



**EIGHTEENTH
ANNUAL REPORT
2003-2004**

BOARD OF DIRECTORS

MR. A.K. SINGHANIA

MR. M.R. HOSANGADY

MR. H.S. MAJUMDER

MR. V.B. HARIBHAKTI

MR. A.P. SARWAN

MR. A.K. NEWATIA

MR. D.K. DOSI

CHAIRMAN &
MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
EXECUTIVE DIRECTOR

COMPANY SECRETARY

MR. S.K. JAIN

STATUTORY AUDITORS

M/S. S.R. BATLIBOI & ASSOCIATES, NEW DELHI

CONCURRENT AUDITORS

M/S. T.R. CHADHA & COMPANY, NEW DELHI

BANKERS

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

HEAD OFFICE

75-76 AMRIT NAGAR
BEHIND N.D.S.E. PART-1
NEW DELHI - 110 003

**REGISTERED OFFICE &
WORKS**

SOHAN NAGAR
P.O. CHARUBETA
KHATIMA – 262 308
DISTRICT UDHAMSINGH NAGAR
UTTARANCHAL

**REGISTRAR & SHARE
TRANSFER AGENTS**

MCS LIMITED
SRI VENKATESH BHAWAN
W-40 OKHLA INDUSTRIAL AREA PHASE-II,
NEW DELHI – 110 020

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LISTING OF SECURITIES

THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED
7, LYONS RANGE
KOLKATA – 700 001

THE STOCK EXCHANGE, MUMBAI
PHIROZE JEEJEEBHOY TOWERS
25TH FLOOR, DALAL TOWERS
MUMBAI – 400 001

NOTICE

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of Ester Industries Limited will be held on Thursday, the 16th September 2004 at 9.30 a.m. at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima - 262 308, District Udham Singh Nagar, Uttaranchal to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2004 and the Profit and Loss Account for the year ended on that date together with the reports of Directors' and Auditors' thereon;
2. To declare dividend on Equity Shares;
3. To reappoint Mr. M.R. Hosangady who retires by rotation and being eligible offers himself for reappointment;
4. To reappoint Mr. H.S. Majumder who retires by rotation and being eligible offers himself for reappointment;
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 of the Companies Act, 1956 and Article 157 of the Articles of Association of the Company, Mr. Dilip Kumar Dosi be and is hereby appointed Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof and subject to the approvals of the Central Government and financial institutions, if required, and such other approvals as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Mr. Dilip Kumar Dosi as Whole Time Director designated as Executive Director of the Company for a period of 3 years w.e.f. 6th May 2004 and be paid remuneration in the manner and to the extent set out: -

- A. Salary Rs. 75,000/- per month.
- B. In addition to salary, Mr. Dilip Kumar Dosi, Executive Director will be entitled to perquisites and allowances like furnished residential accommodation or house rent allowance in lieu thereof, including reimbursement of expenses in respect of gas, electricity and water, reimbursement of medical expenses incurred and leave travel assistance for self and family, club fees, premium on personal accident insurance, performance allowance and such other perquisites and allowances as decided by the Remuneration Committee of the Board of Directors subject to the monetary value of the such perquisites and allowances being limited to Rs. 18,57,000/- per annum.
- C. Mr. Dilip Kumar Dosi, Executive Director will be eligible to the following perquisites, which shall not be included in the computation of aforesaid ceiling on remuneration: -
 1. Contribution to provident fund, superannuation fund or annuity fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 2. Gratuity payable at the rate of half-a-month's salary for each completed year of service as per the rules of the Company; and
 3. Encashment of leave as per the rules of the Company.
- D. The Company shall also provide a car with driver to the Mr. Dilip Kumar Dosi, Executive Director for Company's business and also telephone at his residence. Personal long distance calls on telephone shall be billed by the Company to Mr. Dilip Kumar Dosi. The value of these perquisite will be determined in accordance to the Income Tax Rules, 1962 and/or guidelines issued thereunder. In the event of absence or inadequacy of profits, Mr. Dilip Kumar Dosi, Executive Director shall be paid remuneration, perquisites and benefits as stated above, subject to a ceiling as laid down in schedule XIII of the Companies Act, 1956 and approval of the Central Government, if and to the extent necessary."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions, if any, of the Companies Act, 1956 or any modification or re-enactment thereof and subject to the approvals of the Central Government and financial institutions/banks, if required, and such other approvals as may be necessary, the approval of the Company be and is hereby accorded to one time exgratia payment to Mr. Ashok Kumar Newatia of Rs. 15,00,000/- subject to Income Tax, in recognition of services rendered by Mr. Ashok Kumar Newatia as Executive Director.”

