



# **34<sup>th</sup> Annual Report**

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## **2019-20**

**ESTER INDUSTRIES LIMITED**

## CORPORATE INFORMATION

|  |  |  |
|--|--|--|
| <b>BOARD OF DIRECTORS</b>                    | MR. ARVIND SINGHANIA<br>MR. ASHOK KUMAR NEWATIA<br>MR. M. S. RAMACHANDRAN<br>DR. ANAND CHAND BURMAN<br>MR. P. S. DASGUPTA<br>MR. SANDEEP DINODIA<br>MRS. PADAMAJA SHAILEN RUPAREL<br>MRS. ARCHANA SINGHANIA<br>MR. PRADEEP KUMAR RUSTAGI | CHAIRMAN & CEO<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>INDEPENDENT DIRECTOR<br>NON - EXECUTIVE DIRECTOR<br>EXECUTIVE DIRECTOR & CFO |
| <b>COMPANY SECRETARY</b>                     | MR. DIWAKER DINESH   |  |
| <b>STATUTORY AUDITORS</b>                    | M/S WALKER CHANDIOK & CO. LLP, GURGAON   |  |
| <b>LENDERS</b>                               | BANK OF INDIA<br>BANK OF BARODA<br>UNION BANK OF INDIA<br>CANARA BANK<br>STATE BANK OF INDIA<br>TATA CAPITAL FINANCIAL SERVICES LIMITED  |  |
| <b>HEAD OFFICE</b>                           | PLOT NO. 11, BLOCK-A, INFOCITY-I,<br>SECTOR 33 & 34, GURGAON-122001, HARYANA   |  |
| <b>REGISTERED OFFICE &amp; WORKS</b>         | SOHAN NAGAR, P.O. CHARUBETA<br>KHATIMA – 262 308, DISTRICT UDHAM SINGH NAGAR<br>UTTARAKHAND  |  |
| <b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b> | MAS SERVICES LIMITED<br>T-34, OKHLA INDUSTRIAL AREA, PHASE-II<br>NEW DELHI – 110 020   |  |
| <b>LISTING OF SECURITIES</b>                 | BSE LIMITED<br>NATIONAL STOCK EXCHANGE OF INDIA LTD.   |  |

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CIN: L24111UR1985PLC015063

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

Phone : (05943) 250153-57, Fax No. : (05943) 250158

Website : www.esterindustries.com, Email : investor@ester.in

## NOTICE OF AGM

**NOTICE** is hereby given that the **34<sup>th</sup> ANNUAL GENERAL MEETING (AGM)** of ESTER INDUSTRIES LIMITED will be held on **Friday, 28<sup>th</sup> August, 2020 at 11:00 AM** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following businesses-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2020 together with the reports of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2020.
3. To appoint a Director in place of Mr. Arvind Singhania (DIN 00934017) who retires by rotation and being eligible, offers himself for re-appointment;

### SPECIAL BUSINESS

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

#### As Ordinary Resolution

#### 4. RATIFICATION OF REMUNERATION OF COST AUDITOR

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), a Remuneration of Rs. 3,50,000/- (Rupees Three Lacs Fifty Thousands Only) plus applicable taxes and out of pocket expenses payable to M/s. R. J. Goel & Co. (Regn. No. 00026), the Cost Auditors appointed by the Board of Directors to conduct the audit of the cost records of the Company for the financial year 2020-21, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby approved and ratified."

#### 5. APPOINTMENT OF MRS. PADMAJASHAIEN RUPAREL AS INDEPENDENT DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (the "Act") and the rules framed thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any

amendment thereof) Mrs. Padmaja Shailen Ruparel (DIN 01383513), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> April, 2020, in terms of Section 161(1) of the Act and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31st March, 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to sign such documents or papers as may be necessary, file such applications, forms and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable to give effect the above resolutions."

#### As Special Resolution

#### 6. RE-APPOINTMENT OF MR. ARVIND SINGHANIA AS MANAGING DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, subject to the approval of Central Government, if required, Mr. Arvind Singhania (DIN 00934017) be and is hereby re-appointed as "Managing Director" and designated as "Chairman and CEO", on the terms and conditions mentioned below-

#### A) PERIOD OF RE-APPOINTMENT

From 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2023.

#### B) DETAILS OF REMUNERATION

1. Basic Salary – Rs. 12,00,000/- per month with such revision as the Board may decide from time to time, subject however to a ceiling of Rs. 17,00,000/- per month
2. House Rent Allowance – Rs. 6,00,000/- per month with such revision as the Board may decide from time to time, subject however to a ceiling of Rs. 8,50,000/- per month
3. Special Allowance – Rs. 6,00,000/- per month with such increments as the Board may decide from time

to time, subject however to a ceiling of Rs. 13,00,000/- per month

4. Leave Travel Allowance – Rs. 12,00,000/- per year with such increments as the Board may decide from time to time, subject however to a ceiling of Rs. 17,00,000/- per year
5. Provident Fund – 12% of Basic Salary or such other amount as may be prescribed by the provision of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 or any other applicable law (including any statutory modification or re-enactment thereof, for the time being in force).
6. Gratuity shall be payable as per the provisions of the Payment of Gratuity Act, 1972 or any other applicable law (including any statutory modification or re-enactment thereof, for the time being in force).
7. Club membership fee and company maintained car with Driver shall be provided by the Company for official and personal use.
8. Reimbursement for expenses pertaining to Business Meeting and entertainment, traveling and all other expenses incurred by him for the business of the Company as per the policy of the Company
9. Apart from the above, Mr. Arvind Singhania shall be entitled to such other reimbursements, allowances, incentives, perquisites, amenities and benefits as per the rules/policy of the Company or as the Board may decide from time to time.

The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

**Commission** – Pursuant to the provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), Commission may be paid in addition to above remuneration calculated with reference to the net profits of the company in a particular year, as may be determined by the Board of Directors of the Company. The overall remuneration including commission as determined by the Board may exceed the prescribed limits of remuneration under the applicable laws.

**Sitting Fees** - Mr. Arvind Singhania shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors.

**Retirement by Rotation** - The period of office of Mr. Arvind Singhania shall be liable for determination by way of retirement by rotation.

**RESOLVED FURTHER THAT** in the absence or inadequacy of the profits also in any financial year, Mr. Arvind Singhania will be entitled to receive above-stated remuneration in

accordance with the applicable provisions of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to increase remuneration of appointee and review, alter or vary designation and other terms and conditions of appointment of the appointee, as mutually agreed with Mr. Arvind Singhania, at the recommendation of Nomination and Remuneration Committee on annual basis or at such time when recommended by the Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to sign such documents or papers as may be necessary, file such applications, forms and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable to give effect the above resolutions."

#### 7. RE-APPOINTMENT OF MR. PRADEEP KUMAR RUSTAGI AS WHOLE-TIME DIRECTOR OF THE COMPANY

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, subject to the approval of Central Government, if required, Mr. Pradeep Kumar Rustagi (DIN 00879345) be and is hereby re-appointed as “Whole-time Director” and designated as “Executive Director & CFO” on the terms and conditions mentioned below–

##### A) PERIOD OF RE-APPOINTMENT

From 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2023.

##### B) DETAILS OF REMUNERATION

1. Basic Salary – Rs 3,33,500/- per month with such increments as the Board may decide from time to time, subject however to a ceiling of Rs. 5,00,000/- per month
2. House Rent Allowance – Rs. 1,66,750/- per month with such increments as the Board may decide from time to time, subject however to a ceiling of Rs. 2,50,000/- per month
3. Special Allowance – Rs. 2,20,730/- per month with such increments as the Board may decide from time to time, subject however to a ceiling of Rs 4,00,000/- per month
4. Leave Travel Allowance – Rs. 1,50,000/- per year with such increments as the Board may decide from time to time, subject however to a ceiling of Rs. 5,00,000/- per year
5. Encashment of leave as per the policy of the Company.
6. Company’s contribution to Provident Fund, Superannuation Fund, as per Company Policy applicable time to time.
7. Gratuity shall be payable as per the provisions of the Payment of Gratuity Act, 1972 or any other

applicable law (including any statutory modification or re-enactment thereof, for the time being in force).

8. Reimbursement for expenses pertaining to Business attire, Business Meeting and entertainment, traveling and all other expenses incurred by him for the business of the Company as per the policy of the Company
9. Company maintained car with Driver shall be provided by the Company for official and personal use.
10. Performance Linked Incentives as per the policy of the Company as applicable time to time.
11. Apart from the above, Mr. Pradeep Kumar Rustagi shall be entitled to such other reimbursements, allowances, incentives, perquisites, amenities and benefits as per the policy of the Company as applicable on employees of the Company from time to time or any other allowance, perquisites as the Board may decide from time to time.

**Commission** – Pursuant to the provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), Commission may be paid in addition to above remuneration calculated with reference to the net profits of the company in a particular year, as may be determined by the Board of Directors of the Company. The overall remuneration including commission as determined by the Board may exceed the prescribed limits of remuneration under the applicable laws.

**Sitting Fees** - Mr. Pradeep Kumar Rustagi shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors.

**Retirement by Rotation** - The period of office of Mr. Pradeep Kumar Rustagi shall be liable to be determined by retirement by rotation.

**RESOLVED FURTHER THAT** in the absence or inadequacy of the profits also in any financial year, Mr. Pradeep Kumar Rustagi will be entitled to receive above-stated remuneration in accordance with the applicable provisions of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to increase remuneration of appointee and review, alter or vary designation and other terms and conditions of appointment of the appointee, as mutually agreed with Mr. Pradeep Kumar Rustagi, at the recommendation of Nomination and Remuneration Committee on annual basis or at such time when recommended by the Nomination and Remuneration Committee.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to sign such documents or papers as may be necessary, file such applications, forms and to do all such acts, deeds, matters and things as it may, in its sole discretion, deem necessary, proper, desirable to give effect the above resolutions.”

## 8. RE-APPOINTMENT OF MR. AYUSH VARDHAN SINGHANIA AS HEAD – MARKETING & BUSINESS DEVELOPMENT

“**RESOLVED THAT** pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013, along with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014, or any amendment or substitution thereof, approval of the Shareholders be and is hereby accorded for appointment of Mr. Ayush Vardhan Singhania (son of Mr. Arvind Singhania, Chairman & CEO and Mrs. Archana Singhania, Non-Executive Director) to hold office as ‘Head – Marketing & Business Development’ (or any other designation and roles which the Board may decide time to time) on the following terms and conditions –

- a. **Period of Appointment:** 5 years from 1st October, 2020 to 30th September, 2025
- b. **Details of Remuneration:** Rs. 6,00,000/- (Rs. Six Lacs only) per month

The total amount payable as Basic Salary, Special Allowance, House Rent Allowance and other benefits like Contribution to Provident Fund, Superannuation Fund and such other allowances, incentives, perquisites, benefits and amenities as may be provided by the Company to other employees in that grade from time to time should not exceed the remuneration of Rs. 6,00,000/- (Rs. Six Lacs only) per month.

In addition to the above remuneration, Gratuity shall be payable as per the provisions of the Payment of Gratuity Act, 1972 or any other applicable law (including any statutory modification or re-enactment thereof, for the time being in force).

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to increase remuneration of appointee and review, change designation and other terms and conditions of appointment of the appointee at the recommendation of Nomination and Remuneration Committee on annual basis or at such time when recommended by the Nomination and Remuneration Committee.

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

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

Sd/-  
**Diwaker Dinesh  
Head-Legal & Company Secretary  
(Membership No.: A22282)**

Place : Gurugram  
Date : 15<sup>th</sup> July, 2020

## NOTES

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April, 2020, Circular No.17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5th May, 2020, physical attendance of the Members to the Annual General Meeting (AGM) venue is not required and AGM may be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

Accordingly AGM of the Company will be convened through Video Conferencing (VC) or Other Audio Visual Means (OAVM) in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 8th April, 2020, MCA Circular No. 17/2020 dated 13th April, 2020 and MCA Circular No. 20/2020 dated 5th May, 2020 and Members can attend the ensuing AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and vote through electronic platform during the Meeting.

2. Pursuant to the Circular No. 14/2020 dated 8th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first serve basis. However, this number does not include the large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, electronic copy of the Notice of the 34<sup>th</sup> Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participants for communication purposes. The Notice calling the AGM has been uploaded on the website of the Company at – <http://www.esterindustries.com/investors/financial-reports/annual-report>, as part of the Annual Report for financial year 2019-20. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd and National Stock Exchange of India

Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility) i.e. [www.evotingindia.com](http://www.evotingindia.com)

6. Additional information pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/ re-appointment as mentioned under item no. 3, 5, 6 and 7 at the Annual General Meeting forms part of this Notice.
7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 for Item Nos. 4 to 8 of the accompanying Notice, is annexed hereto.
8. Corporate Members intending to attend and vote during the meeting or by Remote e-voting through their authorised representative(s) pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the relevant Board Resolution/ Authority Letter/ Power of Attorney, authorising their representatives at Company's email id viz. [investor@ester.in](mailto:investor@ester.in).
9. The Register of Member and Share Transfer Books will remain closed from **Saturday, 22<sup>nd</sup> August, 2020 to Friday, 28<sup>th</sup> August, 2020 (both days inclusive)** for the purpose of Annual General Meeting and ascertaining the list of shareholders eligible for the Dividend.
10. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
11. If dividend on Equity Shares, as recommended by the Board, is approved at the Annual General Meeting, the Payment of such dividend will be made before **Saturday, 26<sup>th</sup> September 2020** as under:
  - (i) to all beneficial owners in respect of Shares held in electronic form as per details furnished by the Depositories for this purpose as at the end of business hours on 21<sup>st</sup> August, 2020.
  - (ii) to all Members in respect of Shares held in physical form, after giving effect to valid share transfers lodged with the Company on or before 21<sup>st</sup> August, 2020.
12. In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the rates prescribed under the Act. For the prescribed rates for various categories, the shareholders are requested to refer to the Income Tax Act, 1961. The shareholders are requested to update their Permanent Account Number (PAN) with the Company/ Registrar and Transfer Agent (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to Company at [investor@ester.in](mailto:investor@ester.in) /Registrar and Transfer Agent at [info@masserv.com](mailto:info@masserv.com) latest by 18th August, 2020. Shareholders are requested

to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, any other document which may be required to avail the tax treaty benefits by sending an email to Company at [investor@ester.in](mailto:investor@ester.in) /Registrar and Transfer Agent at [info@masserv.com](mailto:info@masserv.com). The aforesaid declarations and documents need to be submitted by the shareholders latest by 18th August, 2020. Incomplete and/or unsigned forms and declarations will not be considered by the Company

Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company/ Registrar and Transfer Agent. It may further be noted that in case the tax on said dividend is deducted at a higher rate, there would still be an option available with the shareholders to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax compliances and consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

Any communication/document as stated aforesaid received after 18th August, 2020 shall not be considered for the purpose of tax deduction. In case of any query regarding this, you may contact to Registrar and Transfer Agent viz Mas Services Limited at T-34, Okhla Industrial Area, Phase-II, New Delhi-110020; Email id – [info@masserv.com](mailto:info@masserv.com)

13. 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.
14. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection during the Meeting.
15. The Company is providing facility for voting through electronic means before the date of AGM (Remote e-voting) as prescribed by the Companies (Management and Administration) Rules, 2014 and voting through electronic means during the AGM (E-Poll) available for such Members who are attending the Meeting and have not already cast their vote(s) by Remote e-voting. Information and instructions including details of User ID and password relating to e-voting are provided in the Notice under Note No. 26.

**16. Members are requested to notify immediately:**

- I. **In case shares are held in physical form:** any change in address, if any, to the Registrar and Share Transfer Agent (RTA) of the Company viz. MAS Services Limited, T-34, Okhla Industrial Area, Phase II, New Delhi- 110 020, India quoting their folio number.
- II. **In case shares are held in dematerialised form:** any change in address, if any, to their Depository Participants
- III. Members holding shares in physical mode and who have not opted for ECS facility earlier for payment of dividend are requested to fill up and sign the NECS Mandate form enclosed with Annual Report or by submitting a request letter containing the details like Folio No., Name and Address of the Shareholder, particulars of the bank account (Bank name, Branch address, Bank account no, IFSC Code, MICR no) and send it to the RTA of the Company viz MAS Services Limited, T-34, Okhla Industrial Area, Phase-II, New Delhi-110020 along with the self-attested copy of PAN and cancelled cheque leaf, so as to avail the ECS facility. Members holding shares held in dematerialized form, are required to update the bank account particulars with their respective Depository Participant.
- IV. Process for those members whose email ids and mobile number are not registered:
  - a) For members holding shares in Physical mode - please provide necessary details like Folio No., Name of shareholder, mobile number along with scan copy of any one valid share certificate (front and back both) by email to [info@masserv.com](mailto:info@masserv.com)
  - b) Members holding shares in dematerialised form can get their e-mail id and mobile number registered by contacting their respective Depository Participant.
17. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
18. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Rules made thereunder, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH.13.  
  
Further, Members desirous of cancelling/varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the RTA of the Company.
19. Members holding shares under multiple folios are requested to submit their applications to RTA of the Company for consolidation of folios into a single folio.
20. The recorded transcript of the forthcoming AGM on 28<sup>th</sup> August, 2020, shall also be made available on the website of the Company [www.esterindustries.com](http://www.esterindustries.com) in

the Investor Relations Section, as soon as possible after the Meeting is over.

21. Pursuant to Section 101 of the Companies Act, 2013 and rules made thereunder, the companies are allowed to send communication to shareholders electronically. We therefore, request you to kindly register/update your email ids with your respective depository participant (in case of dematerialized shares) and Company's registrar and share transfer agent (in case of physical shares) as stated in Note no 16.
22. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form and PAN is not registered till date are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to RTA of the Company. viz. MAS Services Limited, T-34, Okhla Industrial Area, Phase II, New Delhi- 110 020.
23. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. 1st April, 2019.

In view of the above, members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares, for ease of portfolio management and to avail various benefits of dematerialisation. Members can contact the Company or RTA for assistance in this regard.

24. In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is mandatory for the company to print the bank account details of the investors in dividend payment instrument. Hence, you are requested to register/update your correct bank account details with the Company/RTA/ Depository Participant, as the case may be.
25. Pursuant to provisions of Section 124 and Section 125 of the Companies Act, 2013 and rules made thereunder, all the dividends remaining unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account, are required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. No dividend was required to be transferred to IEPF during the year under review.

Members who have not yet encashed their dividend warrants for the financial year 2013-14 (final dividend) and 2018-19 (final dividend) are requested to make their claims to the Company immediately. Members may note that no claim shall lie against the Company in respect of dividend which remain unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account and no payment shall be made in respect of such claims.

The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on 31<sup>st</sup> March, 2019 and the details of unclaimed shares on the

website of the Company viz. [www.esterindustries.com](http://www.esterindustries.com) and also on the website of the Ministry of Corporate Affairs viz. [www.iepf.gov.in](http://www.iepf.gov.in) Shareholders may kindly check the said information and if any dividend amount is appearing as unpaid against their name, they may lodge their claim, duly supported by relevant documents to the Company.

In terms of Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more are required to be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPF Authority) within a period of thirty days of such shares becoming due to be so transferred. Accordingly, equity shares which were/ are due to be so transferred, have been/ shall be transferred by the Company to the Demat Account of IEPF Authority.

Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to the Demat Account of IEPF Authority and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

In view of above, Members are requested to claim their dividends from the Company, within the stipulated timeline to avoid transfer of the underlying shares to the IEPF Account. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in) or on the following link:

<http://www.iepf.gov.in/IEPF/refund.html>

## 26. VOTING THROUGH ELECTRONIC MEANS

|                                 |   |
|---------------------------------|---|
| <b>Commencement of E-voting</b> | <b>9:00 AM 25<sup>th</sup> August, 2020</b> |
| <b>End of E-voting</b>          | <b>5:00 PM 27<sup>th</sup> August, 2020</b> |

- i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and the Circulars issued by the Ministry of Corporate Affairs dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 the Company is providing facility of remote e-voting before the AGM and E-Poll during the AGM to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized agency which shall provide an electronic platform to give the facility of casting the votes by the members from a place other than venue of the AGM.
- ii. The Members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through E-Poll. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the AGM but shall not be entitled to cast their vote again.

- iii. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the **Cut-off date i.e. 21<sup>st</sup> August, 2020** shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or E-Poll by following the procedure mentioned hereunder.
- iv. The remote e-voting period commences at **9:00 AM 25<sup>th</sup> August, 2020 and ends at 5:00 PM 27<sup>th</sup> August, 2020**. The remote e-voting module shall be blocked by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- v. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the **Cut-off date i.e. 21<sup>st</sup> August, 2020**.
- vi. Mr. Akash Jain, Company Secretary in Practice (Membership No. F9617 and COP No. 9432) has been appointed as the Scrutinizer for conducting the e-voting process in accordance with the law and in a fair and transparent manner.

The Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast through Remote e-voting and E-Poll, in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or any person authorized by him in writing and the Results shall be declared by the Chairman or any person authorized by him thereafter.

The Results declared along with the Scrutinizer's Report shall be placed on the website of the Company [www.esterindustries.com](http://www.esterindustries.com) and on the website of CDSL viz. [www.evotingindia.com](http://www.evotingindia.com) immediately after the declaration of Result by the Chairman or any person authorized by him in writing. The Results shall also be simultaneously forwarded to the National Stock Exchange of India Limited, BSE Limited. The result of the voting, with details of the number of votes cast for and against the Resolution, invalid votes and whether the Resolution has been carried or not shall also be displayed on the Notice Board of the company at its Registered Office and its Head Office.

#### THE PROCESS AND MANNER FOR REMOTE E-VOTING ARE AS UNDER:

The instructions for members for voting electronically are as under:-

- I. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- II. Click on Shareholders/ Members.
- III. Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

or

alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com>

from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- IV. Next enter the Image Verification as displayed and Click on Login.
- V. If you are holding shares in demat form and had logged onto [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- VI. If you are a first time user or holding share in physical form follow the steps given below:

For Members holding shares in Demat Form and Physical Form

|   |  |
|---|--|
| PAN*  | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br><br><i>*Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number in the PAN field which is provided in the email along with the Annual Report.</i> |
| Dividend Bank Details or Date of Birth (DOB)# | Enter the Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login<br><br>#If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (III).                             |

- Value VII. After entering these details appropriately, click on "SUBMIT" tab.
- Value VIII. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- Value IX. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Value X. Click on the EVSN of Ester Industries Limited.

- XI. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- XII. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- XIII. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote
- XIV. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- XV. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- XVI. If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- XVII. **Shareholders can also cast their vote using CDSL's mobile app M-Voting. The M-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from respective Stores. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- XVIII. **Note for Non – Individual Shareholders and Custodians**  
Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account (s) for which they wish to vote on. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Company at the email id [investor@ester.in](mailto:investor@ester.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**27. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM (E-POLL) ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting in Note No. 26.

2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through E-Poll available during the AGM.
3. If Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**28. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) by email to RTA / Company email id at [info@masserv.com](mailto:info@masserv.com) or [investor@ester.in](mailto:investor@ester.in)
- Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to RTA / Company email id at [info@masserv.com](mailto:info@masserv.com) or [investor@ester.in](mailto:investor@ester.in).

**29. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Members will be provided with a facility to attend the AGM through VC/OAVM or view the live webcast of AGM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders'/ members' login by using the remote e-voting credentials as mentioned above for Remote e-voting in note No. 26. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before and after the scheduled time of the commencement of the AGM and will be available for Members on first come first serve basis.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  6. Members who would like to express their views or ask questions during the AGM must register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at [investor@ester.in](mailto:investor@ester.in) at least 7 days before the start of the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
  7. The shareholders who do not wish to speak during the AGM/ who have not registered themselves, but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [investor@ester.in](mailto:investor@ester.in). These queries will be replied by the company suitably by email or during the Meeting.
30. The Resolution, if passed by a requisite majority, shall be deemed to have been passed on the date of the AGM.
31. In case you have any queries or issues regarding e-voting and/or attending the AGM through VC/OAVM facility, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or contact Mr. Nitin Kunder (022-2305 8738) or Mr. Mehboob Lakhani (022-2305 8543) or Mr. Rakesh Dalvi (022-2305 8542),
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited (CDSL), at A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.
32. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or Head Office address or e-mail their grievances/queries to the Company Secretary as detailed below –

**Registered Office:**

Sohan Nagar, PO Charubeta, Khatima-262308  
Distt. Udham Singh Nagar, Uttarakhand

**Head Office:**

Plot No. 11, Block-A, Infocity-I, Sector 34,  
Gurgaon – 122001, Haryana  
Email Id: [investor@ester.in](mailto:investor@ester.in)

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4**

In the Board Meeting held on 17<sup>th</sup> June, 2020, after considering the recommendation of the Audit Committee, the Directors have re-appointed M/s. R J Goel & Co. (Regn. No. 00026), Cost Accountants, as the Cost Auditor at a remuneration of Rs. 3,50,000 (Rupees Three Lacs Fifty Thousands only) to conduct the audit of Cost records for financial year 2020-21. Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders.

None of the Directors, Key Managerial Personnel (KMPs) or the relatives of Directors or KMPs is interested or concerned in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Shareholders.

**Item No. 5**

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Padmaja Shailen Ruparel (DIN 01383513) as an Additional Director with effect from 1<sup>st</sup> April, 2020 pursuant to Section 161(1) of the Companies Act, 2013 and as an Independent Director pursuant to Section 149 of the Companies Act, 2013. In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mrs. Padmaja Shailen Ruparel will hold office only upto the date of ensuing Annual General Meeting. The Company has received a Notice from shareholder under section 160 of the Companies Act, 2013 for her appointment as Director.

Mrs. Padmaja Shailen Ruparel is nationally recognized as a key player in the Indian entrepreneurial ecosystem and has helped companies found many of the relevant institutions, besides being an active Angel investor herself. Her operating experience spans large corporates, M&A, and startups/early stage companies. She has been awarded as one of the 'Top 50 Most Powerful Women in Business' by Fortune India for 2017, 2018 2019, listed in Forbes India's W- Power Trailblazers and "30 Most Powerful Women in India" by Business Today for 3 years running. The Women Economic Forum recognized her with its "Women of the Decade in Investment Banking" award.

The Company has received consent in writing to act as Director in Form DIR-2 and intimation in Form DIR-8 to the effect that she is not disqualified u/s 164(2) to act as Director. The Company has also received declaration from her that she meets the criteria of independence as prescribed u/s 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015.

Mrs. Padmaja, being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for a First Term of 5 (Five) years from the date of this AGM.

Copy of the draft letter for appointment of Mrs. Padmaja as an Independent Director setting out the terms and conditions would

be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day till the date of AGM.

The Board upon the recommendation of the Nomination and Remuneration Committee on 1<sup>st</sup> April, 2020 has approved the appointment of Mrs. Padmaja as an Independent Director and recommends the same for the approval by the Shareholders of the Company. In terms of proviso to sub-section (5) of Section 152 of the Companies Act, 2013, the Board of Directors is of the opinion that Mrs. Padmaja is the person of integrity having relevant expertise and experience and fulfils the conditions specified in the Act for her appointment as an Independent Director and is independent of the management.

Details of the Directors as required to be provided pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS – 2 (Secretarial Standards on General Meetings) are made part of this notice as **Annexure II**

Mrs. Padmaja may be deemed to be interested in this resolution as it concerns her appointment. Save and except for the aforesaid Independent Director, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Shareholders.

#### **ITEM NO. 6**

Mr. Arvind Singhanian was appointed as Managing Director (designated as Chairman & CEO) of the Company from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020 by passing Special resolution in the Annual General Meeting held on 4<sup>th</sup> September, 2017.

Mr. Arvind Singhanian, co-founder of Ester, has been actively associated with the company since its inception in the year 1985. His vision and passion have been integral to Ester's success and he has taken the company from a small start up to a diversified and globally recognized organization. Innovation & development are at the core of his philosophy and this has been the driving force behind Ester's transformation from commodity to technology play. He has more than 35 years of rich and varied experience including production, supply chain, finance, and business development. Under his guidance, Ester has seen tremendous success with its various product, modernisation and expansion initiatives.

The tenure of office of Mr. Arvind Singhanian was expired on 31<sup>st</sup> March, 2020. At the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on 10<sup>th</sup> February, 2020, approved his re-appointment for another period of 3 years w.e.f. 1<sup>st</sup> April, 2020 subject to the approval of Shareholders.

The terms and conditions of his re-appointment and remuneration are given in proposed Special Resolution set out in the Item No. 6 of this Notice.

Statement containing required information as per Section II of part II of Schedule V of the Companies Act, 2013 are made part of this notice as **Annexure I**

Details of the Directors as required to be provided pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS – 2 (Secretarial Standards on General Meetings) are made part of this notice as **Annexure II**

None of the Directors except Mr. Arvind Singhanian himself and Mrs. Archana Singhanian (wife of Mr. Arvind Singhanian), Key Managerial Personnel (KMPs) or the relatives of Directors or KMPs is interested or concerned in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Shareholders.

#### **ITEM NO. 7**

Mr. Pradeep Kumar Rustagi was appointed as Whole-time Director of the Company from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020 by passing Special resolution in the Annual General Meeting held on 4<sup>th</sup> September, 2017.

Mr. Pradeep Kumar Rustagi has more than 30 years of rich experience with leadership roles in finance & accounts including accounting, treasury, budgeting & MIS, audits, taxation and business processes & automation.

The tenure of office of Mr. Pradeep Kumar Rustagi was expired on 31<sup>st</sup> March, 2020. At the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on 10<sup>th</sup> February, 2020, approved his re-appointment for another period of 3 years w.e.f. 1<sup>st</sup> April, 2020, subject to the approval of Shareholders.

The terms and conditions of his re-appointment and remuneration are given in proposed Special Resolution set out in the Item No. 7 of this Notice.

Statement containing required information as per Section II of part II of Schedule V of the Companies Act, 2013 are made part of this notice as **Annexure I**

Details of the Directors as required to be provided pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and SS – 2 (Secretarial Standards on General Meetings) are made part of this notice as **Annexure II**

None of the Directors except Mr. Pradeep Kumar Rustagi himself, Key Managerial Personnel (KMPs) or the relatives of Directors or KMPs is interested or concerned in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Shareholders.

#### **ITEM NO. 8**

Mr. Ayush Vardhan Singhanian is a graduate from Bentley University, Waltham, Massachusetts, USA. He has majored in Management and International Studies. He has also completed MBA from IE Business School Madrid, Spain. The shareholders of the Company in the Annual General Meeting held on 28<sup>th</sup> September, 2015 approved his appointment on office/place of profit in the Company for a period of 5 years from 1<sup>st</sup> October, 2015 to 30<sup>th</sup> September, 2020.

After considering his performance during his job tenure, it is proposed by the Board of Directors to re-appoint him on such terms and condition as specified in the proposed resolution given under Item no. 8.

The Audit Committee, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 17<sup>th</sup> June, 2020 have approved his re-appointment, subject to approval of the members pursuant to Section 188 of the Companies Act, 2013.

The particulars of the transaction pursuant to para 3 of Explanation (1) to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

|   |  |
|---|--|
| <b>Name of the related Party</b>  | Mr. Ayush Vardhan Singhania  |
| <b>Name of the Director/ KMP who is related and Nature of Relationship</b>  | Mr. Ayush Vardhan Singhania is son of Mr. Arvind Singhania, Chairman & CEO and Mrs. Archana Singhania, Non-Executive Director  |
| <b>Nature, material terms, monetary value and particulars of the Arrangement</b>                                  | Mr. Ayush Vardhan Singhania is proposed to be appointed as Head – Marketing & Business Development for 5 years at such remuneration and other terms & conditions as specified in the proposed resolution given under Item no. 8. |
| <b>Any other information relevant or important for the members to make a decision on the proposed transaction</b> | -  |

The proposed remuneration to Mr. Ayush Vardhan Singhania is commensurate with his qualification and is in line with the industry standards. In terms of Section 188 of the Companies Act, 2013 and rules made thereunder, appointment of any related party to any office of place of profit in the Company should be approved by the Shareholders by way of Special Resolution. As Mr. Ayush Vardhan Singhania is a related party in terms of Companies Act, 2013, his appointment requires approval of Shareholders by way of Special Resolution.

Except Mr. Arvind Singhania, Mrs. Archana Singhania and their relatives, being related parties, none of the Directors, Key Managerial Personnel (KMPs) or the relatives of Directors or KMPs is concerned or interested in the said resolution.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the Shareholders.

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

Sd/-  
**Diwaker Dinesh**  
**Head-Legal & Company Secretary**  
**(Membership No.: A22282)**

Place : Gurugram  
Date : 15<sup>th</sup> July, 2020

**STATEMENT CONTAINING REQUIRED INFORMATION AS PER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 FOR ITEM NO. 6 AND 7**

**I. GENERAL INFORMATION:**

|  |  |
|--|--|
| i) Nature of Industry  | Manufacturer of Polyester Chips, Specialty Polymers, Polyester Film and Engineering Plastics |
| ii) Date of commencement   | 1st July, 1988 and various commercial production expansions thereafter                       |
| iii) In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | Not Applicable   |

iv) Financial performance based on given indicators

(Rs. in lacs)

| Particulars                                     | 2017-18  | 2018-19   | 2019-20   |
|---|----------|-----------|-----------|
| Revenue from Operations                         | 82449.00 | 102806.23 | 103870.15 |
| Other Income                                    | 567.05   | 572.01    | 889.39    |
| Total Income                                    | 83016.05 | 103378.24 | 104759.54 |
| Expenditure                                     | 75886.41 | 92010.94  | 84929.60  |
| Depreciation and amortization expenses          | 3102.37  | 3241.54   | 3527.78   |
| Finance Cost                                    | 3278.44  | 3421.40   | 2445.52   |
| Profit/ (Loss) before tax                       | 748.83   | 4704.36   | 13856.64  |
| Provision for taxation (including Deferred Tax) | 219.43   | 1593.73   | 3906.77   |
| Profit/ (Loss) after tax                        | 529.40   | 3110.63   | 9949.87   |

v) Foreign investments or collaborators, if any:

Presently as on 31st March, 2020, the Company has following foreign investments in the Company –

Promoter Category (Foreign) – 58.78%

Public Category (Foreign) – 16.06%

The Company has no foreign collaboration.

**II. INFORMATION ABOUT MR. ARVIND SINGHANIA AND MR. PRADEEP KUMAR RUSTAGI**

**1) Background Details, Recognition or Awards**

**Arvind Singhania**

Mr. Arvind Singhania is the promoter of the company. In the past also he has managed affairs of the company as Chairman and Managing Director of the Company.

His vision and passion have been integral to Ester's success, building the company from a small start up to one of India's leading, most recognized polyester film manufacturing company. Mr. Arvind Singhania has been associated with the company since its inception. He has more than 35 years of rich and varied operations experience including production, supply chain, finance and people management. Under his tutelage, Ester has undertaken and seen tremendous success with its various expansion and modernization initiatives.

**Pradeep Kumar Rustagi**

Mr. Pradeep Kumar Rustagi serves as Executive Director & Chief Financial Officer (CFO) of Ester and oversees the finance and accounting department. Mr. Pradeep has more than 30 years of experience with leadership roles in financial planning, accounts, taxation, budgeting & MIS, liaison with banks & financial institutions, statutory compliance and excise.

As CFO, Mr. Pradeep is responsible for Ester's financial operations and investor relations.

Mr. Pradeep Kumar Rustagi is a qualified Chartered Accountant from The Institute of Chartered accountants of India.

**2) PAST REMUNERATION**

Details of Remuneration paid to Mr. Arvind Singhania and Mr. Pradeep Kumar Rustagi in 2019-20 are as below –

(Rs. in Lacs)

| Particulars of Remuneration         | Arvind Singhania<br>Chairman & CEO | Pradeep Kumar<br>Rustagi<br>Executive Director<br>& CFO |
|-------------------------------------|------------------------------------|---|
| <b>Basic Salary</b>                 | 133.33                             | 40.02   |
| <b>Allowances &amp; Perquisites</b> | 140.20                             | 53.99   |
| <b>PF &amp; SAF</b>                 | 16.00                              | 5.80  |
| <b>Commission</b>                   | 1110.00                            | 20.00   |
| <b>Total</b>                        | <b>1399.53</b>                     | <b>119.81</b>   |

**3) Job Profile and his Suitability**

**Mr. Arvind Singhania**

Mr. Arvind Singhania is the promoter director of the company. His vision and passion have been integral to Ester's success, building the company from a small start up to one of India's leading, most recognized polyester film manufacturing company. In the Company he has been entrusted with substantial powers of the management of the business and affairs of the Company. The Company has made enormous growth in his leadership. Taking into account his past experience, managerial & leadership skills, knowledge about the operations of the company etc. he is a fit & proper person for this position.

**Mr. Pradeep Kumar Rustagi**

Mr. Pradeep Kumar Rustagi manages and is in-charge of all the affairs relating to finance, accounts, raw material purchase, taxation etc. He also plays pivotal role in Strategy Planning and establishment of new Projects of company. As Executive Director & CFO of the Company he is responsible for the management

of the Company, subject to the superintendence, guidance and control of the Board of Directors of the Company. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person for this position.

**4) Remuneration Proposed:**

The remuneration proposed for both the Directors is detailed in the resolution under Item No.6 & 7.

**5) Comparative remuneration Profile with respect to Industry, size of the Company, profile of the position and person**

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

**6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Mr. Arvind Singhanian is a Promoter Director of the Company and holds 150 shares in his individual capacity. Mr. Arvind Singhanian is also Significant Beneficial owner in the Company by virtue of shares held by Wilemina Finance Corp., a Promoter Company. Apart from receiving remuneration and dividend, he does not receive any emoluments from the Company and is also not related to any managerial personnel of the Company. Mrs. Archana Singhanian, wife of Mr. Arvind Singhanian is the Non-Executive Director of the Company.

Mr. Pradeep Kumar Rustagi is employee Director of the Company and holds 400 shares in his individual capacity. Apart from receiving remuneration and dividend, he does not receive any emoluments from the Company and is also not related to any managerial personnel of the Company.

**III. OTHER INFORMATION:**

**1. Reasons of loss or inadequate profit**

- Significant expansions worldwide in Polyester Film business may cause skewed demand supply balance with supply exceeding the demand.

- Due to volatility in the prices of Crude Oil, the prices of feedstock (PTA & MEG) may vary significantly thereby impacting the margins adversely.

- Adverse impact of Trade barriers arising due to changing geo-political scenario.

**2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profit in measurable terms.**

- Focus on enhancing volume of sale of various high margin products in the Specialty Polymer business.
- Increasing the proportion of Value Added Niche products in the Polyester Film business. Value Added Niche products fetch higher realisation than the plain polyester film and are less susceptible to cyclicity.
- Increasing focus on reduction in costs.
- Improving processes and thereby improving productivity & efficiency that will lead to reduced wastages.

**IV. DISCLOSURES:**

The Company has provided following information in Corporate Governance Report forming part of the Board of Directors Report:

- all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;
- details of fixed component and performance linked incentives along with the performance criteria;
- service contracts, notice period, severance fees;
- stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

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

Sd/-  
**Diwaker Dinesh**  
Head-Legal & Company Secretary  
Membership No.: A22282

Place : Gurugram  
Date : 15<sup>th</sup> July, 2020

**ANNEXURE-II**

Details of the Directors as required to be provided pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and SS – 2 (Secretarial Standards on General Meetings) are detailed below:

| Particulars  | Mrs. Padmaja Shailen Ruparel   | Mr. Arvind Singhania   | Mr. Pradeep Kumar Rustagi   |
|--|--|--|---|
| Director's Identification Number (DIN)   | 01383513   | 00934017   | 00879345  |
| Date of 1 <sup>st</sup> appointment on the Board of Company                    | 1 <sup>st</sup> April, 2020  | 20 <sup>th</sup> November, 1987  | 14 <sup>th</sup> February, 2011   |
| Date of appointment under current term on the Board of Company                 | 1 <sup>st</sup> April, 2020  | 1 <sup>st</sup> April, 2017  | 1 <sup>st</sup> April, 2017   |
| Date of Birth  | 16 <sup>th</sup> May, 1962   | 28 <sup>th</sup> May, 1964   | 14 <sup>th</sup> November, 1961   |
| Age (in years)   | 58   | 56   | 59  |
| Qualification  | BA, MBA (DIP)  | Graduate   | Chartered Accountant  |
| Expertise and experience in specific functional areas                          | Mrs. Padmaja Shailen Ruparel is nationally recognized as a key player in the Indian entrepreneurial ecosystem and has helped companies found many of the relevant institutions, besides being an active Angel investor herself. Her operating experience spans large corporates, M&A, and startups/early stage companies. She has been awarded as one of the 'Top 50 Most Powerful Women in Business' by Fortune India for 2017, 2018, 2019, listed in Forbes India's W- Power Trailblazers and "30 Most Powerful Women in India" by Business Today for 3 years running. The Women Economic Forum recognized her with its "Women of the Decade in Investment Banking" award. | Mr. Arvind Singhania is a co-founder of Ester, has been actively associated with the company since its inception in the year 1985.<br><br>Mr. Singhania's vision and passion have been integral to Ester's success and he has taken the company from a small start up to a diversified and globally recognized organization. Innovation & development are at the core of his philosophy and this has been the driving force behind Ester's transformation from commodity to technology play.<br><br>He has more than 35 years of rich and varied experience including production, supply chain, finance, and business development. | Mr. Pradeep serves as an Executive Director & Chief Financial Officer (CFO) of Ester and oversees the finance and accounting department. Mr. Pradeep has more than 30 years of experience with leadership roles in financial planning, accounts, budgeting & MIS, liaison with banks & financial institutions, statutory compliance and excise. As CFO, Mr. Pradeep is responsible for Ester's financial operations and investor relations. |
| Terms and conditions for appointment/ re-appointment and proposed remuneration | Terms and conditions of appointment are given in Corporate Governance Report.  | The terms and conditions of his re-appointment and remuneration are given in proposed Special Resolution set out in the Item No. 6 of this Notice.   | The terms and conditions of his re-appointment and remuneration are given in proposed Special Resolution set out in the Item No. 7 of this Notice.  |
| Remuneration last drawn (including sitting fee, if any)                        | NA   | Details given in Corporate Governance Report   | Details given in Corporate Governance Report  |
| Shareholding in the Company as on 31.03.2020                                   | Nil  | 150 equity shares  | 400 equity shares   |
| Relationship with other Directors and KMPs of the Company                      | Mrs. Padmaja Shailen Ruparel is not related to any of the Directors or Key Managerial Personnel (KMP) including relatives of Directors and KMPs of the Company in terms of Section 2(77) of the Companies Act, 2013.   | Mr. Arvind Singhania is spouse of Mrs. Archana Singhania, Non-Executive Director of the Company. Other than this Mr. Arvind Singhania is not related to any other Director or Key Managerial Personnel (KMP) including relatives of Directors and KMPs of the Company in terms of Section 2(77) of the Companies Act, 2013.  | Mr. Pradeep Kumar Rustagi is not related to any of the Directors or Key Managerial Personnel (KMP) including relatives of Directors and KMPs of the Company in terms of Section 2(77) of the Companies Act, 2013.   |

| Particulars  | Mrs. Padmaja Shailen Ruparel  | Mr. Arvind Singhania  | Mr. Pradeep Kumar Rustagi  |
|--|---|---|--|
| <b>Number of Board meetings attended during the year</b> | -   | 6   | 6  |
| <b>Directorship in other Companies</b>                   | <ul style="list-style-type: none"> <li>• Infinity Technology Trustee Private Limited</li> <li>• Infinity Technology Investments Private Limited</li> <li>• Indian Angel Network Services Private Limited</li> <li>• Association of Certified Valuators and Analysts RVO</li> <li>• Ian Mentoring and Incubation Services</li> <li>• Webclipper Technologies Private Limited</li> <li>• Avendus Finance Private Limited</li> </ul> | <ul style="list-style-type: none"> <li>• Rekha Finance and Investment Private Limited</li> <li>• Acme Investments Limited</li> <li>• Lemon Tree Hotels Limited</li> <li>• Fenton Investments Private Limited</li> </ul> | <ul style="list-style-type: none"> <li>• Rekha Finance and Investment Private Limited</li> <li>• Fenton Investments Private Limited</li> <li>• PDJ Properties &amp; Investment Services Private Limited</li> </ul> |
| <b>Chairman/member in Committees of other Board</b>      | -   | -   | -  |

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

Sd/-  
**Diwaker Dinesh**  
**Head-Legal & Company Secretary**  
**Membership No.: A22282**

Place : Gurugram  
Date : 15<sup>th</sup> July, 2020

## CHAIRMAN & CEO's MESSAGE



Dear shareholders,

It gives me immense pleasure to present the annual report for the financial year 2019-20

Global economic growth stood at 2.9 percent in 2019. The first half of 2019 witnessed global trade tensions, rising tariffs fuelling policy uncertainty, curtailed investment pushing global trade growth down by 0.3 per cent in 2019- its lowest level in a decade. Bilateral trade policies between the USA and China caused disruptions to international supply chains. Another reason for a global growth shortfall was emergence of coronavirus (COVID-19) pandemic. In Q4-2019 which is still causing a severe blow to the global economy. The measures implemented to protect public health by imposing lockdowns & travel restrictions have undercut an already fragile global economy, creating an environment of recessions in advanced economies and emerging market and developing economies (EMDEs) alike. Due to the economic collapse caused by COVID-19, IMF has projected a global contraction of 4.9% and contraction in Indian economy by 4.5% in 2020.

