,773.59	3,084.24
Bills discounting	3,015.91	2,231.11
Buyers' credit for raw material	760.81	1,630.93
Acceptances	4,380.06	4,133.33
<b>Total short term borrowings</b>	<b>14,930.37</b>	<b>11,079.61</b>

Working capital loan and bills discounting: These loans 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 (both present and future) and further secured by irrevocable guarantees of Wilemina Finance Corp. (Holding company). Working Capital and Bill discounting facilities are further secured by way of second charge in respect of immovable properties and movable fixed assets.

The working capital loans from banks bear floating interest rate ranging from Base Rate plus 2.50% to 2.75% pa.

**Buyers' Credit for raw material** are against LOUs / LOCs issued by consortium of banks. The LOUs / LOCs facilities is sanctioned to the Company as a sub limit of Non Fund (LCs) based facility. The facility is 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 (both present and future) and further secured by irrevocable guarantees of Wilemina Finance Corp. (Holding company). Buyers' credit for raw material bears interest rate ranging from 1.03% to 1.66%.

## 9. Trade Payable

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Trade payables</b>		
Total outstanding dues of other than micro & small enterprises	2,063.12	1,804.60
Total outstanding dues of micro & small enterprises (refer note 33)	28.76	64.53
<b>Total trade payables</b>	<b>2,091.88</b>	<b>1,869.13</b>

## 10. Other current liability

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>		
Current maturities of term loans from banks	2,467.34	2,301.88
Current maturities of term loans from body corporate	43.51	107.26
Current maturities of vehicle loans	78.34	80.00
Interest accrued but not due on borrowings	63.50	106.70
<b>Unsecured</b>		
Deposits from dealer / customer & others	2.58	2.58
Advances from customers	259.31	356.13
Investor education & protection fund will be credited by this amount (as & when due) - Unpaid Dividend	63.58	69.23
Others payables		
- dues to statutory authorities	279.85	189.15
- others	673.04	623.50
	<b>3,931.05</b>	<b>3,836.43</b>
<b>Total other liabilities</b>	<b>3,931.05</b>	<b>3,836.43</b>

## 11. Fixed assets

(Rs. in lacs)

Description	Gross block			Accumulated depreciation / amortisation			Net block		
	April 1, 2012	Additions	Deductions	March 31, 2013	April 1, 2012	Current year	Deductions	March 31, 2013	March 31, 2012
<b>Tangible assets:</b>									
Land - freehold (ii)	1,504.36	-	-	1,504.36	-	-	-	1,504.36	1,504.36
Buildings (ii)	5,348.90	1,843.27	23.58	7,168.59	1,529.09	168.45	13.79	1,683.75	3,819.81
Plant & machinery (i), (ii) & (iii)	56,977.58	3,171.91	38.00	60,111.49	28,055.78	2,494.24	28.19	30,521.83	28,921.80
Furniture & fixtures	199.22	183.85	94.97	288.10	92.76	11.72	54.42	50.06	106.46
Lease hold improvements	145.81	-	145.81	-	99.67	38.86	138.53	-	46.14
Office equipments	513.77	102.18	103.36	512.59	293.95	43.76	83.67	254.04	219.82
Vehicles	505.72	100.50	37.17	569.05	142.99	51.06	11.97	182.08	362.73
<b>Intangible assets:</b>									
Software	316.82	90.62	0.38	407.06	253.29	65.03	0.36	317.96	63.53
<b>Total</b>	<b>65,512.18</b>	<b>5,492.33</b>	<b>443.27</b>	<b>70,561.24</b>	<b>30,467.53</b>	<b>2,873.12</b>	<b>330.93</b>	<b>33,009.72</b>	<b>35,044.65</b>
<b>Previous year</b>	<b>64,202.40</b>	<b>1,916.93</b>	<b>607.17</b>	<b>65,512.18</b>	<b>27,879.09</b>	<b>2,668.14</b>	<b>79.70</b>	<b>30,467.53</b>	<b>36,323.31</b>

(i) (a) Amount of borrowing cost aggregating Rs. 108.20 lacs (Previous year Rs.5.34 lacs) have been capitalised during the year.

Building - Rs. 85.16 lacs (previous Year - NIL)

Plant & Machinery - Rs. 20.73 lacs (previous Year Rs. 5.34 lacs)

Office Equipment - Rs. 2.31 lacs (previous Year - NIL)

(b) Foreign Exchange Fluctuation aggregating Rs. 614.88 lacs on plant & machinery (Previous year NIL ) have been capitalised during the year.

(ii) (a) Gross block of fixed assets includes Rs. 7299.53 lacs (previous Year Rs.7,299.53 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. 6733.37 lacs)

(iii) Plant & machinery Rs. NIL (previous year Rs. 448.05 lacs) have been adjusted for remission of liability towards technician fee & other expenses.