By Order of the Board of Directors

New Delhi
3rd August 2004

(S.K.Jain)
Company Secretary

NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima-262 308, District Udham Singh Nagar, Uttaranchal not less than 48 hours before this Annual General Meeting.
2. The Register of Member and Share Transfer Books of the Company will remain closed from Saturday, 11th September 2004 to Thursday, 16th September 2004 (both days inclusive).
3. The dividend declared at the meeting will be made payable on or after 16th September 2004 to those Members, whose names are on the Register of Members as Beneficial Owners as at the end of business on Friday, 10th September 2004 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before Friday, 10th September 2004.
4. The members are requested to:
 - a. bring their copy of Annual report at the Annual General Meeting.
 - b. **I In case shares are held in physical form:** notify immediately the change of address, if any, and bank details to the Company at 75-76, Amrit Nagar, Behind N.D.S.E. Part-1, New

Delhi – 110 003 or to the Registrar and Share Transfer Agents of the Company viz. MCS Limited, Sri Venkatesh Bhawan, W 40 Okhla Industrial Area Phase II, New Delhi-110 020 quoting their folio number.

II In case shares are held in dematerialised form: notify to their depository participants, change/correction in their address/bank account particulars, etc. as the Company uses the information provided by Depositories in respect of shares held in dematerialized form.

- c. send, in case of those members who have multiple accounts in identical names or joints names in same order, all the share certificates to the Registrar and Share Transfer Agents of the Company viz. MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.
5. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
6. Members desiring any information on the accounts are required to write to the Company at 75-76, Amrit Nagar, Behind N.D.S.E. Part-1, New Delhi-110 003 at least 7 days before the Meeting so as to enable the management to keep the information ready. Replies will be provided only at the Meeting.
7. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all the working days except Saturday up-to the date of the Annual General Meeting.

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

Item Nos. 6 & 7

Mr. Dilip Kumar Dosi – Vice President was co-opted as an Additional Director of the Company w.e.f. 6th May 2004 pursuant to the provisions contained in Article 143 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and he was appointed Whole Time Director designated as Executive Director as per Article 168 of the Articles of Association of the Company and Section 269 of the Companies Act, 1956 w.e.f. 6th May 2004. According to Article 143 of the Articles of Association and Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting.

As required under Section 257 of the said Act, notice has

been received together with necessary deposit from a member of the Company signifying his intention to propose Mr. Dilip Kumar Dosi as a candidate for the office of the Director.

Mr. Dilip Kumar Dosi is a Chemical Engineer and MBA with more than 30 years of rich and varied experience in design, project, marketing, production and general management. Mr. Dosi is associated with the Company since 1992 and was instrumental in implementing the project initially and setting up the second film line in 1997 and the revival of the Company.

Considering the inflationary trend and increase in work and responsibilities and also the amount being paid to managerial person occupying similar position in other comparable companies, the Remuneration Committee and the Board of Directors respectively at their meetings held on 6th May 2004 have fixed salary at Rs. 75,000/- per month w.e.f. 6th May 2004, within the overall limits specified in Schedule XIII of the Act, as may be amended from time to time.

The remuneration payable to Mr. Dilip Kumar Dosi shall be subject to Section 198, 269 and 309 of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956 and the approvals of the members of the Company and financial institutions, if required.

None of the directors except Mr Dilip Kumar Dosi is, in any way, concerned or interested in the resolution.

The Board of Directors of your Company recommends this resolution for your approval.

Item No. 8

Mr. Ashok Kumar Newatia was appointed as President of the Company in 1994 on a basic salary of Rs. 25,000/- p.m. and he was co-opted on the Board of the Company in 1997 and he preferred to continue with the same salary since the Company was passing through tough times. Mr. Newatia continued to draw the same remuneration till April 2003. He played a major role in setting up the new film line in 1998 and in the turnaround of Company in 2003. With effect from 1st May 2003, the Board has approved increase in the Salary from Rs. 25,000/- p.m. to Rs. 75,000/- p.m., which was subsequently approved by the members of the Company in the last Annual General Meeting.