According to the IMF, India's economy grew at a rate of 4.2 percent in 2019 against 6.1% growth last year. Indian economy began to regain momentum with clear signs of uptick in consumption and investment towards the end of Q3FY20, only to be halted by COVID-19 that made government enforce nation-wide

lockdown in late March 2020. The COVID-19 induced shock is extremely unconventional in terms of its size and uncertainty, with its impact dependent on hard to predict factors like the possibility of a second wave, social distancing measures, supply chain restrictions and financial market disruptions alongside societal responsiveness. Post COVID-19, companies might see contractions in global trade with issues like new orders slowing down & longer payment cycle. Although government and RBI have reacted with enough measures to inject liquidity into the system, but the effect may come in a longer run.

Amid COVID-19 & the imposed lockdown, the consumption level of essential commodities in Food & Beverage industry and medical industry surged temporarily due to stock hoarding & panic buying. Packaging Industry continued to play a crucial role in adding value to these industries by delivering preservation of quality and enhanced shelf life of F&B and Pharmaceutical products.

During FY2019-20, your company has shown strong financial performance. Our EBITDA margin has increased to 18.4% in the current year as compared to 10.6% in FY19, whereas Profit after Tax grew by 220 percent to Rs 99.5 crores as against Rs 31.1 crores during the last year.

The Polyester film market in India continues to grow to the tune of 10-12 percent in 2019-20. The business momentum in the film business continues with increased volumes and enhanced margins driving profitability growth. The sales volume has recorded 11% increase from 52290 metric tonnes in FY 2019 to 58033 metric tonnes in FY 2020. This had been possible because of our continuous focus and efforts to improve internal efficiencies. Higher realizations and richer product mix has led to increased margins in FY 2020 as compared to the previous year. During the current year, we expect the demand growth from Consumer Staples for flexible packaging to remain strong & increased focus on health & hygiene products to result in further growth in demand. In the upcoming financial year, due to changes in the macro-economic scenario on account of COVID-19 outbreak, we expect that some of the planned commissioning of new capacities in near term might get delayed. Your company is continuously working towards increasing the share of value added products & we expect it to reach ~30% within next 2 years. In these lines, we have commissioned an Off Line Coater in May 2020 which will enable us to enhance the volume of Value Added & Specialty Films and help achieve the target of value added products.

FY20 witnessed a global slowdown in the Engineering Plastics industry. In the domestic market, the Auto Segment – largest end-use segment – witnessed a 5-year low, declining by ~18%. The Electrical and OFC segments also experienced a slowdown on account of sluggish infrastructure development and liquidity issues. Ester further restricted sales into the Lighting segment owing to severe liquidity issues within this segment. Ester's EP SBU registered a negative sales growth of 17.4% (10.1% in volumetric terms). A drop of ~8% in unit selling price – consequent to a steady drop in polymer rates almost throughout the year – accounted for the higher drop in value terms. Sales volumes of EP

compounds (*catering to end-use segments such as automotive, electrical & electronics and appliances*) registered a negative growth of 1.8%, whereas volumetric sales to the Optical Fiber Cable industry declined by ~22%. Your Company grew its sales into the Appliances segment through new customer acquisition and also maintained its steady exports growth journey, with volumes into the Exports market registering a growth of >30%. A good recovery was seen in Q4 – the best quarter in terms of sales as well as profitability – on the back of improved market conditions in the Electrical & OFC segments. This momentum was, however, short-lived on account of the lockdown due to the global pandemic. Despite the setbacks, Ester's EP business has registered a modest short-term growth, with the 3-year CAGR (FY 17 to FY 20) at 3.6% and 0.1% in value and volumetric terms respectively. Given the prevailing uncertainty on account of COVID-19, in H1 of FY 21, your company would focus on customer/market retention, working capital & fixed/variable cost management and supply chain initiatives for business continuity, whilst minimizing business exposure. In H2 of FY21, with the EP Industry expected to bounce back, your Company would work aggressively towards growing volumes & profitability, thereby setting the tone for robust growth in the coming years.

The Specialty Polymer business has started to demonstrate positive results & consistency that we had envisaged in the recent years. FY20 proved to be a year of inflection point for the business with increased revenue & profitability. Our marquee products namely MB-03 and Innovative PBT have begun enjoying steady and consistent off-take. Our supply of innovative Polybutylene Terephthalate (PBT) has exceeded its minimum contract volume in FY 20 & we expect the same for the coming

year. Further, we are witnessing encouraging progress in the development of another new product for the carpet industry in the US. Our Deep Dyeable Master Batch as well as Cationic Dyeable Master Batch has started showing positive results & we expect the orders from our customers in current year. Our growth momentum may have been impacted by COVID-19 in short term but with business fundamentals remaining strong, we are quite bullish about the long-term prospects of the business.

While we have made much progress, Ester is continuing its journey of business process improvement through various efficiency improvement plans & cost reduction measures. The core of our existence is to create value for our customers and stakeholders and this continues to remain our focus. We will continue our focus on enhancing the product mix & improve EBITDA margins along with capacity expansion to cater to the growing demand of BOPET films. In Specialty Polymer Business, we will concentrate on our strategy of new product development & increased customer base to increase the overall size of the business. I would like to thank all my colleagues for their continued dedication, enthusiasm, commitment and hard work for creating value for our shareholders. I would like to express my sincere gratitude to our shareholders, investors, partners and banks who continue to support us. I wish to express my appreciation to colleagues on the Board for their continued support and confidence in Ester. We solicit your continued support towards Ester's transformation.

With regards

**Arvind Singhania**  
Chairman & CEO

# DIRECTORS' REPORT

## To The Members

Your directors are pleased to present the 34<sup>th</sup> Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2020.

## FINANCIAL RESULTS

|  | For the year ended<br>31.03.2020<br>(Rs. / crores) | For the year ended<br>31.03.2019<br>(Rs. / crores) |
|--|--|--|
| Net Sales Revenue                                      | 1031.71  | 1020.25  |
| Other Operating Revenue                                | 6.99   | 7.81   |
| Other Income   | 8.89   | 5.72   |
| Profit before Financial Expenses, Depreciation and Tax | 198.30   | 113.67   |
| Less: Interest & Other Financial Expenses              | 24.46  | 34.21  |
| Profit / (Loss) before Depreciation and Tax            | 173.84   | 79.46  |
| Depreciation and amortization expenses                 | 35.28  | 32.42  |
| Profit / (Loss) before Tax                             | 138.57   | 47.04  |
| Current & Deferred Tax expense / (credit)              | 39.07  | 15.94  |
| Profit / (Loss) after Tax                              | 99.50  | 31.10  |
| Other Comprehensive Income (net of income tax effect)  | (0.76)   | 0.05   |
| Total Comprehensive Income                             | 98.74  | 31.15  |
| Basic Earnings Per Equity Share (Rupees)               | 11.93  | 3.73   |
| Diluted Earnings Per Equity Share (Rupees)             | 11.93  | 3.73   |

## DIVIDEND AND RESERVES

Your directors have recommended payment of dividend at the rate of Rs. 2.50 per equity share as the Company has earned Net Profit after Tax of Rs. 99.50 Crores during the year under review. Your Company has not transferred any amount of Profit & Loss account to any reserve.

The Company has adopted Dividend Distribution Policy to lay down criteria to be considered by the Board of Directors of the Company before the recommendation/ declaration of Dividend. In terms of the policy the Company shall endeavor to declare/ recommend total dividend amount including applicable Tax (both Interim and Final Dividend) upto 20% of the Annual Profits after Tax (PAT) of the company in any financial year.

## OPERATIONS REVIEW

During the year under review, your Company earned a Net Profit after Tax (NPAT) of Rs. 99.50 crores, a significant improvement as compared to NPAT of Rs. 31.10 crores earned during FY 2018-19. Revenue from Operations during the year under review stood at Rs. 1038.70 crores as compared to Rs. 1028.06 crores during FY 2018-19, a marginal increase of 1.0%.

Main factors for significant enhancement in profitability of the company are substantially improved performance of Polyester Film and Specialty Polymers on account of higher volume as well as better margins.

A significant increase in revenues of Specialty Polymers from Rs. 30.42 crores to Rs. 73 crores, both on account of higher volume and selling price, contributed towards overall increase in sales revenue. Specialty Polymer business has had one of

its best performances till date on the back of good demand and consistent product off-take.

The Company achieved an improvement in margin in Polyester Film SBU despite a reduction in selling price, consequent to reduction in feedstock prices. The drop in selling prices resulted in a lower value growth of 1.94% as compared to volume growth of ~11% (from 52290 MT to 58033 MT).

Growth in demand helped in bridging the demand supply gap, thereby contributing towards improved unit margins for the Polyester Film business. This, coupled with the enhanced sales in volumetric terms resulted in significantly improved profitability for the SBU. Demand for Polyester Film continues to grow at the rate of 10% - 12% (domestic) and 6%- 6.5% (global).

The profitability for the Polyester Film SBU witnessed an improvement in EBIT from Rs. 120.34 crores to Rs. 182.64 crores – EBIT margin improving from 14.98% to 22.69%.

During the year under review, capacity utilization in Polyester Films was about 102%, with production at 58235 MT as compared to 52510 MT during the FY 2018-19.

Engineering Plastics SBU registered a negative growth of 17.4% in value terms (10.1% in volumetric terms). The higher drop in value terms was on account of ~8% drop in unit selling price (compared to the previous year) consequent to the steady drop in polymer prices for the first 10 months of the year.

Reduced market demand resulted in negative growth of 1.8% for the EP compounds in volumetric terms (catering to end-use segments such as automotive, electrical & electronics and appliances). Likewise, volumetric sales to the OFC segment also

registered a negative growth of 22%. While overall domestic volume declined by 12%, exports volume grew by >30%, albeit on a much smaller base.

The profitability for the Engineering Plastics SBU witnessed marginal improvement in EBIT from Rs. 7.69 crores to Rs. 8.63 crores – EBIT margin improving from 3.95% to 5.37%.

Despite increase in sales of Polyester Chips in volumetric terms from 10057 MT to 10418 MT, revenue dropped by 18.1% on account of reduction in feedstock prices.

Various initiatives taken over the last ten years – supported by capacity expansions & higher productivity in Polyester Film – have resulted in revenues from operations of the Company growing at a CAGR of 10.1% pa, from Rs. 395.37 crores in FY 2009-10 to Rs.1039.45 crores in FY 2019-20

Your Company continues to make investments towards modernization, technical upgradation and debottlenecking initiatives in all the business segments to improve productivity, production efficiency and reduce wastages.

Given the growing domestic & global demand for Polyester Film, your directors in their meeting held on 5th March 2020, have approved an investment outlay of about Rs. 500 crores to expand Polyester Film capacity by about 48000 MTPA.

## CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“SEBI (LODR) Regulations, 2015”). We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Pursuant to SEBI (LODR) Regulations, 2015, the Corporate Governance Report and the Practising Company Secretary’s Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

## SECRETARIAL STANDARDS

The Company is in compliance with all applicable Secretarial Standards as issued by the Institute of Company Secretaries of India (ICSI).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis Report on performance, state of affairs of the company, risk management system, industry trends and other material changes and commitments, if any, affecting the financial position of the company forms an integral part of the Annual Report.

## PUBLIC DEPOSIT

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding at the end of financial year 2019-20.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointment of Independent Directors

- **Mrs. Padmaja Shailen Ruparel**

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, appointed Mrs. Padmaja Shailen Ruparel (DIN 01383513) as an Additional Director with effect from 1<sup>st</sup> April, 2020 pursuant to Section 161(1) of the Companies Act, 2013 and as an Independent Director pursuant to Section 149 of the Companies Act, 2013 for a period of 5 (Five) years subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

The company has received a notice under Section 160 of the Companies Act, 2013 proposing the appointment of Mrs. Padmaja Shailen Ruparel as Independent Director. Accordingly resolution proposing appointment of Mrs. Padmaja Shailen Ruparel as Independent Director for a period of 5 (Five) years from the date of this Annual General Meeting, forms part of the Notice of the Annual General Meeting.

On the basis of recommendation of the Nomination and Remuneration Committee, the Board has a opinion that Mrs. Padmaja Shailen Ruparel is the person of integrity having relevant expertise and experience.

### Appointment of Executive Directors

- **Mr. Arvind Singhania**

Mr. Arvind Singhania was appointed as Managing Director (designated as Chairman & CEO) of the Company from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020 by passing Special resolution in the Annual General Meeting held on 4<sup>th</sup> September, 2017.

The tenure of office of Mr. Arvind Singhania was expired on 31<sup>st</sup> March, 2020. At the recommendation of the Nomination & Remuneration Committee, the Board in its meeting held on 10<sup>th</sup> February, 2020, approved his re-appointment for another period of 3 (Three) years w.e.f 1<sup>st</sup> April, 2020 subject to the approval of the Shareholders.

Accordingly, requisite Special Resolution containing terms and conditions of the re-appointment, forms part of the notice convening forthcoming Annual General Meeting.

- **Mr. Pradeep Kumar Rustagi**

Mr. Pradeep Kumar Rustagi was appointed as Whole-time Director of the Company from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2020 by passing Special resolution in the Annual General Meeting held on 4<sup>th</sup> September, 2017.

The tenure of office of Mr. Pradeep Kumar Rustagi was expired on 31<sup>st</sup> March, 2020. At the recommendation of the Nomination & Remuneration Committee, the Board in its meeting held on 10<sup>th</sup> February, 2020, approved his re-appointment for another period of 3 (Three) years w.e.f 1<sup>st</sup> April, 2020 subject to the approval of the Shareholders.

Accordingly, requisite Special Resolution containing terms and conditions of the re-appointment, forms part of the notice convening forthcoming Annual General Meeting.

### Resignation of Independent Director

Mr. Dinesh Chandra Kothari, Independent Director of the Company resigned from the directorship of the Company w.e.f. 10<sup>th</sup> November, 2019 due to his future commitments.

### Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Arvind Singhanian will retire by rotation at the forthcoming AGM of Company and being eligible, offers himself for re-election.

### Key Managerial Personnel (KMP)

Mr. Arvind Singhanian, Chairman & Managing Director (designated as Chairman & CEO), Mr. Pradeep Kumar Rustagi, Executive Director & CFO and Mr. Diwaker Dinesh, Head-Legal & Company Secretary are the Key Managerial Personnel of your Company in accordance with the provisions of Section 2(51) read with Section 203 of the Act and rules made thereunder.

There was no change in the Key Managerial Personnel of the Company.

### DECLARATION OF INDEPENDENCE

The Independent Directors of your Company have confirmed that they meet the criteria of Independence as prescribed under Section 149 of the Act read with Regulation 16 of the SEBI (LODR) Regulations, 2015 and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, in the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the SEBI (LODR) Regulations, 2015 and are independent of the management of the Company.

### COMPOSITION AND MEETING OF THE BOARD AND AUDIT COMMITTEE

The details of the composition of Board of Directors and Audit Committee and number of Board and Audit Committee meetings held during the year are given in the Corporate Governance Report which forms part of the Annual Report.

### AUDITORS AND AUDIT REPORT

#### Statutory Audit

M/s Walker Chandiook & Co. LLP, Chartered Accountants, is the Statutory Auditors of the Company appointed by the Shareholders in their Annual General Meeting (AGM) held on 4<sup>th</sup> September, 2017, to hold office from 31<sup>st</sup> AGM till 36<sup>th</sup> AGM.

The Auditors' Report for the year under review read together with Annexures do not contain any qualification, reservation or adverse remark and do not call for any explanation/clarification.

#### Cost Audit

In terms of Section 148(1) and other applicable provisions, if any, of the Act and rules made thereunder, the Company is required to maintain the Cost records and accordingly such accounts and records are made and maintained.

At the recommendation of the Audit Committee, the Board has reappointed M/s. R. J. Goel & Co., Cost Accountants, as the Cost Auditor for the financial year 2020-21. In terms of the provisions of Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, the Board seeks ratification of the remuneration payable to the Cost Auditors for the financial year 2020-21. A resolution seeking your ratification of the remuneration of M/s. R. J. Goel & Co. for financial year 2020-21, forms part of the Notice convening the forthcoming Annual General Meeting.

#### Secretarial Audit

In terms of Section 204 of the Act, M/s Dhananjay Shukla & Associates, Company Secretaries, has conducted secretarial audit of the Company for the financial year ended 31<sup>st</sup> March, 2020. The Report of M/s Dhananjay Shukla & Associates is provided in the "Annexure-A" forming part of this Report.

There are no qualifications, reservation or adverse remark made by the Secretarial auditor in the report for the year under review.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) read with Section 134(5) of the Act (including any statutory modification(s) or re-enactment(s) for the time being in force), the Directors of your company, on the basis of information placed before them by the Management and Auditors, confirm that:-

- 1) in the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March 2020, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, if any.
- 2) they have selected appropriate accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent, so as to give a true and fair view of the 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) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) they have prepared the accounts of the Company for the financial year ended 31<sup>st</sup> March 2020 on a going concern basis.
- 5) proper internal financial controls laid down by them were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- 6) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## INTERNAL CONTROLS

The Company has laid down well defined and documented Internal Controls.

Your company's internal control procedures are adequate to ensure compliance with various policies, practices and statutes. Your Company maintains a system of internal controls designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- IT security controls
- Policies & procedures adopted for adequate financial reporting
- Timely and accurate preparation of reliable financial information.

During the year under review, few internal controls have been modified to align with change in scenario.

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Indian Accounting Standards) Rules, 2015 that continue to apply under Section 133 and other applicable provisions, if any, of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. These are in accordance with generally accepted accounting principles in India.

Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

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

The Company uses an ERP (SAP ECC 6.0 EHP-5) which is supplemented by internal controls framework to ensure reliable and timely financial reporting.

Compliance with laws and regulations is also monitored through a well laid down framework which requires individual functions to confirm and report statutory compliances on all laws and regulations concerning their respective functions. This gets integrated with the overall compliance reporting on all laws and regulations for the purpose of review and monitoring by the Board.

## 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 Mr. Arvind Singhania, Chairman & CEO is enclosed as a part of the Corporate Governance Report which forms part of the Annual

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, vigil mechanism, transparency, auditability and legal compliance etc.

## CHANGES IN CAPITAL

During the financial year 2019-20, there was no change in the Capital of the Company.

## LISTING OF SECURITIES

Your Company's Equity Shares are currently listed with BSE 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 2020-21.

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "**Annexure – B**". Annual Return of the Company are also available on the Company's website viz. [www.esterindustries.com](http://www.esterindustries.com)

## PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES

The particulars of the loan, if any (along with the purpose of utilization by recipient of loan) and investments covered under Section 186 of the Act are provided in Notes 7 and 10 to financial statements. The Company has not issued any guarantee or provided any security as covered under Section 186 of the Act.

## CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Act and rule made thereunder, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee. The details of the Composition of the Committee is set out in Corporate Governance Report which forms part of the Annual Report. The Committee has adopted a Corporate Social Responsibility Policy. Annual Report on CSR activities containing brief outline of the CSR Policy of the Company along with total amount spent on CSR and other details is set out in "**Annexure–C**" of this report as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Policy is uploaded on Company's website and the same can be accessed at the following link –

[http://www.esterindustries.com/sites/default/files/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.esterindustries.com/sites/default/files/Corporate_Social_Responsibility_Policy.pdf)

## PERFORMANCE EVALUATION

The Company has a Policy for performance evaluation of all the Directors, Chairperson of Board as a whole and Committees of the Board.

An annual evaluation was carried out of the performance of the Board, Board's committees, all the directors and Chairperson pursuant to the provisions of the Act as well as SEBI (LODR) Regulations, 2015.

During the year the following evaluation process was adopted–

1. Independent Directors at their separate meeting without the presence of Non-Independent Director, had reviewed the performance of the Chairperson, Non-Independent Directors and the Board. While evaluating the performance of the Chairperson, the views of executive directors and non-executive directors were also taken into account.
2. Nomination and Remuneration Committee carried out the performance evaluation of all the Directors, Committees of the Board and the Board as a whole.
3. The Board had evaluated its own performance, performance of its Committees and each Director.

The process of performance evaluation was based on the criteria prescribed in the Policy on Performance Evaluation. The Policy is uploaded on Company's website and the same can be accessed at the following link –

[http://www.esterindustries.com/sites/default/files/Performance\\_Evaluation\\_Policy.pdf](http://www.esterindustries.com/sites/default/files/Performance_Evaluation_Policy.pdf)

#### **POLICY AND DISCLOSURE RELATING TO THE NOMINATION AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNELS AND OTHER EMPLOYEES**

Nomination and Remuneration Committee has framed a Nomination and Remuneration policy for determining criteria of selection and appointment of Directors, Key Managerial Personnel, Senior Management Personnel including determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Companies Act, 2013. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters have been outlined in the Corporate Governance Report which forms part of the Annual Report.

The Policy is uploaded on Company's website and the same can be accessed at the following link –

<http://www.esterindustries.com/sites/default/files/Nomination%20and%20Remuneration%20Policy%20Ver%202017%20June%202020.pdf>

The information required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in “Annexure – D” of this report. The same is open for inspection at the Registered Office of your Company at all working days except Saturday, till the date of forthcoming Annual General Meeting.

#### **RISK MANAGEMENT SYSTEM**

The Audit Committee constituted by the Board reviews and evaluates the risk management plan along with matters pertaining to review of internal audit, financial results, operational performance etc. placed before it on quarterly basis. The terms of references of the Audit Committee stipulated by the Board includes the “Evaluation of Risk Management System.” The Audit Committee is mandated to make recommendation to the Board for the matters pertaining to framing, implementing and monitoring the risk management

system & plan for the Company as and when the Committee thinks necessary. A detailed note on Risk Management System has been provided under the Management Discussion and Analysis (MDA) Report

#### **RELATED PARTY TRANSACTIONS**

All contracts or arrangements with related parties, entered into or modified during the financial year, were on an arm's length basis and in the ordinary course of business.

All such contracts or arrangements, wherever required, have been approved by the Audit Committee and the Board. However no material contract or arrangement with related parties was entered into during the year under review. The company has not entered any transaction with the Related parties, which are not at arm's length. Accordingly, no transactions are being reported in Form No. AOC-2 provided in “Annexure – E” pursuant to Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014.

The details of the related party transactions as required under IND AS 24 are set out in Note 37 to the standalone financial statements forming part of this Annual Report.

The Policy on Related Party Transactions, can be accessed on the Company's website at the following link-

[http://www.esterindustries.com/sites/default/files/Related\\_Party\\_Transactions\\_Policy%20Ver%202017th%20June%202020.pdf](http://www.esterindustries.com/sites/default/files/Related_Party_Transactions_Policy%20Ver%202017th%20June%202020.pdf)

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 134 of the Act read with the Companies (Accounts) Rules, 2014 is set out in the “Annexure – F” forming part of this report.

#### **VIGIL MECHANISM**

The Company has a Vigil Mechanism/Whistle Blower Policy with a view to provide a mechanism for employees of the Company to raise concerns of suspected frauds, instances for leakage or suspected leakage of Unpublished Price Sensitive Information, any violations of legal/ regulatory requirements or code of conduct/policy of the Company, incorrect or misrepresentation of any financial statements and reports, etc. The purpose of this Policy is to encourage employees and directors who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The policy aims to provide an avenue for employees and directors to raise concerns and reassure them that they will be protected from reprisals or victimization for whistle blowing in good faith.

The practice of the Whistle Blower Policy is overseen by the Audit Committee of the Board and no employee has been denied access to the Committee. The Policy can be accessed on the Company's website at following link –

[http://www.esterindustries.com/sites/default/files/Whistle\\_blower\\_policy.pdf](http://www.esterindustries.com/sites/default/files/Whistle_blower_policy.pdf)

### **INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

There was no incident of sexual harassment reported and pending for investigation during the financial year 2019-20. For protection against sexual harassment, Company has formed an internal complaints committee to which employees can write their complaints. The Company has a Prevention of Sexual Harassment Policy which has laid down a process for dealing with such issues.

The Company has complied with provisions relating to the constitution of Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

### **ACKNOWLEDGEMENT**

Your Directors acknowledge the co-operation and assistance received from various departments of the Central & State Government, banks and Non-banking finance companies.

Directors also express their gratitude and thanks to Customers, Suppliers and other Business Associates for their continued cooperation and patronage.

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 satisfactory management of the Company. Your Directors also thank the shareholders for their continued support.

**For and on behalf of the Board**

Sd/-  
**Arvind Singhania**  
**(Chairman & CEO)**

Place : Gurugram  
Date : 15<sup>th</sup> July, 2020

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For the financial year ended 31<sup>st</sup> March, 2020  
[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**M/s Ester Industries Limited**  
(CIN: L24111UR1985PLC015063)  
Sohan Nagar, P.O. Charubeta,  
Khatima - 262308, Distt. Udham Singh Nagar  
Uttarakhand, India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Ester Industries Limited**, (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification (Due to Covid 19 Pandemic impact, the required documents were obtained in electronic mode and accordingly verification was done), of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined (Due to Covid 19 Pandemic impact, the required documents were obtained in electronic mode and accordingly verification was done), the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**No event took place under this Regulation during Audit period**);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**No event took place under this Regulation during Audit period**);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**No event took place under this Regulation during Audit period**);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**No event took place under this Regulation during Audit period**); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**No event took place under this Regulation during Audit period**).
- vi. The company is carrying on the business of manufacturing of Polyester films and Engineering Plastics and its Manufacturing Plant is located at Sohan Nagar, P.O-Charubeta, Khatima, Distt.: Udham Singh Nagar, Uttarakhand, PIN-262308. As informed and confirmed by the management of the company, following are the laws specifically applicable to the company:-
- a. The Indian Boiler Act, 1923 and regulations made thereunder;
  - b. The Legal Metrology Act, 2009 and rules made thereunder;
  - c. The Petroleum Act, 1934 and rules & regulations made thereunder.

We have also examined compliance with the applicable clauses of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings (SS-1) and General Meetings (SS-2);
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Listing Agreements as entered by the company with the Stock Exchanges.

During the period under audit, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above to the extent applicable.

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. Mr. Sandeep Dinodia, the Independent Director was re-appointed for another term of 5 (Five ) years at the Annual General Meeting of the company held on 16<sup>th</sup> September, 2019. Mr. D.C.Kothari , Independent Director, resigned from the Directorship in the company with effect from 10th November 2019 due to his future commitments. The changes in the Board of Directors that took place ,as abovesaid, during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meeting and committees meeting . Agenda and detailed notes on agenda were sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meetings.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as per the minutes, as duly recorded and signed by the Chairman of the meeting of the Board of Directors or committees of the Board, therefore no dissenting views were there required to be recorded as part of the minutes.

**We further report that**, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

**We further report that**, during the audit period the Company has not undertaken any activity having a major bearing on the Company's Affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc except reported as hereunder:-

1. Pursuant to Section 14 of the Companies Act, 2013, the company has passed Special Resolution to adopt the new set of Articles of the Association in its Annual General Meeting held on 16th September 2019.
2. The company has declared final dividend for financial year 2018-19 @Rs.0.50/- per share on the face value of Rs. 5/- equity share which was approved by the shareholders in the Annual General Meeting held on 16th September 2019.
3. Pursuant to Section 2(87) and Section 186 of the Companies Act, 2013 and under applicable Regulation of the SEBI (LODR) Regulations, 2015, the Board of Directors of the company has passed resolution for incorporation of a new wholly owned subsidiary company for the expansion of the business in the meeting held on 5th March 2020.
4. The Company has approved an expansion plan of new BOPET Film line in its Board meeting held on 5<sup>th</sup> March, 2020 for an investment of Rs. 500 Crores (Rupees Five hundred Crores only) with mix of internal accruals and debt. The Board has passed resolution in the same meeting for granting loan to the subsidiary, if it requires, in compliance with section 186 of the Companies Act, 2013 and under applicable Regulation of the SEBI (LODR) Regulations, 2015.

**For Dhananjay Shukla & Associates  
Company Secretaries**

Sd/-

**Dhananjay Shukla  
Proprietor**

**FCS-5886, CP No. 8271**

**UDIN: F005886B000454345**

Date : 15<sup>th</sup> July, 2020

Place: Gurugram

This report is to be read with our letter of even date which is annexed as 'Annexure -A' and forms integral part of this report.

**Enclosure: Annexure-A**

To,  
The Members,

**M/s Ester Industries Limited**

(CIN: L24111UR1985PLC015063)

Sohan Nagar, P.O. Charubeta,  
Khatima - 262308, Distt. Udham Singh Nagar  
Uttarakhand, India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records and other relevant records as maintained by the company. Our Report is based on the verification of the documents/ records electronically supplied by the company, its officers and Authorised representatives and information available on the websites of the company, Bombay Stock Exchange /National Stock Exchange/Ministry of Corporate Affairs. Physical verification of the records/documents could not be carried out due to the Covid-19 pandemic. Further the verification was done on test basis to ensure that correct facts are reflected in secretarial records and other relevant records. We believe that the processes and practices we followed and the audit evidences we have obtained are sufficient and appropriate to provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have not examined the compliance by the company with applicable financial laws like Direct tax and Indirect Tax Laws, since the same has been subject to review by the Statutory Financial Auditor or by other designated professionals.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Dhananjay Shukla & Associates  
Company Secretaries**

Sd/-

**Dhananjay Shukla  
Proprietor**

**FCS-5886, CP No. 8271**

**UDIN: F005886B000454345**

Date : 15<sup>th</sup> July, 2020

Place: Gurugram

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

|   |   |   |
|---|---|---|
| I. CIN  | : | L24111UR1985PLC015063   |
| II. Registration Date   | : | 4th February, 1985  |
| III. Name of the Company  | : | Ester Industries Limited  |
| IV. Category / Sub-Category of the Company                              | : | Company Limited by Shares/Subsidiary of foreign Company   |
| V. Address of the Registered office and contact details                 | : | Sohan Nagar, PO Charubeta, Khatima-262308<br>Distt. Udham Singh Nagar, Uttarakhand<br>Ph.: (05943) 250153-57, Fax: (05943) 250158<br>Website: <a href="http://www.esterindustries.com">www.esterindustries.com</a><br>Email: <a href="mailto:investor@ester.in">investor@ester.in</a> |
| VI. Whether listed company  | : | Yes   |
| VII. Name, Address and Contact details of Registrar and Transfer agents | : | MAS Services Limited, T-34, Okhla Industrial Area, Phase-II<br>New Delhi - 110020, Tel. 011-26387281  |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company are as stated under:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Polyester Films                                  | 22201                            | 84.52%                             |
| 2       | Engineering Plastics                             | 22207                            | 15.48%                             |
|         | <b>Total</b>                                     |                                  | <b>100%</b>                        |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| S. No. | Name and address of the Company  | Company Identification Number / Global Location Number | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section of Companies Act, 2013 |
|--------|--|--|--------------------------------|------------------|---|
| 1      | M/s Wilemina Finance Corporation (Foreign Company) 6th Floor, Tower A, 1, Cyber City, Ebene, Mauritius | NA   | Holding Company                | 53.86%           | 2(46) read with 2(87)                     |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

| Category of Shareholders                                | No. of Shares held at the beginning of the year |          |                 |                   | No. of Shares held at the end of the year |          |                 |                   | % Change during the year |
|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
|   | Demat   | Physical | Total           | % of Total Shares | Demat                                     | Physical | Total           | % of Total Shares |                          |
| <b>A. PROMOTERS</b>                                     |   |          |                 |                   |   |          |                 |                   |                          |
| (1) <b>Indian</b>                                       |   |          |                 |                   |   |          |                 |                   |                          |
| a) Individual/ HUF                                      | 303191  | -        | 303191          | 0.36              | 303191                                    | -        | 303191          | 0.36              | -                        |
| b) Central Govt   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| c) State Govt (s)                                       | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| d) Bodies Corp.   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| e) Banks / FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| f) Any Other  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| <b>SUB-TOTAL (A) (1):-</b>                              | <b>303191</b>                                   | <b>-</b> | <b>303191</b>   | <b>0.36</b>       | <b>303191</b>                             | <b>-</b> | <b>303191</b>   | <b>0.36</b>       | <b>-</b>                 |
| <b>Foreign</b>  |   |          |                 |                   |   |          |                 |                   |                          |
| a) NRIs - Individuals                                   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| b) Other - Individuals                                  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| c) Bodies Corp.   | 49015012  | -        | 49015012        | 58.78             | 49015012                                  | -        | 49015012        | 58.78             | -                        |
| d) Banks / FI   | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| e) Any Other  | -   | -        | -               | -                 | -   | -        | -               | -                 | -                        |
| <b>SUB-TOTAL (A) (2):-</b>                              | <b>49015012</b>                                 | <b>-</b> | <b>49015012</b> | <b>58.78</b>      | <b>49015012</b>                           | <b>-</b> | <b>49015012</b> | <b>58.78</b>      | <b>-</b>                 |
| <b>TOTAL SHAREHOLDING OF PROMOTER (A)=(A)(1)+(A)(2)</b> | <b>49318203</b>                                 | <b>-</b> | <b>49318203</b> | <b>59.14</b>      | <b>49318203</b>                           | <b>-</b> | <b>49318203</b> | <b>59.14</b>      | <b>0.00</b>              |

| Category of Shareholders   | No. of Shares held at the beginning of the year |               |                 |                   | No. of Shares held at the end of the year |               |                 |                   | % Change during the year |
|--|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
|  | Demat   | Physical      | Total           | % of Total Shares | Demat                                     | Physical      | Total           | % of Total Shares |                          |
| <b>B. PUBLIC SHAREHOLDING</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| <b>1. Institutions</b>   |   |               |                 |                   |   |               |                 |                   |                          |
| a) Mutual Funds  | -   | 18300         | 18300           | 0.02              | -   | 18300         | 18300           | 0.02              | -                        |
| b) Banks / FI  | 52176   | 2800          | 54976           | 0.07              | 1000                                      | 2800          | 3800            | -                 | (0.07)                   |
| c) Central Govt  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| d) State Govt(s)   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| e) Venture Capital Funds   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| f) Insurance Companies   | -   | 300           | 300             | -                 | -   | 300           | 300             | -                 | -                        |
| g) FIs   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| h) Foreign Venture Capital Funds   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| i) Others  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| <b>SUB-TOTAL (B)(1):-</b>  | <b>52176</b>                                    | <b>21400</b>  | <b>73576</b>    | <b>0.09</b>       | <b>1000</b>                               | <b>21400</b>  | <b>22400</b>    | <b>0.02</b>       | <b>(0.07)</b>            |
| <b>2. Non-Institutions</b>   |   |               |                 |                   |   |               |                 |                   |                          |
| a) Bodies Corp.  |   |               |                 |                   |   |               |                 |                   |                          |
| i) Indian  | 3134695   | 10200         | 3144895         | 3.77              | 3153554                                   | 10200         | 3163754         | 3.79              | 0.02                     |
| ii) Overseas   | 12876861  | -             | 12876861        | 15.44             | 12876861                                  | -             | 12876861        | 15.44             | -                        |
| b) Individuals   |   |               |                 |                   |   |               |                 |                   |                          |
| i) Individual shareholders holding nominal Share capital upto Rs. 1 lakh         | 9825807   | 954707        | 10780514        | 12.93             | 10327441                                  | 929707        | 11257148        | 13.50             | 0.57                     |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 5083273   | -             | 5083273         | 6.09              | 5225498                                   | -             | 5225498         | 6.27              | 0.18                     |
| c) Others  |   |               |                 |                   |   |               |                 |                   |                          |
| - Non Resident Individual  | 474919  | 9650          | 484569          | 0.58              | 506888                                    | 9650          | 516538          | 0.62              | 0.04                     |
| - Clearing Member  | 813709  | -             | 813709          | 0.98              | 190388                                    | -             | 190388          | 0.23              | (0.75)                   |
| - NBFCs registered with RBI  | 6590  | -             | 6590            | 0.01              | -   | -             | -               | -                 | (0.01)                   |
| - Investor Education & Protection Fund Authority                                 | 811569  | -             | 811569          | 0.97              | 809969                                    | -             | 809969          | 0.97              | -                        |
| - Trusts   | -   | -             | -               | -                 | 13000                                     | -             | 13000           | 0.02              | 0.02                     |
| <b>SUB-TOTAL (B)(2):-</b>  | <b>33027423</b>                                 | <b>974557</b> | <b>34001980</b> | <b>40.77</b>      | <b>33103599</b>                           | <b>949557</b> | <b>34053156</b> | <b>40.84</b>      | <b>0.07</b>              |
| <b>TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+ (B)(2)</b>                              | <b>33079599</b>                                 | <b>995957</b> | <b>34075556</b> | <b>40.86</b>      | <b>33104599</b>                           | <b>970957</b> | <b>34075556</b> | <b>40.86</b>      | <b>-</b>                 |
| <b>C.SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>                            | <b>0</b>  | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>                                  | <b>0</b>      | <b>0</b>        | <b>0</b>          | <b>0</b>                 |
| <b>GRAND TOTAL (A+B+C)</b>   | <b>82397802</b>                                 | <b>995957</b> | <b>83393759</b> | <b>100</b>        | <b>82422802</b>                           | <b>970957</b> | <b>83393759</b> | <b>100</b>        | <b>-</b>                 |

(ii) Shareholding of Promoters

| SI No. | Shareholder's Name      | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in Share holding during the year |
|--------|-------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|        |                         | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | Wilemina Finance Corp   | 44915012                                  | 53.86                            | 6.00   | 44915012                            | 53.86                            | 6.00   | -   |
| 2      | Uma Devi Singhania      | 150                                       | -                                | -  | 150                                 | -                                | -  | -   |
| 3      | Jai Vardhan Singhania   | 124858                                    | 0.15                             | -  | 124858                              | 0.15                             | -  | -   |
| 4      | Arvind Singhania        | 150                                       | -                                | -  | 150                                 | -                                | -  | -   |
| 5      | Ayush Vardhan Singhania | 178033                                    | 0.21                             | -  | 178033                              | 0.21                             | -  | -   |
| 6      | MOVI Limited            | 4100000                                   | 4.92                             | -  | 4100000                             | 4.92                             | -  | -   |
|        | <b>Total</b>            | <b>49318203</b>                           | <b>59.14</b>                     | <b>6.00</b>                                      | <b>49318203</b>                     | <b>59.14</b>                     | <b>6.00</b>                                      | <b>-</b>                                  |