## 12. Non-current Investments

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>A. Other than trade - quoted (Valued at cost unless stated otherwise)</b>		
<b>Equity shares</b>		
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Pearl Polymers Ltd.	0.04	0.04
- NIL (previous year 200) equity shares of Rs.10 each fully paid up in Polyplex Corporation Ltd.	-	0.05
- 50 (previous year 50) equity shares of Rs.10 each fully paid up in J.K.Synthetics Ltd.	0.03	0.03
- NIL (previous year 200) equity shares of Rs.10 each fully paid up in Reliance Industries Ltd.	-	0.14
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Haryana Petrochemicals Ltd.	0.04	0.04
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Sanghi Polyester Ltd.	0.08	0.08
- 360 (previous year 360) equity shares of Rs.5 each fully paid up in Venlon Enterprises Ltd.	0.10	0.10
- NIL (previous year 196) equity shares of Rs.10 each fully paid up in Nirlon Ltd.	-	0.02
- 100 (previous year 100) equity shares of Rs.10 each fully paid up in Modipon Ltd.	0.11	0.11
- NIL (previous year 100) equity shares of Rs.10 each fully paid up in Garware Polyester Ltd.	-	0.01
- NIL (previous year 100) equity shares of Rs.10 each fully paid up in SRF Ltd.	-	0.02
- NIL (previous year 100) equity shares of Rs.10 each fully paid up in Uflex Industries Ltd.	-	0.05
- NIL (previous year 200) equity shares of Rs.10 each fully paid up Jindal Poly Films Ltd.	-	0.03
- NIL (previous year 30,000) equity shares of Rs.10 each fully paid up in Ispat Industries Limited	-	7.17
- NIL (previous year 1000) equity shares of Rs.10 each fully paid up in Bajaj Hindustan Limited	-	5.40
	<b>0.40</b>	<b>13.29</b>
<b>Less: provision for diminution in the value of Investments</b>	0.22	4.88
	0.18	8.41
<b>B. Other than trade - unquoted (Valued at lower of cost or fair value)</b>		
<b>Units of mutual fund</b>		
- NIL (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.Nil )	-	5.00
- NIL (previous year 50000) units in Baroda Pioneer Infrastructure Fund - Growth Plan of Rs. 10 each fully paid up (units purchased during the previous year Rs. Nil (previous year Rs. 5.00 lacs)).	-	5.00
- NIL (previous year 100,000) units in Baroda Pioneer PSU Equity Fund - Growth Plan of Rs. 10 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 100,000) units in SBI- PSU Fund Growth of Rs. 10 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 108,342) units in SBI- PSU Fund Growth Plan of Rs. 9.23 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 14,612.83) units in DSP Blackrock balanced Fund- Growth Plan of Rs. 68.43 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 10.00 lacs)).	-	10.00
- NIL (previous year 20,633.45) units in DSP Blackrock Top 100 Eq Fund- Growth Plan of Rs. 96.93 each fully paid up (units purchased during the year Rs. Nil (previous year Rs. 20.00 lacs)).	-	20.00
<b>Preference shares</b>		
- 20,000 (previous year 20,000) preference shares of Rs.10 each fully paid up Ispat Industries Limited	4.78	4.78
	4.78	74.78
<b>Less : provision for diminution in the value of Investment Ispat Industries Limited</b>	3.25	2.78
	1.53	72.00
	<b>1.71</b>	<b>80.41</b>
Aggregate amount of quoted investments (market value Rs 0.034 lacs, (previous year Rs. 7.14 lacs) (net of provision)	0.18	8.41
Aggregate amount of unquoted investments (net of provision)	1.53	72.00
<b>Total investment net of provisions</b>	<b>1.71</b>	<b>80.41</b>

### 13. Loans & advances

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	242.20	1,162.53
Prepaid expenses	64.31	12.88
Deposits-others	428.18	294.90
<b>Total (A)</b>	<b>734.69</b>	<b>1,470.31</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind or for value to be received	496.10	854.65
Prepaid expenses	350.52	432.97
Advance tax & tax deducted at source (net of provision of tax)	195.70	182.28
Balances with statutory / Government Authorities	208.29	1,387.57
Loans to employees	62.30	57.68
Deposits-others	47.96	13.06
<b>Unsecured, considered doubtful</b>		
Advances recoverable in cash or in kind or for value to be received	31.91	31.91
	<b>1,392.78</b>	<b>2,960.12</b>
Less: provision for doubtful advances	31.91	31.91
<b>Total (B)</b>	<b>1,360.87</b>	<b>2,928.21</b>
<b>Total (A+B)</b>	<b>2,095.56</b>	<b>4,398.52</b>

### 14. Other assets

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Non-current</b>		
Other bank balances (refer note 17)	9.61	57.19
<b>Total other non-current assets</b>	<b>9.61</b>	<b>57.19</b>
<b>Current</b>		
Asset held for disposal (at net book value or estimated net realizable value, which ever is less)	0.51	0.20
Interest receivable on deposits	29.47	42.15
Export benefit receivable	385.85	297.08
Unamortized premium on forward contracts	62.12	44.17
<b>Total other current assets</b>	<b>477.95</b>	<b>383.60</b>
<b>Total other assets</b>	<b>487.56</b>	<b>440.79</b>