On attaining the age of superannuation, Mr. Ashok Kuamr Newatia retired as Executive Director w.e.f. 6th May 2004

and since that day he continues to act as non-executive director. The Remuneration Committee and Board of Directors in appreciation of services rendered by him have approved to reward him by paying one time ex-gratia payment of Rs. 15,00,000/-.

The exgratia payable to Mr. Ashok Kumar Newatia shall be subject to Section 198 of the Companies Act, 1956 and the approval of the members of the Company and financial institutions, if required.

None of the directors except Ashok Kumar Newatia is, in any way, concerned or interested in the resolution.

The Board of Directors of your Company recommends this resolution for your approval.

By Order of the Board of Directors

New Delhi
3rd August 2004

(S.K. Jain)
Company Secretary

NOTES ON DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT AS REQUIRED UNDER CLAUSE 49VI(A) OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES

At the ensuing Annual General Meeting, Mr. M.R. Hosangady and Mr. H.S. Majumder retire by rotation and being eligible, offer themselves for reappointment and Mr. Dilip Kumar Dosi is being appointed, director. The particulars of the Directors are given below:

Mr. M.R. Hosangady aged about 78 years is a professional and independent director and is associated with the Company since 1991. Prior to this, Mr. Hosangady was the Managing Director of May & Backer and Country Manager of Rhone-Poulenc. He is also member of Audit Sub Committee and Remuneration Committee. Mr. M.R. Hosangady is a director in Triton Valves Limited too.

Mr. H.S. Majumder aged about 81 years is a professional and independent director and is associated with the Company since 1991. Mr. Majumder, retired as Deputy Managing Director of State Bank of India. Mr. H.S. Majumder is a director in Gansons Limited too.

Mr. Dilip Kumar Dosi aged about 49 years is a professional executive director and joined the Company as General Manager in 1992. He is also member of Share Transfer Cum Shareholders'/Investors' Grievance Committee of the Board. Mr. Dilip Kumar Dosi is not holding the directorship of any other Company.

DIRECTORS' REPORT

To The Members

Your directors are pleased to present the Eighteenth Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2004.

FINANCIAL RESULTS

	For the year ended 31.03.2004	(Rs. in lacs) For the year ended 31.03.2003
Sales and Other Income	29,941.98	28,424.94
Profit before Financial Charges, Depreciation, Extra Ordinary Items and Tax	7,711.31	5,831.42
Less: Interest & other Financial Expenses	1,277.81	1,511.23
Profit/(Loss) before Depreciation, Extra Ordinary Items and Tax	6,433.50	4,320.19
Depreciation	1,646.11	1,613.67
Profit/(Loss) before Extra Ordinary Items and Tax	4,787.39	2,706.52
Exceptional Item: Loss on Discarding Machinery of Yarn Plant	298.26	0.00
Extra Ordinary Item : Write Back of Interest upon OTS	0.00	4,027.87
Profit/(Loss) before Tax	4,489.13	6,734.39
Deferred Tax	434.25	0.00
Provision of Income Tax	245.00	0.00
Provision for Wealth Tax	1.27	1.46
Profit/(Loss) after Tax	3,808.61	6,732.93
Amount transferred from FCCB Redemption Reserve Account	0.00	454.00
Add: Balance brought forward	(3,977.23)	(11,164.16)
Reduction in Face Value of Shares	3,054.88	0.00
Balance Carried to Balance Sheet	2,886.26	(3,977.23)
Basic Earnings Per Share (Rupees) including exceptional item	8.88	16.29
Basic Earnings Per Share (Rupees) excluding exceptional item	9.58	6.42
Diluted Earnings Per Share (Rupees) including exceptional item	7.40	16.27
Diluted Earnings Per Share (Rupees) excluding exceptional item	7.98	6.42

DIVIDEND

Your directors were pleased to declare maiden interim dividend of 12.50% consequent to a vastly improved performance. The Directors have now recommended final dividend of 12.50% making aggregate dividend of 25% for the year.