(iii) Change in Promoters' Shareholding

| S. No. | Name                    | Shareholding  |                                  | Date       | Increase/ (Decrease) in shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|--------|-------------------------|---|----------------------------------|------------|--------------------------------------|------------------------------|---|----------------------------------|
|        |                         | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |            |                                      |                              | No. of Shares                           | % of total shares of the Company |
| 1      | Arvind Singhania        | 150   | -                                | 01-04-2019 | -                                    | Nil movement during the year | 150                                     | -                                |
|        |                         | 150   | -                                | 31-03-2020 |                                      |                              | 150                                     | -                                |
| 2      | Uma Devi Singhania      | 150   | -                                | 01-04-2019 | -                                    | Nil movement during the year | 150                                     | -                                |
|        |                         | 150   | -                                | 31-03-2020 |                                      |                              | 150                                     | -                                |
| 3      | Wilemina Finance Corp.  | 44915012  | 53.86                            | 01-04-2019 | -                                    | Nil movement during the year | 44915012                                | 53.86                            |
|        |                         | 44915012  | 53.86                            | 31-03-2020 |                                      |                              | 44915012                                | 53.86                            |
| 4      | Ayush Vardhan Singhania | 178033  | 0.21                             | 01-04-2019 | -                                    | Nil movement during the year | 178033                                  | 0.21                             |
|        |                         | 178033  | 0.21                             | 31-03-2020 |                                      |                              | 178033                                  | 0.21                             |
| 5      | Jai Vardhan Singhania   | 124858  | 0.15                             | 01-04-2019 | -                                    | Nil movement during the year | 124858                                  | 0.15                             |
|        |                         | 124858  | 0.15                             | 31-03-2020 |                                      |                              | 124858                                  | 0.15                             |
| 6      | MOVI Limited            | 4100000   | 4.92                             | 01-04-2019 | -                                    | Nil movement during the year | 4100000                                 | 4.92                             |
|        |                         | 4100000   | 4.92                             | 31-03-2020 |                                      |                              | 4100000                                 | 4.92                             |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| S. No. | Name                  | Shareholding  |                                  | Date       | Increase/ (Decrease) in shareholding | Reason     | Cumulative Shareholding during the year |                                  |
|--------|-----------------------|---|----------------------------------|------------|--------------------------------------|------------|---|----------------------------------|
|        |                       | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |            |                                      |            | No. of Shares                           | % of total shares of the Company |
| 1      | JNJ Holdings Pvt. Ltd | 1   | -                                | 01-04-2019 |                                      |            | 1                                       | -                                |
|        |                       |   |                                  | 08-11-2019 | 22200                                | Purchase   | 22201                                   | 0.03                             |
|        |                       |   |                                  | 15-11-2019 | 61837                                | Purchase   | 84038                                   | 0.10                             |
|        |                       |   |                                  | 03-01-2020 | 40000                                | Purchase   | 124038                                  | 0.15                             |
|        |                       |   |                                  | 10-01-2020 | 50148                                | Purchase   | 174186                                  | 0.21                             |
|        |                       |   |                                  | 31-01-2020 | 15031                                | Purchase   | 189217                                  | 0.23                             |
|        |                       |   |                                  | 07-02-2020 | 10863                                | Purchase   | 200080                                  | 0.24                             |
|        |                       |   |                                  | 13-03-2020 | 46700                                | Purchase   | 246780                                  | 0.30                             |
|        |                       |   |                                  | 31-03-2020 | 246780                               |            | 246780                                  | 0.30                             |
|        |                       | 2   | JM Financial Services Limited    | 635020     | 0.76                                 | 01-04-2019 |   |                                  |
|        |                       |   |                                  | 05-04-2019 | (20)                                 | Sale       | 635000                                  | 0.76                             |
|        |                       |   |                                  | 19-04-2019 | 374                                  | Purchase   | 635374                                  | 0.76                             |
|        |                       |   |                                  | 26-04-2019 | (144)                                | Sale       | 635230                                  | 0.76                             |
|        |                       |   |                                  | 03-05-2019 | (220)                                | Sale       | 635010                                  | 0.76                             |
|        |                       |   |                                  | 10-05-2019 | (10)                                 | Sale       | 635000                                  | 0.76                             |
|        |                       |   |                                  | 24-05-2019 | 64                                   | Purchase   | 635064                                  | 0.76                             |
|        |                       |   |                                  | 31-05-2019 | 216                                  | Purchase   | 635280                                  | 0.76                             |
|        |                       |   |                                  | 07-06-2019 | (255)                                | Sale       | 635025                                  | 0.76                             |
|        |                       | 14-06-2019  | (25)                             | Sale       | 635000                               | 0.76       |   |                                  |

| S. No.   | Name                           | Shareholding  |                                  | Date              | Increase/ (Decrease) in shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|----------|--------------------------------|---|----------------------------------|-------------------|--------------------------------------|------------------------------|---|----------------------------------|
|          |                                | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |                   |                                      |                              | No. of Shares                           | % of total shares of the Company |
|          |                                |   |                                  | 21-06-2019        | 310                                  | Purchase                     | 635310                                  | 0.76                             |
|          |                                |   |                                  | 28-06-2019        | (205)                                | Sale                         | 635105                                  | 0.76                             |
|          |                                |   |                                  | 05-07-2019        | 95                                   | Purchase                     | 635200                                  | 0.76                             |
|          |                                |   |                                  | 12-07-2019        | (42)                                 | Sale                         | 635158                                  | 0.76                             |
|          |                                |   |                                  | 19-07-2019        | 19842                                | Purchase                     | 655000                                  | 0.79                             |
|          |                                |   |                                  | 26-07-2019        | 75                                   | Purchase                     | 655075                                  | 0.79                             |
|          |                                |   |                                  | 02-08-2019        | (5000)                               | Sale                         | 650075                                  | 0.78                             |
|          |                                |   |                                  | 09-08-2019        | (15065)                              | Sale                         | 635010                                  | 0.76                             |
|          |                                |   |                                  | 16-08-2019        | 1495                                 | Purchase                     | 636505                                  | 0.76                             |
|          |                                |   |                                  | 13-09-2019        | (636105)                             | Sale                         | 400                                     | 0.00                             |
|          |                                |   |                                  | 20-09-2019        | 1620                                 | Purchase                     | 2020                                    | 0.00                             |
|          |                                |   |                                  | 27-09-2019        | (1734)                               | Sale                         | 286                                     | 0.00                             |
|          |                                |   |                                  | 30-09-2019        | 365                                  | Purchase                     | 651                                     | 0.00                             |
|          |                                |   |                                  | 04-10-2019        | (551)                                | Sale                         | 100                                     | 0.00                             |
|          |                                |   |                                  | 18-10-2019        | 81                                   | Purchase                     | 181                                     | 0.00                             |
|          |                                |   |                                  | 22-11-2019        | 819                                  | Purchase                     | 1000                                    | 0.00                             |
|          |                                |   |                                  | 17-01-2020        | (500)                                | Sale                         | 500                                     | 0.00                             |
|          |                                |   |                                  | 07-02-2020        | (300)                                | Sale                         | 200                                     | 0.00                             |
|          |                                |   |                                  | 14-02-2020        | 184410                               | Purchase                     | 184610                                  | 0.22                             |
|          |                                |   |                                  | 21-02-2020        | (133934)                             | Sale                         | 50676                                   | 0.06                             |
|          |                                |   |                                  | 28-02-2020        | (20676)                              | Sale                         | 30000                                   | 0.04                             |
|          |                                |   |                                  | 06-03-2020        | (29521)                              | Sale                         | 479                                     | 0.00                             |
|          |                                |   |                                  | 13-03-2020        | 29750                                | Purchase                     | 30229                                   | 0.04                             |
|          |                                |   |                                  | 20-03-2020        | 49521                                | Purchase                     | 79750                                   | 0.10                             |
|          |                                |   |                                  | 27-03-2020        | (43646)                              | Sale                         | 36104                                   | 0.04                             |
|          |                                |   |                                  | 31-03-2020        | (31354)                              | Sale                         | 4750                                    | 0.01                             |
|          |                                | <b>4750</b>   | <b>0.01</b>                      | <b>31-03-2020</b> |                                      |                              | <b>4750</b>                             | <b>0.01</b>                      |
| <b>3</b> | Lucky Holdings Private Limited | <b>327241</b>   | <b>0.39</b>                      | <b>01-04-2019</b> |                                      |                              | <b>327241</b>                           | <b>0.39</b>                      |
|          |                                |   |                                  | 23-08-2019        | (31727)                              | Sale                         | 295514                                  | 0.35                             |
|          |                                |   |                                  | 20-03-2020        | 17584                                | Purchase                     | 313098                                  | 0.38                             |
|          |                                |   |                                  | 27-03-2020        | 112618                               | Purchase                     | 425716                                  | 0.51                             |
|          |                                | <b>425716</b>   | <b>0.51</b>                      | <b>31-03-2020</b> |                                      |                              | <b>425716</b>                           | <b>0.51</b>                      |
| <b>4</b> | Anther Vinimay Private Limited | <b>Nil</b>  | <b>Nil</b>                       | <b>01-04-2019</b> |                                      |                              | <b>Nil</b>                              | <b>Nil</b>                       |
|          |                                |   |                                  | 20-03-2020        | 245964                               | Purchase                     | 245964                                  | 0.29                             |
|          |                                | <b>245964</b>   | <b>0.29</b>                      | <b>31-03-2020</b> |                                      |                              | <b>245964</b>                           | <b>0.29</b>                      |
| <b>5</b> | Narendra Singhania             | <b>229353</b>   | <b>0.28</b>                      | <b>01-04-2019</b> |                                      |                              | <b>229353</b>                           | <b>0.28</b>                      |
|          |                                |   |                                  | 27-03-2020        | 10000                                | Purchase                     | 239353                                  | 0.29                             |
|          |                                | <b>239353</b>   | <b>0.29</b>                      | <b>31-03-2020</b> |                                      |                              | <b>239353</b>                           | <b>0.29</b>                      |
| <b>6</b> | Vettel International Limited   | <b>12876861</b>   | <b>15.44</b>                     | <b>01-04-2019</b> |                                      |                              | <b>12876861</b>                         | <b>15.44</b>                     |
|          |                                | <b>12876861</b>   | <b>15.44</b>                     | <b>31-03-2019</b> |                                      | Nil movement during the year | <b>12876861</b>                         | <b>15.44</b>                     |
| <b>7</b> | Soyuz Trading Company Limited  | <b>881431</b>   | <b>1.06</b>                      | <b>01-04-2019</b> |                                      |                              | <b>881431</b>                           | <b>1.06</b>                      |
|          |                                |   |                                  | 05-04-2019        | 100107                               | Purchase                     | 981538                                  | 1.18                             |

| S. No.    | Name                 | Shareholding  |                                  | Date              | Increase/ (Decrease) in shareholding | Reason   | Cumulative Shareholding during the year |                                  |
|-----------|----------------------|---|----------------------------------|-------------------|--------------------------------------|----------|---|----------------------------------|
|           |                      | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |                   |                                      |          | No. of Shares                           | % of total shares of the Company |
|           |                      |   |                                  | 12-04-2019        | 10401                                | Purchase | 991939                                  | 1.19                             |
|           |                      |   |                                  | 19-04-2019        | 11750                                | Purchase | 1003689                                 | 1.20                             |
|           |                      |   |                                  | 26-04-2019        | 17385                                | Purchase | 1021074                                 | 1.22                             |
|           |                      |   |                                  | 31-05-2019        | (7752)                               | Sale     | 1013322                                 | 1.22                             |
|           |                      |   |                                  | 16-08-2019        | 9365                                 | Purchase | 1022687                                 | 1.23                             |
|           |                      |   |                                  | 14-02-2020        | (191047)                             | Sale     | 831640                                  | 1.00                             |
|           |                      |   |                                  | 27-03-2020        | 167493                               | Purchase | 999133                                  | 1.20                             |
|           |                      | <b>999133</b>   | <b>1.20</b>                      | <b>31-03-2020</b> |                                      |          | <b>999133</b>                           | <b>1.20</b>                      |
| <b>8</b>  | Vinay Mittal         | <b>576997</b>   | <b>0.69</b>                      | <b>01-04-2019</b> |                                      |          | <b>576997</b>                           | <b>0.69</b>                      |
|           |                      |   |                                  | 13-12-2019        | (229758)                             | Sale     | 347239                                  | 0.42                             |
|           |                      |   |                                  | 20-12-2019        | (170703)                             | Sale     | 176536                                  | 0.21                             |
|           |                      |   |                                  | 27-12-2019        | (50736)                              | Sale     | 125800                                  | 0.15                             |
|           |                      |   |                                  | 31-12-2019        | (40800)                              | Sale     | 85000                                   | 0.10                             |
|           |                      |   |                                  | 03-01-2020        | (35000)                              | Sale     | 50000                                   | 0.06                             |
|           |                      |   |                                  | 10-01-2020        | (10000)                              | Sale     | 40000                                   | 0.05                             |
|           |                      |   |                                  | 24-01-2020        | (40000)                              | Sale     | -                                       | -                                |
|           |                      | <b>Nil</b>  | <b>Nil</b>                       | <b>31-03-2020</b> |                                      |          | <b>Nil</b>                              | <b>Nil</b>                       |
| <b>9</b>  | Shaunak Jagdish Shah | <b>199195</b>   | <b>0.24</b>                      | <b>01-04-2019</b> | Nil movement during the year         |          | <b>199195</b>                           | <b>0.24</b>                      |
|           |                      | <b>199195</b>   | <b>0.24</b>                      | <b>31-03-2020</b> |                                      |          | <b>199195</b>                           | <b>0.24</b>                      |
| <b>10</b> | Manisha Lodha        | <b>Nil</b>  | <b>Nil</b>                       | <b>01-04-2019</b> |                                      |          | <b>Nil</b>                              | <b>Nil</b>                       |
|           |                      |   |                                  | 17-01-2020        | 108141                               | Purchase | 108141                                  | 0.13                             |
|           |                      |   |                                  | 24-01-2020        | 291859                               | Purchase | 400000                                  | 0.48                             |
|           |                      |   |                                  | 27-03-2020        | (75000)                              | Sale     | 325000                                  | 0.39                             |
|           |                      | <b>325000</b>   | <b>0.39</b>                      | <b>31-03-2020</b> |                                      |          | <b>325000</b>                           | <b>0.39</b>                      |
| <b>11</b> | Hetal Ketan Thakkar  | <b>200000</b>   | <b>0.24</b>                      | <b>01-04-2019</b> |                                      |          | <b>200000</b>                           | <b>0.24</b>                      |
|           |                      |   |                                  | 05-04-2019        | (100000)                             | Sale     | 100000                                  | 0.12                             |
|           |                      |   |                                  | 14-02-2020        | (10000)                              | Sale     | 90000                                   | 0.11                             |
|           |                      |   |                                  | 28-02-2020        | (5000)                               | Sale     | 85000                                   | 0.10                             |
|           |                      | <b>85000</b>  | <b>0.10</b>                      | <b>31-03-2020</b> |                                      |          | <b>85000</b>                            | <b>0.10</b>                      |
| <b>12</b> | K C Poovanna         | <b>167829</b>   | <b>0.20</b>                      | <b>01-04-2019</b> |                                      |          | <b>167829</b>                           | <b>0.20</b>                      |
|           |                      |   |                                  | 12-07-2019        | 15000                                | Purchase | 182829                                  | <b>0.22</b>                      |
|           |                      |   |                                  | 19-07-2019        | 8683                                 | Purchase | 191512                                  | <b>0.23</b>                      |
|           |                      |   |                                  | 26-07-2019        | 15488                                | Purchase | 207000                                  | <b>0.25</b>                      |
|           |                      |   |                                  | 02-08-2019        | 5849                                 | Purchase | 212849                                  | <b>0.26</b>                      |
|           |                      | <b>212849</b>   | <b>0.26</b>                      | <b>31-03-2020</b> |                                      |          | <b>212849</b>                           | <b>0.26</b>                      |
| <b>13</b> | Rajagopalan Sugumar  | <b>420848</b>   | <b>0.50</b>                      | <b>01-04-2019</b> |                                      |          | <b>420848</b>                           | <b>0.50</b>                      |
|           |                      |   |                                  | 24-05-2019        | (5000)                               | Sale     | 415848                                  | 0.50                             |
|           |                      |   |                                  | 31-05-2019        | 4700                                 | Purchase | 420548                                  | 0.50                             |
|           |                      |   |                                  | 07-06-2019        | (52890)                              | Sale     | 367658                                  | 0.44                             |
|           |                      |   |                                  | 14-06-2019        | (11500)                              | Sale     | 356158                                  | 0.43                             |
|           |                      |   |                                  | 21-06-2019        | (24831)                              | Sale     | 331327                                  | 0.40                             |
|           |                      |   |                                  | 19-07-2019        | (15864)                              | Sale     | 315463                                  | 0.38                             |
|           |                      |   |                                  | 26-07-2019        | 35000                                | Purchase | 350463                                  | 0.42                             |

| S. No. | Name | Shareholding  |                                  | Date              | Increase/ (Decrease) in shareholding | Reason   | Cumulative Shareholding during the year |                                  |
|--------|------|---|----------------------------------|-------------------|--------------------------------------|----------|---|----------------------------------|
|        |      | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |                   |                                      |          | No. of Shares                           | % of total shares of the Company |
|        |      |   |                                  | 09-08-2019        | (20209)                              | Sale     | 330254                                  | 0.40                             |
|        |      |   |                                  | 16-08-2019        | (13495)                              | Sale     | 316759                                  | 0.38                             |
|        |      |   |                                  | 23-08-2019        | 59996                                | Purchase | 376755                                  | 0.45                             |
|        |      |   |                                  | 06-09-2019        | 45                                   | Purchase | 376800                                  | 0.45                             |
|        |      |   |                                  | 25-10-2019        | (51970)                              | Sale     | 324830                                  | 0.39                             |
|        |      |   |                                  | 01-11-2019        | (30111)                              | Sale     | 294719                                  | 0.35                             |
|        |      |   |                                  | 08-11-2019        | (10200)                              | Sale     | 284519                                  | 0.34                             |
|        |      |   |                                  | 15-11-2019        | (52631)                              | Sale     | 231888                                  | 0.28                             |
|        |      |   |                                  | 22-11-2019        | 4825                                 | Purchase | 236713                                  | 0.28                             |
|        |      |   |                                  | 29-11-2019        | (22747)                              | Sale     | 213966                                  | 0.26                             |
|        |      |   |                                  | 06-12-2019        | (31875)                              | Sale     | 182091                                  | 0.22                             |
|        |      |   |                                  | 13-12-2019        | (8524)                               | Sale     | 173567                                  | 0.21                             |
|        |      |   |                                  | 20-12-2019        | 147000                               | Purchase | 320567                                  | 0.38                             |
|        |      |   |                                  | 27-12-2019        | (9943)                               | Sale     | 310624                                  | 0.37                             |
|        |      |   |                                  | 31-12-2019        | (22931)                              | Sale     | 287693                                  | 0.34                             |
|        |      |   |                                  | 10-01-2020        | (10012)                              | Sale     | 277681                                  | 0.33                             |
|        |      |   |                                  | 17-01-2020        | (20081)                              | Sale     | 257600                                  | 0.31                             |
|        |      |   |                                  | 24-01-2020        | 29800                                | Purchase | 287400                                  | 0.34                             |
|        |      |   |                                  | 31-01-2020        | (200)                                | Sale     | 287200                                  | 0.34                             |
|        |      |   |                                  | 07-02-2020        | (11025)                              | Sale     | 276175                                  | 0.33                             |
|        |      |   |                                  | 14-02-2020        | (33574)                              | Sale     | 242601                                  | 0.29                             |
|        |      |   |                                  | 21-02-2020        | 50006                                | Purchase | 292607                                  | 0.35                             |
|        |      |   |                                  | 27-03-2020        | (7760)                               | Sale     | 284847                                  | 0.34                             |
|        |      | <b>284847</b>   | <b>0.34</b>                      | <b>31-03-2020</b> |                                      |          | <b>284847</b>                           | <b>0.34</b>                      |

**Note:** 1. We have considered Top 10 shareholders at the beginning of the year i.e. 1st April, 2019 and at the end of the year i.e. 31st March, 2020.  
2. Since the shares to Investor Education and Protection Fund Authority (IEPFA) have been transferred by operation of law pursuant to Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting Audit Transfer and Refund) Rules, 2016, the shareholding of IEPFA has not been included in the above-stated list.

**(v) Shareholding of Directors and Key Managerial Personnel as on 31<sup>st</sup> March, 2020**

| S. No.           | Name                 | Shareholding  |                                  | Date       | Increase/ (Decrease) in shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|------------------|----------------------|---|----------------------------------|------------|--------------------------------------|------------------------------|---|----------------------------------|
|                  |                      | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |            |                                      |                              | No. of Shares                           | % of total shares of the Company |
| <b>DIRECTORS</b> |                      |   |                                  |            |                                      |                              |   |                                  |
| 1                | Mr. Arvind Singhania | 150   | -                                | 01-04-2019 | -                                    | Nil movement during the year | 150                                     | -                                |
|                  |                      | 150   | -                                | 31-03-2020 | -                                    |                              | 150                                     | -                                |
| 2                | Mr. M S Ramachandran | -   | -                                | 01-04-2019 | -                                    | Nil movement during the year | -                                       | -                                |
|                  |                      | -   | -                                | 31-03-2020 | -                                    |                              | -                                       | -                                |
| 3                | Mr. Sandeep Dinodia  | -   | -                                | 01-04-2019 | -                                    | Nil movement during the year | -                                       | -                                |
|                  |                      | -   | -                                | 31-03-2020 | -                                    |                              | -                                       | -                                |

| S. No.                                | Name                      | Shareholding  |                                  | Date       | Increase/ (Decrease) in shareholding | Reason                       | Cumulative Shareholding during the year |                                  |
|---------------------------------------|---------------------------|---|----------------------------------|------------|--------------------------------------|------------------------------|---|----------------------------------|
|                                       |                           | No. of Shares at the beginning (01-04-2019)/ end of the year (31-03-2020) | % of total shares of the Company |            |                                      |                              | No. of Shares                           | % of total shares of the Company |
| 4                                     | Mr. Ashok Newatia         | -   | -                                | 01-04-2019 | -                                    | Nil movement during the year | -                                       | -                                |
|                                       |                           |   |                                  | 31-03-2020 | -                                    |                              | -                                       | -                                |
| 5                                     | Mr. P S Dasgupta          | -   | -                                | 01-04-2019 | -                                    | Nil movement during the year | -                                       | -                                |
|                                       |                           | -   | -                                | 31-03-2020 | -                                    |                              | -                                       | -                                |
| 6                                     | Dr. Anand Chand Burman    | -   | -                                | 01-04-2019 | -                                    | Nil movement during the year | -                                       | -                                |
|                                       |                           | -   | -                                | 31-03-2020 | -                                    |                              | -                                       | -                                |
| 7                                     | Mrs. Archana Singhania    | -   | -                                | 01-04-2019 | -                                    | Nil movement during the year | -                                       | -                                |
|                                       |                           | -   | -                                | 31-03-2020 | -                                    |                              | -                                       | -                                |
| 8                                     | Mr. Pradeep Kumar Rustagi | 400   | -                                | 01-04-2019 | -                                    | Nil movement during the year | 400                                     | -                                |
|                                       |                           | 400   | -                                | 31-03-2020 | -                                    |                              | 400                                     | -                                |
| <b>KEY MANAGERIAL PERSONNEL (KMP)</b> |                           |   |                                  |            |                                      |                              |   |                                  |
| 9                                     | Mr. Diwaker Dinesh        | 10  | -                                | 01-04-2019 | -                                    | Nil movement during the year | 10                                      | -                                |
|                                       |                           | 10  | -                                | 31-03-2020 | -                                    |                              | 10                                      | -                                |

Note – 1 Mr. Arvind Singhania and Mr. Pradeep Kumar Rustagi are also the Key Managerial Personnel of the Company.

2. Mr. Dinesh Chandra Kothari has resigned from the Directorship of the Company w.e.f. 10th November, 2019. As on 1<sup>st</sup> April, 2019, he was holding 10000 equity shares and he had not made any transaction in the shares of the Company till the date of his resignation.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in lacs)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 24238.87                         | 534.45          | -        | 24773.32           |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>24238.87</b>                  | <b>534.45</b>   | <b>-</b> | <b>24773.32</b>    |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| • Addition   | 2359.61                          | 57.36           | -        | 2416.97            |
| • Reduction  | 11560.75                         | -               | -        | 11560.75           |
| <b>Net Change</b>  | <b>(9201.14)</b>                 | <b>57.36</b>    | <b>-</b> | <b>(9143.78)</b>   |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 15037.73                         | 591.81          | -        | 15629.54           |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>15037.73</b>                  | <b>591.81</b>   | <b>-</b> | <b>15629.54</b>    |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Rs. in Lacs)

| Sl. no. | Particulars of Remuneration  | Name of MD/WTD/Manager   |   | Total Amount        |
|---------|--|--|---|---------------------|
|         |  | Mr. Arvind Singhania<br>Chairman & CEO   | Mr. Pradeep Kumar Rustagi<br>Executive Director & CFO |                     |
| 1.      | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 273.14<br>0.40<br>-  | 93.69<br>0.32<br>-                                    | 366.83<br>0.72<br>- |
| 2       | Stock Option   | -  | -   | -                   |
| 3       | Sweat Equity   | -  | -   | -                   |
| 4       | Commission - as % of profit  | 1110.00  | 20.00   | 1130                |
| 5       | Others (PF, SAF)   | 16.00  | 5.81  | 21.81               |
|         | <b>Total (A)</b>   | <b>1399.54</b>   | <b>119.82</b>   | <b>1519.36</b>      |
|         | Ceiling as per the Act   | 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013 to all the Whole-time/Managing Director read with the Section 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 |   |                     |

### B. REMUNERATION TO OTHER DIRECTORS:

(Rs. in Lacs)

| Directors                                  | Particulars of Remuneration  |              |        |                |
|--|--|--------------|--------|----------------|
|  | Fee for attending board / committee meetings   | Commission   | Others | Total          |
| <b>1. INDEPENDENT DIRECTORS</b>            |  |              |        |                |
| Mr. Sandeep Dinodia                        | 1.20   | 10.00        | -      | 11.20          |
| Mr. M S Ramachandran                       | 1.70   | 10.00        | -      | 11.70          |
| Mr. P S Dasgupta                           | 0.50   | 10.00        | -      | 10.50          |
| Dr. Anand Chand Burman                     | 0.40   | 10.00        | -      | 10.40          |
| Mr. Ashok Newatia                          | 1.40   | 10.00        | -      | 11.40          |
| Mr. Dinesh Chandra Kothari*                | 0.30   | -            | -      | 0.30           |
| <b>TOTAL B(1)</b>                          | <b>5.50</b>  | <b>50.00</b> |        | <b>55.50</b>   |
| <b>2. OTHER NON-EXECUTIVE DIRECTORS</b>    |  |              |        |                |
| Mrs. Archana Singhania                     | 0.50   | 10.00        | -      | 10.50          |
| <b>TOTAL B(2)</b>                          | <b>0.50</b>  | <b>10.00</b> |        | <b>10.50</b>   |
| <b>TOTAL B=(1+2)</b>                       | <b>6.00</b>  | <b>60.00</b> |        | <b>66.00</b>   |
| Ceiling as per the Act                     | In terms of Companies Act, 2013, the ceiling for payment of sitting fee is Rs. 1 (one) Lac per meeting for each director and 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013 |              |        |                |
| <b>TOTAL MANAGERIAL REMUNERATION (A+B)</b> |  |              |        | <b>1585.35</b> |
| Overall Ceiling as per the Act             | 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013 read with the Section 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013                       |              |        |                |

\*Mr. Dinesh Chandra Kothari has resigned from the Directorship of the Company w.e.f. 10<sup>th</sup> November, 2019

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lacs)

| Sl. no. | Particulars of Remuneration  | Mr. Diwaker Dinesh<br>Head- Legal & Company Secretary |
|---------|--|---|
| 1       | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 26.82<br>0.32<br>-                                    |
| 2       | Stock Option   | -   |
| 3       | Sweat Equity   | -   |
| 4       | Commission<br>- as % of profit<br>- others   | -   |
| 5       | Others, (PF, SAF)  | 1.46  |
|         | <b>Total</b>   | <b>28.60</b>  |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES** - There were no penalties / punishment / compounding of offences for breach of any Section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

Sd/-

**Arvind Singhania**  
Chairman & CEO  
DIN: 00934017

Date : 15<sup>th</sup> July, 2020

Place: Gurugram

## ANNUAL REPORT ON CSR ACTIVITIES

**1. Brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**

Ester Corporate Social Responsibility (CSR) Policy outlines continuing commitment by the business to contribute towards economic, environmental and social development (a Triple Bottom Line approach) in the vicinity of our facilities/operations with a view to improving the quality of life and fostering sustainable development of the communities as well as our workforce and their families.

Ester intends to pursue its CSR program in a structured manner, making this an integral part of the business to minimize risks and build reputation and competitive advantage, whilst pursuing initiatives covering the following platforms – community, environment, work place & market place.

Through this structured approach, Ester intends to enhance involvement of employees in progressing its CSR program, whilst addressing the needs of various stakeholders.

The CSR policy of the Company covers all the activities specified in Schedule VII of the Companies Act, 2013. The CSR Policy of company can be accessed under policies section of the Companys' website at the following link:

[http://www.esterindustries.com/sites/default/files/Corporate\\_Social\\_Responsibility\\_Policy.pdf](http://www.esterindustries.com/sites/default/files/Corporate_Social_Responsibility_Policy.pdf)

**2. The composition of the CSR committee:**

The Composition of Committee comprises of Mr. M S Ramachandran, Chairman of the Committee, Mr. Ashok Kumar Newatia, Mr. Arvind Singhania and Mrs. Archana Singhania, Member (s) of the Committee.

**3. Average net profit of the company for last three financial years for the purpose of computation of CSR:**

Average net profit of the company for last three financial years (2016-17, 2017-18 and 2018-19) is Rs.1351.20 Lacs.

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : Rs. 27.03 Lacs****5. Details of CSR spent during the financial year:**

- (a) Total amount to be spent for the financial year 2019-20: Rs. 27.03 lacs.
- (b) Amount unspent: NIL
- (c) Manner in which the amount spent during the financial year: During the year, the Company has spent Rs. 41.19 Lacs on CSR activities in the manner as detailed below:

(Rs. in Lacs)

| S. NO. | CSR Project or activity identified   | Sector in which the project is covered                               | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: direct or through implementing agency |
|--------|--|--|---|---|--|--|---|
| 1      | Construction of infrastructure and other amenities in school.                            | Promoting Education and Health care including preventive health care | Delhi   | 27.03   | Direct Exp.- 22.46   | 22.46  | Direct  |
| 2      | Contribution to Akshya Pratisthan  | Promoting Education and Health care including preventive health care | Delhi   |   | Direct Exp- 1.25   | 1.25   | Through Akshya Pratisthan                           |
| 3      | Maintenance of Toilets constructed by the Company in a school at Khatima and nearby area | Promoting Education and Health care including preventive health care | Khatima   |   | Direct Exp.- 1.23  | 1.23   | Direct  |
| 4      | Contribution to Lions Club, Khatima – For Eye Operation                                  | Promoting Education and Health care including preventive health care | Khatima   |   | Direct Exp- 0.25   | 0.25   | Through Lions Club                                  |

| S. NO. | CSR Project or activity identified                    | Sector in which the project is covered   | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: direct or through implementing agency |
|--------|---|--|---|---|--|--|---|
| 5      | Contribution to SRI VENKATESHWARA SARVA SREYAS TRUST* | Promoting Education and Health care including preventive health care, Eradicating hunger, poverty malnutrition | PAN India   | 16.00   | Direct Exp-16.00   | 16.00  | Through Sri Venkateshwara Sarva Sreyas Trust        |
|        | Total   |  |   | 43.03   | 41.19  | 41.19  |   |

\* This trust is established with following object-

- To run an Orphanage for orphans, destitute and disadvantaged children.
- To provide free accommodation and boarding to orphans, destitute and disadvantaged
- To provide free education to these children upto post-graduation and professional courses like MBBS and Engineering.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report :

Not applicable

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of the Company.

Sd/-

**Arvind Singhania**  
Chairman & CEO

Place : Gurugram

Date : 17<sup>th</sup> June, 2020

Sd/-

**M. S. Ramachandran**  
Chairman of the Committee

Place : New Delhi

Date : 17<sup>th</sup> June, 2020

#### ANNEXURE D

Disclosure in Board's report as per provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

I. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year along with percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary

| Name of Director                                      | Ratio of Remuneration director to median remuneration | % increase in Remuneration |
|---|---|----------------------------|
| <b>Executive Director</b>                             |   |                            |
| Mr. Arvind Singhania<br>Chairman & CEO                | 402:1   | 192.29                     |
| Mr. Pradeep Kumar Rustagi<br>Executive Director & CFO | 34:1  | 14.98                      |
| <b>Non-Executive Director</b>                         |   |                            |
| Mr. M S Ramachandran<br>Independent Director          | 3:1   | 42.86                      |
| Mr. Sandeep Dinodia<br>Independent Director           | 3:1   | 42.86                      |
| Mr. P S Dasgupta<br>Independent Director              | 3:1   | 42.86                      |
| Mr. Ashok Kumar Newatia<br>Independent Director       | 3:1   | 42.86                      |
| Dr. Anand Chand Burman<br>Independent Director        | 3:1   | 42.86                      |
| Mrs. Archana Singhania<br>Non- Independent Director   | 3:1   | 42.86                      |

Note - Increase in remuneration of the Company Secretary - 47% (cumulative for 2 years) . During the financial year 2019-20, the Non-Executive Directors have been paid commission and sitting fee within the limits prescribed under the Companies Act, 2013. The percentage increase in remuneration has been calculated based on the increase in remuneration. There is no increase in sitting fee for per meeting of the Board/ Committee. Details of commission and sitting fee paid to Non-Executive Director have been given in Annexure B of the Directors' Report.

- II. The percentage increase in the median remuneration of employees in the financial year – 7%
- III. The number of permanent employees on the rolls of company – 527 employees
- IV. Average percentile increase already made in the remuneration of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
- Average percentage increase in the remuneration of employees other than managerial personnel in the last financial year is around 24% (cumulative for 2 years) while average percentage increase in managerial remuneration is 104%. There are various factors to ensure fair remuneration to the employee and managerial personnel including industry trend, individual and company performance, profitability of the Company, existing remuneration, increase given in past etc. The increase in remuneration to Managerial Personnel is due to payment of commission for financial year 2019-20.
- V. It is hereby affirmed that the remuneration is as per the remuneration policy of the company.
- VI. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report.

Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Sd/-  
Arvind Singhania  
Chairman & CEO

Date : 15<sup>th</sup> July, 2020  
Place : Gurugram

## ANNEXURE E

### FORM AOC – 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188 (1) of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

|    |   |     |
|----|---|-----|
| 1. | <b>Details of contracts or arrangements or transactions not at arm's length basis:</b>        | NIL |
|    | a) Name(s) of the related party and nature of relationship                                    |     |
|    | b) Nature of contracts/arrangements/transactions  |     |
|    | c) Duration of the contracts / arrangements/transactions                                      |     |
|    | d) Salient terms of the contracts or arrangements or transactions including the value, if any |     |
|    | e) Justification for entering into such contracts or arrangements or transactions             |     |
|    | f) Date(s) of approval by the Board   |     |
|    | g) Amount paid as advances, if any  |     |
| 2. | <b>Details of material contracts or arrangement or transactions at arm's length basis:</b>    | NIL |
|    | a) Name(s) of the related party and nature of relationship                                    |     |
|    | b) Nature of contracts/arrangements/transactions  |     |
|    | c) Duration of the contracts/arrangements/transactions  |     |
|    | d) Salient terms of the contracts or arrangements or transactions including the value, if any |     |
|    | e) Date(s) of approval by the Board, if any   |     |
|    | f) Amount paid as advances, if any  |     |

Sd/-  
Arvind Singhania  
Chairman & CEO

Date : 15<sup>th</sup> July, 2020  
Place : Gurugram

**DETAILS AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014**

**A. CONSERVATION OF ENERGY**

**1. Steps taken or impact on conservation of energy - Energy Conservation Initiatives taken:**

- Installed new Chiller (Vapour Absorption Machine) with heated Thermic Fluid (HTM) in place of steam as fuel, resulting into savings of Rs. 93.00 Lacs on account of cost difference of HTM and Steam.
- Replaced existing reciprocated air compressor with 01 new Centrifugal Air Compressor resulting in saving in specific power consumption from 0.158 units/M3 to 0.154 units/M3. Achieved total savings of about 755656 units per annum (Rs. 49.11Lacs).
- Replaced high capacity Pallet Conveying Blower with lower capacity in Erema #1 (Film Line # 2) resulting into savings of about 26598 units per annum (Rs. 1.73Lacs).
- Replaced 60 Boundary Flood Lights of Metal Halide (150 Watt) with LED Lights (50 Watt), resulting into savings of about 21900 units per annum (Rs. 1.42 Lacs).
- Replaced 25 Street CFL Lights (85 Watt) with LED Lights (36 Watt), resulting into savings of about 4685 units per annum (Rs.0.31 Lacs).
- Installed 1 VFD in Inplan pump #2 in Film Line #3 and reduced the frequency (Speed of Pump), resulting into savings of about 85775 units per annum (Rs. 5.58 Lacs).
- **Steps taken by the company for utilizing alternate sources of energy:**

As detailed below, since Company is already meeting significant portion of its requirement of energy through alternate sources, it has not taken any additional step during the FY 2019-20 for utilizing alternate sources of energy:

- Power Requirement– Mostly met through Hydro-electric power supplied by UPCL.
- Steam Requirement – Mostly met through a Bio-mass (Rice Husk) fueled Steam Boiler.
- Heating Requirement – Mostly met through a Bio-mass (Rice Husk) fueled Thermic Fluid Heater.
- Out of total spend of Rs. 7420.73 Lacs on Power & Fuel during the FY 2019-20, only Rs. 502.89 lacs is on fossil fuels, HSD & Furnace Oil.

**2. The capital investment on energy conservation equipment during 2019-20:**

During the year under review, Company has incurred capital investment of about Rs. 232.00 Lacs on energy conservation equipments.

**B. TECHNOLOGY ABSORPTION**

**1. Efforts made towards technology absorption**

- a) Installed new Chiller (Vapour Absorption Machine) with heated Thermic Fluid (HTM) in place of steam as fuel
- b) New Window Metalizing plant installed for Value Added & Specialty products in Polyester Film SBU.
- c) Replaced existing reciprocated air compressor with 01 new Centrifugal Air Compressor
- d) New Extruder D C Motor installed to achieve higher line speed to improve productivity in Film Line # 2
- e) Installed 2 Upgraded Operating Panels to improve reliability of Oil Fired Boiler.
- f) Installed new Upgraded Panel / MCC in Pelletizing plant as existing switchgears had become obsolete
- g) Modified Utility Cooling Tower MCC to improve reliability of Starter feeders

**2. Benefits derived like product improvement, cost reduction, product development or import substitution**

- a) Development of new products, improved productivity and quality.
- b) Procured indigenous new D C Motor for Film Line # 2 Extruder as import substitution resulting into cost reduction.
- c) Window metalizing machine installed for new product development.

**3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)- Not Applicable**

**4. Research and Development –**

Sales revenue from products manufactured during R & D – Rs. 506.27 lacs

Expenditure incurred on R & D for production of aforesaid products – Rs. 588.36 lacs

Net Expenditure incurred on R & D activities -- Rs. 82.09 lacs

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(Rs. in Lacs)

|   |                                 | 2019-20  | 2018-19  |
|---|---------------------------------|----------|----------|
| 1 | Earnings – FOB Value of Exports | 23806.37 | 23547.66 |
| 2 | Outgo – CIF Value of Imports    | 14611.31 | 17114.12 |

Sd/-  
**Arvind Singhania**  
Chairman & CEO

Date : 15<sup>th</sup> July, 2020

Place : Gurugram

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

Global economic growth slowed down in 2019, to 2.9% from 3.6% in 2018, with continued weakness in global trade and investment. Factors such as rising trade protectionism, growing uncertainty surrounding geo-politics, the macroeconomic strain in several emerging economies & low investment growth were responsible for this subdued growth. Indian economy also witnessed a challenging business environment with lower GDP growth, slowdown in consumption and weakening consumer sentiment. Indian economy recorded a growth of 4.2% in 2019 as against 6.1% expansion in 2018. Towards last quarter of financial year, COVID-19 pandemic continued to expand to more and more geographies resulting in health crisis and further economic damage impacting most businesses. According to the IMF, Indian economy is projected to contract by 4.5% in 2020 while global GDP contracting by 4.9% in 2020 due to the adverse effect of COVID-19 pandemic.

While most of the major industries faced this challenging environment, packaging industry continued to play a crucial role in adding value to various manufacturing sectors by delivering preservation of quality and enhanced shelf life of various products which is crucial for F&B and pharmaceutical industry. Under the influence of COVID-19 pandemic, the packaging industry continued to remain on its toes to meet all time high demand for packed food, medicine and other essential goods.

## Operational Performance

### Business Segment: Polyester Films Business

Flexible packaging is the most economical and environment friendly method to package, preserve and distribute food, beverages, other consumables, pharmaceuticals and other products that need extended shelf life. PET is a clear, strong and lightweight plastic that is widely used to produce a wide variety of packaging materials for products, personal and home care, pharmaceuticals as well as other consumer and industrial goods. PET is a popular choice due to its high tensile strength, chemical & dimensional stability, transparency, reflectivity as well as gas and aroma barrier properties. These properties enable longer shelf life, making PET the preferred product to protect F&B products and pharmaceuticals. Its ability to enhance shelf life of food products enables PET to contribute towards keeping food price inflation in check. Health and safety boards from across the globe have approved PET as a safe material to be used in the food and beverage industry. Historically the market of the PET film industry comprises of both thin (below 50 microns) and thick films (above 50 microns).

## Industry Overview

### Global Market: Demand

The global BOPET film market has seen demand grow by 6.7% per annum over the last five years reaching just over 5 million tonnes in 2018, resulting in a \$12 billion industry. The main increases in volume have been seen in Asia where China and India continue to be the driving forces in the global BOPET film market. Asian countries account for approximately 77% of global demand for BOPET film and this dominant position is expected

to remain consistent over the next five years. Packaging and Metallizing sector, key end use applications for BOPET film accounting for nearly 60% of all BOPET film sold, has grown by 7.6% p.a. and volume reaching just over 3 million tonnes in 2018. BOPET film volume has been driven by the continued shift away from rigid packaging formats (e.g. stand-up and retort pouches replacing cans and blow-moulded bottles); as well as the drive for additional packaging to preserve food products and provide retail packaged convenience foods to an ever more affluent global consumer population. As per Wood Mackenzie\*, Global demand for thin BOPET film is expected to grow by 6.3% per annum over the next five years. BOPET film used in flexible packaging applications will continue to be the key end use sector, accounting for nearly 60% of global consumption, and drive demand over the next five years.

*\*BOPET Film Global Supply Demand Report, May 2019*

### Global Market: Capacity

BOPET film market current capacity is around 6.9 million tonnes with capacity utilization rate improving from a low of 71% in 2015 to a healthy 76% in 2018. Over the five years (i.e. the period 2019-23 inclusive) there will be an additional 1.1 million tonnes of announced capacity installed on the global market with capacity utilization rate growing to impressive 81%. The market has seen significant capacity build-up in Asia, making Asia the largest producer of BOPET film. Chinese and Indian-owned producers now account for approximately 60% of global output and look set to continue to dominate as nearly half the announced capacity due to be installed in the market over the next five years. Compared to recent years of global over-supply, there has been a tightening of global supply bringing the market into a healthy supply demand balance.

### Indian Market

The domestic demand for BOPET films in India is continuing to grow at a CAGR of about 10-12 percent per annum over the last five years. Low per capita consumption of BOPET films, new innovation in packaging formats, rising disposable incomes continue to be the key factors behind this growth. We expect this growth momentum to continue. During the year India added about 80KT of additional capacity. This 80KT additional capacity has helped serve demand growth in India as well as for exports market.

The total production capacity of Thin BOPET films in India at the end of 2019 was at about 750,000 metric tons per annum\*. The domestic demand in 2019 was in excess of 560KT, representing a 14 percent increase from previous year.

*\*as per internal estimates*

### Performance Overview (FY 2019-20)

The sales volume of the BOPET film business has recorded 11% increase from 52290 metric tonnes in FY 2019 to 58033 metric tonnes in FY 2020. Total sales turnover recorded a growth of only 2% on account of reduction in feedstock prices though EBIT margins improved by 8% as compared to previous year due to higher sales volume & richer product mix.

Ester's efforts to strengthen its portfolio of Value Added and Specialty Products remains robust along with continuous focus and efforts to improve internal efficiencies. Ester is continuing to build strong and long-term focused business partnerships with key users focusing on commercialization of several prestigious projects with some of the leading FMCG and strategic end users across the globe. Ester is also continuing its efforts to qualify its products with leading multinational converters for their global supplies of BOPET films.

Ester is continuing its journey of margin improvement through various efficiency improvement plans such as waste reduction, productivity enhancement, increased proportion of value added products, energy & packing cost reduction.