## 15. Inventory (at lower of cost or net realizable value)

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
Raw materials {including stock in transit Rs. 978.93 lacs (previous year Rs. 777.95 lacs)}	5,376.04	3,303.66
Work in process	436.25	1,127.68
Finished goods {including stock in transit Rs. 1156.34 lacs (previous year Rs. 853.95 lacs)}	5,292.08	5,028.64
Stores and spares {including stock in transit Rs. 0.21 lacs (previous year Rs. 14.58 lacs)}	1,165.74	971.05
<b>Total inventories</b>	<b>12,270.11</b>	<b>10,431.03</b>

## 16. Trade receivables

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Un-secured, considered good	10.84	23.26
Doubtful	20.93	-
	31.77	23.26
Less: Provision for doubtful trade receivables	20.93	-
<b>Total (A)</b>	<b>10.84</b>	<b>23.26</b>
<b>Other receivables</b>		
Secured, considered good	1,545.61	1,647.28
Un-secured, considered good	9,345.72	6,750.11
<b>Total (B)</b>	<b>10,891.33</b>	<b>8,397.39</b>
<b>Total (A+B)</b>	<b>10,902.17</b>	<b>8,420.65</b>

## 17. Cash and bank balances

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Cash and cash equivalents</b>		
Cash on hand	6.08	12.71
Balances with banks in current accounts	915.98	940.91
Unpaid dividend accounts *	63.58	69.23
<b>Total (A)</b>	<b>985.64</b>	<b>1,022.85</b>
Other bank balance		
Short term deposits pledged	37.00	106.44
Deposits with maturity of more than 3 months but up to 12 months	351.99	881.47
Deposits with original maturity of more than 12 months	61.26	164.54
<b>Total (B)</b>	<b>450.25</b>	<b>1,152.45</b>
<b>Total Cash &amp; Bank Balance (A+B)</b>	<b>1,435.89</b>	<b>2,175.30</b>
Less:- Amount disclosed under non-current assets (refer note 14)	(9.61)	(57.19)
<b>Cash &amp; Bank Balance</b>	<b>1,426.28</b>	<b>2,118.11</b>

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

## 18. Revenue from operations

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Sale of products	94,390.29	72,643.35
Other operating revenue	1,472.85	1,563.72
<b>Revenue from operations (gross)</b>	<b>95,863.14</b>	<b>74,207.07</b>
Less: Excise duty	7,260.86	4,249.06
<b>Revenue from operations (net)</b>	<b>88,602.28</b>	<b>69,958.01</b>

Excise duty on sales amounting to Rs. 7260.86 lacs (previous year Rs. 4,249.06 lacs) has been reduced from sales in statement of profit & loss and excise duty on increase/(decrease) of stock Rs. (-) 56.52 lacs (previous year Rs. 202.66 lacs) has been considered as (income) / expenses in note 23 of the financial statements.

### Other operating revenue comprises the following income:

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Other operating revenue</b>		
Sales of scrap	27.20	21.80
DEPB earned	12.90	816.12
Drawback earned	1,432.75	725.80
	<b>1,472.85</b>	<b>1,563.72</b>

### Details of goods sold

	2012-13		2011-12	
	Qty (MT)	Value	Qty (MT)	Value
Polyester / PBT chips	17,257	16,202.27	6,218	5,471.35
Speciality Polymers	2,241	3,983.68	472	568.98
Polyester films	49,639	62,320.12	50,204	58,818.62
Engineering Plastics	6,945	11,807.17	4,655	7,748.48
Others		77.05		35.92
<b>Total</b>		<b>94,390.29</b>		<b>72,643.35</b>

## 19. Other income

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest on:		
- Fixed deposits {tax deducted at source Rs. 5.77 lacs (previous year Rs. 7.59 lacs)}	58.23	76.51
- Debtors {tax deducted at source Rs. 2.12 lacs (previous year Rs. 0.88 lacs)}	33.59	21.94
- Others {tax deducted at source Rs. 2.88 lacs (previous year Rs. 2.37 lacs)}	28.78	11.86
Insurance claim	19.93	43.09
Dividend	0.03	0.72
Provisions / liabilities no longer required written back	19.86	42.48
Reversal of provision for doubtful debts	-	5.44
Foreign exchange fluctuation gain	409.98	314.24
Miscellaneous income	9.05	62.03
<b>Total other income</b>	<b>579.45</b>	<b>578.31</b>

## 20. Cost of raw material consumed

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Cost of raw material consumed	64,490.13	51,833.23
<b>Total</b>	<b>64,490.13</b>	<b>51,833.23</b>

### Details of raw material consumed

	2012-13		2011-12	
	Qty (MT)	Value	Qty (MT)	Value
PTA	59,108.73	38,003.85	51,632.51	32,137.17
MEG	23,179.27	13,829.02	20,434.62	12,072.16
PBT chips	3,765.80	4,790.89	2,575.18	3,339.67
NYLON	1,630.69	2,151.38	1,015.79	1,361.57
BUTANE DIOL	431.95	657.06	-	-
NDC	169.60	545.30	-	-
Others		4,512.63		2,922.66
<b>Total</b>		<b>64,490.13</b>		<b>51,833.23</b>

### Inventory of Raw material

(Rs. In lacs)

	2012-13 Value	2011-12 Value
PTA	2,250.14	893.02
MEG	275.79	311.54
PBT chips	569.78	625.84
NYLON	437.88	382.56
BUTANE DIOL	212.43	-
Others	1,630.02	1,090.70
	<b>5,376.04</b>	<b>3,303.66</b>