OPERATIONS

The sales including excise duty and other income during the year under review are Rs. 29,941.98 lacs compared to Rs. 28,424.94 lacs in the Previous year resulting in an increase of 5.3%. This has been possible despite clo-

sure of the Yarn plant, due to increase in sales of Polyester Film by about 9.9% in volume and by 24.5% in value. The capacity utilization in case of Polyester Film remained higher than the installed capacity at 140%.

The significant improvement in the operational and financial performance has been the result of restructuring attributable to strategic management decisions including but not limited to improved capacity utilization, penetrating new markets, cost reduction, exiting from non-remunerative business and financial restructuring. As a result, Profit before Interest, Depreciation, Extra Ordinary Items and Tax for the year under review is Rs.7,711.31 lacs as compared to Rs.5,837.42 lacs, i.e. an improvement of 32% over the Previous year.

The Profit before Tax and Extraordinary items is higher than the Previous year by 76.9%. The Company has earned Net Profit after Tax of Rs. 3,808.61 lacs (Previous year Rs. 6,732.93 lacs). This reduction in Net Profit after Tax despite the improved operating results is on account of:

- Write back of interest of Rs.4,027.87 lacs upon OTS in the Previous year.
- Provision of Rs.298.26 lacs for loss on discarding of machinery in Yarn Division.
- Provision of Rs.680.52 lacs for taxes as compared to only Rs.1.46 lacs in Previous year.

Due to continued imposition of countervailing duty (anti subsidy and anti dumping) by United States on Indian manufacturers of Polyester Film, including your Company, there was no exports to USA and volume of export to Europe remained at very low level during the year under review. However, your Company still managed to increase the export volume in quantitative and value terms as more focused attention was put on export markets other than USA. Exports accounted for 37% of the turnover. The exports during the year under review increased by 28.1%. Your directors are further pleased to report that despite imposition of countervailing duty by Europe/USA, the Company has been able to fulfill required proportion of export obligation under the EPCG scheme.

Details on operations and a view on the outlook for the current year are provided in the ' Management Discussion & Analysis Report'.

STATUS OF REHABILITATION PROPOSAL

The Company was registered as a Sick Industrial Undertaking under the provisions of Section 15(1) of SICA on 8th January 2001 and was declared a Sick Industrial Undertaking by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 22nd Octo-

ber 2001. As per directions of Hon'ble Board for Industrial and Financial Reconstruction (BIFR), the Company has reached settlement with all its Foreign & Indian Financial Institutions and submitted a fully tied Rehabilitation Proposal to Operating Agency, IDBI and other financial institutions. Based on the proposal, a Rehabilitation Scheme (RS) submitted by the Operating Agency, IDBI to Hon'ble BIFR has been approved on 13th November 2003. Upon settlement, the overall debt burden and interest cost have reduced substantially. The scheme has been fully implemented save sale of the Yarn plant, bringing down the secured loan liability of your Company from Rs.8,768.35 lacs in the Previous year to Rs.5,520.40 lacs. As the OTS amounts have been paid in full ahead of schedule and accumulated losses have been fully wiped out, appropriate steps would be taken to deregister the Company from BIFR.

FACE VALUE OF SHARES

As required under the Rehabilitation Scheme approved by the Hon'ble BIFR, the face value of the shares of the Company has been halved, effective from the record date of 27th February 2004, the post-reduction value being Rs.5/- for Equity Share and Rs.50/- for Preference Shares. The number of Preference and Equity shares issued by the Company remains the same.

MODERNISATION SCHEMES

1. A new and more efficient 4.10 MW Base Load Power Generation Unit that runs on cheaper fuel, Furnace Oil has been operative since January 2004. This will result into lower power generation cost.
2. A scheme to modernize the Chips plant has been completed and successfully commissioned in the month of July 2004. This will enable production of Chips at substantially lower costs.

NEW PROJECT IN OMAN

The Board has approved setting up a subsidiary company in Oman for implementation of a new project for manufacture of Polyester Film with an annual capacity of 24000 MT.

LOANS

In the matter of winding up petition filed by ICICI Bank Limited under Sections 433, 434 read with 439 of the Companies Act, 1956 consequent to full and final settlement of the dues to ICICI as per the provisions of the Rehabilitation Scheme approved by Hon'ble BIFR, ICICI has withdrawn the petition with the approval of the Hon'ble Court.