Ester is continuously focusing on its sustainability efforts and is proud to announce that during the year, we expanded our range of Post-consumer recycled packaging & industrial films. We are also continuously developing a wide range of value added products including but not limited to barrier films, graphic art films and a wide range of matte finish films.

### Outlook

As mentioned, the demand for BOPET films in India continues to grow at approximately 10-12 percent. Ester Industries has announced a green-field expansion for expanding its Polyester Film business by setting up Polyester film line of 48,000 MTPA capacity. Off Line Coater has also been commissioned in May 2020 which will enable us to enhance the volume of value added & specialty product range significantly.

Ester remains committed to focus on its strategy towards

- Expanding value added and specialty products portfolio through selective investments
- Expanding product portfolio by investments in technical and product development capabilities
- Capacity expansion to achieve cost efficiency
- Diversifying into new market segments
- Building stronger customer relationships
- Business process re-engineering towards continual efficiency improvements
- Incorporate industry best practices for continuous improvement and better profitability

### Engineering Plastics Business

#### The Product

Engineering Plastics (such as Polybutylene Terephthalate, Polyamides and Polycarbonate) possess enhanced mechanical and/or thermal properties and dimensional stability as compared to commodity plastics (such as Polystyrene, Polypropylene and Polyethylene). Engineering Plastics usually exhibit a combination of improved properties that make them suitable for applications in various industries such as automotive, electrical & electronics, construction, medical, consumer durables and telecommunication.

Ester manufactures and sells its products – compounds of PBT, PET, PA6, PA66, PC, ABS, POM and their respective blends – under the brand name “Estoplast”.

### Industry Overview

The global engineering plastics market, estimated at USD 79 Bn in 2019 (based on various industry reports), was slated to grow (pre-COVID) at a CAGR of ~6% over the next 5 years. COVID-19 is expected to affect the global economy in three main ways – by directly impacting production and demand, by creating supply chain disruptions and by its financial impact on organisations and financial markets. The engineering plastics market is likely to be affected by all of these factors.

The automotive segment – the largest end-use segment – saw a weak global demand in 2019. The domestic automotive segment witnessed a 5-year low, with overall sales declining by ~18%. The auto components industry was adversely impacted by investments made for transition from BS-IV to BS-VI as well as liquidity crunch. Lack of clarity on the policy for electrification of vehicles added to the complexity. The Auto industry would be looking for a government stimulus to speed up recovery. Segment-wise sales growth is tabulated below;

| Segment             | Growth in FY 19-20 |
|---------------------|--------------------|
| Passenger Vehicles  | -17.9%             |
| Commercial Vehicles | -28.85%            |
| Two-Wheelers        | -17.86%            |
| Three-Wheelers      | -9.2%              |
| <b>Overall</b>      | <b>-17.97%</b>     |

Source: Society of Indian Automobile Manufacturers (SIAM)

The electrical industry – comprising of the electrical equipment and lighting industries – contributes towards the second largest demand for engineering plastics after the Auto segment. Within the electrical equipment industry, the switchgear and energy meters industries account for the major EP demand.

The domestic switchgear market saw a decline during the year, impacted by lower demand for residential/commercial buildings. Industrial switchgears, that had been gaining momentum, also witnessed a slowdown owing to liquidity issues, sluggish infrastructure development and lower than expected electrification initiatives. However, some improvement was seen in the second half of the year. With government directives to replace older redundant systems to achieve operational safety & security in industrial establishments and investment plans in the infrastructure, telecom and railways sectors, the switchgear market is expected to stage a recovery.

The Lighting market in India is rapidly evolving. India LED lighting market has been witnessing a surge in recent years given the increased energy demand on account of growing population and subsequent urbanization. Demand for an environment friendly and cost-effective lighting solution is driving the demand for LED lighting. Several government schemes such as Unnat Jyoti by Affordable LEDs for All (UJALA) and Street Lighting National Programme (SLNP) continue to be the biggest demand drivers for the LED lighting market in India.

Global OFC demand that had been growing steadily over the last several years, saw a temporary slowdown in 2019. However, with increasing focus on 5G network deployment – that requires a far higher degree of fiberization – the market is expected to deliver a healthy growth from 2021. Asia-Pacific is the fastest growing market, driven by the increasing demand in China,

Japan, Korea, India and Indonesia. Demand in India witnessed a decline in 2019-20 owing to reduced cable deployments from mid-2019, with some of the major telecom companies facing financial distress. Investment towards enhancing OFC network infrastructure by the Indian government – in line with its initiatives such as Smart Cities Vision and Digital India – is expected to drive demand in the coming years. Renewed focus on the government's BharatNet project – through the PPP model – is also expected to have a positive effect.

### **Key drivers for Industry Growth**

- Increasing global demand for light-weight automobiles to meet newer / more stringent emission standards. India progresses to BS VI norms.
- Increased need for personal mobility – LCVs (*e-commerce*) & two-wheelers (*delivery purpose*)
- Environmental concerns to drive demand for Electric Vehicles.
- Enhanced usage of engineering plastics in the construction sector owing to its versatility, strength-to-weight ratio, durability and corrosion resistance
- Regulatory pressure driving demand for recycled/recyclable materials
- Growing demand for polyamides in 3D printing.
- Electrification programs such as “24x7 Power for All” expected to fuel growth in the India switchgear market.
- Government initiatives (*such as SLNP & UJALA*) expected to boost LED adoption and result in high demand growth in this sector.
- Enhanced usage of high performance plastics with increasing application in the Medical industry
- 5G network deployment to support increased data traffic and emerging technologies such as 5G, IoT, Smart City & AI expected to drive OFC demand. Developing economies like India, with low FTTH penetration, provide greater potential

While overall demand in the current year would be impacted by the prevailing COVID scenario, the above-mentioned factors are expected to fuel demand growth in the post-COVID period.

### **Performance Overview**

FY 2019-20 was not a good year for the global Engineering Plastics industry. In the domestic market, the Automotive segment declined by ~18%, with the Electrical and Optical Fiber Cable industries also experiencing a slowdown. Ester's Engineering Plastics SBU registered a negative growth of 17.4% (*10.1% in volumetric terms*). The higher drop in value terms was on account of ~8% drop in unit selling price (*compared to the previous year*) consequent to the steady drop in polymer prices for the first 10 months of the year. While demand from the Automotive segment remained poor throughout the year, the Electrical and OFC segments saw some recovery in the last quarter. Despite March being the worst month of the year (*on account of the lockdown*) Q4 was the best quarter with respect to sales as well as profitability.

Sales volumes of EP compounds (*catering to end-use segments such as automotive, electrical & electronics and appliances*) declined by 1.8%. The Automotive segment accounted for the largest drop in volumes, followed by the Electrical segment. Ester's volumes into the Appliances segment grew during the year on account of new customer acquisition. Ester further restricted sales of EP compounds to the Lighting segment owing to severe liquidity issues within this segment. Volumetric sales to the Optical Fiber Cable industry registered a negative growth of 22% owing to slow progress of the government's BharatNet project coupled with reduced cable deployment consequent to financial distress being faced by major telecom companies.

While overall volumes into the domestic market registered a negative growth of 12%, Exports volumes grew by >30%, albeit on a much lower base. Despite the above-mentioned setbacks, Ester's EP business registered a modest 3-year CAGR (*FY 2016-17 to FY 2019-20*) of 3.6% and 0.1% in value and volumetric terms respectively.

### **Future Outlook**

The EP Industry is expected to work aggressively towards revival in the second half of FY 2020-21 – backed by government stimulus in specific areas – to gain back the momentum that had been seen in the last quarter of FY 2019-20 before the pandemic set in. Within the Auto segment, increased need for personal mobility – LCVs & two-wheelers – is expected to drive demand growth. Given the government focus on infrastructure development, the Electrical segment can also expect to see an improvement. Increasing focus on 5G network deployment – requiring a high degree of fiberization – is expected to deliver a healthy OFC demand growth from 2021.

Some of the key focus areas to enhance business robustness include;

- Special focus areas in H1 given the prevailing uncertainty owing to COVID-19
  - Customer / market share retention
  - Working capital and fixed cost management
  - Robust supply chain
  - Optimised product portfolio
  - Capitalise on localisation opportunities
- Build on relationship with OEMs & Tier-1/2 customers and secure approvals
- Work towards enhanced profitability
  - Productivity/efficiency improvement
  - Variable cost reduction initiatives
  - Enhanced customer / product mix
- Continued focus on expanding global footprint
- Enhance Ester's UL-certified and Food-grade product portfolio
- Continue to focus on new product/application development projects

- Enhance R&D and EP compounding capability aligned with technological developments and changing customer needs
- Explore opportunities for strategic alliances, including toll-compounding

### **Specialty Polymer Business**

Ester has continued its efforts with increased gusto in the Specialty Polymer Business & FY20 has turned out to be an inflection point. As we had projected in our management discussion in FY19, FY20 has been a transformational year. We were able to achieve sales revenue of Rs. 73 crores & EBIT margin of Rs. 27.7 crores in FY 20 as against Rs. 30.4 crores & Rs. 1 crore respectively during FY19. This has all been possible due to relentless efforts on product development and enhancing the customer base.

This momentum would have continued in FY21 also, had it not been affected by COVID-19 Pandemic. Despite the upheaval caused by COVID-19, we are confident that FY21 will be equal to, if not better, than FY20.

While external challenges may have weighed on the near term performance, we are confident for the business to bounce back in H2 FY21 as business fundamentals remain structurally strong. Moreover, we have many new projects underway which

again got affected by the pandemic in the short run, but we should soon start visualizing the fruits of the hard work put in the projects towards the end of this financial year.

We are bullish about the business going forward. We have exceeded the minimum contract volume for the innovative Polybutylene Terephthalate (PBT) in FY20 & we are expecting the same for FY 21. We are also positive that this contract will get renewed in the future with increased volumes. The volumes for our marquee product MB-03 also increased dramatically to 1140 tonnes compared to 377 tonnes in the previous year. We are extremely confident of starting commercial volumes of our Deep Dyeable and Cationic Dyeable Master Batch before the end of this year.

In our efforts to create a sustainable business environment, we had invested in few sustainability products under Specialty Polymer business which are expected to start giving returns in the current financial year as well. We have also been granted product patent for our clear PBN in Europe which should start giving returns in the near future.

While it has taken some time for this business to mature & start giving returns, we can expect the business to reach new heights supported by significant growth in turnover & profitability in the coming years

## **BUSINESS & FINANCIAL PERFORMANCE**

|                           | Quantity Produced (MT)<br>(During 2019-20) | Quantity Produced (MT)<br>(During 2018-19) | Growth   |
|---------------------------|--|--|----------|
| Polyester Chips           | 69057                                      | 62939                                      | 9.72%    |
| Specialty Polymers        | 2091                                       | 1200                                       | 74.25%   |
| PET Film – Non Metallized | 58235                                      | 52510                                      | 10.90%   |
| PET Film – Metallized     | 10819                                      | 10658                                      | 1.51%    |
| Engineering Plastics      | 11554                                      | 13521                                      | (14.55%) |

|                             | Quantity Sold (MT)<br>(During 2019-20) | Quantity Sold (MT)<br>(During 2018-19) | Growth        |
|-----------------------------|--|--|---------------|
| Polyester Chips             | 10418                                  | 10057                                  | 3.59%         |
| Specialty Polymers          | 2123                                   | 1150                                   | 84.6%         |
| PET Film – Non Metallized   | 47192                                  | 41615                                  | 13.4%         |
| PET Film – Metallized       | 10840                                  | 10675                                  | 1.55%         |
| <b>Sub Total – PET Film</b> | <b>58033</b>                           | <b>52290</b>                           | <b>10.98%</b> |
| Engineering Plastics        | 10910                                  | 12140                                  | (10.13%)      |

|                             | Net Sales Value<br>(Rs. in Lacs)<br>(During 2019-20) | Net Sales Value<br>(Rs. in Lacs)<br>(During 2018-19) | Growth       |
|-----------------------------|--|--|--------------|
| Polyester Chips             | 6996.89  | 8544.96  | (18.12%)     |
| Specialty Polymers          | 7240.87  | 3029.43  | 139.02%      |
| PET Film – Non Metallized   | 56814.19   | 54934.21   | 3.42%        |
| PET Film – Metallized       | 16146.62   | 16701.43   | (3.32%)      |
| <b>Sub Total - PET Film</b> | <b>72960.81</b>                                      | <b>71635.64</b>                                      | <b>1.85%</b> |
| Engineering Plastics        | 16080.05   | 19458.89   | (17.36%)     |
| Others                      | 666.20   | 229.23   | 190.63%      |
| <b>Total</b>                | <b>103944.83</b>                                     | <b>102898.16</b>                                     | <b>1.02%</b> |
| Rebates & Discounts         | <b>773.66</b>  | <b>873.25</b>  |              |
| <b>Total Net Sales</b>      | <b>103171.17</b>                                     | <b>102024.91</b>                                     | <b>1.12%</b> |

|                            | (Rs. in Lacs)<br>(During 2019-20) | (Rs. in Lacs)<br>(During 2018-19) | Growth  |
|----------------------------|-----------------------------------|-----------------------------------|---------|
| EBITDA                     | 19829.94                          | 11367.30                          | 74.45%  |
| PBT                        | 13856.64                          | 4704.36                           | 194.55% |
| PAT                        | 9949.87                           | 3110.63                           | 219.87% |
| Other Comprehensive Income | (75.52)                           | 5.31                              |         |
| Total Comprehensive Income | 9874.35                           | 3115.94                           | 216.90% |

Main factors for significant enhancement in profitability of the company are substantially improved performance of Polyester Film and Specialty Polymers on account of higher volume as well as better margins.

A significant increase in revenues of Specialty Polymers from Rs. 30.42 crores to Rs. 73 crores, both on account of higher volume and selling price, contributed towards overall increase in sales revenue. Specialty Polymer business has had one of its best performances till date on the back of good demand and consistent product off-take.

The Company achieved an improvement in margin in Polyester Film SBU despite a reduction in selling price, consequent to reduction in feedstock prices. The drop in selling prices resulted in a lower value growth of 1.94% as compared to volume growth of ~11% (from 52290 MT to 58033 MT).

Growth in demand helped in bridging the demand supply gap, thereby contributing towards improved unit margins for the Polyester Film business. This, coupled with the enhanced sales in volumetric terms resulted in significantly improved profitability for the SBU. Demand for Polyester Film continues to grow at the rate of 10% - 12% (domestic) and 6%- 6.5% (global).

The profitability for the Polyester Film SBU witnessed an improvement in EBIT from Rs. 120.34 crores to Rs. 182.64 crores – EBIT margin improving from 14.98% to 22.69%.

Engineering Plastics SBU registered a negative growth of 17.4% in value terms (10.1% in volumetric terms). The higher drop in value terms was on account of ~8% drop in unit selling price (compared to the previous year) consequent to the steady drop in polymer prices for the first 10 months of the year.

Reduced market demand resulted in negative growth of 1.8% for the EP compounds in volumetric terms (catering to end-use segments such as automotive, electrical & electronics and appliances). Likewise, volumetric sales to the OFC segment also registered a negative growth of 22%. While overall domestic volume declined by 12%, exports volume grew by >30%, albeit on a much smaller base.

The profitability for the Engineering Plastics SBU witnessed marginal improvement in EBIT from Rs. 7.69 crores to Rs. 8.63 crores – EBIT margin improving from 3.95% to 5.37%.

Despite increase in sales of Polyester Chips in volumetric terms from 10057 MT to 10418 MT, revenue dropped by 18.1% on account of reduction in feedstock prices.

Due to repayment of term borrowings strictly as per repayment schedule, the financial leveraging indicated by Total Outside Liabilities : Total Equity ratio stand at 0.69 as at 31<sup>st</sup> March 2020. The book value per equity share stood at Rs. 48.94

### Key Financial Ratios

| Particulars                 | 2019-20 | 2018-19 | Change % | Remarks  |
|-----------------------------|---------|---------|----------|--|
| Debtors Turnover            | 8.46    | 7.53    | 12%      | Variation is on account of change in customer mix & improved market conditions for Film.   |
| Inventory Turnover          | 8.76    | 8.53    | 3%       | Marginal variation   |
| Interest Coverage Ratio     | 6.74    | 2.21    | 206%     | Due to increased quantity of sales & improved margins in Film & Specialty Polymers, overall EBITDA for the Company improved. Substantial reduction in interest cost also contributed towards improvement in the ratio. |
| Current Ratio               | 1.78    | 1.15    | 54%      | On account of significant improvement in performance and retention of profits earned, the working capital accounts were substantially underutilized.   |
| Debt Equity Ratio           | 0.69    | 1.12    | 38%      | On account of increase in retained profits by Rs. 93.72 crores and repayment of due Term Loan installments.  |
| Operating Profit Margin (%) | 15.99   | 7.40    | 116%     | Due to increased quantity of sales & improved margins in Film & Specialty Polymers, PAT for the Company improved.  |
| Net Profit Margin (%)       | 9.64    | 3.05    | 216%     | Due to increased quantity of sales & improved margins in Film & Specialty Polymers, PAT for the Company improved.  |
| Return on Net Worth (%)     | 30.83   | 12.08   | 155%     | Due to increased quantity of sales & improved margins in Film & Specialty Polymers, PAT for the Company improved.  |

## Detailed explanation of ratios

### (i) Debtors Turnover

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short – term debt is collected or is paid. It is calculated by dividing sales turnover by average trade receivables.

### (ii) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing sales turnover by average inventory

### (iii) Interest Coverage Ratio

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing EBIT by finance cost

### (iv) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short – term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities

### (v) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity

### (vi) Operating Profit Margin (%)

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by sales turnover.

### (vii) Net Profit Margin (%)

The Net Profit Margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing profit for the year by sales turnover.

### (viii) Return on Net Worth (%)

Return on Net Worth (RONW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed. Capital employed is total equity less intangible assets, capital redemption reserve and capital reserve.

## Risk Management

In Ester, Audit Committee reviews and evaluates the risk management plan. It is understood that risk is an integral part of any business. Risk Management Policy aims to detail the objectives and principles of risk management along with an overview of the risk management process and related roles and responsibilities. Risk Management Policy drafted by the Company covers interalia process, governance and execution of the risk management framework. The risk management system has laid down following steps – identification of risks that matter, assessment of impact of identified risks, prioritization of risks with high impact, developing &

monitoring mitigation plan. Under the policy & process document, a monitoring process has been institutionalized to ensure periodic review of organization risk profile, identify emerging risks, their classification into various categories viz: Strategic, Financial, Operational and Compliance, and assess the implementation status of mitigation plans. Considering the current volatile and dynamic environment, identified risks and the progress in the implementation of mitigation plans to manage the identified / inherent risks are reviewed and if required, the risks and the mitigation plans are modified to align with the changed scenario / environment.

Upon detailed review of the identified risks & mitigation plan thereof, the Board is of the opinion that there are no risks which may threaten very existence of the Company.

## Intellectual Capital

The business environment has undergone a remarkable set of changes in the last decade. Industry and businesses worldwide are striving to formulate strategies, sharpen operations, bring down costs, improve quality and differentiate products to increase their worth in the market. This is an era of continuous improvement in thoughts & processes, which is the only way to move towards competitiveness. All these changes in the competitive environment demand that we transform ourselves to become the first choice of customers in terms of time, quality and price. Further, it is also important that we build our efficiencies in all the category of resources to enhance customer value creation and elimination of waste.

We continue to focus on human capital development and continue with our various people initiatives. The learning and development framework focuses to enhance adherence to operating & business processes. Operating processes for entire business operations are constantly relooked at / reviewed for improvement keeping the customer delivery in mind. These processes are being kept at the centre for training the workforce. Having multi-skilled workforce is the first and most critical element to the success.

Roles and performance parameters are being re-defined for teams and individuals. The rolls will get enriched for the Company as well as for individual career growth. Technology will be taken to the front line level far beyond the current boundaries to track and monitor performance on a regular basis.

Creating a customer centric organization by challenging the functional boundaries require a big cultural shift and mind-set change and therefore to keep the workforce aligned and engaged, the senior management has continuous communication & engagement with the employees at all levels including active participation in floor level activities.

## 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 a set of transparency and accountability which are integral part of our business and endeavour to ensure fairness for every stakeholder, our customers, investors, vendors and the communities wherever we operate. We always seek to ensure that our performance is driven by integrity, value and ethics. Integrity and Transparency are key to our Corporate Governance practices to ensure that we retain the trust of our stakeholders at all the times.

Its all about building simple and transparent processes driven by business needs of all stakeholders. Responsible corporate conduct is integral to the way we do our business. It is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization.

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 practices 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.

In Ester, we firmly believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance to bring objectivity and transparency in the Management. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

## 1. Board of Directors

The Board of the Company is constituted in compliance with the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 ("SEBI (LODR) Regulations, 2015") and in accordance with best practices in Corporate Governance with an optimum combination of Executive, Non- executive and Independent directors, having a pool of collective knowledge from various disciplines like Engineering, Finance, Legal, Business Management, Corporate Planning etc. on its board.

All the Independent Directors of the Company have confirmed that they meet the criteria as mentioned under SEBI (LODR) Regulations, 2015 and Section 149 of the Companies Act, 2013. Terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

In the opinion of the Board the Independent Directors of the Company fulfil the conditions specified in these SEBI (LODR) Regulations, 2015 and are independent of the management.

### Composition of the Board

| Category                   | Name of Directors   |
|----------------------------|---|
| Non- Independent Directors | <b>Executive Directors</b><br>Mr. Arvind Singhania, Chairman & CEO (Promoter Category) <sup>1</sup><br>Mr. Pradeep Kumar Rustagi, Executive Director & CFO            |
|                            | <b>Non- Executive Director</b><br>Mrs. Archana Singhania (Promoter Category) <sup>1</sup>   |
| Independent Directors      | Mr. M. S. Ramachandran<br>Mr. Ashok Kumar Newatia<br>Dr. Anand Chand Burman<br>Mr. P. S. Dasgupta<br>Mr. Sandeep Dinodia<br>Mrs. Padmaja Shailen Ruparel <sup>2</sup> |

Note –

- Mrs. Archana Singhania is wife of Mr. Arvind Singhania. Apart from them no Director is related to any other Director on the Board in terms of the definition of 'Relative' given under the Companies Act, 2013 read with the rules made thereunder
- Mrs. Padmaja Shailen Ruparel has been appointed as Additional Director in the category of Independent Director w.e.f. 1<sup>st</sup> April, 2020.

### Attendance record of the Directors in Board Meetings and Annual General Meeting and the number of Directorship and Committee Chairmanship/ Membership held by them in other Companies

The Board of Directors and its committees meet at regular intervals. 6 (Six) Board Meetings were held during the year 2019-20 on 13<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019, 7<sup>th</sup> January, 2020, 10<sup>th</sup> February, 2020 and 5<sup>th</sup> March, 2020. Last Annual General Meeting (AGM) of the Company was held on 16<sup>th</sup> September, 2019.

| 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 | Board Membership                                     | Chairperson of the Board | Committee Membership   | Chairperson of Committees |
| Mr. Arvind Singhania                 | Chairman & CEO       | 6                      | Yes      | 2  | None                     | None   | None                      |
| Mr. Ashok Kumar Newatia <sup>4</sup> | Independent Director | 6                      | Yes      | None   | None                     | None   | None                      |

| 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 | Board Membership                                     | Chairperson of the Board | Committee Membership   | Chairperson of Committees |
| Mr. M S Ramachandran <sup>4</sup>         | Independent Director     | 6                      | No       | 2  | 1                        | None   | None                      |
| Dr. Anand Chand Burman                    | Independent Director     | 4                      | No       | 3  | None                     | None   | None                      |
| Mr. P S Dasgupta                          | Independent Director     | 3                      | No       | 7  | None                     | 7  | 3                         |
| Mr. Sandeep Dinodia                       | Independent Director     | 6                      | Yes      | 1  | None                     | 2  | 1                         |
| Mrs. Archana Singhania                    | Non- Executive Director  | 4                      | No       | None   | None                     | None   | None                      |
| Mr. Pradeep Kumar Rustagi                 | Executive Director & CFO | 6                      | Yes      | None   | None                     | None   | None                      |
| Mrs. Padmaja Shailen Ruparel <sup>3</sup> | Independent Director     | -                      | -        | None   | None                     | None   | None                      |
| Mr. Dinesh Chandra Kothari <sup>5</sup>   | Independent Director     | 1                      | No       | -  | -                        | -  | -                         |

Note –

- The other Directorships held by Directors as mentioned above do not include directorships of Private Limited Company, Directorship in the Company incorporated outside India and Companies as per Section 8 of the Companies Act, 2013.
- As required in the SEBI (LODR) Regulations, 2015, the disclosure includes memberships/ chairpersonship of Audit Committee and Stakeholders' Relationship Committee in Indian public companies (listed and unlisted) only.
- Mrs. Padmaja Shailen Ruparel was appointed as an Additional Director (Independent Director) of the Company w.e.f. 1<sup>st</sup> April, 2020.
- Mr. Ashok Newatia and Mr. M S Ramachandran has attained the age of seventy-five years and a special resolution pursuant to Regulation 17(1A) of SEBI (LODR) Regulations, 2015 was passed by the shareholders in their meeting held on 24<sup>th</sup> September, 2018.
- Mr. Dinesh Chandra Kothari, Independent Director of the Company resigned from the directorship of the Company w.e.f. 10<sup>th</sup> November, 2019 due to his future commitments. In terms of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with Clause 7B of Para A, of Part A of Schedule III of the said regulation, Mr. Kothari had confirmed that there are no other material reasons other than stated above. All the details related to Mr. Kothari given under this Corporate Governance Report is as per his tenure in the organization as Director.

#### Directorship in Listed Companies (other than Ester Industries Limited) as on 31st March, 2020

| S. No. | Name of the Director         | Name of the Other Listed Entities        | Category of Directorship      |
|--------|------------------------------|--|-------------------------------|
| 1      | Mr. Arvind Singhania         | Lemon Tree Hotels Limited                | Independent Director          |
| 2      | Mr. Ashok Kumar Newatia      | Nil                                      | NA                            |
| 3      | Mr. M S Ramachandran         | Supreme Petrochem Ltd.                   | Independent Director          |
|        |                              | ICICI Prudential Life Insurance Co. Ltd. | Independent Director-Chairman |
| 4      | Dr. Anand Chand Burman       | Nil                                      | NA                            |
| 5      | Mr. P S Dasgupta             | Cummins India Ltd.                       | Independent Director          |
|        |                              | Maral Overseas Ltd.                      | Independent Director          |
|        |                              | Bhilwara Technical Textiles Ltd.         | Independent Director          |
|        |                              | RSWM Limited                             | Independent Director          |
|        |                              | Timken India Ltd.                        | Independent Director          |
| 6      | Mr. Sandeep Dinodia          | The Hi-Tech Gears Limited                | Independent Director          |
| 7      | Mrs. Archana Singhania       | Nil                                      | NA                            |
| 8      | Mr. Pradeep Kumar Rustagi    | Nil                                      | NA                            |
| 9      | Mrs. Padmaja Shailen Ruparel | Nil                                      | NA                            |

Note: None of the Directors is holding directorship in more than 7 Listed entities in compliance with Regulation 17A of SEBI (LODR) Regulations, 2015.

#### Key Board Skills/ Expertise/ Competence

The Board has identified the following skill set with reference to its Business and Industry which are required for our business and available with the Board:

- Leadership, Business planning and strategy, Sales & Marketing, Corporate Governance & Compliances
- Finance, Banking, Taxation, Account and Legal, Social Responsibility
- Technical skills and Expertise in company's business, industry, competition, major risks

## Chart setting out the skills / expertise / competence of the Board of Directors

| S. No. | Name of Director             | Core Skills/ Expertise/ Competence  |
|--------|------------------------------|---|
| 1      | Mr. Arvind Singhania         | Expertise in Company's business activities, industry and competition, Leadership, Corporate Governance and Compliance, Technical Skills, Risk management, Sales & Marketing Social Responsibility, Business Planning & Strategy |
| 2      | Mr. Ashok Kumar Newatia      | Corporate Governance and Compliance, Technical Skills, Risk management, Social Responsibility   |
| 3      | Mr. M S Ramachandran         | Corporate Governance and Compliance, Leadership, Sales & marketing, Social Responsibility, Business Planning & Strategy, Risk Management  |
| 4      | Dr. Anand Chand Burman       | Corporate Governance and Compliance, Technical Skills, Leadership, Sales & Marketing, Risk management, Business Planning & Strategy   |
| 5      | Mr. P S Dasgupta             | Legal, Finance, Corporate Governance and Compliance, Risk management  |
| 6      | Mr. Sandeep Dinodia          | Finance, Taxation, Account, Corporate Governance and Compliance, Risk management  |
| 7      | Mrs. Archana Singhania       | Corporate Governance and Compliance, Social Responsibility, Risk management   |
| 8      | Mr. Pradeep Kumar Rustagi    | Finance & Banking, Taxation, Account, Corporate Governance and Compliance, Leadership, Risk management  |
| 9      | Mrs. Padmaja Shailen Ruparel | Corporate Governance & Compliance, Finance, Leadership, Risk Management   |

### Board procedure and functioning

The Board meets at least once in every quarter to review the Quarterly Results and to take decisions on matters pertaining to Company's working. In case of business exigencies, resolutions are passed by circulation or a Board meeting is conducted depending on the matter.

All Board Members are given advance notice of the Meetings in compliance with the Companies Act, 2013. The Meetings are governed by structured Agenda. The detailed Agenda along with the explanatory notes are also circulated in advance to participate effectively in the Board discussions. All agenda items are backed by comprehensive background information and relevant documents to enable the Board to take informed decisions. The Directors are also free to recommend inclusion of any matter in the agenda for discussion and also seek any other information or documents on any matter of Agenda. Information provided to the Directors include the following information as stated in SEBI (LODR) Regulations, 2015 –

- Annual operating plans of the business, revenue and capital budgets, acquisitions etc.
- Quarterly results of the company and its business segments
- Quarterly Operational Performance Report of the Company and its business segments
- Minutes of the Board Meeting and all Committee Meetings
- Information on recruitment and remuneration of Senior Management Personnel including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the listed entity, or substantial non- payment for goods sold by the listed entity.
- Any issue involving possible public or product liability claims of substantial nature,

- Significant development on the human resources and industrial relations front.
- Details of any investment, merger, joint venture or collaboration agreement, if any.
- Sale of material nature, of investments, subsidiaries assets, which are not in normal course of business.
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Risk assessment, mitigation plan and minimization procedure.

### Familiarisation Programme

As per the requirement of Regulation 25 of the SEBI (LODR) Regulations, 2015 which inter-alia stipulates that the Company shall familiarize the independent directors, the Company undertakes various initiative to familiarise the Independent Directors with the Company, and senior management giving an overview of the Company's operations, products, group structure, market conditions, Board constitution, guidelines, matters reserved for the Board, and the major risks and risk management strategy etc.

Independent Directors are regularly updated on performance of each product segment of the Company, business strategy and new initiatives being taken/ proposed to be taken by the Company. The management presents, time to time, before the Board a presentation for each business detailing about the product development, performance of the business, new opportunities and challenges in business, competition and industry updates etc.

Details of familiarization programs is uploaded on Company's website at the following link:

[http://www.esterindustries.com/sites/default/files/Familiarisatin\\_programme.pdf](http://www.esterindustries.com/sites/default/files/Familiarisatin_programme.pdf)

### **Statutory Compliance**

The Board quarterly 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**

The Company has adopted the Code of Conduct for all Board Members, Senior Management Personnel of the Company in line with the requirements of Regulation 17 of SEBI (LODR) Regulations, 2015.

The code of conduct can be accessed on Company website at the following link –

<http://www.esterindustries.com/code-conduct>

The Company has received confirmation from all Board members and senior management personnel of the Company regarding their adherence to the code. The declaration to this effect from Mr. Arvind Singhanian, Chairman & CEO forms a part of this report.

### **Meeting of Independent Directors**

During the year, a separate Meeting of the Independent Directors was held on 10<sup>th</sup> February, 2020 to review the performance of the Chairperson, Directors and the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the company management and the Board, necessary for the Board to effectively and reasonably perform their duties.

### **Recommendation of the Committee of Board**

During the financial year 2019-20, there was no such recommendation of any Committee of the Board, which was not accepted by the Board.

### **Certification from Company Secretary in Practice**

Mr. Akash Jain, Practicing Company Secretary has issued a certificate as required under Schedule V(C) of SEBI (LODR) Regulations, 2015, confirming that none of the Directors of the Board of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the Securities Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority. The Certificate is enclosed with this Report as "**Annexure-A**"

## **2. Audit Committee**

The Company has Audit Committee formed in pursuance of compliance with Regulation 18 of the SEBI (LODR) Regulation, 2015 and Section 177 of the Companies Act, 2013. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditor, the statutory auditor and the cost auditor and notes the processes and safeguards employed by each of them. The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to

ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting.

All members of the audit committee are knowledgeable in finance, banking, accounts and company law matters etc. 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 inter-alia includes the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices along with the reason for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinion(s) in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the utilization of loan and/or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of asset size of the subsidiary, whichever is lower including existing loans/ advances/investments.
- Examination of the financial statement and auditors' report thereon;
- Reviewing following information–
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee);
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses;
  - e. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) for public issue, rights issue, preferential issue
  - f. The appointment, removal and terms of remuneration of the internal auditor
  - g. annual statement of funds utilized of Public issue/ Right issue for purposes other than those stated in the offer document/ prospectus/notice
- Any other matter as referred by the Board time to time in the terms of reference of the audit committee.

During the year 2019-20, the Audit Committee has met on 13<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019, 7<sup>th</sup> January, 2020, 10<sup>th</sup> February, 2020 and 5<sup>th</sup> March, 2020.

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. Sandeep Dinodia<br>Chairman of the Committee | Independent Director | 6                    | 6                         |
| Mr. M S Ramachandran<br>Member                   | Independent Director | 6                    | 6                         |
| Mr. Ashok Kumar Newatia<br>Member                | Independent Director | 6                    | 6                         |
| Mr. Dinesh Chandra Kothari*<br>Member            | Independent Director | 2                    | 1                         |

\*Mr. Dinesh Chandra Kothari has resigned from the directorship of the Company w.e.f. 10<sup>th</sup> November, 2019

Mr. Sandeep Dinodia, Chairman of the Committee is qualified Chartered Accountant having rich experience in Accounting and Finance. Other members of the Committee also have the knowledge of accounting and finance with wide exposure in their relevant areas.

The Company Secretary acts as the Secretary of the Committee.

The Chairman of the Board and CFO are the permanent invitee to the meetings. Representatives of Statutory Auditors and Internal Auditors are also being invited to the meetings. All the Meeting of Audit Committee are attended by Statutory Auditors. However, Cost Auditors could not attend the meeting when the Cost Audit Report was discussed.

Mr. Sandeep Dinodia, Chairman of the Audit Committee has attended the last Annual General Meeting held on 16<sup>th</sup> September, 2019.

### 3. Nomination and Remuneration Committee

The Company has a Nomination and Remuneration Committee, formed in pursuance of compliance with Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. Minutes of each Nomination and Remuneration committee meeting are placed before the board and discussed in depth.

The Company Secretary acts as the Secretary of the Committee. Terms of reference of the Committee inter-alia include the following:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
- to recommend to the Board their appointment and removal
- to carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director

- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees,
- to devise a policy on Board diversity;
- to recommend the board, all remuneration, in whatever form, payable to senior management
- to perform any other function, duty as stipulated by the Companies Act or under any applicable laws, as amended from time to time.

During the year 2019-20, three meetings of Nomination and Remuneration Committee were held on 13<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019 and 10<sup>th</sup> February, 2020. The Composition of the Nomination and Remuneration Committee and the particulars of meeting attended by the members of the Committee are given below:

| Name of Members                                  | Category  | No. of Meetings held | Attendance of the Members |
|--|---|----------------------|---------------------------|
| Mr. M S Ramachandran<br>Chairman of the ommittee | Independent Director                            | 3                    | 3                         |
| Mr. P S Dasgupta<br>Member                       | Independent Director                            | 3                    | 2                         |
| Mr. Arvind Singhania<br>Member                   | Managing Director and Promoter (Chairman & CEO) | 3                    | 3                         |
| Mr. Sandeep Dinodia*<br>Member                   | Independent Director                            | -                    | -                         |
| Mr. Dinesh Chandra Kothari**<br>Member           | Independent Director                            | 2                    | 1                         |

\*Mr. Sandeep Dinodia is appointed as new member in the Committee as approved by the Board in its meeting held on 17<sup>th</sup> June, 2020 with immediate effect.

\*\*Mr. Dinesh Chandra Kothari has resigned from the directorship of the Company w.e.f. 10<sup>th</sup> November, 2019

Mr. MS Ramachandran, Chairman of Nomination & Remuneration Committee, could not attend the Annual General Meeting and therefore he had authorized Mr. Arvind Singhania to attend the Annual General Meeting on his behalf as representative of the Committee.

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

Remuneration Policy of the Company is designed to act as a guideline for determining, inter-alia qualification, positive attributes and independence of a Director, matters relating to the remuneration, appointment, and removal of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees. The objectives of the policy are as stated below:

- To formulate the criteria for identification of the persons who are qualified to become directors and who may be appointed in senior management;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director;

- To lay down a policy for remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company;
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- To ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

This policy is divided into three parts. The salient aspects of the same are as stated below –

#### A. Appointment of Director, Key Managerial Personnel (KMP) and Senior Management Personnel

The Policy prescribes the criteria for determination of positive attributes, independence and qualifications of Directors and the criteria for appointment of Key Managerial Personnel and Senior Management Personnel.

The Nomination and Remuneration Committee has the responsibility to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and KMP and recommend to the Board his / her appointment. The Committee may also identify and recommend to the Board the person, who may be appointed in Senior Management as per the criteria prescribed in the Policy. The Committee makes endeavor to ensure that the person should possess adequate qualification, expertise and experience for the position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

#### B. Board Diversity

All Board appointments are based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Nomination and Remuneration Committee seeks to address Board vacancies by actively considering candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience. The candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

#### C. Remuneration to Director, KMP, Senior Management Personnel and other employees

The Company strives to provide fair compensation to Directors, KMP, Senior Management Personnel and other employee, taking into considerations factors like Industry benchmark,

Company's performance vis a vis industry, scope of duties, roles and responsibilities, skill, knowledge, performance/track record, core performance requirements and expectations of individuals, legal and industrial obligations. In terms of the Policy, the remuneration to Non-Executive Directors is given as Sitting Fees and profit linked commission within the limits prescribed under the Companies Act, 2013 and rules made thereunder. The quantum of the commission of Executive Directors & Non-Executive Directors is recommended by the Nomination & Remuneration Committee on the year to year basis, based on the profitability of the Company and at the recommendation of the Nomination & Remuneration Committee, the Board may decide to pay the commission to the Directors.

The policy can be accessed on Company's website at the following link –

<http://www.esterindustries.com/sites/default/files/Nomination%20and%20Remuneration%20Policy%20Ver%202%2017%20June%202020.pdf>

#### Details of Remuneration to Non-Executive Directors & Independent Directors

Non-Executive Directors are paid sitting fees of Rs. 10,000/- for attending each meeting of the Board of Directors and the Committee thereof (except Stakeholders' Relationship Committee and Borrowing Committee). The Shareholders have approved at the AGM of the Company on 4<sup>th</sup> September, 2017, the payment of commission to the non-executive directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013. The quantum of the commission may be recommended by the Committee on year to year basis based on the profitability of the Company and on such recommendation, the Board may decide to pay commission to the directors. During the year commission was paid to Non-Executive Director of the Company as per the above said approved limit of commission.

At the recommendation of the Nomination and Remuneration Committee, the Board has approved the appointment of Mrs. Padmaja Shailen Ruparel, as an Additional Director at the position of Independent Director on the Board of the Company for a period of 5 (Five) years w.e.f. 1st April, 2020, at the above stated terms of remuneration, subject to the approval of the Shareholders of the Company in the forthcoming Annual General Meeting. Terms and conditions of the appointment of the Independent Directors are given on the website of the Company viz [www.esterindustries.com](http://www.esterindustries.com).

The details of commission and sitting fees paid for the year 2019-2020 to the Non-Executive Directors are given below –  
(Rs. in Lacs)

| Name of the Director    | Commission | Sitting Fees | Total |
|-------------------------|------------|--------------|-------|
| Mr. Ashok Kumar Newatia | 10.00      | 1.40         | 11.40 |
| Mr. Sandeep Dinodia     | 10.00      | 1.20         | 11.20 |
| Mr. M S Ramachandran    | 10.00      | 1.70         | 11.70 |
| Mr. P S Dasgupta        | 10.00      | 0.50         | 10.50 |

| Name of the Director        | Commission | Sitting Fees | Total |
|-----------------------------|------------|--------------|-------|
| Dr. Anand Chand Burman      | 10.00      | 0.40         | 10.40 |
| Mrs. Archana Singhania      | 10.00      | 0.50         | 10.50 |
| Mr. Dinesh Chandra Kothari* | -          | 0.30         | 0.30  |

\*Mr. Dinesh Chandra Kothari has resigned from the directorship of the Company w.e.f. 10<sup>th</sup> November, 2019

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fee and commission as stated above.

The Company has not given any Stock Option to any Director.

#### Details of remuneration to Executive Directors

Managing Director/ Whole-time Director are eligible for remuneration as may be approved by Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The remuneration payable to any one managing director or whole-time director does not exceed 5% of the net profits of the company and if there is more than one such director, remuneration doesn't exceed 10% of the net profits to all such directors taken together. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Whole time Director in accordance with the Schedule V and other applicable provisions of the Act and if it is not able to comply with such provisions, then with the approval of the Central Government.

The break-up of the pay scale and quantum of allowances, performance linked incentives, perquisites including, employer's contribution to P.F, pension scheme, medical expenses, car & driver facility etc. is decided and approved by the Board on the recommendation of the Committee.

During financial year 2019-20, following remuneration to Executive Directors were paid/payable-

(Rs. in Lacs)

| Particulars of Remuneration              | Arvind Singhania (Chairman & CEO) | Pradeep Kumar Rustagi (Executive Director & CFO) |
|--|-----------------------------------|--|
| Basic Salary                             | 133.33                            | 40.02  |
| Allowances & Perquisites                 | 140.20                            | 53.99  |
| PF & SAF                                 | 16.00                             | 5.80   |
| Commission/ Performance Linked Incentive | 1110.00                           | 20.00  |
| <b>Total</b>                             | <b>1399.53</b>                    | <b>119.81</b>                                    |

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance. Services of the managing director and executive director may be terminated by either party, giving the other party 90 days' notice or the Company paying 90 days' salary in lieu thereof. There is no separate provision for payment of severance fees. The company has not issued any Stock options.