## 21. (Increase) / Decrease in Inventories

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012	(Increase) / Decrease
Closing stock			
- Finished goods	5,292.08	5,028.23	263.85
- Work in process	436.25	1,127.68	(691.43)
	<b>5,728.33</b>	<b>6,155.91</b>	<b>(427.58)</b>
Opening stock			
- Finished goods	5,028.23	2,945.39	2,082.84
- Work in process	1,127.68	735.66	392.02
	<b>6,155.91</b>	<b>3,681.05</b>	<b>2,474.86</b>
<b>Total (Increase) / Decrease</b>	<b>427.58</b>	<b>(2,474.86)</b>	

## Inventory of finished goods

	2012-13		2011-12	
	Qty (MT)	Value	Qty (MT)	Value
Polyester chips	1,117.97	970.95	594.00	479.31
Speciality Polymers	371.15	622.62	370.00	365.04
Polyester films	1,809.29	2,260.66	1,821.00	2,144.32
Engineering plastics	200.40	302.72	181.00	271.32
Recycled polyester chips	1,263.02	1,135.13	2,215.00	1,768.65
		<b>5,292.08</b>		<b>5,028.64</b>

## Inventory of work in progress

	2012-13	2011-12
	Value	Value
Polyester chips	206.40	267.36
Polyester films	154.70	824.61
Engineering plastics	75.15	35.71
	<b>436.25</b>	<b>1,127.68</b>

## 22. Employee benefit expenses

(Rs. In lacs)

	For the year ended	For the year ended
	March 31, 2013	March 31, 2012
Salaries, wages & bonus	2,494.94	1,899.95
Contribution to provident and other funds	237.57	207.77
Gratuity (refer note 28)	93.72	34.91
Staff welfare expenses	393.97	339.57
	<b>3,220.20</b>	<b>2,482.20</b>

## 23. Other Expenditure

(Rs. In lacs)

	For the year ended	For the year ended
	March 31, 2013	March 31, 2012
<b>Manufacturing expenses</b>		
Consumption of stores and spare parts	1,136.62	1,119.64
Consumption of packing material	1,686.15	1,699.52
Power & fuel	6,486.87	5,365.94
Material handling charges	255.75	215.89
Increase / (decrease) in excise duty on closing stock	(56.52)	202.66
<b>Total manufacturing expenses (A)</b>	<b>9,508.87</b>	<b>8,603.65</b>
<b>Selling expenses</b>		
Freight	3,230.78	2,717.15
Commission and brokerage (other than sole selling agents)	409.37	381.53
Discount, claims and rebates	171.78	163.89
Others	0.68	-
<b>Total selling expenses (B)</b>	<b>3,812.61</b>	<b>3,262.57</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Administration and other expenses</b>		
Rent	123.01	123.85
Rates and taxes	25.85	70.42
Insurance	209.70	217.07
Repairs & maintenance		
- Building	26.27	33.29
- Plant & machinery	186.92	153.21
- Others	138.03	123.75
Travelling & conveyance	748.21	686.44
Communication costs	106.40	130.69
Legal & professional charges	431.31	494.15
Printing & stationery	22.17	29.26
Donations (other than political parties)	8.80	73.30
Directors sitting fees	4.40	4.30
Auditors' remuneration		
- Statutory audit fee	17.08	14.52
- Limited review fee	12.00	8.50
- Out of pocket expenses	0.98	0.92
Loss on sale of DEPB license	-	13.71
Loss on fixed assets sold / discarded	83.69	15.31
Loss on sale of Investments	8.32	-
Bad debts, advances & irrecoverable balances written off	89.83	0.20
Provision for Obsolete inventory	4.03	-
Premium on forward contract amortised	267.21	140.72
Miscellaneous expenses	484.78	390.51
<b>Total Administrative &amp; other expenses (C)</b>	<b>2,998.99</b>	<b>2,724.13</b>
<b>Total other expenses (A+B+C)</b>	<b>16,320.47</b>	<b>14,590.34</b>

#### 24. Finance cost

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Interest		
- on term loans	537.03	823.82
- on working capital	1,125.33	802.72
- on buyer's credit facilities	335.64	355.69
Exchange fluctuation component of borrowing cost (refer note 2(b))	-	906.01
Bank charges	648.83	661.24
	<b>2,646.83</b>	<b>3,549.48</b>

#### 25. Earning per share (EPS)

	Year ended March 31, 2013	Year ended March 31, 2012
Net profit/(loss) for calculation of basic /diluted EPS (Rs. in lacs)	(528.10)	(1,392.91)
Weighted average number of equity shares in calculating basic & diluted EPS	62,893,706	62,893,706
Basic / diluted EPS (in Rs.)	<b>(0.84)</b>	<b>(2.21)</b>

## 26. Capital commitments

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	391.61	10,392.81

Capital Commitments are on account of upgradation of slitter used in polyester film lines and other assets.