SUBSIDIARY COMPANIES

A statement pursuant to Section 212 of the Companies

Act, 1956 relating to Ester International (USA) Ltd. and Ester Europe GmbH is attached.

The Company is making an application under Section 212(8) of the Companies Act, 1956, to the Central Govt., seeking exemption from attaching Annual Accounts and Reports of the Auditors' and Directors' thereon, hence the same are not being attached. However, the Annual Accounts of the Subsidiary Company and the related detailed information will be made available to the Members of the Company seeking such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days.

FIXED DEPOSIT

The Company has not accepted/renewed any deposit during the year.

DIRECTORS

Mr. M. R. Hosangady and Mr. H. S. Majumder, Directors of the Company retire by rotation as required under the Companies Act, 1956 and being eligible, offer themselves for re-appointment.

During the year, UTI and IFCI have withdrawn the nomination of Mr. I. L Nagpal, Nominee Director (UTI) and Mr. M. R. Suryaprakash, Nominee Director (IFCI) from the directorship of the Company w.e.f. 3rd June 2003 and 27th November 2003 respectively. Mr. I.P. Shroff and Mr. Sitaram Singhania resigned from the directorship of the Company w.e.f. 21st March 2004 and 31st July 2004. The Board placed on record its appreciation for the valuable services rendered by them during their tenure on the Board.

Mr. A. K. Newatia, Executive Director, superannuated from Whole Time Directorship on 6th May 2004 and Mr. D. K. Dosi was appointed Whole Time Director designated as Executive Director on 6th May 2004 by the Board of Directors.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, the Directors confirm on the

basis of information placed before them by the Management and Auditors:-

1. That in the preparation of the annual accounts for the Financial Year ended 31st March 2004, the applicable Accounting Standards have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair state of the affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year under review;
3. That the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That the accounts of the Company for the financial year ended 31st March 2004 has been prepared on a going concern basis.

AUDITORS' REPORT

The Directors' explanation to the qualifications in the Annexure referred to in paragraph 3 of the Auditors' Report is as under:

- a) Regarding Note No.(i)(b) in the Annexure to the Auditors' Report, we have taken steps to complete the physical verification of fixed assets in the year 2004-2005.
- b) Regarding Note No.(xvii) in the Annexure to the Auditors' Report, we state that as at 31st March 2004 and during the year, no funds raised on short term basis have been used for long term investments and no long term funds raised have been used to finance short term assets.

AUDITORS

The Company's Auditors M/s. S.R. Batliboi & Associates, Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and being eligible, are willing to be reappointed.

PARTICULARS OF THE EMPLOYEES

There is no employee drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

LISTING OF SECURITIES

The volume of trading in the Equity Share and Prefer-

ence Share of the Company is insignificant at the Stock Exchanges at Ahmedabad, Bangalore, Delhi, Kanpur (Regional Stock Exchange) and Kolkata. To eliminate unproductive cost and unnecessary interaction with so many Stock Exchanges, the Equity and Preference Shares of the Company have been voluntarily delisted from these Stock Exchanges except Kolkata from where delisting approval is yet to be received. The shares of the Company will continue to be listed on Bombay Stock Exchange. Your Company's equity shares are being traded in Demat form by all shareholders for over 3 years.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The prescribed details as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure forming part of this report. Your Company continues to be net foreign exchange earner for the successive 6th year.

PERSONNEL & SYSTEMS

The considerable interest taken by your Company on employee development and welfare was continued and several training modules for transformation of work culture have been conducted. These development programmes have resulted in continuous improvement in our capability, team work and total employee involvement and have helped in improving human resources productivity.

The Industrial Relation continued to be cordial and harmonious. Your directors wish to place on record their sincere appreciation of the devoted service rendered by the workers, staff and executives of the Company at all levels which have in no small way contributed to the efficient and successful management of the Company.

Your Company has been focusing on systems improvement through implementation of Enterprise Resource Planning system – SAP R/3, in order to become more responsive to customers' needs, manage processes more cost effectively, optimizing production planning and controlling costs. The Company has gone live with the system on 1st April 2004.