**Details of Shareholding of Directors in the Company as on 31<sup>st</sup> March, 2020**

| Name of the Director      | No. of Shares held |
|---------------------------|--------------------|
| Mr. Arvind Singhania      | 150                |
| Mr. M S Ramachandran      | Nil                |
| Mr. Ashok Kumar Newatia   | Nil                |
| Dr. Anand Chand Burman    | Nil                |
| Mr. P S Dasgupta          | Nil                |
| Mr. Sandeep Dinodia       | Nil                |
| Mrs. Archana Singhania    | Nil                |
| Mr. Pradeep Kumar Rustagi | 400                |

**Performance Evaluation criteria for Independent Directors:**

The Company has a Policy for Performance Evaluation of all the Independent & Non- Independent Directors of the Company. In this Policy the criteria prescribed for performance evaluation of Independent Director include the following:

- Fulfilment of the Independence criteria as specified under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015
- Participation at the Board/Committee meetings and willingness to spend time during the meeting
- Integrity and maintaining of confidentiality
- Knowledge and expertise
- Independent judgment in relation to decision making
- Understanding about roles, responsibilities and disqualification as a director, and;
- Other criteria like objective evaluation of Board's performance, unbiased opinion on various matters, compliance of Code of Conduct and Ethics, Code for Independent Directors, Insider Trading Code etc.

The Performance evaluation adopted for year under review is given in the Directors' Report which forms the part of this Annual Report.

The Performance Evaluation Policy can be accessed on the Company's website at the following link:

[http://www.esterindustries.com/sites/default/files/Performance\\_Evaluation\\_Policy.pdf](http://www.esterindustries.com/sites/default/files/Performance_Evaluation_Policy.pdf)

**4. Stakeholders' Relationship Committee**

The Company has a Stakeholders' Relationship Committee, formed in pursuance of compliance with Regulation 20 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. Minutes of each Stakeholders' Relationship Committee meeting are placed before the board and discussed in depth.

The responsibility of the Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends and such other grievances as may be raised by the security holders from time to time.

The terms of reference of the Committee, which inter-alia includes the following-

- 1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of

declared dividends, issue of new/duplicate certificates, general meetings etc.

- 2) Review of measures taken for effective exercise of voting rights by shareholders.
- 3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

During the year 13 meetings of the Committee were held on 22<sup>nd</sup> April, 2019, 30<sup>th</sup> April, 2019, 16<sup>th</sup> May, 2019, 30<sup>th</sup> May, 2019, 10<sup>th</sup> June, 2019, 3<sup>rd</sup> July, 2019, 10<sup>th</sup> July, 2019, 20<sup>th</sup> August, 2019, 1<sup>st</sup> October, 2019, 4<sup>th</sup> November, 2019, 9<sup>th</sup> December, 2019, 8<sup>th</sup> January, 2020 and 24<sup>th</sup> February, 2020.

The Composition of the Stakeholders' Relationship Committee and the particulars of meeting attended by the members of the Committee are given below:

| Name of Members                                      | Category  | No. of Meetings held | Attendance of the Members |
|--|---|----------------------|---------------------------|
| Mr. Ashok Kumar Newatia<br>Chairman of the Committee | Independent Director                            | 13                   | 13                        |
| Mr. Arvind Singhania<br>Member                       | Managing Director and Promoter (Chairman & CEO) | 13                   | 9                         |
| Mr. Pradeep Kumar Rustagi<br>Member                  | Executive Director & CFO                        | 13                   | 13                        |

Mr. Diwaker Dinesh, Head-Legal & Company Secretary of the Company acts as the Compliance Officer.

Mr. Ashok Kumar Newatia, Chairman of the Stakeholders' Relationship Committee has attended the last Annual General Meeting held on 16<sup>th</sup> September, 2019.

The Company has received 28 Complaints from the shareholders and all of them have been resolved by furnishing requisite information/ documents. All the complaints were resolved and there was no complaint pending as on 31<sup>st</sup> March, 2020.

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.

**5. Borrowing Committee**

The Company has a Borrowing Committee, authorized and empowered to borrow such amount as Company may require for the operations and business of the company within the limits approved by the Board and the Shareholders of the Company.

During the year 7 meetings were held on 25<sup>th</sup> June, 2019, 11<sup>th</sup> November, 2019, 2<sup>nd</sup> December, 2019, 13<sup>th</sup> January, 2020, 6<sup>th</sup> February, 2020, 26<sup>th</sup> February, 2020 and 11<sup>th</sup> March, 2020.

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

| Name of Members                                      | Category   | No. of Meetings Held | Attendance of the Members |
|--|--|----------------------|---------------------------|
| Mr. Ashok Kumar Newatia<br>Chairman of the Committee | Independent Director                               | 7                    | 7                         |
| Mr. Arvind Singhania<br>Member                       | Managing Director and Promoter<br>(Chairman & CEO) | 7                    | 6                         |
| Mr. Pradeep Kumar Rustagi<br>Member                  | Executive Director & CFO                           | 7                    | 7                         |

The Company Secretary of the Company acts as the Secretary to the Committee.

#### 6. Corporate Social Responsibility (CSR) Committee

The Committee is constituted in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The terms of reference of the Committee includes –

- formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy;

- to monitor the CSR Policy of the Company from time to time;
- to institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company;
- to perform any other function or duty as stipulated by the Companies Act, SEBI Regulations and/or any applicable laws, as may be prescribed from time to time.

During the year 2 meetings were held on 13<sup>th</sup> May, 2019 and 13<sup>th</sup> August, 2019.

The Composition of the Corporate Social Responsibility Committee and the particulars of meeting attended by the members of the Committee are given below:

| Name of Members                                   | Category   | No. of Meetings Held | Attendance of the Members |
|---|--|----------------------|---------------------------|
| Mr. M S Ramachandran<br>Chairman of the Committee | Independent Director                               | 2                    | 2                         |
| Mr. Ashok Kumar Newatia<br>Member                 | Independent Director                               | 2                    | 2                         |
| Mrs. Archana Singhania<br>Member                  | Non-Executive Director and Promoter                | 2                    | 1                         |
| Mr. Arvind Singhania<br>Member                    | Managing Director and Promoter<br>(Chairman & CEO) | 2                    | 2                         |

#### 7. General Body Meetings

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

##### Annual General Meeting

| Financial Year | Date       | Time     | Venue   | Special Resolution Passed  |
|----------------|------------|----------|---|--|
| 2018-19        | 16.09.2019 | 10.30 AM | Registered office -Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand | 1. Re-appointment of Mr. Sandeep Dinodia as an Independent Director of the Company.<br>2. Alteration in Articles of Association of the Company   |
| 2017-18        | 24.09.2018 | 10.30 AM | Registered office -Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand | 1. Re-appointment of Mr. Ashok Kumar Newatia as an Independent Director of the Company<br>2. Re-appointment of Mr. M S Ramachandran as an Independent Director of the Company<br>3. Re-appointment of Dr. Anand Chand Burman as an Independent Director of the Company |
|                |            |          |   | 4. Re-appointment of Mr. Dinesh Chandra Kothari as an Independent Director of the Company<br>5. Re-appointment of Mr. P S Dasgupta as an Independent Director of the Company   |
| 2016-17        | 04.09.2017 | 10.30 AM | Registered office -Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand | 1. Re-appointment of Mr. Arvind Singhania as Managing Director of the Company<br>2. Re-appointment of Mr. Pradeep Kumar Rustagi as Whole-time Director of the Company  |

No resolution was passed through Postal Ballot during the year under review.

## 8. Disclosures

### Related Party Transactions

The Company has formulated a Policy on materiality of Related Party Transaction and dealing with Related Party Transaction. The Policy prescribes about the transaction and their materiality where approval of the Audit Committee and Board of Directors of the Company are required. Approval of the shareholders of the Company is also required for certain related party transactions as prescribed under Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The policy can be accessed on Company's website at the following link –

[http://www.esterindustries.com/sites/default/files/Related\\_Party\\_Transactions\\_Policy%20Ver%202%2017th%20June%202020.pdf](http://www.esterindustries.com/sites/default/files/Related_Party_Transactions_Policy%20Ver%202%2017th%20June%202020.pdf)

All transactions, if any, entered into by the Company with related parties during the financial year were on arm's length basis. During the financial year 2019-20, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large.

Quarterly disclosure of the Related Party Transactions are submitted to the Audit Committee and Board of Directors of the Company. In compliance with Regulation 23 of SEBI (LODR) Regulations, 2015, half yearly disclosures of Related Party Transaction are submitted to Stock Exchanges.

### 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 3 years.

### Risk Management System

The Audit Committee of the Company reviews and evaluates the Risk Management Systems of the Company. The Committee recommends to the Board for the matters pertaining to framing, implementing and monitoring the risk management plan, identification of the risk, mitigation plan and minimisation process time to time. The Board has the responsibility for framing, implementing and monitoring the risk management plan as per the recommendation made by the Audit Committee.

### Whistle Blower policy (Policy on Vigil Mechanism)

The Company has adopted the whistle blower mechanism for directors and employees to report concerns about actual or suspected frauds, Instances for leakage or suspected leakage of Unpublished Price Sensitive Information, any violations of legal/ regulatory requirements or code of conduct/policy of the Company, incorrect or misrepresentation of any financial statements and reports, etc. No personnel has been denied access to the audit committee. The policy can be accessed on Company's website at the following link –

[http://www.esterindustries.com/sites/default/files/Whistle\\_blower\\_policy.pdf](http://www.esterindustries.com/sites/default/files/Whistle_blower_policy.pdf)

### Policy on Material Subsidiaries

In accordance with Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015 the Company has framed Policy on Material Subsidiaries to set out the criteria to determine "Material Subsidiaries" and to provide the governance framework for them. The Company had no subsidiary company during financial year 2019-20.

The policy can be accessed on Company's website at the following link –

<http://www.esterindustries.com/sites/default/files/Policy%20on%20Material%20Subsidiary%20Version%20-2%2017th%20June%202020.pdf>

### Certification in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015

Certification by Chairman & CEO and Executive Director & CFO as stipulated in the Regulation 17(8) of the SEBI (LODR) Regulations, 2015 was placed before the Board along with the financial statement for the year ended 31st March 2020, and the Board reviewed the same. The said Certificate is annexed with the Corporate Governance Report.

### Statutory Auditor fee

The details of Statutory Auditors fee for financial year 2019-20 is given below –

| Fee particulars        | Amount (Rs. in Lacs) |
|------------------------|----------------------|
| Audit fee              | 13.00                |
| Limited Review fee     | 15.00                |
| Out of pocket expenses | 2.71                 |
| <b>Total</b>           | <b>30.71</b>         |

### Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- a) Number of Complaints as on 1<sup>st</sup> April, 2019 : NIL
- b) Number of Complaints filed during the year 2019-20 : NIL
- c) Number of Complaints disposed of during the year 2019-20 : NA
- d) Number of Complaints pending as on 31<sup>st</sup> March, 2020 : NIL

### Compliance with Mandatory & Non-mandatory Requirements.

The Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015 including all the requirement of Regulations 17 to 27, whichever is applicable. The Company has also fulfilled the following non-mandatory requirements as prescribed in Schedule II, PART E of SEBI (LODR) Regulations, 2015 –

- It is always the Company's endeavour to present unmodified/unqualified Financial Statements. The auditors has given the unmodified opinion on the financial statement for the year ended on 31st March, 2020.
- The Internal Auditor has been reporting directly to the Audit Committee.

## 9. Means of Communication

- The Company intimates unaudited/ audited financial results to the stock exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. Generally the results are published in Financial Express, Economic Times, Times of India, Dainik Najariya Khabar.
- Website - Ester's website **www.esterindustries.com** contains a separate dedicated section 'Investors' which provides shareholders information like quarterly financial results, annual reports, shareholding patterns, news and announcements, policies, composition of committee, code of conduct 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** and **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, Reconciliation of Share Capital Audit, statement of investor grievances etc. are intimated/filed electronically on NEAPS.
- BSE Listing Centre - It is a web based application for compliances and intimation under SEBI (LODR) Regulations, 2015 for companies Listed in BSE. All intimations, compliance filings like corporate action, financial results, shareholding pattern, corporate governance report, Reconciliation of Share Capital Audit, statement of investor grievances etc. are intimated/filed electronically on Listing Centre.
- Designated e-mail address for investor services- In terms of Regulation 46(2) of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is **investor@ester.in**. For queries related to Shares and Dividend transferred to IEPF Authority, email may be sent to **iepf@ester.in**. The shareholders may also send their queries at the email id of Registrar and Transfer Agent (RTA) viz. **info@masserv.com**.
- Earning call, Press Release and Investor Presentation- The company issues press release every quarter briefing the details of quarterly and year to date results and performance of the company with a message of Chairman. Investor presentation on financial results are posted on the website of the Company and sent to stock exchanges. Earning calls with analysts and investors for discussion on results are held on quarterly basis after dissemination of the quarterly and year to date results. The Transcripts of the Earning calls are available on the website of the Company

## 10. General Shareholder Information:

### Forthcoming Annual General Meeting

|                             |   |
|-----------------------------|---|
| <b>Day, Date &amp; Time</b> | <b>Friday, 28<sup>th</sup> August, 2020, 11:00 AM</b>   |
| <b>Venue</b>                | <b>AGM will be held through Video Conferencing (VC)/ Other audio and visual means (OAVM) as stated in notice of AGM</b> |

### Financial Year

The financial year of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March. Accordingly an item for adoption of the Annual Accounts of the Company for financial year 2019-20 is set out in the Notice of this Annual General Meeting.

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

|   |                  |
|---|------------------|
| Financial Results for the Quarter ending 30th June 2020           | August – 2020    |
| Financial Results for the Quarter ending 30th September 2020      | November – 2020  |
| Financial Results for the Quarter ending 31st December 2020       | February – 2021  |
| Financial Results for the Quarter and year ending 31st March 2021 | May – 2021       |
| Annual General Meeting  | September – 2021 |

- Books closure date** – 22<sup>nd</sup> August, 2020 to 28th August, 2020 (both days inclusive)

### Dividend

Our Board has recommended the Final Dividend of Rs. 2.50/- per share i.e. 50% on Equity Share of face value of Rs. 5.00 each for the Financial Year 2019-20. In case dividend is declared, it will be paid on or before 26th September, 2020.

The Board has approved a Dividend Distribution Policy of the Company. The policy can be accessed on Company's website at the following link –

<http://www.esterindustries.com/sites/default/files/Dividend%20Distribution%20Policy.pdf>

In terms of the Section 125 of the Companies Act, 2013, the amount that remained unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. During the year under review, no unclaimed dividend was required to be transferred to the IEPF established by the Central Government under applicable provisions of the Companies Act. The shareholders, who have not encashed their dividend warrants relating to the dividend specified in table below are requested to immediately send their request for issue of duplicate warrants.

| Year of Dividend                             | 2013-14      | 2018-19      |
|--|--------------|--------------|
| <b>Nature of Dividend</b>                    | <b>Final</b> | <b>Final</b> |
| <b>Date of Declaration</b>                   | 22-09-2014   | 16-09-2019   |
| <b>Last date to claim dividend</b>           | 23-10-2021   | 17-10-2026   |
| <b>Proposed date of transfer of Dividend</b> | 22-11-2021   | 17-11-2026   |

Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof with the Company.

### Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA)

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus etc.) if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Hence, the Company urges all the shareholders to encash/ claim their respective dividend during the prescribed period. The shareholders whose dividend/ shares as transferred to the IEPF Authority can now claim their shares/dividend from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority in the link given below:

<http://www.iepf.gov.in/IEPF/refund.html>

### Listing of Equity Shares on Stock Exchanges

Ester Industries Limited (ISIN - INE778B01029) 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>BSE Limited</b><br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 | <b>National Stock Exchange of India Limited</b><br>Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 |
| <b>Listed Capital</b>             | 83393759 Equity Shares of Rs. 5 /- each                                       | 83393759 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   |

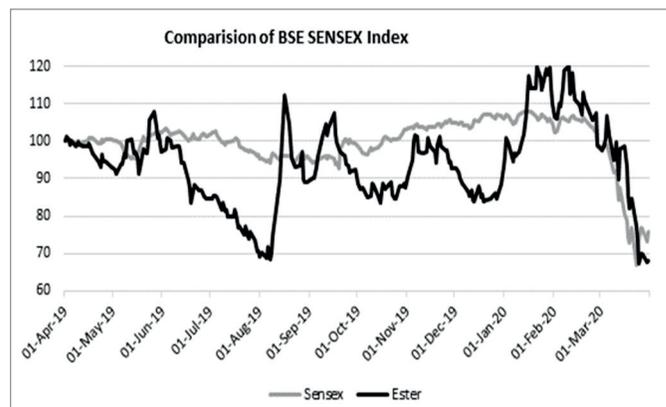
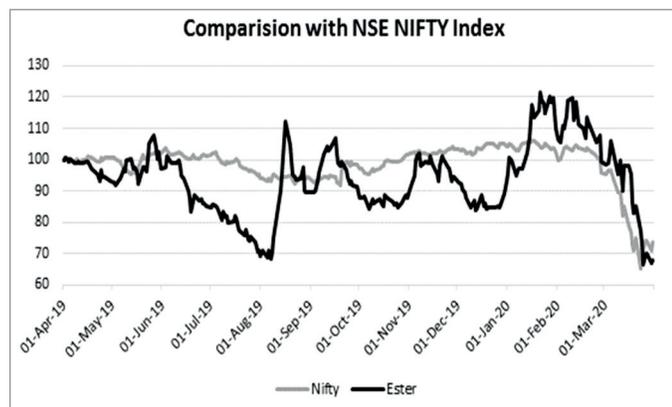
The Listing Fees for the financial year 2020-21 have been paid to stock exchanges within the prescribed time period.

### 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-19 | 37.60                       | 32.85                      | 1,20,886               | 37.50                       | 32.60                      | 6,09,596               |
| May-19 | 39.50                       | 32.00                      | 2,87,782               | 39.55                       | 32.00                      | 16,95,301              |
| Jun-19 | 36.30                       | 28.70                      | 91,489                 | 36.10                       | 28.35                      | 5,24,457               |
| Jul-19 | 30.70                       | 23.90                      | 1,38,207               | 30.95                       | 23.75                      | 6,95,558               |
| Aug-19 | 41.50                       | 22.65                      | 4,82,398               | 41.85                       | 22.50                      | 26,94,662              |
| Sep-19 | 38.90                       | 29.65                      | 1,64,591               | 39.00                       | 30.75                      | 8,02,815               |
| Oct-19 | 32.35                       | 29.00                      | 97,926                 | 32.70                       | 28.60                      | 5,71,786               |
| Nov-19 | 37.40                       | 31.30                      | 1,92,407               | 37.25                       | 31.05                      | 6,88,975               |
| Dec-19 | 33.40                       | 29.50                      | 1,38,656               | 34.70                       | 28.50                      | 10,45,209              |
| Jan-20 | 43.75                       | 33.10                      | 5,57,476               | 43.90                       | 32.30                      | 22,44,438              |
| Feb-20 | 45.15                       | 35.00                      | 3,78,763               | 45.20                       | 34.90                      | 29,31,471              |
| Mar-20 | 38.00                       | 22.65                      | 2,95,922               | 38.00                       | 22.35                      | 19,21,490              |

### Performance in comparison to broad based indices



- **Commodity Price risk or foreign exchange risk and hedging activities**

Despite Company being a Net Foreign Exchange earner, it is not absolved of Foreign Exchange Risk due to time difference of Inflows and Outflows.

Company's hedging instruments comprise of foreign exchange forward contracts which are not intended for trading or speculation purposes and are used only to hedge company's foreign exchange denominated assets & liabilities.

The decision of whether and when to execute foreign exchange hedging instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. Company keeps a close watch on the exchange rate movement.

- **Registrar and Share Transfer Agents**

**MAS Services Limited,**

T - 34, Okhla Industrial Area, Phase - II,  
New Delhi - 110 020  
Phone No. - 011-26387281/82/83  
Fax No. - 011-26387384  
E-Mail :info@masserv.com

- **Share Transfer System**

The share transfer, which are received in physical form, are processed within a period of 10 to 15 days from the date of receipts, subject to the documents being valid and complete in all respects. Pursuant to Regulation 40 of SEBI (LODR) Regulations, 2015, effective from 1st April, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities is not processed unless the securities are held in the dematerialized form with a depository.

- **Distribution of Shareholding as on 31st March 2020:**

| Shareholding of Nominal Value of Rs. 5 each (Amount in Rs.) | No. of Shareholders | % to total holders | No. of shares   | % to total shares |
|---|---------------------|--------------------|-----------------|-------------------|
| 1-5000  | 18455               | 89.64              | 4335166         | 5.20              |
| 5001-10000  | 937                 | 4.55               | 1483555         | 1.78              |
| 10001-20000   | 515                 | 2.50               | 1505397         | 1.80              |
| 20001-30000   | 262                 | 1.27               | 1321126         | 1.58              |
| 30001-40000   | 90                  | 0.44               | 639785          | 0.77              |
| 40001-50000   | 90                  | 0.44               | 852355          | 1.02              |
| 50001-100000  | 128                 | 0.62               | 1842332         | 2.21              |
| 100001 & Above  | 112                 | 0.54               | 71414043        | 85.64             |
| <b>Total</b>  | <b>20589</b>        | <b>100</b>         | <b>83393759</b> | <b>100</b>        |

- **Shareholding Pattern as on 31st March 2020:**

| Category of Shareholder  | No. of Shareholders | No. of Shares   | % to total shares |
|--|---------------------|-----------------|-------------------|
| <b>A. PROMOTER AND PROMOTER GROUP</b>                                  |                     |                 |                   |
| <b>1. Indian</b>   |                     |                 |                   |
| Individual/HUF   | 4                   | 303191          | 0.36              |
| <b>Sub Total (A1)</b>  | <b>4</b>            | <b>303191</b>   | <b>0.36</b>       |
| <b>2. Foreign</b>  |                     |                 |                   |
| Bodies Corporate   | 2                   | 49015012        | 58.78             |
| <b>Sub Total (A2)</b>  | <b>2</b>            | <b>49015012</b> | <b>58.78</b>      |
| <b>Total Shareholding of Promoter and Promoter Group (A = A1 + A2)</b> | <b>6</b>            | <b>49318203</b> | <b>59.14</b>      |

| <b>B. PUBLIC SHAREHOLDING</b>                  |              |                 |              |
|--|--------------|-----------------|--------------|
| <b>1. Institutions</b>                         |              |                 |              |
| a. Mutual Funds/UTI                            | 3            | 18300           | 0.02         |
| b. Financial Institutions/Banks                | 5            | 3800            | 0.01         |
| c. Insurance Companies                         | 1            | 300             | -            |
| <b>Sub Total (B1)</b>                          | <b>9</b>     | <b>22400</b>    | <b>0.03</b>  |
| <b>2. Non Institutions</b>                     |              |                 |              |
| a. Bodies Corporate                            | 161          | 16040615        | 19.23        |
| b. Resident Individuals                        | 20155        | 16482646        | 19.76        |
| c. Non-Resident Individual                     | 207          | 516538          | 0.62         |
| d. Clearing Member                             | 49           | 190388          | 0.23         |
| e. Trusts                                      | 1            | 13000           | 0.02         |
| f. IEPF Authority                              | 1            | 809969          | 0.97         |
| <b>Sub Total (B2)</b>                          | <b>20574</b> | <b>34053156</b> | <b>40.83</b> |
| <b>Total Public Shareholding (B = B1 + B2)</b> | <b>20583</b> | <b>34075556</b> | <b>40.86</b> |
| <b>GRAND TOTAL (A) + (B)</b>                   | <b>20589</b> | <b>83393759</b> | <b>100</b>   |

- **Dematerialization of Shares:**

As on 31st March 2020, 98.84% of the Company's shares were held in dematerialized form.

- **Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments and their likely impact on equity:**

As on 31st March, 2020, there are no outstanding Warrants or any Convertible warrants or any convertible Instruments and their likely instruments. The Company has not issued any GDR/ ADR.

- **Plant location**

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

- **Investor Correspondence**

**MAS Services Limited,**  
(Unit : Ester Industries Limited)  
T – 34, Okhla Industrial Area, Phase - II,  
New Delhi – 110 020  
Phone No. – 011-26387281/82/83  
Fax No. – 011-26387384  
E-Mail: info@masserv.com

Or

**The Company Secretary**  
**Ester Industries Limited**  
Plot No.11, Block-A, Infocity-I,  
Sector 34, Gurgaon-122 001, Haryana  
Phone: 0124-4572100 Fax : 0124-4572199  
E-Mail: investor@ester.in  
Website: [www.esterindustries.com](http://www.esterindustries.com)

- **Credit Rating**

Brickwork Ratings India Private Limited has assigned following ratings for credit limit of the Company-

| Tenure     | Facility                      | Rating*  |
|------------|-------------------------------|--|
| Long term  | Fund based                    | BWR BBB+<br>(Pronounced as BWR Triple B Plus)<br>Outlook: Stable |
| Short term | Fund based and Non Fund based | BWR A2 (Pronounced as BWR A Two)                                 |

\*Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the rating assigned

#### • 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

This is to confirm that the Board of Directors has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. The same has also been posted on the Company’s website. It is further declared that all the Board Members and Senior Management of the Company have affirmed adherence to and compliance with the ‘Code of Conduct’ laid down by the Company.

**For Ester Industries Limited**

Sd/-

**Arvind Singhania**  
Chairman & CEO  
DIN: 00934017

Place : Gurugram  
Date : 17<sup>th</sup> June, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

**Ester Industries Limited**

**Sohan Nagar, P.O. Charubeta, Khatima**

**Udham Singh Nagar, Uttarakhand 262308**

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as submitted by the Directors of Ester Industries Limited ('the Company') bearing CIN: L24111UR1985PLC015063 and having its registered office at Sohan Nagar, P.O. Charubeta, Khatima Udham Singh Nagar, Uttarakhand 262308, to the Board of Directors of the Company ('the Board') for the financial year 2020-21 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with, Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have

considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with, the provisions of the Act.

Ensuring the eligibility for appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorised representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the financial year ended **31st March, 2020**, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

| Sr. No. | Name of Director              | DIN      | Date of Appointment in Company | Date of Cessation |
|---------|-------------------------------|----------|--------------------------------|-------------------|
| 1       | ARVIND SINGHANIA              | 00934017 | 01/07/1994                     | --                |
| 2       | ARCHANA SINGHANIA             | 01096776 | 04/08/2014                     | --                |
| 3       | PRADEEP KUMAR RUSTAGI         | 00879345 | 14/02/2011                     | --                |
| 4       | SANDEEP DINODIA               | 00005395 | 25/05/2015                     | --                |
| 5       | PRIYA SHANKAR DASGUPTA        | 00012552 | 14/02/2011                     | --                |
| 6       | ANAND CHAND BURMAN            | 00056216 | 12/08/2010                     | --                |
| 7       | DINESH CHANDRA KOTHARI        | 00195609 | 19/09/2008                     | 10/11/2019        |
| 8       | MADRAS SESHAMANI RAMACHANDRAN | 00943629 | 19/09/2008                     | --                |
| 9       | ASHOK KUMAR NEWATIA           | 01057233 | 01/07/1997                     | --                |

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the financial year ended 31st March, 2020.

Place: Agra

Date : 15.07.2020

ICSI UDIN: F009617B000456943

Sd/-

**Akash Jain**

**Practising Company Secretary**

**Membership No.: F9617**

**CP No.: 9432**

## COMPLIANCE CERTIFICATE BY CHAIRMAN & CEO AND EXECUTIVE DIRECTOR & CFO

In compliance of Regulation 17(8) of the SEBI (LODR) Regulations, 2015, we certify as under:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity'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 listed entity during the financial year 2019-20 which are fraudulent, illegal or violative of the listed entity'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 listed entity pertaining to financial reporting and we 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
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) 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 listed entity's internal control system over financial reporting.

Sd/-  
**ARVIND SINGHANIA**  
Chairman & CEO  
DIN: 00934017

Sd/-  
**PRADEEP KUMAR RUSTAGI**  
Executive Director and CFO  
DIN: 00879345

Place: Gurgaon  
Date: 17<sup>th</sup> June, 2020

## CERTIFICATE ON CORPORATE GOVERNANCE

CIN: L24111UR1985PLC015063

To  
**The Members of  
M/s Ester Industries Limited  
Sohan Nagar, P.O. Charubeta, Khatima  
Udham Singh Nagar, Uttarakhand 262308**

We have examined all the relevant records of Ester Industries Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance for the year ended **31<sup>st</sup> March, 2020** as stipulated in Regulation 17 to 27, clauses (b) to (i) of sub-regulations (2) of Regulation 46 and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with the National Stock Exchange of India Limited and the BSE Limited (collectively referred to as the 'Stock exchanges').

### Management Responsibility for compliance with the conditions of Listing Regulations

The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

### Our Responsibility

Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended 31<sup>st</sup> March, 2020.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations as applicable during the year ended **March 31, 2020**.

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

### Restriction on Use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Sd/-  
**Akash Jain**  
Practising Company Secretary  
Membership No.: F9617  
CP No.: 9432

Place : Agra  
Date : 15.07.2020  
ICSI UDIN: F009617B000456866

# BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) as issued and revised by Ministry of Corporate Affairs(MCA), Government of India, the "Business Responsibility Report" (BRR) of the Company for the financial year 2019-20 forming part of this Annual Report is as follows:

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number of the Company** : L24111UR1985PLC015063
2. **Name of the Company** : ESTER INDUSTRIES LIMITED
3. **Registered address** : Sohan Nagar, PO Charubeta, Khatima-262308, Distt. Udham Singh Nagar, Uttarakhand
4. **Website** : [www.esterindustries.com](http://www.esterindustries.com)
5. **E-mail id** : [investor@ester.in](mailto:investor@ester.in)
6. **Financial Year reported** : 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**  
Polyester Film – 22201 (NIC Code)  
Engineering Plastics – 22207 (NIC Code)
8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**  
Polyester Film  
Engineering Plastics  
Speciality Polymer
9. **Total number of locations where business activity is undertaken by the Company**  
The Company has manufacturing units at Khatima at Distt. Udham Singh Nagar. The Corporate office of the company is located at Gurugram. The Godowns of the Company are located at Gurugram and Khatima.
10. **Markets served by the Company**  
Both National and international markets.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| S. No. | Particulars   | Amount (Rs. in Lacs)  |
|--------|---|---|
| 1.     | Paid up Capital   | 4169.69   |
| 2.     | Total Turnover  | 1038.70   |
| 3.     | Total Profits after tax   | 99.50   |
| 4.     | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 3.05% of average net profit/loss of preceding three financial years calculated as per Section 135 of the Companies Act, 2013  |
| 5.     | List of activities in which expenditure in 4 above has been incurred                          | The details of CSR activities undertaken by the Company and CSR expenditures incurred thereon during in the financial year 2019-20 by the Company have been given in the 'Annual Report on CSR Activities', as Annexure C of Directors' Report. |

## SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?** - NO
2. **Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company?**- NA
3. **Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company** - NO

## SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**
  - (a) **Details of the Director responsible for implementation of the BR policy/ policies:**
    - **DIN** : 00934017

- **Name** : Mr. Arvind Singhania
- **Designation** : Chairman & CEO

(b) **Details of BR Head –**

- **DIN** : 00934017
- **Name** : Mr. Arvind Singhania
- **Designation** : Chairman & CEO
- **Telephone No** : 0124-4572100
- **Email id** : brhead@ester.in

**2. Principle-wise BR policies :**

National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by the Ministry of Corporate Affairs have adopted following 9 (nine) areas of Business Responsibility -

|                     |  |
|---------------------|--|
| <b>PRINCIPLE -1</b> | Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.                               |
| <b>PRINCIPLE -2</b> | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle                                      |
| <b>PRINCIPLE -3</b> | Businesses should respect and promote the well-being of all employee.  |
| <b>PRINCIPLE -4</b> | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| <b>PRINCIPLE -5</b> | Businesses should respect and promote human rights   |
| <b>PRINCIPLE-6</b>  | Businesses should respect and make efforts to protect and restore the environment  |
| <b>PRINCIPLE -7</b> | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.                         |
| <b>PRINCIPLE -8</b> | Businesses should support inclusive growth and equitable development   |
| <b>PRINCIPLE -9</b> | Businesses should engage with and provide value to their customers in a responsible manner   |

(a) **Details of compliance (Reply in Y/N)**

| S. No. | Questions  | P1     | P2 | P3     | P4     | P5     | P6     | P7 | P8     | P9 |
|--------|--|--------|----|--------|--------|--------|--------|----|--------|----|
| 1      | Do you have a policy/ policies for...  | Y      | N  | Y      | Y      | Y      | Y      | N  | Y      | N  |
| 2      | Has the policy being formulated in consultation with the relevant stakeholders?  | Y      | NA | Y      | Y      | Y      | Y      | NA | Y      | NA |
| 3      | Does the policy conform to any national / international standards? If yes, specify? (50 words)                           | Note-1 | NA | Note-1 | Note-1 | Note-1 | Note-1 | NA | Note-1 | NA |
| 4      | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?    | Note-2 | NA | Note-2 | Note-2 | Note-2 | Note-2 | NA | Note-2 | NA |
| 5      | Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y      | NA | Y      | Y      | Y      | Y      | NA | Y      | NA |

| S. No. | Questions  | P1      | P2 | P3      | P4      | P5      | P6      | P7 | P8      | P9 |
|--------|--|---------|----|---------|---------|---------|---------|----|---------|----|
| 6      | Indicate the link for the policy to be viewed online?  | Note-3  | NA | Note-3  | Note-3  | Note-3  | Note-3  | NA | Note-3  | NA |
| 7      | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Y       | NA | Y       | Y       | Y       | Y       | NA | Y       | NA |
| 8      | Does the company have in-house structure to implement the policy/policies.   | Y       | NA | Y       | Y       | Y       | Y       | NA | Y       | NA |
| 9      | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y       | NA | Y       | Y       | Y       | Y       | NA | Y       | NA |
| 10     | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | Note -4 | NA | Note -4 | Note -4 | Note -4 | Note -4 | NA | Note -4 | NA |

*Note -1. Policies have been framed in accordance with applicable laws and are in line with the business standards, fair trade practices and good corporate governance*

*.Note-2. In compliance with the applicable law, some policies are approved by the Board and other policies are framed and approved by the Managing Director/Whole-time Directors/functional heads.*

*Note-3. Policies which are required to be uploaded on the website under the applicable laws are available on the website of the company at the Investor Section at <http://www.esterindustries.com>. Link for code of conduct- <http://esterindustries.com/code-conduct>. Link for CSR Policy, Dividend Distribution Policy, Vigil Mechanism Policy (Whistle Blower Policy) <http://esterindustries.com/policies>*

*Policy for Prevention of Sexual Harassment at workplace, Insider Trading Policy and employees benefit policies are available on Intranet of company accessible to employees. Equal Employment Opportunity Policy, Anti-Bribery Policy and Safety, Health and Environment policy are accessible to the concerned stakeholders.*

*Note-4. Management of the Company evaluates the implementation of the Policies time to time. The policies are updated whenever required.*

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| S. No. | Questions   | P2 | P7 | P9 |
|--------|---|----|----|----|
| 1      | The company has not understood the Principles   | NA | NA | NA |
| 2      | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | NA | NA | NA |
| 3      | The company does not have financial or manpower resources available for the task  | NA | NA | NA |
| 4      | It is planned to be done within next 6 months   | NA | NA | NA |
| 5      | It is planned to be done within the next 1 year   | NA | NA | NA |

| S. No. | Questions        | P2  | P7  | P9  |
|--------|------------------|---|---|---|
| 6      | Any other reason | We produce and supply intermediate products to other end-use industries. These industries manufacture their final products using our products as raw material and are accordingly responsible for any meaningful sustainability initiative. | We send our recommendations and views to the government and statutory bodies through various industry forums, of which we are members, on matters pertaining to the interest of our stakeholders. We have, therefore, not framed a policy document on this principle. | We take due care to manufacture its products aligned with properties mentioned in the product Technical Data Sheets (TDS). Being a supplier of intermediate products to industrial manufacturers, we responsibly comply with agreed terms and conditions of supply.<br><br>We have an Integrated Management System (IMS) covering various aspects like Quality, Safety, Health & Hygiene, Environment etc. The IMS also has a detailed process related to redressal of customer concerns and complaints |

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

The Board of Directors of the Company assesses various initiatives and Compliance with environmental, social and governance norms at least once in a year.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report forming part of Annual Report for financial year 2019-20 is available at <http://esterindustries.com/investors/financial-reports/annual-report>. The Company will publish this report annually.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company seeks to ensure that our performance is driven by integrity, value and ethics. Integrity and Transparency are key to our Corporate Governance practices to ensure that we retain the trust of our stakeholders at all the times.

Responsible corporate conduct is integral to the way we do our business. It is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization.

The Board of Directors of the Company has adopted a Code of Conduct and Business Ethics laying down the principles of ethical practices, occupational health, safety and environment, a gender friendly workplace, vigil mechanism, transparency, auditability and legal compliance etc. The Company has formulated Anti-Bribery Policy, Vigil Mechanism Policy (Whistle Blower Policy), Policy for Prevention of Sexual Harassment at workplace. Under the Vigil Mechanism Policy, the Company has a mechanism for employees of the Company to raise concerns of suspected frauds, Instances for leakage or suspected leakage of Unpublished Price Sensitive Information, any violations of legal/ regulatory requirements or code of conduct/policy of the Company, incorrect or misrepresentation of any financial statements and reports, etc.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management

The Company has mechanisms for the reporting and redressal of grievances of the stakeholders viz customers, investors, employees, vendors etc. There are dedicated resources to respond to the complaints within a time bound manner. Complaints from various stakeholders are addressed in normal course of business by the concerned functions.

The Company has a dedicated email id [investor@ester.in](mailto:investor@ester.in) for the shareholders grievances. Stakeholder Committee oversees the receipt of complaints and their resolutions. During the last year, the company received 28 investor complaints. All the investor complaints were resolved during the year and no investor complaint is pending as at the end of the financial year.

During the last financial year, the Company has not received any complaint under Vigil Mechanism policy and the Policy for Prevention of Sexual Harassment.

## **PRINCIPLE 2**

**1. List of products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- a. Products made from Post-consumer/industrial recycled plastics.
- b. Barrier films as an alternative to aluminium foil, for better recyclability.

**2. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Yes, the company has procedures in place to evaluate sustainability of suppliers, which are reviewed periodically.

**3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

Yes, Ester always strives to procure materials & avail services from local vendors / suppliers, without compromising on quality & products. Company's supplier selection, assessment and evaluation process includes continuous risk assessment and improvement in supplier's overall score.

**4. Does the company have a mechanism to recycle products and waste?**

Due to the nature of our products, we utilize resources like energy, water and other secondary resources and have robust processes and systems in place to identify, quantify and reduce waste and its impact on the environment.

## **PRINCIPLE 3**

**1. Please indicate the Total number of permanent employees. - 527**

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - 485**

**3. Please indicate the Number of permanent women employees. - 3**

**4. Please indicate the Number of permanent employees with disabilities - 1**

**5. Do you have an employee association that is recognized by management – Yes**

**6. What percentage of your permanent employees is members of this recognized employee association? – 31%**

**7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No complaint relating to child labour, forced labour, involuntary labour, sexual harassment was filed during the financial year 2019-20 and no such complaint is pending as on the end of the financial year.

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

**(a) Permanent Employees -81%**

**(b) Permanent Women Employees -100%**

**(c) Casual/Temporary/Contractual Employees -64%**

**(d) Employees with Disabilities -100%**

## **PRINCIPLE 4**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, business partners, government/regulatory authorities etc.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes, the Company has identified disadvantaged, vulnerable & marginalised stakeholders from the local community and the work force and has also engaged them for their socio-economic development through various CSR initiatives.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders**

Yes, the Company, in partnership with the Government run vocational training institutions and the local communities, has taken many initiatives focused on Skill and Livelihood development of the local community.

## PRINCIPLE 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? –**

It covers only the employees

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? –**

No employee complaint was received during the last financial year.

## PRINCIPLE 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Safety, Health and Environment policy of the company covers all its businesses and it applies to the employees and contractors working for the company.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?**

The Company is conscious of its responsibility towards creating, maintaining and ensuring a safe and clean environment. The company has biomass-based boilers / heaters for its steam and heating requirements.

3. **Does the company identify and assess potential environmental risks? Y/N**

Yes. The company is certified in ISO 14001 [Environmental Management System]. Under this standard, we have identified & assessed environmental aspects for all the major activities being performed at the site. We also conduct Environmental impact assessment from time to time or at the time of setting up of new plant.

4. **Does the company have any project related to Clean Development Mechanism? – No**

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

Yes. The company has implemented ISO 50001:2018 (Energy Management System) wherein target for reduction in energy consumption are set every year.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, emission & waste generated by company are within the permissible limits as laid down by Pollution Control Boards of respective states, where the company operates.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. - NIL**

## PRINCIPLE 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- a. Confederation of Indian Industry
- b. FICCI
- c. Polyester Film Industries Association
- d. All India Plastics Manufacturers Association (AIPMA)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

Yes, for recommending Extended Producer Responsibility (EPR) framework and for recommending use of recycled plastics in food packaging.

## PRINCIPLE 8

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8**

Inclusive growth and equitable development envisages sharing benefit and growth with the Stakeholders and the Society. The Company has formulated Corporate Social Responsibility (CSR) Policy. In terms of the Policy of the Company, Corporate Social Responsibility (CSR) is the continuing commitment by the business to contribute towards economic, environmental and social development (a Triple Bottom Line approach) in the vicinity of our facilities/operations with a view to improving the quality of life and fostering sustainable development of the communities as well as our workforce and their families.

The Company has identified Promoting education, eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation as major focus area for its CSR activities.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization**

CSR programmes are implemented in both the manner - directly through internal team and through NGOs. The Company has undertaken CSR activities directly or by contributing to the corpus of NGOs having established track record of carrying out CSR activities.

**3. Have you done any impact assessment of your initiative**

The Company has constituted CSR Committee of the Board. The Committee periodically reviews the CSR activities and expenditures and monitors mechanism for implementation of CSR projects, programs and activities undertaken by the Company.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken**

A detailed report of CSR activities and company's contribution is given in Annexure –C of the Directors' Report which forms part of this Annual Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community**

The company regularly monitors its CSR initiative. The Company takes steps to ensure that community development/CSR initiatives of the Company are successfully adopted by the Community and sustained within communities even beyond our interventions.