## 27. Contingent liabilities not provided for

(Rs. In lacs)

	As at March 31, 2013	As at March 31, 2012
(a) Excise Duty and Customs Duty pending hearing of appeals/writ petitions:		
(i) Cenvat credit disallowed on inputs (for the period March 1990 to Mar 1991) not covered under rule 57A, mainly Santotherm, Diethyl Glycol, Delion etc. Disallowance was due to use of inputs for manufacture of exempted goods.	8.06	8.06
(ii) Removal of PET chips (exempted goods) from bonded warehouse without payment of duty.	3.00	3.00
(iii) Goods sold from depot at higher value than one declared at factory gate price for the period Jun 1988 to Mar 1992.	25.46	25.46
(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 material 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 Terephthalate. Disallowance was due to use of inputs for manufacturing of exempted goods.	57.71	57.71
(viii) Other Miscellaneous Cases	33.82	33.82
(ix) Cenvat credit of Rs. 0.59 lacs not admissible on shape & section as capital goods and Rs. 2.5 lacs recoverable against shortage of cenvatable inputs.	3.09	3.09
(x) Demand raised on account of excess / shortfall in stocks alleged by preventative staff.	12.95	12.95
(xi) Demand raised for differential amount of Custom Duty on import of PBT chips.	188.36	188.36
<b>Total (a)</b>	<b>715.29</b>	<b>715.29</b>
<b>(b) Show cause notices related to Service Tax &amp; Excise rebate on export</b>	<b>13.54</b>	<b>13.75</b>
<b>(c) Income Tax:</b>		
(i) Demand raised during assessment (A.Y. 1989-90)	-	1.84
(ii) Disallowance 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
(iii) Disallowance 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
(iv) Disallowance 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

	As at March 31, 2013	As at March 31, 2012
(v) Disallowance of expenses relating to previous years in respect of A.Y. 1993-94 to 1997-98 by ITAT.	14.68	14.68
(vi) Demand of MAT (including interest) A.Y. 2004-05*	5.78	5.78
* 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.		
* Disallowances of claim of profit 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.		
(vii) Demand of MAT (including interest) A.Y. 2005-06@	11.16	11.16
@ Disallowance of carry forward of loss on sale of investment on which dividend income is earned which is exempt from tax by invoking section 94(7) of the Act.		
@ Disallowance of other expenses under MAT including foreign technician fees, unexplained investment.		
(viii) Liability in respect of disallowances of excess depreciation claimed by company, bonus provision, disallowance 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. 2009-10.	11.66	37.27
<b>Total (c)</b>	<b>51.86</b>	<b>79.31</b>
<b>(d) Labour Cases:</b>		
Workers suspended, pending in High Court, Delhi	<b>1.67</b>	<b>1.67</b>
<b>Total (D) = (a)+(b)+(c)+(d)</b>	<b>782.36</b>	<b>810.02</b>
<b>(e) Other claims not acknowledged as debts</b>	49.20	48.50
<b>(f) Bonds amounting to Rs 510 lacs executed in favour of Central Excise &amp; Customs Authorities, out of which, amount to be re-credited on receiving the proof of export is yet to be submitted.</b>	366.84	163.75
<b>(g) Amount of duty saved on import under advance license - corresponding export obligation pending is Rs. 972.66 lacs</b>	8.33	-

Based on favorable 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.

## 28. Directors' Remuneration

The Company appointed Mr. Ashok Kumar Agarwal and Mr. Pradeep Kumar Rustagi as Whole Time Directors of the Company with effect from February 14, 2011 with the approval of the shareholders. During the FY 2010-11, the Company had adequate profits and both the directors were paid remuneration within the limits as prescribed in Schedule XIII to the Companies Act, 1956.

During the financial year 2011-12, due to changed market condition caused by over-supply, the Company had suffered losses which were not determinable at the time of appointment. The remuneration paid/accrued to both the whole time directors was in excess of the limit prescribed under schedule XIII of the Companies Act, 1956 by Rs. 25.19 lacs. Therefore the Company, with the approval of shareholders in the Extra ordinary general meeting held on April 7, 2012, had made an application to the Central Government

seeking its approval for the payment of remuneration in case of losses. The said application has been approved by the Central Government on July 17, 2012.

The remuneration paid to Mr. Ashok Kumar Agarwal and Mr. Pradeep Kumar Rustagi during the current financial year has been accrued / paid in accordance with the approval given by the Central Government.

Further in respect of 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.

## 29. Gratuity and other post employment benefits plan

### 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 summaries the components of net benefit expense recognized in the Statement of profit and loss and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

### Statement of profit and loss

Net employee benefit expense recognised in employee cost

(Rs. In Lacs)

	Gratuity	
	March 31, 2013	March 31, 2012
Current service cost	38.40	33.14
Interest cost on benefit obligation	32.82	33.70
Net actuarial loss recognised in the year	22.50	(31.93)
<b>Net benefit expense</b>	<b>93.72</b>	<b>34.91</b>

### Balance sheet

Details of provision for Gratuity

(Rs. In Lacs)

	March 31, 2013	March 31, 2012
Defined benefit obligation	469.60	410.24
<b>Plan liability</b>	<b>469.60</b>	<b>410.24</b>

Changes in the present value of the defined benefit obligation are as follows:

(Rs. In Lacs)