ACKNOWLEDGEMENT

Your directors take this opportunity to offer their sincere thanks to various department of Central and State Government, Indian and Foreign Financial Institutions, Banks and Investors for their unstinted support, assistance and valuable guidance.

On behalf of the Board

New Delhi
3rd August 2004

(A.K. Singhania)
Chairman & Managing Director

ANNEXURE - I

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

FORM –A (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

	For the year ended 31.03.2004	For the year ended 31.03.2003
A. Power & Fuel Consumption		
1. Electricity		
a. Purchased		
Unit (KWH)	19,40,275	14,11,200
Total Amount (Rs.)	77,40,599	77,22,609
Rate per unit(Rs./KWH)	3.99	5.47
b. Own Generation		
i) Through Diesel Generator		
a) Through HSD Unit		
(KWH)	13,79,309	15,92,258
Unit/Ltr. of Diesel		
Oil(HSD)	3.53	3.58
b) Through LDO Unit		
(KWH)	2,41,21,018	3,48,39,660
Unit/Ltr. of LDO	3.61	3.72
c) Through FO Unit		
(KWH)	56,78,149	-
Unit/Ltr. of FO	4.16	-
Cost per unit(Rs./KWH)	4.22	3.78
ii) Through Steam turbine/ Generator	N.A.	N.A.
	N.A.	N.A.
2. Coal		
3. Furnace Oil Quantity (KL)		
i) Primary Heating (LDO/FO) KL	4992	4949
ii) Boiler (FO/LDO) KL	103	154
Total (KL)	5095	5103
Total Amount (Rs.)	6,04,21,851	5,69,74,995
Average Rate/KL (Rs.)	11,859	11,165
4. Husk		
Quantity (MT)	15,098	15,432
Total Amount (Rs.)	2,18,61,859	1,77,83,027
Average Rate/MT (Rs.) (Steam through Husk)	1,448	1,152

B. Consumption per unit of Production

Product	Unit	Per Ton	Per Ton
1. Electricity			
Polyester Chips	KWH	118	154
Polyester Film (Line-1)	KWH	891	855
Polyester Film (Line-2)	KWH	836	842
Polyester Yarn	KWH	-	971
2. Furnace Oil			
Polyester Chips	KWH	0.111	0.111
Polyester Film (Line-1)	KWH	0.082	0.087
Polyester Film (Line-2)	KWH	0.079	0.084
Polyester Yarn	KWH	-	-

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

	Chips	Yarn	Film-1	Film-2
1. Power	22%	-	-	1%
2. Steam	11%	-	-	-
3. Primary Heating (Oil)	-	-	6%	6%

FORM-B (See Rule 2)

RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A) RESEARCH & DEVELOPMENT (R&D) :

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | a) Developed glass filled and glass flame retardant material in Nylon -66.

b) Trials conducted for low cost flame retardant PBT and Nylon developed.

c) Developed Matte film for thermal lamination, labels and metalising.

d) Special coated film developed for improved adhesion application in high quality packaging.

e) Anti - Static film developed. |
| 2. Benefits derived as a result of the above R&D | a) Product has been accepted in the market and commercialised.

b) Product has been commercialised and market size is being increased, due to lower cost.

c) Product sent to market and commercialised.

d) Product accepted in the market and is being commercialised.

e) Product accepted in the market and commercialised. |
| 3. Future course of action | a) To develop low specific gravity Nylon-6 filled FR.

b) To develop PBT glass filled FR for CFL base.

c) To develop barrier coated film for special packaging application.

d) To develop special thick film for thermal lamination. |

B. Technology Absorption, Adaptation and Innovation :

- | | |
|--|---|
| 1. Efforts in brief made towards technology absorption and innovation.

2. Benefits derived as a result of the above efforts e.g. product development, import substitution, etc. | No new technology was introduced in this period.

Both the Film Lines are operating satisfactorily. |
|--|---|

C. Foreign Exchange Earnings and Outgo:

	For the Year Ended 31.03.2004 (Rs. in lacs)	For the Year Ended 31.03.2003 (Rs. in lacs)
1. Earning (FOB value of Exports)	10,786.83	8,364.03
2. Outgo (including CIF value of Imports)	2,001.20	1,358.53