**PRINCIPLE 9**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

The Company has an established mechanism to review and resolve the customer complaints. As on the end of the financial year 2019-20, 23% complaints are pending for investigation and resolution out of total complaint received during the financial year.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

As the company manufactures and supplies intermediates to industrial customers, this is not applicable for us.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year –**

No

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Customer satisfaction are regularly monitored based on "Customer rating & feedback" periodically provided by the customers.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Ester Industries Limited Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Ester Industries Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive

income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

| Key Audit Matter   | How our audit addressed the key audit matter   |
|--|--|
| <p><b>Allowance for inventories</b></p> <p>Refer note 5.4 for accounting policy and note 11 to the financial statements.</p> <p>The Company has net inventories of Rs 11,036.83 lacs at 31 March 2020 which represented approximately 15.97% of the Company's total assets.</p> <p>Inventories are valued at lower of cost and net realizable value in accordance with the accounting policy of the Company. At the end of each reporting period, management of the Company assesses whether there is any objective evidence that certain inventories, which are stated at cost, are above their net realizable value. If so, these inventories are written down to their net realizable value.</p> <p>The assessment made by the Company includes judgement in relation to estimating allowance required for such slow-moving inventories basis historic trends and ascertaining the net realizable values of such slow moving and obsolete inventory.</p> <p>Owing to the significance of the carrying value of inventories, the judgements involved, and significant time and effort involved in assessing the appropriateness of inventory allowance for the current year, we have considered this area as a key audit matter.</p> | <p>Our audit procedures to assess allowance for inventories included, but were not limited to the following-</p> <ul style="list-style-type: none"> <li>• Understood the management's process for allowance of inventory which included identification of buckets for slow moving, non-moving or obsolete inventories and capturing of underlying data from accounting system;</li> <li>• Assessed the design and operating effectiveness of Company's controls (including the automated controls) around recording of inventory allowance;</li> <li>• Inquired with the management about slow and non-moving inventories as on 31 March 2020 and their corresponding status of the same having regard to planned consumption or planned re-processing;</li> <li>• Tested the underlying information and historic trends including the ageing of inventory to validate the management's working for allowance of inventory</li> <li>• Tested the computation of expected percentage of non-moving and slow-moving inventories arrived at by the Company based on past trends;</li> <li>• Tested the computation for allowance for slow-moving, non-moving and obsolete inventories as per the policy formalised by the Company to ensure appropriateness of the same;</li> <li>• Compared and assessed the actual utilization or liquidation of inventories to the previous assessment or estimates done by the management to determine the efficacy of the process of estimation by the management;</li> <li>• Tested inventory ageing obtained through system reports, where applicable;</li> <li>• Tested the net realisable value of finished goods inventory on a sample basis to recent selling prices less costs to sell to identify allowance required for finished goods.</li> <li>• Ensured the disclosures in the financial statements are in accordance with the applicable accounting standards.</li> </ul> |

## Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 17 June 2020 as per Annexure B expressed an unmodified opinion; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 38 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Nitin Toshniwal**  
Partner  
Membership No.: 507568  
UDIN: 20507568AAAABI9595

**Place:** Faridabad  
**Date:** 17 June 2020

**Annexure A to the Independent Auditor's Report of even date to the members of Ester Industries Limited, on the financial statements for the year ended March 31, 2020**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its fixed assets under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) (a), 3(iii) (b) and 3(iii) (c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) 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 sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, goods and service tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

| Name of the statute      | Nature of dues | Amount (₹ in lacs) | Amount paid under protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending                        |
|--------------------------|----------------|--------------------|---------------------------------------|------------------------------------|---|
| Central Excise Act, 1944 | Excise Duty    | 8.06               | Nil                                   | March 1990 to May 1991             | Commissioner (Appeals), Central Excise, Ghaziabad, UP |
| Central Excise Act, 1944 | Excise Duty    | 164.2              | Nil                                   | April 1990 to February 1992        | Commissioner (Appeals), Central Excise, Ghaziabad, UP |
| Central Excise Act, 1944 | Excise Duty    | 11.72              | Nil                                   | June 1987 to October 1988          | Assistant Commissioner, Central Excise, Rampur, UP    |
| Central Excise Act, 1944 | Excise Duty    | 20.61              | Nil                                   | March 1991 to May 1991             | Commissioner (Appeals), Central Excise, Ghaziabad, UP |
| Central Excise Act, 1944 | Excise Duty    | 17.23              | Nil                                   | April 1992 to November 1993        | Commissioner, Central Excise, Meerut, UP              |
| Central Excise Act, 1944 | Excise Duty    | 12.95              | 5.23                                  | April 1991 to November 1992        | Joint Commissioner, Meerut II, UP                     |
| Central Excise Act, 1944 | Excise Duty    | 1.58               | Nil                                   | July 1987 to December 1988         | Commissioner, Central Excise, Meerut, UP              |
| Central Excise Act, 1944 | Excise Duty    | 34.44              | 3.44                                  | January 2010 to January 2012       | Commissioner (Appeals), Central Excise, Meerut II, UP |
| Central Excise Act, 1944 | Excise Duty    | 3.09               | Nil                                   | January 2010                       | Commissioner (Appeals), Central Excise, Rampur, UP    |
| Central Excise Act, 1944 | Excise Duty    | 4.43               | Nil                                   | July 1994                          | Commissioner (Appeals), Central Excise, Rampur, UP    |
| Central Excise Act, 1944 | Excise Duty    | 2.50               | Nil                                   | April 2009 to December 2009        | Commissioner (Appeals), Central Excise, Rampur, UP    |

| Name of the statute         | Nature of dues | Amount (₹ in lacs) | Amount paid under protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending                              |
|-----------------------------|----------------|--------------------|---------------------------------------|------------------------------------|---|
| Central Excise Act, 1944    | Excise Duty    | 6.95               | 3.95                                  | January 1995                       | Commissioner (Appeals), Noida, UP                           |
| Finance Act, 1994           | Service Tax    | 21.02              | 8.00                                  | March 2017 to February 2019        | Superintendent CGST, Khatima, Uttarakhand                   |
| Finance Act, 1994           | Service Tax    | 123.30             | Nil                                   | April 2010 to March 2015           | Commissioner (Appeals), Central Excise, Meerut II, UP       |
| Finance Act, 1994           | Service Tax    | 13.53              | Nil                                   | October 2011                       | Assistant Commissioner, Central Excise, Rampur, UP          |
| The Customs Act, 1962       | Custom Duty    | 2.58               | Nil                                   | 1998-99                            | Additional Commissioner (Customs), Mumbai                   |
| The Customs Act, 1962       | Custom Duty    | 12.07              | Nil                                   | January 1997 to March 1998         | Additional Commissioner (Customs), Mumbai                   |
| The Customs Act, 1962       | Custom Duty    | 43.05              | Nil                                   | April 1998 to March 1999           | Commissioner of Customs, Mumbai                             |
| The Customs Act, 1962       | Custom Duty    | 29.78              | Nil                                   | June 2016                          | Additional Commissioner of Customs (Appeals), New Delhi     |
| Central Sales Tax Act, 1956 | Trade Tax      | 8.53               | Nil                                   | 2017-18                            | Assistant Commissioner, Trade Tax, Uttar Pradesh            |
| Central Sales Tax Act, 1956 | Trade Tax      | 8.02               | Nil                                   | 2018-19                            | Assistant Commissioner, Trade Tax, Uttar Pradesh            |
| Goods & Services Tax, 2017  | GST            | 2.41               | 2.41                                  | 2018-19                            | Additional Commissioner (Appeals), Trade Tax, Uttar Pradesh |
| Income Tax Act, 1961        | Income Tax     | 18.00              | Nil                                   | 1992-93 to 1994-95                 | Income Tax - Assessing officer                              |
| Income Tax Act, 1961        | Income Tax     | 9.19               | Nil                                   | 1996-97 and 2003-04                | The Hon'ble Supreme Court of India                          |
| Income Tax Act, 1961        | Income Tax     | 11.16              | Nil                                   | 2004-05                            | Income Tax Appellate Tribunal, New Delhi                    |
| Income Tax Act, 1961        | Income Tax     | 9.07               | Nil                                   | 2005-06, 2006-07 and 2010-11       | Income Tax - Assessing officer                              |
| Income Tax Act, 1961        | Income Tax     | 3.84               | Nil                                   | 2008-09                            | Income Tax Appellate Tribunal, New Delhi                    |
| Income Tax Act, 1961        | Income Tax     | 0.21               | Nil                                   | 2011-12 and 2012-13                | Income Tax - Assessing officer                              |
| Income Tax Act, 1961        | Income Tax     | 7.53               | 1.51                                  | 2016-17                            | Commissioner of Income Tax (Appeals) Delhi                  |
| Income Tax Act, 1961        | Income Tax     | 33.68              | Nil                                   | 2003-04                            | The Hon'ble Supreme Court of India                          |
| Income Tax Act, 1961        | Income Tax     | 45.74              | Nil                                   | 2013-14                            | Commissioner of Income Tax (Appeals), New Delhi             |

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any outstanding debentures or dues to government during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation were invested in liquid investments, payable on demand.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid/provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Nitin Toshniwal**  
Partner  
Membership No.: 507568  
UDIN: 20507568AAAABI9595

**Place:** Faridabad  
**Date:** 17 June 2020

## Annexure B to the independent auditor's report of even date to the members of Ester Industries Limited on the financial statements for the year ended March 31 2020

### Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Ester Industries Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

Sd/-  
**Nitin Toshniwal**  
Partner  
Membership No.: 507568  
UDIN: 20507568AAAABI9595

**Place:** Faridabad  
**Date:** 17 June 2020

# BALANCE SHEET as at 31 March 2020

(₹ in lacs)

|   |     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|-----|------------------------|------------------------|
| <b>ASSETS</b>   |     |                        |                        |
| <b>Non-current assets</b>   |     |                        |                        |
| Property, plant and equipment   | 6   | 35,925.93              | 38,525.25              |
| Right of use asset  | 6B  | 255.26                 | -                      |
| Capital work-in-progress  | 6C  | 2,269.18               | 326.23                 |
| Intangible assets   |     | 188.21                 | 135.76                 |
| <b>Financial assets</b>   |     |                        |                        |
| Loans   | 7A  | 734.72                 | 718.03                 |
| Other financial assets  | 8A  | 218.72                 | 39.88                  |
| Income tax assets (net)   |     | 319.97                 | 131.46                 |
| Other non-current assets  | 9   | 691.01                 | 192.90                 |
| <b>Total non-current assets</b>   |     | <b>40,603.00</b>       | <b>40,069.51</b>       |
| <b>Current assets</b>   |     |                        |                        |
| Inventories   | 11  | 11,036.84              | 12,515.04              |
| <b>Financial assets</b>   |     |                        |                        |
| Investments   | 10  | 22.78                  | 17.13                  |
| Trade receivables   | 12  | 12,124.69              | 12,280.00              |
| Cash and cash equivalents   | 13  | 23.26                  | 20.79                  |
| Other bank balances   | 14  | 1,363.73               | 583.15                 |
| Loans   | 7B  | 136.23                 | 64.16                  |
| Other financial assets  | 8B  | 2,132.40               | 7.62                   |
| Other current assets  | 15  | 1,664.25               | 981.66                 |
| <b>Total current assets</b>   |     | <b>28,504.18</b>       | <b>26,469.55</b>       |
| <b>Total assets</b>   |     | <b>69,107.18</b>       | <b>66,539.06</b>       |
| <b>EQUITY AND LIABILITIES</b>   |     |                        |                        |
| <b>Equity</b>   |     |                        |                        |
| Equity share capital  | 16A | 4,169.69               | 4,169.69               |
| Other equity  | 17  | 36,643.57              | 27,271.90              |
| <b>Total equity</b>   |     | <b>40,813.26</b>       | <b>31,441.59</b>       |
| <b>Liabilities</b>  |     |                        |                        |
| <b>Non-current liabilities</b>  |     |                        |                        |
| <b>Financial liabilities</b>  |     |                        |                        |
| Borrowings  | 18A | 5,565.76               | 6,105.32               |
| Other financial liabilities   | 22A | -                      | 103.12                 |
| Provisions  | 19A | 993.55                 | 847.70                 |
| Deferred tax liabilities (net)  | 20  | 3,168.10               | 2,301.93               |
| Other non-current liabilities   | 23A | 2,552.40               | 2,774.89               |
| <b>Total non-current liabilities</b>  |     | <b>12,279.81</b>       | <b>12,132.96</b>       |
| <b>Current liabilities</b>  |     |                        |                        |
| <b>Financial liabilities</b>  |     |                        |                        |
| Borrowings  | 18B | 7,681.17               | 16,731.41              |
| <b>Trade payables</b>   |     |                        |                        |
| a) total outstanding dues of micro enterprises and small enterprises                      | 21  | 102.80                 | 78.34                  |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 21  | 3,197.47               | 2,242.15               |
| Other financial liabilities   | 22B | 4,242.80               | 2,938.50               |
| Provisions  | 19B | 203.84                 | 117.20                 |
| Other current liabilities   | 23B | 509.76                 | 644.82                 |
| Current tax liabilities (net)   |     | 76.27                  | 212.09                 |
| <b>Total current liabilities</b>  |     | <b>16,014.11</b>       | <b>22,964.51</b>       |
| <b>Total equity and liabilities</b>   |     | <b>69,107.18</b>       | <b>66,539.06</b>       |

Summary of significant accounting policies

1-5

The accompanying notes are integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors**

Sd/-  
**Nitin Toshniwal**  
Partner  
Membership no.507568

Sd/-  
**Arvind Singhania**  
Chairman & CEO  
DIN: 00934017

Sd/-  
**Pradeep Kumar Rustagi**  
Executive Director and CFO  
DIN: 00879345

Sd/-  
**Diwaker Dinesh**  
Head-Legal & Company Secretary  
M No: A22282

Place : Faridabad  
Date : 17 June 2020

Place : Gurugram  
Date: 17 June 2020

Place : Gurugram  
Date: 17 June 2020

Place : Gurugram  
Date: 17 June 2020

# STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2020

(₹ in lacs)

|   | Notes     | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-----------|-------------------------------------|-------------------------------------|
| <b>Revenue</b>  |           |                                     |                                     |
| Revenue from operations                                       | 24 and 41 | 1,03,870.15                         | 1,02,806.23                         |
| Other income  | 25        | 889.39                              | 572.01                              |
| <b>Total revenue</b>  |           | <b>1,04,759.54</b>                  | <b>1,03,378.24</b>                  |
| <b>Expenses</b>   |           |                                     |                                     |
| Cost of material consumed                                     |           | 61,353.48                           | 70,512.40                           |
| Changes in inventories of finished goods and work-in-progress | 26        | 970.30                              | (267.10)                            |
| Employee benefits expense                                     | 27        | 5,404.95                            | 4,727.92                            |
| Finance costs   | 28        | 2,445.52                            | 3,421.40                            |
| Depreciation and amortisation expenses                        | 6         | 3,527.78                            | 3,241.54                            |
| Other expenses  | 29        | 17,200.87                           | 17,037.72                           |
| <b>Total expenses</b>   |           | <b>90,902.90</b>                    | <b>98,673.88</b>                    |
| <b>Profit before tax and exceptional items</b>                |           | <b>13,856.64</b>                    | <b>4,704.36</b>                     |
| Exceptional item  | 30        | -                                   | -                                   |
| <b>Profit before tax</b>                                      |           | <b>13,856.64</b>                    | <b>4,704.36</b>                     |
| <b>Tax expense</b>  | 31        |                                     |                                     |
| Current tax   |           | 3,011.86                            | 1,058.48                            |
| Deferred tax expense  |           | 894.91                              | 535.25                              |
| <b>Total tax expenses</b>                                     |           | <b>3,906.77</b>                     | <b>1,593.73</b>                     |
| <b>Profit after tax</b>                                       |           | <b>9,949.87</b>                     | <b>3,110.63</b>                     |
| <b>Other comprehensive income</b>                             |           |                                     |                                     |
| <b>Items that will not be reclassified to profit or loss</b>  |           |                                     |                                     |
| Re-measurement (loss)/ gain on defined benefit plans          |           | (104.26)                            | 8.03                                |
| Income tax effect   |           | 28.74                               | (2.72)                              |
| <b>Total comprehensive income</b>                             |           | <b>9,874.35</b>                     | <b>3,115.94</b>                     |
| <b>Earnings per equity share</b>                              |           |                                     |                                     |
| Basic (₹)   | 32        | 11.93                               | 3.73                                |
| Diluted (₹)   | 32        | 11.93                               | 3.73                                |

Summary of significant accounting policies

1-5

The accompanying notes are integral part of the financial statements.

This is the statement of profit and loss referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No. 001076N/N500013

For and on behalf of the Board of Directors

Sd/-

Nitin Toshniwal

Partner

Membership no.507568

Sd/-

Arvind Singhania

Chairman & CEO

DIN: 00934017

Sd/-

Pradeep Kumar Rustagi

Executive Director and CFO

DIN: 00879345

Sd/-

Diwaker Dinesh

Head-Legal & Company Secretary

M No: A22282

Place : Faridabad

Date : 17 June 2020

Place : Gurugram

Date: 17 June 2020

Place : Gurugram

Date: 17 June 2020

Place : Gurugram

Date: 17 June 2020

# CASH FLOW STATEMENT for the year ended 31 March 2020

(₹ in lacs)

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>A Cash flow from operating activities</b>   |                                     |                                     |
| Profit before tax  | 13,856.64                           | 4,704.36                            |
| <b>Adjustments for:</b>  |                                     |                                     |
| Depreciation and amortisation expense  | 3,527.78                            | 3,241.54                            |
| Loss on sale of property, plant and equipments (net)   | 172.92                              | 115.50                              |
| Finance costs  | 2,445.52                            | 3,421.40                            |
| Interest income on financial assets measured at amortised cost                                       | (116.90)                            | (120.74)                            |
| Unrealised foreign exchange (gain) / loss (net)  | (17.29)                             | 39.92                               |
| Bad debts, advances and irrecoverable balances written off   | 4.14                                | 46.77                               |
| Mark to market (gain) / loss on derivative contracts   | (2.86)                              | 3.08                                |
| Provisions/liabilities no longer required written back   | (59.67)                             | (117.62)                            |
| Income recognised on account of government assistance  | (253.78)                            | (244.22)                            |
| Provision for doubtful debts / advances  | 39.74                               | 201.11                              |
| Loss / (gain) on fair valuation of financial assets  | 2.49                                | (1.38)                              |
| Provision for obsolete inventories   | 30.33                               | 57.96                               |
| <b>Operating profit before working capital changes and other adjustments:</b>                        | <b>19,629.06</b>                    | <b>11,347.68</b>                    |
| <b>Working capital changes and other adjustments:</b>  |                                     |                                     |
| Increase in current and non-current loans  | (88.76)                             | (6.82)                              |
| (Increase) / decrease in other non-current and current assets  | (1,234.02)                          | 1,032.43                            |
| Decrease / (increase) in inventories   | 1,447.88                            | (1,099.52)                          |
| Increase in other financial and non-financial liabilities  | 592.02                              | 373.20                              |
| Increase in provisions   | 128.23                              | 11.08                               |
| (Increase) / decrease in other non-current and current financial assets                              | (774.63)                            | 203.69                              |
| Decrease in trade receivables  | 276.62                              | 2,462.43                            |
| Increase / (decrease) in trade payables  | 914.40                              | (1,534.17)                          |
| <b>Cash flow from operating activities post working capital changes</b>                              | <b>20,890.80</b>                    | <b>12,790.00</b>                    |
| Income tax paid (net of refunds)   | (3,336.19)                          | (1,087.94)                          |
| <b>Net cash flow from operating activities (A)</b>   | <b>17,554.61</b>                    | <b>11,702.06</b>                    |
| <b>B Cash flows from investing activities</b>  |                                     |                                     |
| Purchase of property plant and equipments (including capital work-in-progress and intangible assets) | (4,308.89)                          | (2,582.38)                          |
| Sale of property plant and equipments  | 28.34                               | 15.14                               |
| Investment in bank deposits  | (1,734.67)                          | (846.05)                            |
| Proceeds of deposits matured   | 789.11                              | 942.70                              |
| Interest received  | 108.00                              | 112.58                              |
| (Purchase) / sale of investment (net)  | (8.14)                              | 11.32                               |
| <b>Net cash used in investing activities (B)</b>   | <b>(5,126.25)</b>                   | <b>(2,346.69)</b>                   |
| <b>C Cash flows from financing activities</b>  |                                     |                                     |
| Proceeds from long-term borrowings   | 2,109.80                            | 5,349.69                            |
| Repayment of long-term borrowings  | (2,493.08)                          | (4,453.48)                          |
| Repayment of lease liability   | (71.77)                             | -                                   |
| Repayment of short-term borrowings (net)   | (9,050.24)                          | (6,881.86)                          |
| Finance cost paid  | (2,417.92)                          | (3,419.17)                          |
| Dividend paid (including tax)  | (502.68)                            | -                                   |
| <b>Net cash used in financing activities (C)</b>   | <b>(12,425.89)</b>                  | <b>(9,404.82)</b>                   |
| <b>D Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>                              | <b>2.47</b>                         | <b>(49.45)</b>                      |
| <b>E Cash and cash equivalents at the beginning of the year (refer note no. 13)</b>                  | <b>20.79</b>                        | <b>70.24</b>                        |
| <b>F Cash and cash equivalents at the end of the year (D+E) (refer note no. 13)</b>                  | <b>23.26</b>                        | <b>20.79</b>                        |
| <b>Reconciliation of cash and cash equivalents as per cash flow statement</b>                        |                                     |                                     |
| Cash in hand   | 5.33                                | 9.84                                |
| Balances with banks:   |                                     |                                     |
| In current accounts  | 17.93                               | 10.95                               |
| <b>Total of cash and cash equivalents</b>  | <b>23.26</b>                        | <b>20.79</b>                        |

This is the Cash flow statement referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors**

Sd/-  
**Nitin Toshniwal**  
Partner  
Membership no.507568

Sd/-  
**Arvind Singhania**  
Chairman & CEO  
DIN: 00934017

Sd/-  
**Pradeep Kumar Rustagi**  
Executive Director and CFO  
DIN: 00879345

Sd/-  
**Diwaker Dinesh**  
Head-Legal & Company Secretary  
M No: A22282

Place : Faridabad  
Date : 17 June 2020

Place : Gurugram  
Date: 17 June 2020

Place : Gurugram  
Date: 17 June 2020

Place : Gurugram  
Date: 17 June 2020

## STATEMENT OF CHANGES IN EQUITY as at 31 March 2020

### Equity share capital

(₹ in lacs)

| Particulars          | Opening balance as at 1 April 2018 | Changes in equity share capital during the year | Balance as at 31 March 2019 | Changes in equity share capital during the year | Balance as at 31 March 2020 |
|----------------------|------------------------------------|---|-----------------------------|---|-----------------------------|
| Equity share capital | 4,169.69                           | -   | 4,169.69                    | -   | 4,169.69                    |

### Other equity

(₹ in lacs)

| Particulars                                    | Equity component of redeemable financial instrument | Reserves and surplus |                 |                            |                 |                   | Total            |
|--|---|----------------------|-----------------|----------------------------|-----------------|-------------------|------------------|
|  |   | Securities premium   | Capital reserve | Capital redemption reserve | General reserve | Retained earnings |                  |
| <b>Balance as at 1 April 2018</b>              | <b>76.83</b>  | <b>6,121.01</b>      | <b>3,520.74</b> | <b>335.37</b>              | <b>1,528.16</b> | <b>12,573.85</b>  | <b>24,155.96</b> |
| <b>Profit for the year</b>                     | -   | -                    | -               | -                          | -               | <b>3,110.63</b>   | <b>3,110.63</b>  |
| Other comprehensive income for the year        |   |                      |                 |                            |                 |                   |                  |
| Re-measurement gains on defined benefit plans  | -   | -                    | -               | -                          | -               | 5.31              | 5.31             |
| <b>Balance as at 31 March 2019</b>             | <b>76.83</b>  | <b>6,121.01</b>      | <b>3,520.74</b> | <b>335.37</b>              | <b>1,528.16</b> | <b>15,689.79</b>  | <b>27,271.90</b> |
| Profit for the year                            | -   | -                    | -               | -                          | -               | 9,949.87          | 9,949.87         |
| Other comprehensive income                     |   |                      |                 |                            |                 |                   |                  |
| Re-measurement losses on defined benefit plans | -   | -                    | -               | -                          | -               | (75.52)           | (75.52)          |
| <b>Transactions with owners</b>                |   |                      |                 |                            |                 |                   |                  |
| Dividend paid                                  |   |                      |                 |                            |                 | (416.97)          | (416.97)         |
| Tax on dividends                               |   |                      |                 |                            |                 | (85.71)           | (85.71)          |
| <b>Balance as at 31 March 2020</b>             | <b>76.83</b>  | <b>6,121.01</b>      | <b>3,520.74</b> | <b>335.37</b>              | <b>1,528.16</b> | <b>25,061.46</b>  | <b>36,643.57</b> |

This is the statement of change in equity referred to in our report of even date

**For Walker Chandio & Co LLP**

**Chartered Accountants**

**Firm Registration No. 001076N/N500013**

Sd/-

**Nitin Toshniwal**

**Partner**

**Membership no.507568**

Place : Faridabad

Date : 17 June 2020

**For and on behalf of the Board of Directors**

Sd/-

**Arvind Singhania**

**Chairman & CEO**

**DIN: 00934017**

Place : Gurugram

Date: 17 June 2020

Sd/-

**Pradeep Kumar Rustagi**

**Executive Director and CFO**

**DIN: 00879345**

Place : Gurugram

Date: 17 June 2020

Sd/-

**Diwaker Dinesh**

**Head-Legal & Company Secretary**

**M No: A22282**

Place : Gurugram

Date: 17 June 2020

# NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

## 1. Nature of operations

Ester Industries Limited ('the Company') is a manufacturer of polyester film and engineering plastics. The Company is domiciled in India and its registered office is situated at Pilibhit Road, Sohan nagar PO – Charubeta, Khatima District – Udham Singh Nagar, Uttarakhand – 262308.

## 2. General information and compliance with Ind AS

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented.

The financial statements for the year ended 31 March 2020 along with the comparative financial information were authorized and approved for issue by the Board of Directors on 17 June 2020. The revisions to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

## 3. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

## 4. Basis of preparation

The financial statements have been prepared on going concern basis in accordance with generally accepted accounting principles in India. Further, the financial statements have been prepared on a historical cost basis except for following items:

| Items                                    | Measurement basis   |
|--|---|
| Certain financial assets and liabilities | Fair value  |
| Net defined benefits (assets)/liability  | Fair value of plan assets less present value of defined benefits obligations. |

## 5. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements.

### 5.1 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013.

### 5.2 Property, plant and equipment (PPE)

#### *Recognition and initial measurement*

Property plant and equipment, capital work in progress are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discount and rebates are deducted in arriving at the purchase price. Property, plant and equipment purchased on deferred payment basis are recorded at equivalent cash price. The difference between the cash price equivalent and the amount payable is recognised as interest expense over the period until payment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories

#### *Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful life estimated by the management. The identified components are depreciated separately over their respective useful life; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment.

| Asset class               | Useful life       |
|---------------------------|-------------------|
| Factory buildings*        | 2 to 29.94 years  |
| Administrative buildings* | 12 to 61.35 years |
| Plant and machinery*      | 2 to 40 years     |

| <b>Asset class</b>                                  | <b>Useful life</b>       |
|---|--------------------------|
| Furniture and fixtures*                             | 5 to 15.79 years         |
| A.C. and Refrigeration                              | 10 years                 |
| Office equipment*                                   | 2 to 10 years            |
| Computers*  | 6.16 years               |
| Vehicles  | 8 years                  |
| Batteries under UPS project (Plant and Machinery) * | 5 years                  |
| Leasehold improvements                              | Over the period of lease |

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. Depreciation on fixed assets added/disposed off during the year is provided on a pro-rata basis to the date, the asset is retired from active use.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

\*For these class of assets, based on detailed technical assessment, the management believes that the useful life as given above best represents the period over which management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013. The life of plant and machinery based on triple shift working

#### *De-recognition*

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset/significant component (calculated as the difference between the net disposal proceeds and the carrying amount of the asset/significant component) is recognised in statement of profit and loss, when the asset is derecognised.

### **5.3 Intangible assets**

#### *Recognition and initial measurement*

Intangible assets (softwares and patents) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

#### *Subsequent measurement (amortisation)*

Software's are amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

Patent is amortized on a straight-line basis over its useful life, which is considered to be of a period of 5.26 years.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

### **5.4 Inventories**

Inventories are valued as follows:

#### *Raw materials, components and stores and spares*

Raw materials, components, stores and spares are valued at 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 and spares is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

#### *Work-in-progress and finished goods*

Work-in-progress and finished goods is measured at 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 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.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

## 5.5 Revenue recognition

### 5.5.1: Revenue

Revenue arises mainly from the sale of manufactured goods. To determine whether to recognise revenue, the Company follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method. The Company applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below.

#### *Sale of goods*

Revenue from sale of goods is recognized when control over ownership of the goods have been passed to the buyer. The Company collects sales taxes, value added taxes ('VAT') and GST on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

#### *Export benefits*

Export benefits constituting duty draw back, merchandise export from India scheme and advance license scheme are accounted for on accrual basis when there is reasonable assurance that the Company will comply with the conditions attached to them and the export benefits will be received. Export benefits under duty draw back and merchandise export from India scheme are considered as other operating income.

### 5.5.2: Other Income

#### *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to statement of profit and loss based on the conditions for which the grant was obtained and presented within other income.

#### *Interest*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

#### *Dividends*

Dividend income is recognised at the time when right to receive dividend is established, which is generally when the shareholders approve the dividend.

#### *Insurance claims income*

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

## 5.6 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 a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred.

## 5.7 Leases

### Transition

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and elected to measure the right-of-use assets at an amount equal to the lease

liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Refer note 39 for details.

### **The Company as a lessee**

The Company's leased asset classes primarily consist of leases for certain equipments and building, including warehouses and related facilities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

### **The Company as a lessor**

Leases for which the Company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

#### *Company as a 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 except where scheduled increase in rent compensate the lessor for expected inflationary costs.

### **5.8 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

## 5.9 Foreign currency

### *Functional and presentation currency*

The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company.

### *Initial recognition*

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

### *Conversion*

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

### *Exchange difference*

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise

## 5.10 Financial instruments

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

### **Non-derivative financial assets**

#### *Subsequent measurement*

i. **Financial assets carried at amortised cost** – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in equity instruments of subsidiary**– Investments in equity instruments of subsidiary are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

iii. **Investments in other equity instruments** – Investments in equity instruments which are held for trading are classified at fair value through profit or loss (FVTPL). For all other equity instruments, the Company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

#### *De-recognition of financial assets*

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

### **Non-derivative financial liabilities**

#### *Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **Forward contracts**

The Company has entered into certain forward (derivative) contracts to hedge risks which are not designated as hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Any profit or loss arising on cancellation or renewal of such derivative contract is recognised as income or as expense in statement of profit and loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **5.11 Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Company assesses on forward looking basis the expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss is recognised based on the 12 months probability of default or life time probability of default and the expected loss good default estimated for each financial asset.

#### *Trade receivables*

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

#### *Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### **5.12 Income taxes**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Minimum Alternative Tax ('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. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

### **5.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balance with banks current accounts and other short term highly liquid investments with original maturity of three months and less.

### **5.14 Employee benefits**

#### *Provident fund*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. In addition, for other employees, the provident fund trust set-up by the Company is treated as a defined benefit plan to the extent the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

#### *Gratuity*

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost on the Company's defined benefit plan is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

#### *Compensated absences*

The Company also provides benefit of compensated absences to its employees which are in the nature of long -term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

#### *Superannuation fund*

Contribution made towards superannuation fund (funded by payments to Life Insurance Corporation of India) is charged to statement of profit and loss on accrual basis.

#### *Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### **5.15 Provisions**

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

### **5.16 Contingent liabilities and contingent assets**

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.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

### **5.17 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, right issue and share split transaction.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period 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.

## 5.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

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 and Sale of Polyester film and Engineering plastics.

### *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 and expense, which are not identifiable to any business segment.

## 5.19 Significant management judgement and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

### *Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

### *Significant estimates*

**Government grants** – Grants receivables are based on estimates for utilisation of grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted prospectively over the balance life of asset.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

**Allowance for Expected credit losses** – The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

**Allowance for obsolete and slow-moving inventory** - The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value and has been determined on the basis of past experience and historical and expected future trends in the market. A worsening of the economic and financial situation could cause a further deterioration in conditions compared to that taken into consideration in calculating the allowances recognized in the financial statements.

**Provisions** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

6. Property, plant and equipment and intangible assets

(₹ in lacs)

| Particulars                      | Property, plant and equipment |                 |               |                   |                        |                     | Intangible assets |               |               |               |
|----------------------------------|-------------------------------|-----------------|---------------|-------------------|------------------------|---------------------|-------------------|---------------|---------------|---------------|
|                                  | Land-freehold                 | Building        | Vehicles      | Office equipments | Furniture and fixtures | Plant and machinery | Total             | Patent        | Software      | Total         |
| <b>Gross carrying amount</b>     |                               |                 |               |                   |                        |                     |                   |               |               |               |
| <b>As at 1 April 2018</b>        | 1,653.36                      | 5,871.65        | 443.32        | 312.72            | 379.34                 | 36,330.41           | <b>44,990.80</b>  | 217.11        | 112.78        | 329.89        |
| Additions                        | -                             | 11.24           | 70.04         | 12.50             | 10.79                  | 2,111.61            | <b>2,216.18</b>   | 11.77         | 6.18          | 17.95         |
| Disposal/adjustments             | -                             | (16.13)         | (87.03)       | (129.88)          | (0.07)                 | (1,321.53)          | <b>(1,584.64)</b> | -             | (5.25)        | (5.25)        |
| <b>As at 31 March 2019</b>       | <b>1,653.36</b>               | <b>5,866.76</b> | <b>426.33</b> | <b>195.34</b>     | <b>390.06</b>          | <b>37,120.49</b>    | <b>45,652.34</b>  | <b>228.88</b> | <b>113.71</b> | <b>342.59</b> |
| Additions                        | 49.99                         | 78.46           | 288.03        | 40.68             | 12.08                  | 1,405.88            | <b>1,875.12</b>   | 9.12          | 116.65        | <b>125.77</b> |
| Disposal/adjustments             | -                             | (190.91)        | (184.62)      | (1.64)            | (31.20)                | (1,369.48)          | <b>(1,777.85)</b> | -             | -             | -             |
| <b>As at 31 March 2020</b>       | <b>1,703.35</b>               | <b>5,754.31</b> | <b>529.74</b> | <b>234.38</b>     | <b>370.94</b>          | <b>37,156.89</b>    | <b>45,749.61</b>  | <b>238.00</b> | <b>230.36</b> | <b>468.36</b> |
| <b>Accumulated depreciation</b>  |                               |                 |               |                   |                        |                     |                   |               |               |               |
| <b>As at 1 April 2018</b>        | -                             | 397.41          | 57.21         | 106.51            | 61.58                  | 4,708.50            | <b>5,331.21</b>   | 91.80         | 44.05         | <b>135.85</b> |
| Charge for the year              | -                             | 199.98          | 92.03         | 54.88             | 32.88                  | 2,785.79            | <b>3,165.56</b>   | 45.67         | 30.31         | <b>75.98</b>  |
| Disposal/adjustments             | -                             | (12.23)         | (58.82)       | (122.63)          | (0.06)                 | (1,175.94)          | <b>(1,369.68)</b> | -             | (5.00)        | <b>(5.00)</b> |
| <b>At 1 April 2019</b>           | -                             | <b>585.16</b>   | <b>90.42</b>  | <b>38.76</b>      | <b>94.40</b>           | <b>6,318.35</b>     | <b>7,127.09</b>   | <b>137.47</b> | <b>69.36</b>  | <b>206.83</b> |
| Depreciation charge for the year | -                             | 198.42          | 93.30         | 47.09             | 33.27                  | 3,017.76            | <b>3,389.84</b>   | 46.53         | 26.79         | <b>73.32</b>  |
| Disposal/adjustments             | -                             | (39.70)         | (171.23)      | (1.42)            | (20.53)                | (460.37)            | <b>(693.25)</b>   | -             | -             | -             |
| <b>As at 31 March 2020</b>       | -                             | <b>743.88</b>   | <b>12.49</b>  | <b>84.43</b>      | <b>107.14</b>          | <b>8,875.74</b>     | <b>9,823.68</b>   | <b>184.00</b> | <b>96.15</b>  | <b>280.15</b> |
| <b>Net block</b>                 |                               |                 |               |                   |                        |                     |                   |               |               |               |
| <b>As at 1 April 2019</b>        | <b>1,653.36</b>               | <b>5,281.60</b> | <b>335.91</b> | <b>156.58</b>     | <b>295.66</b>          | <b>30,802.14</b>    | <b>38,525.25</b>  | <b>91.41</b>  | <b>44.35</b>  | <b>135.76</b> |
| <b>As at 31 March 2020</b>       | <b>1,703.35</b>               | <b>5,010.43</b> | <b>517.25</b> | <b>149.95</b>     | <b>263.80</b>          | <b>28,281.15</b>    | <b>35,925.93</b>  | <b>54.00</b>  | <b>134.21</b> | <b>188.21</b> |

**Footnotes:**

- (i) Refer note 38B for disclosure of contractual commitments for the acquisition of property, plant and equipment.  
(ii) Refer note 18 for information on property, plant and equipment pledged as security by the Company.

**6A. Right of use asset****(₹ in lacs)**

| Particulars                     | Total         |
|---------------------------------|---------------|
| <b>Gross carrying amount</b>    |               |
| As at 1 April 2018              | -             |
| Additions                       | -             |
| <b>As at 31 March 2019</b>      | -             |
| Additions                       | 319.88        |
| Disposal/adjustments            | -             |
| <b>As at 31 March 2020</b>      | <b>319.88</b> |
| <b>Accumulated depreciation</b> |               |
| As at 1 April 2018              |               |
| Charge for the year             | -             |
| <b>At 1 April 2019</b>          | -             |
| Charge for the year             | 64.62         |
| <b>As at 31 March 2020</b>      | <b>64.62</b>  |
| <b>Net carrying amount</b>      |               |
| As at 1 April 2019              | -             |
| <b>As at 31 March 2020</b>      | <b>255.26</b> |

**6B. Capital work-in-progress****(₹ in lacs)**

| Description                          | Amount          |
|--------------------------------------|-----------------|
| <b>As at 1 April 2018</b>            | <b>127.43</b>   |
| Add: addition during the year        | 2,351.12        |
| Less: capitalisation during the year | (2,152.32)      |
| <b>As at 31 March 2019</b>           | <b>326.23</b>   |
| Add: addition during the year        | 3,596.70        |
| Less: capitalisation during the year | (1,653.75)      |
| <b>As at 31 March 2020</b>           | <b>2,269.18</b> |

**7. Loans****(₹ in lacs)**

|                                    | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------------|------------------------|------------------------|
| <b>A) Non-current</b>              |                        |                        |
| Loans considered good- unsecured   |                        |                        |
| Security deposits*                 | 734.72                 | 718.03                 |
| <b>Total non-current loans (A)</b> | <b>734.72</b>          | <b>718.03</b>          |
| <b>B) Current</b>                  |                        |                        |
| Loans considered good- secured     | -                      | -                      |
| Loans considered good- unsecured   |                        |                        |
| Loans to employees                 | 88.20                  | 54.91                  |
| Security deposits                  | 48.03                  | 9.25                   |
| <b>Total current loans (B)</b>     | <b>136.23</b>          | <b>64.16</b>           |
| <b>Total loans (A+B)</b>           | <b>870.95</b>          | <b>782.19</b>          |

\*Deposits includes deposits with Uttarakhand Power Corporation Limited which carries interest of 6.25% per annum (31 March 2019: 6.25% per annum)

| 8. Other financial assets  |                        | (₹ in lacs)            |  |
|--|------------------------|------------------------|--|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| <b>A) Non-current</b>  |                        |                        |  |
| <b>(Unsecured considered good)</b>                                 |                        |                        |  |
| Bank deposits with maturity of more than 12 months (refer note 14) | 217.99                 | 39.79                  |  |
| Earnest money deposit  | 0.73                   | 0.09                   |  |
| <b>Total non-current other financial assets (A)</b>                | <b>218.72</b>          | <b>39.88</b>           |  |
| <b>B) Current</b>  |                        |                        |  |
| <b>(Unsecured considered good)</b>                                 |                        |                        |  |
| Insurance claim/survey fee recoverable (refer note 30)             | 884.02                 | 1.94                   |  |
| Advances recoverable   | 1,248.38               | -                      |  |
| Earnest money deposit  | -                      | 5.68                   |  |
| <b>Total current other financial assets (B)</b>                    | <b>2,132.40</b>        | <b>7.62</b>            |  |
| <b>Total other financial assets(A+B)</b>                           | <b>2,351.12</b>        | <b>47.50</b>           |  |

| 9. Other non-current assets           |                        | (₹ in lacs)            |  |
|---------------------------------------|------------------------|------------------------|--|
|                                       | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| Capital advances                      | 635.93                 | 168.16                 |  |
| Prepaid expenses                      | 52.49                  | 2.13                   |  |
| Balances with government authorities  | 2.59                   | 10.24                  |  |
| Prepaid lease rent                    | -                      | 12.37                  |  |
| <b>Total other non-current assets</b> | <b>691.01</b>          | <b>192.90</b>          |  |

| 10. Investments   |                        | (₹ in lacs)             |  |
|---|------------------------|-------------------------|--|
|   | As at<br>31 March 2020 | As at<br>March 31, 2019 |  |
| <b>Current</b>  |                        |                         |  |
| <b>Investments carried at fair value through profit and loss</b>                            |                        |                         |  |
| Canara Robeco Mutual Fund series 7<br>[Nil (31 March 2019:100,000 units of ₹ 10 each)]      | -                      | 11.57                   |  |
| Union Focused Funds - Mutual Fund<br>[199,990 (31 March 2019 : Nil) units of ₹ 10 each ]    | 16.96                  | -                       |  |
| Canara Robeco Mutual Fund series 8<br>[50,000 (31 March 2019 : 50,000) units of ₹ 10 each ] | 5.82                   | 5.56                    |  |
| <b>Total current investment</b>   | <b>22.78</b>           | <b>17.13</b>            |  |
| Aggregate amount of quoted investments (this represents market value as well)               | <b>22.78</b>           | <b>17.13</b>            |  |

| 11. Inventories  |                        | (₹ in lacs)            |  |
|--|------------------------|------------------------|--|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| Raw materials<br>{including goods in transit ₹ 671.98 lacs (31 March 2019: ₹ 622.84 lacs)}     | 5,297.28               | 5,844.49               |  |
| Work-in-progress   | 732.22                 | 637.84                 |  |
| Finished goods<br>{including goods in transit ₹ 829.09 lacs (31 March 2019: ₹ 1,738.17 lacs);} | 3,016.75               | 4,081.43               |  |
| Stores and spares<br>{including goods in transit ₹ 24.88 lacs (31 March 2019: ₹ 173.93 lacs)}  | 1,990.59               | 1,951.28               |  |
| <b>Total inventories</b>   | <b>11,036.84</b>       | <b>12,515.04</b>       |  |

(i) The Company has created provision for obsolete, non-moving and slow-moving inventories amounting to ₹ 530.94 lacs (31 March 2019: ₹ 57.96 lacs)

(ii) The cost of inventories recognised as expense during the year is ₹ 62,323.78 lacs (31 March 2019: ₹ 70,245.30 lacs)

| <b>12. Trade receivables</b>                  |                        | (₹ in lacs)            |  |
|---|------------------------|------------------------|--|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| Trade receivables considered good - unsecured | 12,167.76              | 12,304.09              |  |
| Less: allowance for expected credit losses    | (43.07)                | (24.09)                |  |
|   | 12,124.69              | 12,280.00              |  |
| Trade receivables credit impaired             | 319.22                 | 317.74                 |  |
| Less: allowance for expected credit losses    | (319.22)               | (317.74)               |  |
|   | -                      | -                      |  |
| <b>Total trade receivables</b>                | <b>12,124.69</b>       | <b>12,280.00</b>       |  |

\* For credit risk related disclosures, refer note 34A(b).

| <b>13. Cash and cash equivalents</b>   |                        | (₹ in lacs)            |  |
|--|------------------------|------------------------|--|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| Cash in hand                           | 5.33                   | 9.84                   |  |
| Balances with banks                    |                        |                        |  |
| In current accounts                    | 17.93                  | 10.95                  |  |
| <b>Total cash and cash equivalents</b> | <b>23.26</b>           | <b>20.79</b>           |  |

| <b>14. Other bank balances</b>                                  |                        | (₹ in lacs)            |  |
|---|------------------------|------------------------|--|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| Earmarked bank balances   |                        |                        |  |
| Unpaid dividend accounts *                                      | 11.70                  | 7.38                   |  |
| Bank deposits   |                        |                        |  |
| Deposits with remaining maturity for less than 12 months        | 1,352.03               | 575.77                 |  |
| Deposits with remaining maturity for more than 12 months        | 217.99                 | 39.79                  |  |
| <b>Total **</b>   | <b>1,581.72</b>        | <b>622.94</b>          |  |
| Less:- Amount disclosed under non-current assets (refer note 9) | (217.99)               | (39.79)                |  |
| <b>Total other bank balances</b>                                | <b>1,363.73</b>        | <b>583.15</b>          |  |

\* The Company can utilise these balances only toward settlement of the respective unpaid dividend.