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	410.24	396.44
Interest cost	32.82	33.70
Current service cost	38.40	33.14
Benefits paid	(34.36)	(21.12)
Actuarial losses on obligation	22.50	(31.93)
<b>Closing defined benefit obligation</b>	<b>469.60</b>	<b>410.23</b>

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, 2013	March 31, 2012
	%	%
Discount rate	8.00	8.50
Increase in compensation cost	5.50	6.00
<b>Employee turnover – Age Group</b>		
Up to 30 years	3	3
30 – 44 years	2	2
Above 44 years	1	1

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 four years are as follows:

(Rs. In lacs)

	Gratuity				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	469.60	410.24	396.44	333.16	306.32
Deficit	469.60	410.24	396.44	333.16	306.32
Experience adjustments on plan liabilities Loss/(Gain)	20.86	(30.33)	29.30	(10.11)	25.24

#### Contribution to Defined Contribution Plans:

(Rs. In lacs)

	March 31, 2013	March 31, 2012
Superannuation fund	77.18	73.06
Provident fund contribution to Government authority	84.68	75.93

#### 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 trust set up by employers, which required interest shortfall to be met by employer, needs to be treated as defined benefit plan.

Changes in the present value of the projected benefit obligation are as follows:

(Rs. In lacs)

<b>Projected Benefit Obligation</b>	March 31, 2013	March 31, 2012
Projected Benefit Obligation at Beginning of year	465.54	365.95
Current Service Cost	74.17	56.67
Interest Cost	39.57	31.11
Contributions by plan participants / employees	87.59	65.55
Actuarial (Gain) / Loss due to Interest guarantee	7.57	0.00
Benefits Paid	(97.63)	(170.38)
Past Service Cost	--	--
Settlements / Transfer In	6.36	115.90
Projected Benefit Obligation at End of year	583.17	464.80

Changes in the present value of the plan assets are as follows:

(Rs. In lacs)

<b>Reconciliation of Plan Assets</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Plan Asset at beginning of year	500.16	398.06
Foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency	-	-
Expected Return on Plan Asset	42.51	33.83
Employer Contribution	74.17	56.67
Plan Participants / Employee Contribution	87.59	65.55
Benefit Payments	(97.63)	(170.38)
Asset Gain /(Loss)	4.39	0.53
Settlements / Transfer In	6.36	115.90
Ending Asset at Fair Value	617.55	500.16

The principal assumptions used in determining liability towards shortfall in provident liability are shown below:

<b>Economic Assumptions</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
i) Interest rate	8.50%	8.50%

<b>Demographic Assumptions</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
i) Mortality	IALM (1994-96)	LIC (1994-1996)
ii) Disability	None	None
iii) Normal Retirement Age	58	58

### 30. Leases:

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. The company have paid Rs. 123.01 lacs (previous year Rs. 123.85 lacs) towards operating lease rentals.

### 31. Forward contract outstanding as at Balance sheet date:

<b>Particulars</b>	<b>Currency</b>	<b>As at</b>	<b>As at</b>	<b>Purpose</b>
		<b>March 31, 2013</b>	<b>March 31, 2012</b>	
Purchase (Cross Currency)	EURO:USD	3,935,803	500,000	Forward contract to hedge foreign currency liability in respect of Buyers' Credit against Letters of Undertaking (LOUs) / Letter of Comfort (LOCs) for import of capital goods.
Purchase	EURO	2,014,600	2,014,600	
	USD	5,977,335	3,546,615	
	USD	760,400	1,602,400	Forward contract to hedge foreign currency liability in respect of Buyers' Credit against LOUs / LOCs for import of raw material.
Sales	EURO	-	337,206	Forward contract to hedge foreign currency receivables in respect of export of goods.
	USD	1,000,000	1,750,000	

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

Particulars	Currency	Amount In Foreign Currency (In absolute figures)		Rates		Amount (Rs in lacs)	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Import Creditors (Acceptances)	Euro	23,068.82	101,574.59	69.54	67.39	16.04	68.45
	USD	2,665,942.44	2,275,740.71	54.39	50.94	1,450.01	1,159.26
Export Debtors	USD	2,979,283.99	2,158,485.49	54.39	50.89	1,620.43	1,098.45
	Euro	139,809.26	9,275.80	69.54	67.30	97.22	6.24
	GBP	-	29,145.25	-	81.78	-	23.83
LOUs / LOCs for Buyers' Credit							
- For Capital Goods	USD	8,223,977.40	5,883,665.00	54.39	50.90	4,473.02	2,994.79
	Euro	7,098,533.40	10,534,336.40	69.54	67.35	4,936.32	7,094.88
- For Raw material	USD	638,400.00	1,603,100.00	54.39	50.90	347.23	815.98

### 33. Details of dues to Micro & Small Enterprises as per MSMED Act, 2006

(Rs. In lacs)

	For the year ended March 31, 2013	For the year ended March 31, 2012
i) The principal amount & the interest due thereon remaining unpaid to any supplier as at the end of year		
Principal Amount	28.76	64.53
Interest Due thereon	-	-
ii) Payments made to supplier beyond the appointed day during the year		
Principal	661.55	648.62
Interest Due thereon	-	-
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.	-	-

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small Enterprises as per MSMED Act, 2006 on the basis of information available with the company.

### 34. a) Names of related parties

Nature of Relationship	Name of Related Party
<b>Names of related parties where control exists</b>	
- Ultimate Holding Company	- Goldring Investments Corp.
- Holding Company	- Wilemina Finance Corporation
- Fellow Subsidiary Company	- Sriyam Impex Private Limited
<b>Key Management Personnel.</b>	- Mr. A K Singhania (Non-Executive Chairman)
	- Mr. Ashok Kumar Agrawal (Executive Director)
	- Mr. Pradeep Rustagi (Executive Director)
<b>Relatives of Key Management Personnel.</b>	- Mr. Ayush Vardhan Singhania (Son of Mr. A K Singhania)
<b>Individuals, which directly or indirectly through subsidiaries, control or exercise significant influence over the company.</b>	- Mr. Jai Vardhan Singhania
<b>Enterprises owned or significantly influenced by Key management personnel or their relatives</b>	- Fenton Investments Private Limited
	- PDJ Properties & Investment Services Private Limited
	- Polyplex Corporation Limited

b) Related party transaction

(Rs. in lacs)

Nature of Transactions	Holding Company	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Total
<b>Transactions during the year</b>						
<b>Managerial Remuneration</b>						
Ashok K. Agrawal		-	69.35	-	-	69.35
		-	(65.98)	-	-	(65.98)
Pradeep Rustagi		-	68.30	-	-	68.30
		-	(63.21)	-	-	(63.21)
<b>Rent Paid</b>						
Fenton Investment Pvt. Ltd.					20.22	20.22
					(19.55)	(19.55)
<b>Salary Paid</b>						
Ayush Vardhan Singhania		-	-	21.08	-	21.08
		-	-	(12.00)	-	(12.00)
<b>Material Sold</b>						
Polyplex Corporation Limited		-	-	-	10.00	10.00
		-	-	-	(0.32)	(0.32)
<b>Material Purchased</b>						
Polyplex Corporation Limited		-	-	-	20.58	20.58
		-	-	-	(0.17)	(0.17)
Balances Outstanding as at year end						
<b>Security deposit</b>						
Fenton Investments Pvt.Ltd.		-	-	-	4.50	4.50
		-	-	-	(4.50)	(4.50)
<b>Payable for purchase of goods</b>						
Polyplex Corporation Limited					1.43	1.43
					-	-
<b>Receivable for sale of goods</b>						
Polyplex Corporation Limited		-	-	-	-	-
		-	-	-	(0.32)	(0.32)
<b>Guarantees given against Loans Taken (jointly and severally) by the Company</b>						
- Wilemina Finance Corporation	31,959.19					31,959.19
	(29,656.80)					(29,656.80)
- A.K.Singhania			43.51			43.51
			(150.77)			(150.77)

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

### 35. 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 organization 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)

Particulars	Polyester Film		Engineering Plastics		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
<b>REVENUE</b>						
External Sales	78,074.21	62,921.17	10,528.07	7,036.84	88,602.28	69,958.01
Inter Segment Sales	-	-	-	-	-	-
<b>Total Revenue</b>	<b>78,074.21</b>	<b>62,921.17</b>	<b>10,528.07</b>	<b>7,036.84</b>	<b>88,602.28</b>	<b>69,958.01</b>
<b>SEGMENT RESULT</b>	<b>4,551.59</b>	<b>4,083.32</b>	<b>566.95</b>	<b>348.96</b>	<b>5,118.54</b>	<b>4,432.28</b>
Unallocated Corporate Expenses					3,545.46	3,558.75
<b>Operating Profit</b>					<b>1,573.08</b>	<b>873.53</b>
Finance Costs					2,646.83	3,549.48
Other Income					291.75	578.31
<b>Profit Before Tax / (Loss)</b>					<b>(782.00)</b>	<b>(2,097.64)</b>
Income Taxes					(253.90)	(704.70)
<b>Net Profit / (Loss)</b>					<b>(528.10)</b>	<b>(1,392.94)</b>
<b>OTHER INFORMATION</b>						
Segment assets	47,141.86	46,548.95	5,884.43	4,176.86	53,026.29	50,725.81
Unallocated corporate assets					12,219.41	11,863.59
<b>Total assets</b>					<b>65,245.70</b>	<b>62,589.40</b>
Segment liabilities	5,255.38	5,415.54	1,248.38	1,137.00	6,503.76	6,552.54
Unallocated corporate liabilities					32,967.98	29,714.68
<b>Total liabilities</b>					<b>39,471.74</b>	<b>36,267.22</b>
Capital expenditure	972.75	2,848.54	10.63	15.97	983.38	2,864.51
Unallocated Capital expenditure					2,689.24	811.84
<b>Total Capital expenditure</b>					<b>3,672.62</b>	<b>3,676.35</b>
Depreciation/Amortisation	2,494.07	2,309.29	63.70	59.08	2,557.77	2,368.37
Unallocated Depreciation/Amortisation					300.76	285.17
<b>Total Depreciation/Amortisation</b>					<b>2,858.53</b>	<b>2,653.54</b>
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-	-
Unallocated Non-cash expenses other than depreciation and amortisation					-	-
<b>Total Non-cash expenses other than depreciation and amortisation</b>					<b>-</b>	<b>-</b>