\*\* Margin money deposit (including interest accrued) of ₹ 1,570.02 lacs (31 March 2019: ₹ 615.56 lacs) are subject to lien of lending banks for securing letter of credit and bank guarantee facilities sanctioned by them.

| <b>15. Other current assets</b>              |                        | (₹ in lacs)            |  |
|--|------------------------|------------------------|--|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |  |
| <b>Considered good</b>                       |                        |                        |  |
| Receivables under export benefit scheme      | 329.75                 | 307.65                 |  |
| Advance to vendors                           | 626.84                 | 292.64                 |  |
| Prepaid expenses                             | 417.15                 | 199.19                 |  |
| Balances with government authorities         | 271.69                 | 176.15                 |  |
| Other advances                               | 18.82                  | 6.03                   |  |
|  | <b>1,664.25</b>        | <b>981.66</b>          |  |
| <b>Considered doubtful</b>                   |                        |                        |  |
| Receivables under export benefit scheme      | 9.32                   | 9.70                   |  |
| Other advances                               | 50.26                  | 88.07                  |  |
| Less: Provision of export benefit receivable | (9.32)                 | (9.70)                 |  |
| Less: Provision of other advances            | (50.26)                | (88.07)                |  |
| <b>Total other current assets</b>            | <b>1,664.25</b>        | <b>981.66</b>          |  |

## 16 A. Equity share capital

|   | As at<br>31 March 2020 |                       | As at<br>31 March 2019 |                       |
|---|------------------------|-----------------------|------------------------|-----------------------|
|   | Number                 | Amount<br>(₹ in lacs) | Number                 | Amount<br>(₹ in lacs) |
| <b>i) Authorised</b>                            |                        |                       |                        |                       |
| Equity shares of ₹ 5 each                       | 15,00,00,000           | 7,500.00              | 15,00,00,000           | 7,500.00              |
| Equity shares of ₹ 10 each                      | 4,79,60,000            | 4,796.00              | 4,79,60,000            | 4,796.00              |
|   |                        | <b>12,296.00</b>      |                        | <b>12,296.00</b>      |
| <b>ii) Issued, subscribed and fully paid up</b> |                        |                       |                        |                       |
| Equity shares of ₹ 5 each                       | 8,33,93,759            | 4,169.69              | 8,33,93,759            | 4,169.69              |
|   |                        | <b>4,169.69</b>       |                        | <b>4,169.69</b>       |

### iii) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

| Equity shares                         | Number             | Amount<br>(₹ in lacs) | Number             | Amount<br>(₹ in lacs) |
|---------------------------------------|--------------------|-----------------------|--------------------|-----------------------|
| Balance at the beginning of the year  | 8,33,93,759        | 4,169.69              | 8,33,93,759        | 4,169.69              |
| <b>Balance at the end of the year</b> | <b>8,33,93,759</b> | <b>4,169.69</b>       | <b>8,33,93,759</b> | <b>4,169.69</b>       |

### iv) Rights, preferences and restrictions attached to equity share

The Company has only one class of equity share having a par value of ₹ 5 per share. Each equity shareholder is entitled for one vote per share. The Company declares and pays dividend in Indian rupees (₹). The dividend proposed by the Board of Director is subject to the approval of the shareholder in the ensuing annual general meeting.

In the event of liquidation of the Company, the holder 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.

### v) Shares held by Holding/Ultimate Holding Company and/or their Subsidiaries/Associates

| Name of the equity shareholder                | As at<br>31 March 2020 |                       | As at<br>31 March 2019 |                       |
|---|------------------------|-----------------------|------------------------|-----------------------|
|   | Number                 | Amount<br>(₹ in lacs) | Number                 | Amount<br>(₹ in lacs) |
| Wilemina Finance Corporation, Holding Company |                        |                       |                        |                       |
| Equity shares of ₹ 5 each fully paid          | 4,49,15,012            | 2,245.75              | 4,49,15,012            | 2,245.75              |
|   | <b>4,49,15,012</b>     | <b>2,245.75</b>       | <b>4,49,15,012</b>     | <b>2,245.75</b>       |

### vi) Details of shareholder holding more than 5% shares in the Company

|  | As at<br>31 March 2020 |        | As at<br>31 March 2019 |        |
|--|------------------------|--------|------------------------|--------|
|  | Number                 | %      | Number                 | %      |
| Wilemina Finance Corporation, Holding Company    |                        |        |                        |        |
| Equity shares of ₹ 5 each fully paid             | 4,49,15,012            | 53.86% | 4,49,15,012            | 53.86% |
| Vettel International Limited, Public Shareholder |                        |        |                        |        |
| Equity shares of ₹ 5 each fully paid             | 1,28,76,861            | 15.44% | 1,28,76,861            | 15.44% |

### vii) Aggregate number of equity shares issued for consideration other than cash during the period of five year immediately preceding the reporting date:

|  | As at<br>31 March 2020 |                       | As at<br>31 March 2019 |                       |
|--|------------------------|-----------------------|------------------------|-----------------------|
|  | Number                 | Amount<br>(₹ in lacs) | Number                 | Amount<br>(₹ in lacs) |
| During financial year 2013-14, the Company allotted 99,72,703 equity shares of ₹ 498.64 lacs pursuant to a scheme of arrangement entered between Sriyam Impex Private Limited and the Company. | -                      | -                     | 99,72,703              | 498.64                |
|  | <b>99,72,703</b>       | <b>498.64</b>         | <b>99,72,703</b>       | <b>498.64</b>         |

viii) The Board of Directors at its meeting held on 17 June 2020, has recommended final dividend of ₹ 2.50/- {Rs. Two and fifty paise only} per equity share for the year ended on 31 March 2020, subject to the approval of the shareholders of the Company in the forthcoming Annual General Meeting.

Further, during the year ended 31 March 2020, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 0.50 per share (31 March 2019: ₹ Nil per share).

(ix) No shares were allotted as fully paid up by way of bonus issue and/or brought back in the current reporting year and in last five years immediately preceding the current reporting year.

#### 16 B. Preference shares

|   | As at<br>31 March 2020 |                       | As at<br>31 March 2019 |                       |
|---|------------------------|-----------------------|------------------------|-----------------------|
|   | Number                 | Amount<br>(₹ in lacs) | Number                 | Amount<br>(₹ in lacs) |
| <b>i) Authorised</b>                                  |                        |                       |                        |                       |
| Cumulative convertible preference shares of ₹ 50 each | 6,00,000               | 300.00                | 6,00,000               | 300.00                |
| Redeemable cumulative preference shares of ₹ 50 each  | 80,00,000              | 4,000.00              | 80,00,000              | 4,000.00              |
|   |                        | <b>4,300.00</b>       |                        | <b>4,300.00</b>       |

#### 17. Other equity

(₹ in lacs)

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Reserves and surplus</b>                         |                        |                        |
| Capital reserve                                     | 3,520.74               | 3,520.74               |
| Securities premium                                  | 6,121.01               | 6,121.01               |
| Capital redemption reserve                          | 335.37                 | 335.37                 |
| General reserve                                     | 1,528.16               | 1,528.16               |
| Retained earnings                                   | 25,061.46              | 15,689.79              |
| Equity component of redeemable financial instrument | 76.83                  | 76.83                  |
| <b>Total</b>  | <b>36,643.57</b>       | <b>27,271.90</b>       |

#### i) Nature and purpose of other reserves

##### Capital reserve

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature. Capital reserve is not available for the distribution to the shareholders.

##### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Companies Act, 2013.

##### Capital redemption reserve

The same has been created in accordance with provision of Companies Act, 2013 against redemption of preference shares.

##### General reserve

The Company is required to create a general reserve out of the profits when the Company declares dividend to shareholders.

##### Retained earnings

Retained earnings represents surplus in the Statement of Profit and Loss.

## 18. (A) Borrowings

(₹ in lacs)

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Secured loans*</b>  |                        |                        |
| Term loans from:   |                        |                        |
| Banks  | 5,169.39               | 5,042.07               |
| Financial institution  | 1,687.25               | 2,397.35               |
| Vehicle loans  | 332.34                 | 157.69                 |
| Lease liabilities  | 249.81                 | -                      |
| <b>Unsecured loans</b>   |                        |                        |
| Redeemable financial instrument (foreign currency loan) from related party | 509.58                 | 444.80                 |
| <b>Total borrowings</b>  | <b>7,948.37</b>        | <b>8,041.91</b>        |
| <b>Less:</b> Current maturities of non-current borrowings* (refer note 22) | 2,287.20               | 1,936.59               |
| <b>Less:</b> Current portion of lease liabilities* (refer note 22)         | 95.41                  | -                      |
| <b>Non-current borrowings</b>  | <b>5,565.76</b>        | <b>6,105.32</b>        |

\* For liquidity risk related disclosures, refer note 34B.

## I. Term loans

- a) **From Bank of India** of ₹ Nil (31 March 2019: ₹ 299.20 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the rate MCLR plus 3.60% per annum. The Corporate loan is repayable in 20 equal quarterly installments starting from March 2015.#
- b) **From Bank of India** of ₹ 1,297.94 lacs (31 March 2019: ₹ 1,465.91 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the rate MCLR plus 3.00% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.##
- c) **From Bank of Baroda** of ₹ Nil (31 March 2019: ₹ 149.33 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 3.75% per annum. The Corporate loan is repayable in 20 equal quarterly installments starting from April 2015.#
- d) **From Bank of Baroda** of ₹ 1,253.30 lacs (31 March 2019: ₹ 1,417.00 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 3.75% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.##
- e) **From Union Bank of India** of ₹ Nil (31 March 2019: ₹ 54.78 lacs) for bio mass (Husk) fuelled thermic fluid heater bearing floating interest at the MCLR plus 3.70% per annum. The term loan is repayable in 20 equal quarterly installments starting from September 2014.#
- f) **From Union Bank of India** of ₹ 1,025.48 lacs (31 March 2019: ₹ 1,158.94 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 3.70% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.##
- g) **From State Bank of India** of Rs Nil (31 March 2019: Rs 496.91 lacs) as Corporate loan for augmentation of working capital. The term loan bearing floating interest at the MCLR plus 4.35% per annum. The term loan is repayable in 20 equal quarterly installments starting from December 2016.#
- h) **From Canara Bank** of ₹ 1,355.96 lacs (31 March 2019: ₹ Nil) as capex loan for funding of capital expenditure (modification, de-bottlenecking, modernization, cost reduction & maintenance capex). The Term Loan bearing floating interest at the MCLR plus 3.35% per annum. The term is repayable in 60 equal monthly installments starting from September 2019.##
- i) **From Karnataka Bank Limited** of ₹ 236.72 lacs (31 March 2019 : ₹ Nil) as capex loan for capital expenditure (purchase of plant and machineries). The Term Loan bearing floating interest at the MCLR plus 2.80% per annum. The term is repayable in 60 unequal monthly installments starting from October 2020.###
- j) **From Tata Capital Financial Services Limited** of ₹ 81.11 lacs (31 March 2019: ₹ Nil) as capex loan for capex funding/ reimbursement. The Term Loan bearing floating interest at the LTLR minus 7.75% per annum subject to minimum of 11% per annum. The Corporate loan is repayable in 60 equal monthly installments starting from April 2020.###
- k) **From Tata Capital Financial Services Limited** of ₹ 972.94 lacs ( 31 March 2019: ₹ 1,121.78 lacs) as Corporate loan for augmentation of working Capital bearing floating interest at the LTLR minus 7% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from Sep 2019.# #

- I) **From Tata Capital Financial Services Limited** of ₹633.19 lacs (31 March 2019: ₹1,275.58 lacs) has been sanctioned for repayment of outstanding dues of Karnataka Bank and augmentation of Working Capital. The term loan is secured by equitable mortgage by way of deposit of title deeds of land and Corporate Office building constructed thereupon in Gurgaon and first and exclusive charge over the hypothecation of certain plant and machineries installed at factory premises at Uttarakhand and further secured by personal guarantee of Mr. Arvind Singhania. The term loan bearing floating interest at the LTLR minus 6.50% per annum. Out of ₹ 633.19 lacs, ₹ 9.42 lacs is repayable in 5 months from April 2020 with terminal date of repayment being August 2020, and balance ₹ 623.77 lacs is repayable in 12 months from April 2020 with terminal date of repayment being March 2021.
- # Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited and second Pari passu charge on current assets and further secured by irrevocable guarantee of its holding Company and personal guarantee of Mr. Arvind Singhania.
- # # Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited and second Pari passu charge on current assets and further secured by irrevocable guarantee of its holding Company and personal guarantee of Mr. Arvind Singhania. Above loans are also secured by pledge of 50 lacs equity shares of the Company on pari- passu basis held by Wilemina Finance Corporation.
- ### Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited and second Pari passu charge on current assets and further secured by irrevocable personal guarantee of Mr. Arvind Singhania.
- II. **Vehicle loans** are secured by hypothecation of specific vehicles acquired out of proceeds of the loans. Vehicle loans bearing interest rates ranging from 8.25% per annum to 13.25% per annum. These loans are repayable in monthly installments till February 2025.
- III. **Redeemable financial instrument**
- During the financial year 2017-18, the Company had obtained interest free unsecured foreign currency loan from its Holding Company. This foreign currency loan is repayable in two installments of USD 500,000 and USD 285,000 on 15 April 2023 and on 03 May 2023 respectively.

## B) Current borrowings\*

(₹ in lacs)

|                                   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------|------------------------|------------------------|
| <b>Loans repayable on demand</b>  |                        |                        |
| from banks                        | 4,465.51               | 8,912.75               |
| <b>Other loans</b>                |                        |                        |
| Bills discounting                 | 2,378.78               | 3,011.12               |
| Acceptances                       | 836.88                 | 4,807.54               |
| <b>Total borrowings - current</b> | <b>7,681.17</b>        | <b>16,731.41</b>       |

\* For liquidity risk related disclosures, refer note 34B.

**Working capital loans, bills discounting and acceptances:** These loans are secured by first charge by way of hypothecation 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 its holding Company and personal guarantee of Mr. Arvind Singhania. Working capital and bill discounting facilities are further secured by way of second charge in respect of immovable properties and movable fixed assets except fixed assets that are exclusively charged to Tata Capital Financial Services Limited.

The working capital loans from banks bear floating interest rate at MCLR plus ranging from 0.75% per annum to 3.50% per annum. The bill discounting from banks bear floating interest rate ranging from 7.10% per annum to 10.15% per annum.

The changes in the entities liabilities arising from financing and non financing activities can be classified as follows:

| Particulars  | Borrowings      |                  |                   | Total            |
|--|-----------------|------------------|-------------------|------------------|
|  | Non-current     | Current          | Lease liabilities |                  |
| <b>1 April 2019</b>                                  | <b>8,041.91</b> | <b>16,731.41</b> | -                 | <b>24,773.32</b> |
| <b>Cash flows:</b>                                   |                 |                  |                   |                  |
| - Repayments   | (2,493.08)      | (9,050.24)       | (71.77)           | (11,615.09)      |
| - Proceeds   | 2,109.80        | -                | -                 | 2,109.80         |
| - Finance cost                                       | 961.60          | 1,468.40         | 15.52             | 2,445.52         |
| - Finance cost paid                                  | (949.52)        | (1,468.40)       | -                 | (2,417.92)       |
| <b>Non cash:</b>                                     |                 |                  |                   |                  |
| -Finance cost adjustment for effective interest rate | 27.85           | -                | -                 | 27.85            |
| -Addition during the year                            | -               | -                | 306.06            | 306.06           |
| <b>31 March 2020</b>                                 | <b>7,698.56</b> | <b>7,681.17</b>  | <b>249.81</b>     | <b>15,629.54</b> |
| <b>1 April 2018</b>                                  | <b>7,115.40</b> | <b>23,613.27</b> | -                 | <b>30,728.67</b> |
| <b>Cash flows:</b>                                   |                 |                  |                   | -                |
| - Repayments   | (4,453.48)      | (6,881.86)       | -                 | (11,335.34)      |
| - Proceeds   | 5,349.69        | -                | -                 | 5,349.69         |
| - Finance cost                                       | 1,113.24        | 2,308.16         | -                 | 3,421.40         |
| - Finance cost paid                                  | (1,111.01)      | (2,308.16)       | -                 | (3,419.17)       |
| <b>Non cash:</b>                                     |                 |                  |                   |                  |
| -Finance cost adjustment for effective interest rate | 28.07           | -                | -                 | 28.07            |
| <b>31 March 2019</b>                                 | <b>8,041.91</b> | <b>16,731.41</b> | -                 | <b>24,773.32</b> |

#### 19. Provisions

(₹ in lacs)

| A) Provisions - non-current            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Provision for gratuity (refer note 40) | 776.53                 | 655.25                 |
| Provision for compensated absence      | 217.02                 | 192.45                 |
| <b>Total provisions - non-current</b>  | <b>993.55</b>          | <b>847.70</b>          |
| <b>B) Provisions - current</b>         |                        |                        |
| Provision for gratuity (refer note 40) | 152.58                 | 97.00                  |
| Provision for compensated absence      | 51.26                  | 20.20                  |
| <b>Total provisions - current</b>      | <b>203.84</b>          | <b>117.20</b>          |
| <b>Total provisions (A+B)</b>          | <b>1,197.39</b>        | <b>964.90</b>          |

#### 20. Deferred tax liabilities (net)

(₹ in lacs)

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Deferred tax liabilities                       | 3,723.09               | 5,024.87               |
| Less: Deferred tax assets                      | 554.99                 | 915.60                 |
| Less: Minimum alternate tax credit entitlement | -                      | 1,807.34               |
| <b>Deferred tax liabilities (net)</b>          | <b>3,168.10</b>        | <b>2,301.93</b>        |

(₹ in lacs)

| Particulars   | As at<br>1 April 2019 | Recognised in<br>statement of<br>profit and loss | Recognised in other<br>comprehensive<br>income | Recognised in<br>statement of<br>changes in equity | As at<br>31 March<br>2020 |
|---|-----------------------|--|--|--|---------------------------|
| <b>Deferred tax liabilities arising on account of :</b>   |                       |  |  |  |                           |
| Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting                    | 4,988.08              | (1,301.78)                                       | -  | -  | 3,686.30                  |
| Redeemable financial instrument   | 36.79                 | (8.19)   | -  | -  | 28.60                     |
| Allowance for expected credit loss  | -                     | -  | -  | -  | -                         |
| Others  | -                     | -  | -  | -  | -                         |
| <b>Total</b>  | <b>5,024.87</b>       | <b>(1,309.97)</b>                                | -  | -  | <b>3,714.90</b>           |
| <b>Deferred tax assets arising on account of :</b>  |                       |  |  |  |                           |
| Unabsorbed depreciation   | 360.47                | (360.47)   | -  | -  | -                         |
| Effect of expenditure debited to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 540.65                | (6.41)   | -  | -  | 534.24                    |
| Employee benefits   | -                     | (28.74)  | 28.74  | -  | -                         |
| Others  | 14.48                 | (1.92)   | -  | -  | 12.56                     |
| <b>Total</b>  | <b>915.60</b>         | <b>(397.54)</b>                                  | <b>28.74</b>                                   | -  | <b>546.80</b>             |
| Minimum alternate tax credit entitlement  | 1,807.34              | (1,807.34)                                       | -  | -  | -                         |
| <b>Deferred tax liabilities (net)</b>   | <b>2,301.93</b>       | <b>894.91</b>                                    | <b>(28.74)</b>                                 | -  | <b>3,168.10</b>           |

(₹ in lacs)

| Particulars   | As at<br>1 April<br>2018 | Recognised<br>in statement<br>of profit and<br>loss | Recognised<br>in other<br>comprehensive<br>income | Recognised<br>in statement<br>of changes in<br>equity | As at<br>31 March<br>2019 |
|---|--------------------------|---|---|---|---------------------------|
| <b>Deferred tax liabilities arising on account of :</b>   |                          |   |   |   |                           |
| Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting                     | 4,914.42                 | 73.66   | -   | -   | 4,988.08                  |
| Redeemable financial instrument   | 36.79                    | -   | -   | 41.12   | 36.79                     |
| Allowance for expected credit loss  | 8.13                     | (8.13)  | -   | -   | -                         |
| Others  | 13.68                    | (13.68)   | -   | -   | -                         |
| <b>Total</b>  | <b>4,973.02</b>          | <b>51.85</b>  | -   | <b>41.12</b>  | <b>5,024.87</b>           |
| <b>Deferred tax assets arising on account of :</b>  |                          |   |   |   |                           |
| Unabsorbed depreciation   | 1,986.63                 | (1,626.16)  | -   | -   | 360.47                    |
| Effect of expenditure debited to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 455.14                   | 85.51   | -   | -   | 540.65                    |
| Employee benefits   | -                        | 2.72  | (2.72)  | -   | -                         |
| Others  | 18.16                    | (3.68)  | -   | -   | 14.48                     |
| <b>Total</b>  | <b>2,459.93</b>          | <b>(1,541.61)</b>                                   | <b>(2.72)</b>                                     | -   | <b>915.60</b>             |
| Minimum alternate tax credit entitlement  | 749.13                   | 1,058.21  | -   | -   | 1,807.34                  |
| <b>Deferred tax liabilities (net)</b>   | <b>1,763.96</b>          | <b>535.25</b>                                       | <b>2.72</b>                                       | <b>41.12</b>  | <b>2,301.93</b>           |

**21. Trade payable****(₹ in lacs)**

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Trade payables</b>   |                        |                        |
| Trade payables  |                        |                        |
| -total outstanding dues of micro enterprises and small enterprises*                     | 102.80                 | 78.34                  |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 3,197.47               | 2,242.15               |
| <b>Total trade payables</b>   | <b>3,300.27</b>        | <b>2,320.49</b>        |

\*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31 March 2020:

| (₹ in lacs)  |                        |                        |
|--|------------------------|------------------------|
| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| i. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;   |                        |                        |
| Principal amount   | 102.80                 | 78.34                  |
| Interest due thereon   | -                      | -                      |
| ii. The amount paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;  |                        |                        |
| Principal amount   | 1,286.56               | 563.94                 |
| 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 this Act;  | -                      | -                      |
| iv. The amount of interest accrued and remaining unpaid at the end of each accounting 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. | -                      | -                      |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**22. Other financial liabilities****(₹ in lacs)**

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>A) Non-current</b>                                      |                        |                        |
| Capital creditors  | -                      | 103.12                 |
| <b>Total non current other financial liabilities (A)</b>   | <b>-</b>               | <b>103.12</b>          |
| <b>B) Current</b>  |                        |                        |
| Current maturities of long-term borrowings (refer note 18) | 2,287.20               | 1,936.59               |
| Current portion of lease liabilities (refer note 18)       | 95.41                  | -                      |
| Capital creditors  | 345.06                 | 139.55                 |
| Unpaid dividend  | 11.70                  | 7.38                   |
| Deposits from dealer/customer and others                   | 33.79                  | 32.67                  |
| Derivative liability                                       | 8.14                   | 3.09                   |
| Employee related payables                                  | 1,277.41               | 588.06                 |
| Others payables  | 184.09                 | 231.16                 |
| <b>Total current other financial liabilities (B)</b>       | <b>4,242.80</b>        | <b>2,938.50</b>        |
| <b>Total other financial liabilities (A+B)</b>             | <b>4,242.80</b>        | <b>3,041.62</b>        |

**23. Other liabilities**

(₹ in lacs)

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>A) Non-current</b>                    |                        |                        |
| Deferred income*                         | 2,552.40               | 2,774.89               |
| <b>Total non current liabilities (A)</b> | <b>2,552.40</b>        | <b>2,774.89</b>        |
| <b>B) Current</b>                        |                        |                        |
| Deferred income*                         | 252.82                 | 251.08                 |
| Advances from customers                  | 135.80                 | 280.99                 |
| Statutory dues                           | 121.14                 | 112.75                 |
| <b>Total current liabilities (B)</b>     | <b>509.76</b>          | <b>644.82</b>          |
| <b>Total other liabilities (A+B)</b>     | <b>3,062.16</b>        | <b>3,419.71</b>        |

\* Represents government assistance in form of duty benefit availed under Export Promotion Capital Goods ('EPCG') scheme on purchase of property, plant and equipment accounted for as government grants and being amortised over useful life of such assets.

**24. Revenue from operations**

(₹ in lacs)

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Sale of products   | 1,03,171.16                         | 1,02,024.91                         |
| Other operating revenue (refer note (i) below)                       | 698.99                              | 781.32                              |
| <b>Total revenue from operations</b>                                 | <b>1,03,870.15</b>                  | <b>1,02,806.23</b>                  |
| <b>i) Other operating revenue comprises of the following income:</b> |                                     |                                     |
| Sales of scrap   | 107.80                              | 96.21                               |
| Export incentive from merchandise exports from India scheme          | 256.97                              | 351.04                              |
| Duty drawback earned   | 334.22                              | 334.07                              |
| <b>Total revenue from operations (refer note 41)</b>                 | <b>698.99</b>                       | <b>781.32</b>                       |

**25. Other income**

(₹ in lacs)

|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Interest on:  |                                     |                                     |
| - Fixed deposits {tax deducted at source ₹ 6.44 lacs (31 March 2019 ₹ 4.84 lacs)} | 68.14                               | 46.44                               |
| - Others {tax deducted at source ₹ 3.39 lacs (31 March 2019: ₹ 6.46 lacs)}        | 48.76                               | 74.30                               |
| Insurance claim   | 190.34                              | 38.07                               |
| Provisions/liabilities no longer required written back                            | 36.25                               | 117.62                              |
| Reversal of impairment of trade receivable (expected credit loss)                 | 19.28                               | -                                   |
| Foreign exchange fluctuation gain (net)   | 147.51                              | -                                   |
| Income recognised on account of government assistance*                            | 253.78                              | 244.22                              |
| Gain on fair valuation of financial assets  | -                                   | 1.38                                |
| Miscellaneous income  | 125.33                              | 49.98                               |
| <b>Total other income</b>   | <b>889.39</b>                       | <b>572.01</b>                       |

\* This represent income recognised in relation Export Promotion Capital Goods ('EPCG'), considered as government assistance.

**26. Changes in inventories of finished goods and work-in-progress**

(₹ in lacs)

|                                     | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Closing stock                       |                                     |                                     |
| - Finished goods                    | 3,016.75                            | 4,081.43                            |
| - Work-in-progress                  | 732.22                              | 637.84                              |
| <b>Total</b>                        | <b>3,748.97</b>                     | <b>4,719.27</b>                     |
| Opening stock                       |                                     |                                     |
| - Finished goods                    | 4,081.43                            | 3,498.73                            |
| - Work-in-progress                  | 637.84                              | 953.44                              |
|                                     | <b>4,719.27</b>                     | <b>4,452.17</b>                     |
| <b>Total changes in inventories</b> | <b>970.30</b>                       | <b>(267.10)</b>                     |

**27. Employee benefits expense**

(₹ in lacs)

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Salaries and wages                             | 4,790.79                            | 4,153.09                            |
| Contribution to provident fund and other funds | 277.08                              | 272.77                              |
| Gratuity (refer note 40)                       | 122.32                              | 111.14                              |
| Staff welfare expenses                         | 214.76                              | 190.92                              |
| <b>Total employee benefits expense</b>         | <b>5,404.95</b>                     | <b>4,727.92</b>                     |

**28. Finance cost**

(₹ in lacs)

|                           | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---------------------------|-------------------------------------|-------------------------------------|
| Interest :                |                                     |                                     |
| -Term loans               | 961.60                              | 1,094.68                            |
| -Working capital          | 1,067.96                            | 1,828.28                            |
| -Lease liabilities        | 15.52                               | -                                   |
| -Statutory dues           | 40.68                               | 15.98                               |
| -Capital creditors        | 12.33                               | 18.56                               |
| -Others                   | -                                   | 6.96                                |
| Other borrowing costs     | 347.43                              | 456.94                              |
| <b>Total finance cost</b> | <b>2,445.52</b>                     | <b>3,421.40</b>                     |

**29. Other expenses**

(₹ in lacs)

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Manufacturing expenses</b>                                      |                                     |                                     |
| Consumption of stores and spare parts                              | 1,614.33                            | 1,960.30                            |
| Consumption of packing material                                    | 1,550.04                            | 1,464.48                            |
| Power and fuel   | 7,420.73                            | 7,364.58                            |
| Material handling charges  | 529.10                              | 419.96                              |
| Provision for obsolete inventories                                 | 30.33                               | 5.07                                |
| <b>Total manufacturing expenses (A)</b>                            | <b>11,144.53</b>                    | <b>11,214.39</b>                    |
| <b>Selling expenses</b>  |                                     |                                     |
| Freight  | 2,389.07                            | 2,371.00                            |
| Commission and brokerage   | 204.58                              | 228.07                              |
| <b>Total selling expenses (B)</b>                                  | <b>2,593.65</b>                     | <b>2,599.07</b>                     |
| <b>Administration and other expenses</b>                           |                                     |                                     |
| Rent   | 78.01                               | 51.62                               |
| Rates and taxes  | 30.55                               | 17.63                               |
| Insurance  | 322.01                              | 254.34                              |
| Repairs and maintenance:   |                                     |                                     |
| - Building   | 104.51                              | 84.79                               |
| - Plant and machinery  | 389.20                              | 299.94                              |
| - Others   | 266.15                              | 224.74                              |
| Corporate social responsibility expenditure (refer note (i) below) | 41.19                               | 1.57                                |
| Travelling and conveyance  | 606.97                              | 459.43                              |
| Communication expenses   | 75.75                               | 73.08                               |
| Legal and professional charges                                     | 521.04                              | 535.84                              |
| Printing and stationery  | 9.87                                | 14.17                               |
| Donations (other than political parties)                           | 4.32                                | 5.55                                |
| Director's sitting fees  | 6.00                                | 4.90                                |

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Director's commission                                      | 60.00                               | 49.00                               |
| Auditors' remuneration (refer note (ii) below)             | 30.71                               | 24.99                               |
| Loss on sale of property, plant and equipment (net)        | 172.92                              | 115.50                              |
| Bad debts, advances and irrecoverable balances written off | -                                   | 46.77                               |
| Provision for doubtful debts / advances                    | 39.74                               | 201.11                              |
| Security services  | 327.74                              | 311.86                              |
| Loss on fair valuation of financial assets                 | 2.49                                | -                                   |
| Foreign exchange fluctuation loss (net)                    | -                                   | 52.92                               |
| Miscellaneous expenses                                     | 373.52                              | 394.51                              |
| <b>Total administrative and other expenses (C)</b>         | <b>3,462.69</b>                     | <b>3,224.26</b>                     |
| <b>Total other expenses (A+B+C)</b>                        | <b>17,200.87</b>                    | <b>17,037.72</b>                    |

#### i) Corporate social responsibility expenses

Gross amount required to be spent by the Company during the year is ₹ 25.73 lacs (31 March 2019: ₹ Nil).

Amount spent during the year on corporate social responsibility: ₹ 41.19 lacs (31 March 2019: ₹ 1.57 lacs).

(₹ in lacs)

| Particulars                           | Year           | in cash | Yet to be paid | Total        |
|---------------------------------------|----------------|---------|----------------|--------------|
| Construction/acquisition of any asset | 31 March, 2020 | -       | -              | -            |
|                                       | 31 March, 2019 | -       | -              | -            |
| On purposes other than above          | 31 March, 2020 | 41.19   | -              | <b>41.19</b> |
|                                       | 31 March, 2019 | 1.57    | -              | <b>1.57</b>  |

#### ii) Auditors' remuneration

(₹ in lacs)

| Particulars                             | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| - Statutory audit fee (including taxes) | 13.00                               | 14.00                               |
| - Limited review fee                    | 15.00                               | 9.00                                |
| - Out of pocket expenses                | 2.71                                | 1.99                                |
|   | <b>30.71</b>                        | <b>24.99</b>                        |

#### 30. Exceptional items

(₹ in lacs)

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| - Loss on property, plant and equipment due to fire | 883.02                              | -                                   |
| - Insurance claim recoverable                       | (883.02)                            | -                                   |

A fire incident happened on 19 March 2020 at Company's plant in Khatima (Uttarakhand) during which certain plant, machineries and building were damaged. The Company lodged claim with the insurance Company and the surveyor inspected the plant on 21 March 2020. Pursuant to this incident, the Company has written off the net book value of plant, machineries and building aggregating to ₹ 883.02 lacs basis their internal assessment and recognized a minimum insurance claim receivable for an equivalent amount. The Company is in the process of determining the loss for Business Interruption and has accordingly not recorded any claim arising therefrom at this stage. The aforementioned loss and the corresponding credit arising from insurance claim receivable have been presented under exceptional items in these financial statements. Subsequent to the year end, the Company has received an initial disbursement of ₹ 250 lacs from insurance Company.

### 31. Tax expenses

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Current tax  | 3,011.86                            | 1,058.48                            |
| Deferred tax expense   | 894.91                              | 535.25                              |
| <b>Income tax expense recognised in the statement of profit and loss</b> | <b>3,906.77</b>                     | <b>1,593.73</b>                     |

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.944% and the reported tax expense in the statement of profit and loss are as follows:

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Accounting profit before income tax</b>   | <b>13,856.64</b>                    | <b>4,704.36</b>                     |
| At India's statutory income tax rate of 34.944% (31 March 2019: 33.38%)                        | 4,842.06                            | 1,570.32                            |
| <b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b> |                                     |                                     |
| Minimum alternate tax credit written off   | 86.59                               | -                                   |
| Tax impact of expenses which will never be allowed   | 16.67                               | (2.38)                              |
| Impact of tax rate changes   | (1,038.55)                          | 25.79                               |
| <b>Income tax expense</b>  | <b>3,906.77</b>                     | <b>1,593.73</b>                     |

**Note:** Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) dated 20 September, 2019 the Company has decided to continue to follow the tax rates which were applicable prior to the Ordinance for the year ended 31 March 2020. However, from the next financial year 2020-21 onwards, the Company shall adopt lower tax rate as per section 115BAA of the Income Tax Act, 1961, as introduced under by the Taxation Laws (Amendment) Ordinance, 2019. Based on the current estimate of expected timing of exercising of the option under Section 115BAA, the Company has re-measured its deferred tax balances. Consequently, credit of ₹ 1,038.55 lacs has been recorded in the statement of profit and loss during the year ended 31 March 2020.

### 32. Earning per share (EPS)

|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Profit attributable to equity shareholders (₹ in lacs)                                     | 9,949.87                            | 3,110.63                            |
| Profit attributable to equity shareholders adjusted for the effect of dilution (₹ in lacs) | 9,949.87                            | 3,110.63                            |
| Weighted average number of equity shares for basic EPS                                     | 8,33,93,759                         | 8,33,93,759                         |
| Weighted average number of equity shares adjusted for the effect of dilution               | 8,33,93,759                         | 8,33,93,759                         |
| <b>Earnings per equity share</b>   |                                     |                                     |
| Basic (₹)  | 11.93                               | 3.73                                |
| Diluted (₹)  | 11.93                               | 3.73                                |

### 33. Fair value disclosures

#### (i) Fair value hierarchy

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** unobservable inputs for the asset or liability.

#### (ii) Valuation technique used to determine fair value

A. Specific valuation techniques used to value mutual funds include - the use of net asset value for mutual funds on the basis of the statement received from investee party.

B. Derivative asset/liability is measured using forward contract exchange rates at the balance sheet rate as confirmed from banks/financial institutions.

#### (iii) Financial assets measured at fair value – recurring fair value measurements (₹ in lacs)

| Particulars                        | Level   | 31 March 2020 | 31 March 2019 |
|------------------------------------|---------|---------------|---------------|
| <b>Financial assets</b>            |         |               |               |
| Investments in mutual funds        | Level 1 | 22.78         | 17.13         |
| <b>Total financial assets</b>      |         | <b>22.78</b>  | <b>17.13</b>  |
| <b>Financial liabilities</b>       |         |               |               |
| Derivative liability               | Level 2 | 8.14          | 3.09          |
| <b>Total financial liabilities</b> |         | <b>8.14</b>   | <b>3.09</b>   |

#### (iv) Fair value of instruments measured at amortised cost for which fair value are disclosed (₹ in lacs)

| Particulars                        | Level   | 31 March 2020   |                 | 31 March 2019   |                 |
|------------------------------------|---------|-----------------|-----------------|-----------------|-----------------|
|                                    |         | Carrying value  | Fair value      | Carrying value  | Fair value      |
| <b>Financial assets</b>            |         |                 |                 |                 |                 |
| Security deposits                  | Level 3 | 734.72          | 734.72          | 718.03          | 718.03          |
| Earnest money deposit              |         | 0.73            | 0.73            | 0.09            | 0.09            |
| <b>Total financial assets</b>      |         | <b>735.45</b>   | <b>735.45</b>   | <b>718.12</b>   | <b>718.12</b>   |
| Borrowings*                        | Level 3 | 7,948.37        | 7,948.37        | 8,041.91        | 8,041.91        |
| <b>Total financial liabilities</b> |         | <b>7,948.37</b> | <b>7,948.37</b> | <b>8,041.91</b> | <b>8,041.91</b> |

The above disclosures are presented for non-current financial assets (excluding bank deposits) and non-current financial liabilities. Carrying value of current financial assets and current financial liabilities (trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities) represents the best estimate of fair value.

\*Borrowings taken by the Company are as per the Company's credit and liquidity risk assessment and there is no comparable instrument having the similar terms and conditions with related security being pledged and hence the carrying value of the borrowings represents the best estimate of fair value.

### 34. Financial risk management

The accounting classification of each category of financial instruments, and there carrying amounts are set as below:

| Particulars                        | 31 March 2020 |                  | 31 March 2019 |                  |
|------------------------------------|---------------|------------------|---------------|------------------|
|                                    | FVTPL         | Amortised cost   | FVTPL         | Amortised cost   |
| <b>Financial assets</b>            |               |                  |               |                  |
| Investments - mutual funds         | 22.78         | -                | 17.13         | -                |
| Trade receivables                  | -             | 12,124.69        | -             | 12,280.00        |
| Loans                              | -             | 870.95           | -             | 782.19           |
| Cash and cash equivalents          | -             | 23.26            | -             | 20.79            |
| Other bank balances                | -             | 1,363.73         | -             | 583.15           |
| Other financial assets             | -             | 2,351.12         | -             | 47.50            |
| <b>Total financial assets</b>      | <b>22.78</b>  | <b>16,733.75</b> | <b>17.13</b>  | <b>13,713.63</b> |
| <b>Financial liabilities</b>       |               |                  |               |                  |
| Borrowings                         | -             | 15,629.54        | -             | 24,773.32        |
| Trade payables                     | -             | 3,300.27         | -             | 2,320.49         |
| Security deposits                  | -             | 33.79            | -             | 32.67            |
| Derivative liabilities             | -             | 8.14             | -             | 3.09             |
| Other financial liabilities        | -             | 1,913.67         | -             | 1,069.27         |
| <b>Total financial liabilities</b> | <b>-</b>      | <b>20,885.41</b> | <b>-</b>      | <b>28,198.84</b> |

(₹ in lacs)

#### (i) Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk                             | Exposure arising from  | Measurement                 | Management   |
|----------------------------------|--|-----------------------------|--|
| Credit risk                      | Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments | Ageing analysis             | Diversification of bank deposits and investments, credit limits and letter of credit |
| Liquidity risk                   | Borrowings and other liabilities   | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities                      |
| Market risk - foreign exchange   | Recognised financial assets and liabilities not denominated in Indian rupee (INR)                                | Cash flow forecasting       | Forward contract/hedging, if required  |
| Market risk - Interest rate risk | Long-term borrowings at variable rates   | Sensitivity analysis        | Negotiation of terms that reflect market factors                                     |
| Price risk - security price      | Investments in mutual funds  | Sensitivity analysis        | Diversification of portfolio, with focus on strategic investments                    |

#### (A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, investments, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### a) Credit risk management

##### i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

The Company provides for expected credit loss based on the following:

| Description          | Asset group  | Provision for expected credit loss                   |
|----------------------|--|--|
| Low credit risk      | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss                        |
| Moderate credit risk | Trade receivables  | Life time expected credit loss                       |
| High credit risk     | Trade receivables  | Life time expected credit loss or fully provided for |

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period (including extension). Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**Below is the bifurcation of assets in various categories of risk:**

(₹ in lacs)

| Description      | Particulars  | 31 March 2020 | 31 March 2019 |
|------------------|--|---------------|---------------|
| Low credit risk  | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 16,756.53     | 13,730.76     |
| High credit risk | Trade receivables  | 358.41        | 341.83        |

ii) *Concentration of financial assets*

The Company's exposure to credit risk for trade receivables is presented as below. Loans and other financial assets majorly represents loans to employees and security and earnest money deposits given for business purposes.

(₹ in lacs)

| Particulars          | 31 March 2020 | 31 March 2019 |
|----------------------|---------------|---------------|
| Polyester film       | 8,096.32      | 8,223.64      |
| Engineering plastics | 4,028.37      | 4,056.36      |

**b) Credit risk exposure**

**Provision for expected credit losses**

The Company provides for 12 month expected credit losses or lifetime expected credit losses for following financial assets –

**31 March 2020**

(₹ in lacs)

| Particulars                   | Estimated gross carrying amount at default | Expected credit losses (including credit impaired) | Carrying amount net of impairment provision |
|-------------------------------|--|--|---|
| Trade receivables             | 12,486.98                                  | 362.29   | 12,124.69                                   |
| Loans                         | 870.95                                     | -  | 870.95                                      |
| Cash and cash equivalents     | 23.26                                      | -  | 23.26                                       |
| Other bank balances           | 1,363.73                                   | -  | 1,363.73                                    |
| Other financial assets        | 2,351.12                                   | -  | 2,351.12                                    |
| Investments                   | 22.78                                      | -  | 22.78                                       |
| <b>Total financial assets</b> | <b>17,118.82</b>                           | <b>362.29</b>                                      | <b>16,756.53</b>                            |

31 March 2019

(₹ in lacs)

| Particulars                   | Estimated gross carrying amount at default | Expected credit losses (including credit impaired) | Carrying amount net of impairment provision |
|-------------------------------|--|--|---|
| Trade receivables             | 12,621.83                                  | 341.83   | 12,280.00                                   |
| Loans                         | 782.19                                     | -  | 782.19                                      |
| Cash and cash equivalents     | 20.79                                      | -  | 20.79                                       |
| Other bank balances           | 583.15                                     | -  | 583.15                                      |
| Other financial assets        | 47.50                                      | -  | 47.50                                       |
| Investments                   | 17.13                                      | -  | 17.13                                       |
| <b>Total financial assets</b> | <b>14,072.59</b>                           | <b>341.83</b>                                      | <b>13,730.76</b>                            |

**Expected credit loss for trade receivables under simplified approach**

As at 31 March 2020

(₹ in lacs)

| Particulars                         | Not Due   | 1 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days |
|-------------------------------------|-----------|-------------|--------------|--------------|---------------|----------------|----------------|
| Gross carrying value                | 10,555.07 | 1,494.08    | 11.09        | 104.62       | 2.89          | 0.00           | 0.01           |
| Expected credit loss (impairment)   | 17.76     | 24.71       | 0.27         | 0.26         | 0.07          | 0.00           | 0.00           |
| Carrying amount (net of impairment) | 10,537.31 | 1,469.37    | 10.82        | 104.36       | 2.82          | 0.00           | 0.01           |

| Particulars                         | 181 - 360 Days | 361 - 540 Days | 541 - 720 Days | > 721 Days |
|-------------------------------------|----------------|----------------|----------------|------------|
| Gross carrying value                | 2.12           | 22.93          | 76.96          | 217.22     |
| Expected credit loss (impairment)   | 2.12           | 22.93          | 76.96          | 217.22     |
| Carrying amount (net of impairment) | -              | -              | -              | -          |

As at 31 March 2019

(₹ in lacs)

| Particulars                         | Not Due   | 1 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days |
|-------------------------------------|-----------|-------------|--------------|--------------|---------------|----------------|----------------|
| Gross carrying value                | 11,105.90 | 933.38      | 99.19        | 91.60        | 23.77         | -              | 21.23          |
| Expected credit loss (impairment)   | -         | 0.15        | 2.69         | 0.01         | 0.01          | -              | 21.23          |
| Carrying amount (net of impairment) | 11,105.90 | 933.23      | 96.50        | 91.59        | 23.76         | -              | -              |

| Particulars                         | 181 - 360 Days | 361 - 540 Days | 541 - 720 Days | > 721 Days |
|-------------------------------------|----------------|----------------|----------------|------------|
| Gross carrying value                | 122.59         | 25.60          | 2.27           | 196.29     |
| Expected credit loss (impairment)   | 94.36          | 25.60          | 1.89           | 195.89     |
| Carrying amount (net of impairment) | 28.23          | -              | 0.38           | 0.40       |

(₹ in lacs)

| Reconciliation of loss allowance          | Trade receivables |
|---|-------------------|
| <b>Loss allowance as on 1 April 2019</b>  | <b>341.83</b>     |
| Impairment loss recovered during the year | (19.28)           |
| Impairment loss created during the year   | 39.74             |
| <b>Loss allowance on 31 March 2020</b>    | <b>362.29</b>     |

## (B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

### Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in lacs)

| 31 March 2020                   | Less than 1 year | 1 - 3 years     | More than 3 years | Total            |
|---------------------------------|------------------|-----------------|-------------------|------------------|
| <b>Non-derivatives</b>          |                  |                 |                   |                  |
| Borrowings (including interest) | 10,822.09        | 5,146.63        | 1,168.26          | <b>17,136.98</b> |
| Trade payables                  | 3,300.27         | -               | -                 | <b>3,300.27</b>  |
| Other financial liabilities     | 1,955.60         | -               | -                 | <b>1,955.60</b>  |
| <b>Total</b>                    | <b>16,077.96</b> | <b>5,146.63</b> | <b>1,168.26</b>   | <b>22,392.85</b> |

(₹ in lacs)

| 31 March 2019                   | Less than 1 year | 1 - 3 years     | More than 3 years | Total            |
|---------------------------------|------------------|-----------------|-------------------|------------------|
| <b>Non-derivatives</b>          |                  |                 |                   |                  |
| Borrowings (including interest) | 19,470.44        | 4,680.31        | 2,535.52          | <b>26,686.27</b> |
| Trade payables                  | 2,320.49         | -               | -                 | <b>2,320.49</b>  |
| Other financial liabilities     | 1,105.03         | -               | -                 | <b>1,105.03</b>  |
| <b>Total</b>                    | <b>22,895.96</b> | <b>4,680.31</b> | <b>2,535.52</b>   | <b>30,111.79</b> |

The Company had access to following funding facilities :

### As at 31 March 2020

(₹ in lacs)

| Funding facilities | Total Facility   | Drawn           | Not drawn        |
|--------------------|------------------|-----------------|------------------|
| Less than 1 year   | 16,500.00        | 4,786.12        | 11,713.88        |
| <b>Total</b>       | <b>16,500.00</b> | <b>4,786.12</b> | <b>11,713.88</b> |

### As at 31 March 2019

(₹ in lacs)

| Funding facilities | Total Facility   | Drawn           | Not drawn       |
|--------------------|------------------|-----------------|-----------------|
| Less than 1 year   | 11,500.00        | 9,041.56        | 2,458.44        |
| <b>Total</b>       | <b>11,500.00</b> | <b>9,041.56</b> | <b>2,458.44</b> |

## (C) Market risk

### (i) Interest rate risk

#### Interest rate risk exposure

The Company's variable rate borrowing is subject to interest rate risk. Below is the overall exposure of the borrowing:

(₹ in lacs)

| Particulars             | 31 March 2020    | 31 March 2019    |
|-------------------------|------------------|------------------|
| Variable rate borrowing | 15,629.54        | 24,773.32        |
| Fixed rate borrowing    | -                | -                |
| <b>Total borrowings</b> | <b>15,629.54</b> | <b>24,773.32</b> |

### Sensitivity

Profit or loss and equity is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in lacs)

| Particulars  | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| <b>Interest sensitivity*</b>   |               |               |
| Interest rates – increase by 50 basis point (March 31, 2019: 50 basis point) | 50.84         | 123.87        |
| Interest rates – decrease by 50 basis point (March 31, 2019: 50 basis point) | (50.84)       | (123.87)      |

\* Holding all other variables constant

### (ii) Foreign exchange risk

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

#### Foreign currency risk exposure

| Particulars                            | Currency | Amount in Foreign Currency<br>(In absolute figures) |               | Amount<br>(₹ in lacs) |               |
|--|----------|---|---------------|-----------------------|---------------|
|  |          | 31 March 2020                                       | 31 March 2019 | 31 March 2020         | 31 March 2019 |
| <b>Receivables</b>                     |          |   |               |                       |               |
| Trade receivable                       | USD      | 56,30,452   | 51,38,000     | 4,244.23              | 3,553.44      |
|  | GBP      | 41,148  | 69,916        | 38.29                 | 63.25         |
|  | EURO     | 6,10,283  | 4,45,685      | 506.54                | 346.07        |
| Advances recoverable                   | EURO     | 14,78,097   | -             | 1,181.83              | -             |
| <b>Payables</b>                        |          |   |               |                       |               |
| Trade payables                         | EURO     | 52,305  | 455           | 43.41                 | 0.35          |
|  | USD      | 15,84,523   | 3,08,034      | 1,194.41              | 213.20        |
| Acceptances                            | USD      | 9,96,000  | 13,94,460     | 750.78                | 965.10        |
| <b>Foreign currency unsecured loan</b> | USD      | 7,85,000  | 7,85,000      | 591.73                | 534.44        |

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lacs)

| Particulars                                       | Impact on profit after tax |               |
|---|----------------------------|---------------|
|   | 31 March 2020              | 31 March 2019 |
| <b>USD sensitivity</b>                            |                            |               |
| INR/USD increase by 5.45% (31 March 2019- 6.82%)  | 60.53                      | 81.67         |
| INR/USD decrease by 5.45% (31 March 2019- 6.82%)  | (60.53)                    | (81.67)       |
| <b>GBP sensitivity</b>                            |                            |               |
| INR/GBP increase by 10.26% (31 March 2019- 8.82%) | 2.56                       | 3.63          |
| INR/GBP decrease by 10.26% (31 March 2019- 8.82%) | (2.56)                     | (3.63)        |
| <b>EUR sensitivity</b>                            |                            |               |
| INR/EUR increase by 7.57% (31 March 2019- 7.26%)  | 81.01                      | 16.33         |
| INR/EUR decrease by 7.57% (31 March 2019- 7.26%)  | (81.01)                    | (16.33)       |

### (iii) Price risk

The Company's exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

#### Sensitivity analysis

Profit or loss is sensitive to higher/lower prices of instruments on the Company's profit for the year -

| Particulars                               | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| <b>Investments in mutual funds</b>        |               |               |
| Price increase by (5%) - FVTPL instrument | 0.74          | 0.86          |
| Price decrease by (5%) - FVTPL instrument | (0.74)        | (0.86)        |

The Company has made investment in certain quoted and unquoted securities and these investments are already been impaired and hence, related sensitivity impact has not been presented.

### 35. Segment reporting

The Company operates in two segments manufacturing and sale of polyester film and engineering plastics. The Company has chosen business segments considering the dominant source of nature of risks and returns, internal organisation, management structure and the manner chief operating decision maker (CODM) review the financial performance of the business for allocating the economic resources. 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

Year ended 31 March 2020

(₹ in lacs)

| Particulars   | Polyester film | Engineering plastics | Total of segments | Unallocable | Net Total          |
|---|----------------|----------------------|-------------------|-------------|--------------------|
| <b>Revenue</b>  |                |                      |                   |             |                    |
| External customers  | 87,792.22      | 16,077.93            | 1,03,870.15       | -           | <b>1,03,870.15</b> |
| <b>Total revenue</b>  | 87,792.22      | 16,077.93            | 1,03,870.15       | -           | <b>1,03,870.15</b> |
| <b>Income/(expenses)</b>                                      |                |                      |                   |             |                    |
| Other income  | -              | -                    | -                 | 889.39      | <b>889.39</b>      |
| Cost of material consumed                                     | 48,149.26      | 12,992.39            | 61,141.65         | 211.83      | <b>61,353.48</b>   |
| Changes in inventories of finished goods and work-in-progress | 721.04         | 249.26               | 970.30            | -           | <b>970.30</b>      |
| Depreciation and amortisation                                 | 2,949.15       | 186.12               | 3,135.27          | 392.51      | <b>3,527.78</b>    |
| Finance costs   | -              | -                    | -                 | 2,445.52    | <b>2,445.52</b>    |
| Other expenses  | 14,935.80      | 1,786.65             | 16,722.45         | 5,883.37    | <b>22,605.82</b>   |
| <b>Segment Profit</b>   | 21,036.97      | 863.51               | 21,900.48         | (8,043.84)  | <b>13,856.64</b>   |
| <b>Segment assets</b>   | 45,882.85      | 9,546.41             | 55,429.26         | 13,677.92   | <b>69,107.18</b>   |
| <b>Segment liabilities</b>                                    | 5,254.48       | 1,500.06             | 6,754.54          | 21,539.38   | <b>28,293.92</b>   |
| <b>Other disclosures</b>                                      |                |                      |                   |             |                    |
| Capital expenditure   | 3,271.98       | 80.95                | 3,352.93          | 564.17      | <b>3,917.10</b>    |

## Year ended 31 March 2019

(₹ in lacs)

| Particulars   | Polyester film   | Engineering plastics | Total of segments  | Unallocable       | Net Total          |
|---|------------------|----------------------|--------------------|-------------------|--------------------|
| <b>Revenue</b>  |                  |                      |                    |                   |                    |
| External customers  | 83,350.06        | 19,456.17            | 1,02,806.23        | -                 | <b>1,02,806.23</b> |
| <b>Total revenue</b>  | <b>83,350.06</b> | <b>19,456.17</b>     | <b>1,02,806.23</b> | <b>-</b>          | <b>1,02,806.23</b> |
| <b>Income/(expenses)</b>                                      |                  |                      |                    |                   |                    |
| Other income  | -                | -                    | -                  | 572.01            | <b>572.01</b>      |
| Cost of material consumed                                     | 53,252.26        | 17,140.32            | 70,392.58          | 66.93             | <b>70,459.51</b>   |
| Changes in inventories of finished goods and work-in-progress | 53.90            | (321.00)             | (267.10)           | -                 | <b>(267.10)</b>    |
| Depreciation and amortisation                                 | 2,647.04         | 170.58               | 2,817.62           | 423.92            | <b>3,241.54</b>    |
| Finance costs   | -                | -                    | -                  | 3,421.40          | <b>3,421.40</b>    |
| Other expenses  | 15,107.03        | 1,929.26             | 17,036.29          | 4,782.24          | <b>21,818.53</b>   |
| <b>Segment Profit</b>   | <b>12,289.83</b> | <b>537.01</b>        | <b>12,826.83</b>   | <b>(8,122.48)</b> | <b>4,704.35</b>    |
| <b>Segment assets</b>   | <b>42,936.92</b> | <b>10,927.60</b>     | <b>53,864.52</b>   | <b>12,674.54</b>  | <b>66,539.06</b>   |
| <b>Segment liabilities</b>                                    | <b>5,357.98</b>  | <b>396.07</b>        | <b>5,754.05</b>    | <b>29,343.42</b>  | <b>35,097.47</b>   |
| <b>Other disclosures</b>                                      |                  |                      |                    |                   |                    |
| Capital expenditure   | 1,918.23         | 32.76                | 1,950.99           | 481.95            | <b>2,432.95</b>    |

## Revenue as per geographical market

(₹ in lacs)

|  | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|----------------------------------|----------------------------------|
| Revenue from external customers:                     |                                  |                                  |
| India  | 79,785.80                        | 78,764.21                        |
| Outside India  | 24,084.35                        | 24,042.02                        |
| <b>Total revenue per statement of profit or loss</b> | <b>1,03,870.15</b>               | <b>1,02,806.23</b>               |
| <b>Segment receivables</b>                           |                                  |                                  |
| India  | 7,311.03                         | 8,317.24                         |
| Outside India  | 4,813.66                         | 3,962.76                         |
| <b>Total</b>   | <b>12,124.69</b>                 | <b>12,280.00</b>                 |

## Information about major customer

During the year ended 31 March 2020 revenue of approximately 11.13% (31 March 2019: 12.06%) was derived from a single external customer in the polyester film business and approximately 13.16% in 31 March 2020 (31 March 2019: 9.70%) was derived from a single external customer in the engineering plastics.

## Non-current assets

Non-current assets of the Company (property, plant and equipment, capital work-in-progress, intangible assets) are held in India.

## 36. Capital management

The Company's objectives when managing capital are to:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amounts managed as capital by the Company are summarised as follows:

|                                 | (₹ in lacs)   |               |
|---------------------------------|---------------|---------------|
|                                 | 31 March 2020 | 31 March 2019 |
| Total borrowings*               | 15,534.13     | 24,773.32     |
| Total equity                    | 40,813.26     | 31,441.59     |
| <b>Net debt to equity ratio</b> | <b>38%</b>    | <b>79%</b>    |

\*Total borrowings include non-current borrowings, current borrowings and interest accrued.

|   | (₹ in lacs)            |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Dividend paid</b>  |                        |                        |
| <b>Equity shares</b>  |                        |                        |
| Final dividend for the year ended 31 March 2019 of ₹ 0.50 per share (including dividend distribution tax) | (502.68)               | -                      |

### 37. Related party transactions

In accordance with the requirements of Ind AS 24 the names of the related parties where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

| i) Parties where control exists:<br>Name of the related parties                    | Nature of related party                           |   |
|--|---|---|
|  | 31 March 2020                                     | 31 March 2019                                     |
| Goldring Investments Corporation   | Ultimate Holding Company                          | Ultimate Holding Company                          |
| Wilemina Finance Corporation   | Holding Company                                   | Holding Company                                   |
| Mr. Arvind Singhania (Chairman and CEO)  | Key managerial personnel                          | Key managerial personnel                          |
| Mr. Pradeep Kumar Rustagi (Executive Director)                                     | Key managerial personnel                          | Key managerial personnel                          |
| Mrs. Archana Singhania (Non-Executive Director) (wife of Mr. Arvind Singhania)     | Director and Relative of Key managerial personnel | Director and Relative of Key managerial personnel |
| Mr. Ashok Kumar Newatia (Independent Director)                                     | Director  | Director  |
| Dr. Anand Chand Burman (Independent Director)                                      | Director  | Director  |
| Mr. M S Ramachandran (Independent Director)  | Director  | Director  |
| Mr. Sandeep Dinodia (Independent Director)   | Director  | Director  |
| Mr. P S Dasgupta (Independent Director)  | Director  | Director  |
| Mr. Dinesh Chandra Kothari (Independent Director)                                  | Director<br>(resigned w.e.f. 10 November 2019)    | Director  |
| Mr. Ayush Vardhan Singhania (son of Mr. Arvind Singhania & Mrs. Archana Singhania) | Relatives of Key managerial Personnel             | Relatives of Key managerial Personnel             |

#### (a) Transactions with key managerial personnel and their relatives carried out in the ordinary course of business:

| Sr. No. | Particulars                               | (₹ in lacs)              |               |                                      |               |               |               |
|---------|---|--------------------------|---------------|--------------------------------------|---------------|---------------|---------------|
|         |   | Key managerial personnel |               | Relative of key managerial personnel |               | Total         | Total         |
|         |   | 31 March 2020            | 31 March 2019 | 31 March 2020                        | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| 1       | <b>Managerial remuneration</b>            |                          |               |                                      |               |               |               |
|         | Arvind Singhania                          | 290.25                   | 149.53        | -                                    | -             | <b>290.25</b> | <b>149.53</b> |
|         | Pradeep Kumar Rustagi                     | 105.99                   | 100.39        | -                                    | -             | <b>105.99</b> | <b>100.39</b> |
| 2       | <b>Loan given during the year</b>         |                          |               |                                      |               |               |               |
|         | Pradeep Kumar Rustagi                     | -                        | 2.50          | -                                    | -             | -             | <b>2.50</b>   |
| 3       | <b>Loan received back during the year</b> |                          |               |                                      |               |               |               |
|         | Pradeep Kumar Rustagi                     | -                        | 2.50          | -                                    | -             | -             | <b>2.50</b>   |

| Sr. No. | Particulars                   | Key managerial personnel |               | Relative of key managerial personnel |               | Total         | Total         |
|---------|-------------------------------|--------------------------|---------------|--------------------------------------|---------------|---------------|---------------|
|         |                               | 31 March 2020            | 31 March 2019 | 31 March 2020                        | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| 4       | <b>Commision to Directors</b> |                          |               |                                      |               |               |               |
|         | Arvind Singhania              | 1,110.00                 | 330.00        | -                                    | -             | 1,110.00      | 330.00        |
|         | Pradeep Kumar Rustagi         | 20.00                    | 10.00         | -                                    | -             | 20.00         | 10.00         |
|         | Anand Chand Burman            | 10.00                    | 7.00          | -                                    | -             | 10.00         | 7.00          |
|         | Ashok Kumar Newatia           | 10.00                    | 7.00          | -                                    | -             | 10.00         | 7.00          |
|         | M S Ramachandran              | 10.00                    | 7.00          | -                                    | -             | 10.00         | 7.00          |
|         | Sandeep Dinodia               | 10.00                    | 7.00          | -                                    | -             | 10.00         | 7.00          |
|         | Dinesh Chandra Kothari        | -                        | 7.00          | -                                    | -             | -             | 7.00          |
|         | P S Dasgupta                  | 10.00                    | 7.00          | -                                    | -             | 10.00         | 7.00          |
|         | Archana Singhaia              | -                        | -             | 10.00                                | 7.00          | 10.00         | 7.00          |
| 5       | <b>Sitting Fees</b>           |                          |               |                                      |               |               |               |
|         | Archana Singhaia              | -                        | -             | 0.50                                 | -             | 0.50          | -             |
|         | Anand Chand Burman            | 0.40                     | 0.20          | -                                    | -             | 0.40          | 0.20          |
|         | Ashok Kumar Newatia           | 1.40                     | 1.00          | -                                    | -             | 1.40          | 1.00          |
|         | M S Ramachandran              | 1.70                     | 1.20          | -                                    | -             | 1.70          | 1.20          |
|         | Sandeep Dinodia               | 1.20                     | 0.80          | -                                    | -             | 1.20          | 0.80          |
|         | Dinesh Chandra Kothari        | 0.30                     | 0.60          | -                                    | -             | 0.30          | 0.60          |
|         | P S Dasgupta                  | 0.50                     | 0.30          | -                                    | -             | 0.50          | 0.30          |
| 6       | <b>Salary paid</b>            |                          |               |                                      |               |               |               |
|         | Ayush Vardhan Singhania       | -                        | -             | 68.00                                | 48.00         | 68.00         | 48.00         |

**(b) Closing balance with key managerial personnel and their relatives in the ordinary course of business : (₹ in lacs)**

|   | Guarantees given against loans taken (jointly and severally) by the Company | Year          | Key managerial personnel |
|---|---|---------------|--------------------------|
| 1 | Arvind Singhania  | 31 March 2020 | 14,787.62                |
|   |   | 31 March 2019 | 24,170.83                |

**(c) Closing balance with related parties in the ordinary course of business : (₹ in lacs)**

| Sr. No. | Particulars  | Year           | Holding Company |
|---------|--|----------------|-----------------|
| 1       | Unsecured Interest free loan from Wilemina Finance Corp  | 31 March 2020* | 591.73          |
|         |  | 31 March 2019* | 534.45          |
| 2       | Guarantees furnished by Wilemina Finance Corp (jointly and severally) in respect of loan taken by the Ester Industries Limited | 31 March 2020  | 13,586.79       |
|         |  | 31 March 2019  | 22,913.48       |

\* includes foreign exchange fluctuation of ₹ 87.66 lacs (31 March 2019 ₹ 30.30 Lacs)

**(d) Key managerial personnel compensation: (₹ in lacs)**

| Nature of transactions       | 31 March 2020   | 31 March 2019 |
|------------------------------|-----------------|---------------|
| Short-term employee benefits | 1,526.24        | 589.92        |
| Post-employment benefits     | 24.83           | 7.31          |
| Other long-term benefits     | 13.59           | 5.24          |
|                              | <b>1,564.66</b> | <b>602.47</b> |

### 38. Contingent liabilities and commitments

(₹ in lacs)

| Particulars   | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| <b>A. Contingent liabilities*</b>   |               |               |
| 1 Claims against the Company not acknowledged as debts <sup>^</sup>                           | 25.43         | 25.43         |
| 2 Additional bonus for financial year 2014-15 due to Payment of Bonus (Amendment) Act, 2015 # | 22.87         | 22.87         |
| 3 There is a contingent liability of:   |               |               |
| i) Excise duty/custom duty/service tax demands not acknowledged as liability                  | 471.37        | 353.83        |
| ii) Demand raised by Income Tax department, disputed by the Company and pending in appeal     | 51.48         | 56.50         |

\* The amounts indicated as contingent liability or claims against the Company only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered.

<sup>^</sup> These claims represents various civil cases filed against the Company by various vendors and ex-employees of the Company.

# In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 January 2016, the Company has made a provision for incremental bonus for the financial year i.e. for 2015-16. Though the amendment was effective retrospectively from 1 April 2014, the Company on the legal advice has decided not to consider it on account of interim order of various Hon'ble High Courts allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.

(₹ in lacs)

| B. Commitments   | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| 1 Estimated amount of contracts remaining to be executed on capital account and not provided for             | 552.62        | 200.25        |
| 2 Estimated amounts of contracts remaining to be executed on other then capital account and not provided for | 12,950.01     | 2,194.56      |

### 39. New standards adopted - Leases disclosure as lessee

The Company has adopted Ind AS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standards) Amendment Rules, 2019, using modified retrospective method.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

**Lease liabilities are presented in the statement of financial position as follows:**

| Particulars  | 31 March 2020 |
|--|---------------|
| Current liabilities (amount due within one year)   | 95.41         |
| Non current liabilities (amount due over one year) | 154.40        |

The Company's leased asset classes primarily consist of leases for certain equipments and building, including warehouses and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

For some of the leases, the lessee may terminate the lease by giving 3 months notice period to lessor, subject to other terms and conditions. At the end of the tenor under certain leases, lessee can avail to buy the asset at the agreed value as per buyback agreement between the lessor and lessee

Right of use asset as at 31 March 2020 amounting to ₹ 249.81 lacs are entirely for the leases of equipments.

#### A Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right to use the underlying asset recognised in the Financial statement.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 78.01 lacs.

**B** Total cash outflow for leases for the year ended 31 March 2020 was ₹ 149.78 lacs.

**C Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

| Particulars               | Minimum lease payments due as on 31 March 2020 |               |              |           |           |                   | Total          |
|---------------------------|--|---------------|--------------|-----------|-----------|-------------------|----------------|
|                           | Within 1 year                                  | 1-2 years     | 2-3 years    | 3-4 years | 4-5 years | More than 5 Years |                |
| Lease payments            | 120.25   | 120.25        | 48.48        | -         | -         | -                 | <b>288.98</b>  |
| Interest expense          | (24.84)  | (12.74)       | (1.59)       | -         | -         | -                 | <b>(39.17)</b> |
| <b>Net present values</b> | <b>95.41</b>                                   | <b>107.51</b> | <b>46.89</b> | -         | -         | -                 | <b>249.81</b>  |

**D Information about extension and termination options**

| Leases entered into  | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|--|------------------|-------------------------|------------------------------|--|---------------------------------------|--|
| Equipments   | 7                | 25 to 32 Months         | 29 Months                    | 4                                      | 4                                     | 4  |
| building, including warehouses and related facilities (short term) | 7                | 0 to 9 Months           | 4.5 Months                   | 3                                      | None                                  | 2  |

**E** Expected future cash outflow on account of variable lease payments as at 31 March 2020 is of ₹ Nil.

**F** The total future cash outflows as at 31 March 2020 for leases that had not yet commenced is of ₹ Nil.

**G Impact on transition**

**1 Adoption of Ind AS 116 'Leases'**

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with the leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

**2 Impact on transition:**

There were no lease contracts existing as at 1 April 2019 which requires recognition as per the requirements of IndAS 116 and accordingly, the adoption of new standard did not have any impact as at 1 April 2019.

**The following are amounts recognised in profit or loss:**

| Particulars                        | 31 March 2020 |
|------------------------------------|---------------|
| Interest on lease liability        | 15.52         |
| Depreciation on right to use asset | 64.62         |
| Rent expense*                      | 78.01         |

\*Rent expense relating to short term leases

**3** On applying Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 is 12% per annum.

**4** Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.

**5** On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

**6** There was no lease arrangement as of 31 March 2019 which was considered for accounting of right of use assets and hence detail of reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 at 01 April 2019 is not given. Further, there were no operating lease commitments at 31 March 2019 as disclosed in the financial statements for the year ended 31 March 2019.

#### 40. Employee benefits obligations

##### I Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on departure at fifteen day salary (last drawn salary) for each completed year of service. The Company provides for liability in its books of accounts based on actuarial valuation.

The following table summaries the components of net benefit expense recognised in statement of profit and loss and the amount recognised in the balance sheet for gratuity benefit:

(i) **Amounts recognised in the balance sheet** (₹ in lacs)

| Particulars           | 31 March 2020 | 31 March 2019 |
|-----------------------|---------------|---------------|
| Current liability     | 152.58        | 97.00         |
| Non-current Liability | 776.53        | 655.25        |
| <b>Total</b>          | <b>929.11</b> | <b>752.25</b> |

(ii) **Movement in the liability recognised in the balance sheet is as under:** (₹ in lacs)

| Particulars   | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Present value of defined benefit obligation at the beginning of the year  | 752.25        | 748.68        |
| Current service cost  | 64.70         | 57.87         |
| Interest cost   | 57.62         | 53.27         |
| Actuarial loss / (gain) net   | 104.26        | (8.03)        |
| Benefits paid   | (49.72)       | (99.54)       |
| <b>Present value of defined benefit obligation at the end of the year</b> | <b>929.11</b> | <b>752.25</b> |

(iii) **Expenses recognised in statement of profit and loss** (₹ in lacs)

| Particulars                            | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Current service cost                   | 64.70         | 57.87         |
| Interest cost                          | 57.62         | 53.27         |
| <b>Cost recognised during the year</b> | <b>122.32</b> | <b>111.14</b> |

(iv) **Expenses recognised in other comprehensive income** (₹ in lacs)

| Particulars                                       | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Actuarial loss / (gain) net on account of:        |               |               |
| - Changes in demographic assumptions              | (0.23)        | -             |
| - Changes in financial assumptions                | 54.55         | 3.15          |
| - Changes in experience adjustment                | 49.94         | (11.18)       |
| <b>Cost / (Income) recognised during the year</b> | <b>104.26</b> | <b>(8.03)</b> |

(₹ in lacs)

|   | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---------------|---------------|---------------|
| - Changes in experience adjustment loss/ (gain) | 49.94         | (11.18)       | 0.39          |

(v(a)) **For determination of the liability of the Company the following actuarial assumptions were used:**

| Particulars                    | 31 March 2020 | 31 March 2019 |
|--------------------------------|---------------|---------------|
| Discount rate                  | 6.60%         | 7.66%         |
| Salary escalation rate         | 5.00%         | 5.00%         |
| Retirement age (years)         | 58 Years      | 58 Years      |
| Average past service (years)   | 15.16 Years   | 14.45 Years   |
| Average age                    | 43.96 Years   | 42.96 Years   |
| Average remaining working life | 14.04 Years   | 15.04 Years   |
| Weighted average duration      | 11.57 Years   | 12.26 Years   |
| Withdrawal rate                |               |               |
| Up to 30 years                 | 3.00%         | 3.00%         |
| From 31 to 44 years            | 2.00%         | 2.00%         |
| Above 44 years                 | 1.00%         | 1.00%         |

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

(v(b)) **Maturity profile of defined benefit obligation**

(₹ in lacs)

| Year 31 March 2020     | Year 31 March 2019     | Amount<br>31 March 2020 | Amount<br>31 March 2019 |
|------------------------|------------------------|-------------------------|-------------------------|
| April 2020- March 2021 | April 2019- March 2020 | 54.55                   | 97.00                   |
| April 2021- March 2022 | April 2020- March 2021 | 77.72                   | 12.87                   |
| April 2022- March 2023 | April 2021- March 2022 | 106.92                  | 42.49                   |
| April 2023- March 2024 | April 2022- March 2023 | 62.94                   | 37.34                   |
| April 2024- March 2025 | April 2023- March 2024 | 83.48                   | 59.83                   |
| April 2025- March 2026 | April 2024- March 2025 | 62.53                   | 67.23                   |
| April 2026 onwards     | April 2025 onwards     | 480.94                  | 435.47                  |

(vi) **Sensitivity analysis**

(₹ in lacs)

| Particulars  | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| <b>a) Impact of the change in discount rate</b>    |               |               |
| Present value of obligation at the end of the year | <b>929.11</b> | <b>752.25</b> |
| Impact due to increase of 0.50%                    | (26.66)       | (22.00)       |
| Impact due to decrease of 0.50%                    | 28.34         | 23.31         |
| <b>b) Impact of the change in salary increase</b>  |               |               |
| Present value of obligation at the end of the year | <b>929.11</b> | <b>752.25</b> |
| Impact due to increase of 0.50%                    | 28.67         | 23.80         |
| Impact due to decrease of 0.50%                    | (27.18)       | (22.64)       |

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation and life expectancy are not applicable being a lump sum benefit on retirement.

**Risk**

|                          |  |
|--------------------------|--|
| Salary increases         | Actual salary increases will increase the defined benefit liability. Increase in salary increment rate assumption in future valuations will also increase the liability. |
| Discount rate            | Reduction in discount rate in subsequent valuations can increase the liability.  |
| Mortality and disability | Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.   |
| Withdrawals              | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact defined benefit liability.        |

## II Provident fund

Provident fund for certain eligible employees is managed by the Company through trust "Ester Industries Limited Employee's Provident Trust" in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the rate as notified by the Provident Fund authority. The contribution by the employer and employee together with the interest thereon are payable to the employee at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. In this regard, actuarial valuation as at March 31, 2020 was carried out by actuary to find out value of projected defined benefit obligation arising due to interest rate guarantee by the Company towards provident fund.

(₹ in lacs)

| (i) <b>Projected benefit obligation</b>           | <b>31 March 2020</b> | <b>31 March 2019</b> |
|---|----------------------|----------------------|
| Projected benefit obligation at beginning of year | 1,406.84             | 1,255.73             |
| Current service cost                              | 88.73                | 97.32                |
| Interest cost                                     | 107.76               | 97.07                |
| Contributions by plan participants/employees      | 106.50               | 121.04               |
| Actuarial loss / (gain) due to interest guarantee | 4.81                 | (3.05)               |
| Benefits paid                                     | (268.84)             | (173.44)             |
| Settlements/transfer In                           | 42.08                | 12.17                |
| Projected benefit obligation at end of year       | 1,487.88             | 1,406.84             |

(₹ in lacs)

| (ii) <b>Reconciliation of plan assets</b>       | <b>31 March 2020</b> | <b>31 March 2019</b> |
|---|----------------------|----------------------|
| Fair value of plan asset at beginning of year   | 1,495.14             | 1,324.83             |
| Actual return on plan asset                     | 124.51               | 113.22               |
| Employer contribution                           | 88.73                | 97.32                |
| Plan participants/employee contribution         | 106.50               | 121.04               |
| Benefit paid                                    | (268.84)             | (173.44)             |
| Settlements/transfer in                         | 42.08                | 12.17                |
| Fair value of plan asset at the end of the year | 1,588.12             | 1,495.14             |

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

| (iii) <b>Economic assumptions</b>                       | <b>31 March 2020</b> | <b>31 March 2019</b> |
|---|----------------------|----------------------|
| i) Interest rate  | 8.50%                | 8.65%                |
| ii) Discount rate                                       | 6.60%                | 7.66%                |
| iii) Expected shortfall in Interest earning on the fund | 0.05%                | 0.05%                |

| (iv) <b>Demographic assumptions</b> | <b>31 March 2020</b> | <b>31 March 2019</b> |
|-------------------------------------|----------------------|----------------------|
| i) Mortality                        | IALM (2012-14)       | IALM (2006-08)       |
| ii) Normal Retirement Age           | 58                   | 58                   |

| (v) <b>Actuarial (Gain)/Loss on Obligation</b>                            | <b>31 March 2020</b> | <b>31 March 2019</b> |
|---|----------------------|----------------------|
| i) Actuarial loss on arising from change in demographic assumption        | 0.02                 | -                    |
| ii) Actuarial loss/ (gain) on arising from change in financial assumption | 0.28                 | (0.02)               |
| iii) Actuarial loss/ (gain) on arising from experience adjustment         | 4.51                 | (3.03)               |
| - Changes in experience adjustment loss/ (gain)                           | 4.51                 | (3.03)               |

(₹ in lacs)

| (vi) Major categories of plan assets (as percentage of total plan assets) | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| i) Funds managed by insurer   | 100%          | 100%          |

III The Company has made contribution to certain defined contribution plans as captured in the table below. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

| Particulars  | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Employer's contribution to Ester Industries Limited Employee's Provident Trust | 88.73         | 97.32         |
| Employer's contribution to other Provident Fund                                | 122.52        | 107.38        |
| Employer's contribution to Superannuation Fund                                 | 55.35         | 54.83         |
| Employer's contribution to labour welfare fund and employee state insurance    | 10.48         | 13.25         |

#### 41 Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

- (i) Identify the contracts with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

##### (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

(₹ in lacs)

| Revenue from operations     | Goods              | Other operating revenue* |                    |
|-----------------------------|--------------------|--------------------------|--------------------|
| <b>Revenue by geography</b> |                    |                          |                    |
| Domestic                    | 79,086.81          | 107.80                   | 79,194.61          |
| Export                      | 24,084.35          | -                        | 24,084.35          |
| <b>Total</b>                | <b>1,03,171.16</b> | <b>107.80</b>            | <b>1,03,278.96</b> |

\*Other operating revenue amounting to ₹591.19 lacs (31 March 2019: ₹ 685.11 lacs) in the nature of export incentives are not covered under the scope of Ind AS 115.

##### (b) Assets and liabilities related to contracts with customers

(₹ in lacs)

| Description            | 31 March 2020 |         | 31 March 2019 |         |
|------------------------|---------------|---------|---------------|---------|
|                        | Non-current   | Current | Non-current   | Current |
| Contract liabilities   |               |         |               |         |
| Advance from customers | -             | 135.80  | -             | 280.99  |

##### (c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price

(₹ in lacs)

| Description  | 31 March 2020      |
|--|--------------------|
| Contract price   | 1,03,382.13        |
| Less: Discount, rebates, credits etc.                              | 103.17             |
| <b>Revenue from operations as per Statement of Profit and Loss</b> | <b>1,03,278.96</b> |

\*Other operating revenue amounting to ₹591.19 lacs (31 March 2019: ₹ 685.11 lacs) in the nature of export incentives are not covered under the scope of Ind AS 115.

**(d) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

| Description  | 31 March 2020 |
|--|---------------|
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period  | 280.99        |
| Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods | -             |

- 42** The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown in economic activity. The Company is primarily engaged in the business of packaging films which is part of essential commodities and are used in the packaging of food items, drugs, pharmaceuticals and medicines etc. The Company's film plant was allowed to operate during the lockdown period and therefore, the pandemic so far had minimal impact on the films business. Further, the Company is engaged in production of other product like specialty polymers and engineering plastics, supply chain for which got impacted during the month of April 2020, however basis operations in the month of May 2020, the management expects improvement in the following months.

The management has exercised due care in assessing significant accounting judgements and estimates, inter-alia, recoverability of receivables, impairment assessment of property plant and equipment, financial and non-financial assets, realisability of inventory basis internal and external information available with the Company and noted no significant impact on its financial results. Management is confident that the Company will be able to discharge it's liabilities as and when falling due. However, the Company will continue to monitor current and future conditions and impact thereof on Company's operations.

- 43** Previous period figures have been re-grouped/reclassified wherever necessary, to conform to current periods classification.

**For Walker Chandio & Co LLP**  
**Chartered Accountants**  
**Firm Registration No. 001076N/N500013**

Sd/-  
**Nitin Toshniwal**  
**Partner**  
**Membership no.507568**

Place : Faridabad  
Date : 17 June 2020

**For and on behalf of the Board of Directors**

Sd/-  
**Arvind Singhania**  
**Chairman & CEO**  
**DIN: 00934017**

Place : Gurugram  
Date: 17 June 2020

Sd/-  
**Pradeep Kumar Rustagi**  
**Executive Director and CFO**  
**DIN: 00879345**

Place : Gurugram  
Date: 17 June 2020

Sd/-  
**Diwaker Dinesh**  
**Head-Legal & Company Secretary**  
**M No: A22282**

Place : Gurugram  
Date: 17 June 2020





CIN: L24111UR1985PLC015063

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

Phone : (05943) 250153-57, Fax No.: (05943) 250158

Website : www.esterindustries.com, Email : investor@ester.in

Dear Shareholder

Securities Exchange Board of India (SEBI) has made it mandatory that the dividend of the shareholders will be credited into their account through NECS in case completed Bank details as required for electronic payment is available with the Company/Depository . In case such details are not available, the company is required to print Bank details on dividend warrants .

By availing National Electronic Clearing Service (NECS), you can receive your dividend electronically by way of direct credit to your bank account . This avoids a lot of hassles like loss/fraudulent use of dividend warrants during postal transit . There are no charges to avail this facility . This also expedites payment through credit to your account compared to dividend warrants in physical form .

Regards

For **Ester Industries Limited**

Sd/-

**Diwaker Dinesh**

**Head-Legal & Company Secretary**

### NECS MANDATE FORM FOR DIVIDEND PAYMENT

|   |  |
|---|--|
| <b>IF SHARE(S) IS/ARE HELD IN PHYSICAL MODE</b><br>Please send the form to the Registrar at following address-<br><b>MAS Services Limited</b><br><b>Unit – Ester Industries Limited</b><br><b>T - 34, Okhla Industrial Area, Phase - II, New Delhi –110 020</b> | <b>IF SHARE(S) IS/ARE HELD IN DEMAT (ELECTRONIC) MODE</b><br>Please send the form to your concerned Depository Participant where you maintain your Demat Account . |
|---|--|

Dear Sir

I hereby give my mandate to credit my Dividend on the shares held by me directly to my account through National Electronic Clearing Service (NECS). The details are given below

- 1 Folio No./DP ID & Client ID \_\_\_\_\_
- 2 Shareholder's Name : Mr. / Mrs. / Ms. / M/s. \_\_\_\_\_
- 3 Shareholder's Address : \_\_\_\_\_  
Pin Code : \_\_\_\_\_

4 Particulars of bank :

|   |        |  |  |         |  |  |  |             |  |  |  |  |  |
|---|--------|--|--|---------|--|--|--|-------------|--|--|--|--|--|
| Bank Name   |        |  |  |         |  |  |  |             |  |  |  |  |  |
| Branch Name & Address   |        |  |  |         |  |  |  |             |  |  |  |  |  |
| Branch Code   |        |  |  |         |  |  |  |             |  |  |  |  |  |
| (9 digits code number appearing on the MICR band of the cheque supplied by the Bank.) |        |  |  |         |  |  |  |             |  |  |  |  |  |
| Account Type (Tick the appropriate Box)   | Saving |  |  | Current |  |  |  | Cash Credit |  |  |  |  |  |
| Account no. (as appearing in the cheque book)   |        |  |  |         |  |  |  |             |  |  |  |  |  |
| IFSC Code   |        |  |  |         |  |  |  |             |  |  |  |  |  |

5. Date from which the mandate should be effective: \_\_\_\_\_

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I shall not hold Ester Industries Limited or MAS Services Limited responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS .

Signature of Shareholder

Date : .....

Place : .....

**Note: Please attach a cancelled cheque leaf and self-attested PAN copy along with this form.**

**ESTER**  
**INDUSTRIES LTD.**  
CIN: L24111UR1985PLC015063

**Registered Office:**

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Distt. Udham Singh Nagar, Uttarakhand  
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