## B. INFORMATION ABOUT SECONDARY SEGMENTS

### a) Revenue as per Geographical Markets

(Rs. In lacs)

	March 31, 2013	March 31, 2012
India *	59,622.02	41,833.74
Outside India	28,980.26	28,124.27
<b>Total</b>	<b>88,602.28</b>	<b>69,958.01</b>

\* Includes Deemed export with in India

### b) Carrying amount of Segment Assets (Trade receivable) by geographical location of assets

(Rs. In lacs)

	March 31, 2013	March 31, 2012
India	6,650.23	4,431.88
Outside India	4,251.94	3,988.77
<b>Total</b>	<b>10,902.17</b>	<b>8,420.65</b>

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

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

36. The Board of Directors in its meeting held on January 17, 2013 accorded the approval of Scheme of amalgamation of Sriyam Impex Private Limited ("the Promoter group company") with Ester Industries Limited ("the Company") subject to regulatory and other approvals. In this process the company have filed an application with stock exchange for obtaining "No Objection" and in principle approval.

37. Previous year figure have been regrouped / reclassified whenever considered necessary, so as to confirm with the current year's classification.

As per our report of even date

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

**per Manoj Gupta**  
Partner  
Membership no. 83906

Place : New Delhi  
Date : May 24, 2013

For and on behalf of the board of directors  
of Ester Industries Limited

**Ashok Newatia**  
Director

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary

## SUBSIDIARY FINANCIAL INFORMATION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

Name of Subsidiary – Ester International (USA) Limited

S. No.	Particulars	Amount (Rs. in Lacs)
1	Capital	9.69
2	Reserves	(97.09)
3	Total Assets	1.53
4	Total Liabilities	1.53
5	Details of Investment (Except in case of investment in the subsidiaries)	–
6	Turnover and other income	–
7	Profit before taxation	(6.67)
8	Provision for taxation	–
9	Profit after taxation	(6.67)
10	Proposed Dividend	–

Note –

1. TT Buying Rate as on 31st March, 2013 – 1 USD = Rs. 54.34
2. TT Selling Rate as on 31st March, 2013 – 1 USD = Rs. 54.39
3. Average of TT Buying and TT Selling Rate as on 31st March, 2013 = Rs. 54.37
4. All figures have been converted taking average of TT Buying and TT Selling Rate as on 31st March, 2013 except Capital which is converted at Historical Exchange Rate i.e. 1 USD= Rs. 38.76

For and on behalf of the board of directors  
of Ester Industries Limited

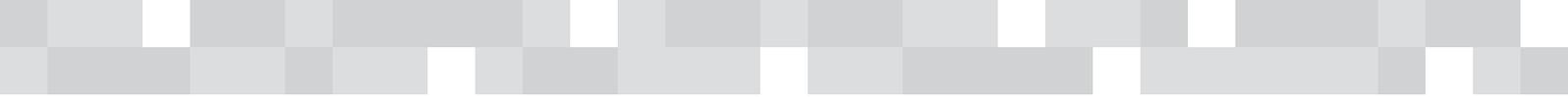
**Ashok Newatia**  
Director

Place : New Delhi  
Date : May 24, 2013

**Pradeep Rustagi**  
Executive Director & CFO

**Diwaker Dinesh**  
Company Secretary





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

### PROXY FORM

D. P. Id No.	
Client Id No.	

Folio No.	
No. of Shares	

I/We.....R/o.....  
 .....being a Member/Members of ESTER INDUSTRIES LIMITED hereby appoint  
 Mr./Ms. .... R/o ..... or failing him/her  
 Mr./Ms ..... R/o ..... as my/our  
 Proxy to attend and vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held on Monday, the  
 30th Day of September, 2013 at 11.30 AM at Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand  
 and/or any adjournment thereof.

Signed this .....day of ..... 2013.

Signed by the said \_\_\_\_\_

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



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

### 27th ANNUAL GENERAL MEETING ATTENDANCE SLIP

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

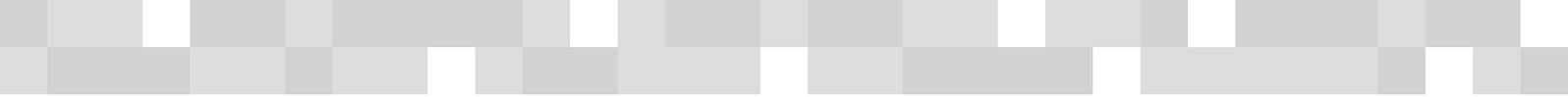
D. P. Id No.	
Client Id No.	

Folio No.	
No. of Shares	

I/We hereby record my/our presence at the 27th Annual General Meeting of the Company to be held on Monday, the 30th Day of  
September 2013 at 11.30 AM at Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand.

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

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



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Plot No. 11, Block-A, Infocity-I, Sector 33 & 34, Gurgaon-122001, Haryana  
[www.esterindustries.com](http://www.esterindustries.com)