



NINETEENTH ANNUAL REPORT 2004-2005

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LISTING OF SECURITIES	<p>THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED 7, LYONS RANGE KOLKATA – 700 001</p> <p>THE STOCK EXCHANGE, MUMBAI PHIROZE JEEJEEBHOY TOWERS 25TH FLOOR, DALAL TOWERS MUMBAI - 400 001</p>
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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. PALEM SRIKANT REDDY 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	

NOTICE

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of Ester Industries Limited will be held on Friday, the 9th September 2005 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 2005 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. V.B. Haribhakti who retires by rotation and being eligible offers himself for reappointment;
4. To reappoint Mr. A.P. Sarwan 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. Palem Srikanth Reddy 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 269, 309 and 198 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 increase the remuneration being paid to Mr. Arvind Kumar Singhania, Whole Time Director designated Chairman & Managing Director of the Company with effect from 1st November

2004 and be paid remuneration in the manner and to the extent set out: -

- A. Salary Rs. 200,000/- per month.
- B. In addition to salary, Mr. Arvind Kumar Singhania 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, and such other perquisites and allowances as may be decided by the Board of Directors subject to the monetary value of the such perquisites and allowances being limited to Rs. 2,400,000/- per annum.
- C. Mr. Arvind Kumar Singhania will be eligible to the following perquisites, which shall not be included in the computation of ceiling on remuneration: -
 1. Contribution to provident fund, superannuation fund or annuity fund 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; and
 3. Encashment of leave at the end of the tenure.
- D. The Company shall also provide a car with driver to the Chairman & Managing 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. Arvind Kumar Singhania. The perquisite value of these will be determined according to the Income Tax Rules, 1962.
- E. The remuneration comprising salary, perquisite and other benefits and allowance of the Chairman & Managing Director shall be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956, or any modification or re-enactment thereof.

In the event of absence or inadequacy of profits, Mr. Arvind Kumar Singhania would be paid the same remuneration, perquisites and benefits as above, subject to a ceiling as laid down in Sched-

ule XIII of the Companies Act, 1956 and approval of the Central Government, if and to the extent necessary.”

By Order of the Board of Directors

New Delhi
27th July 2005

(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 Friday 2nd September 2005 to Friday 9th September 2005 (both days inclusive).
3. The dividend declared at the meeting will be made payable on or after 9th September 2005 to those Members, whose names are on the Register of Members as Beneficial Owners as at the end of business on Thursday, September 1, 2005 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, 2nd September 2005.
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 dematerialized

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 No. 6

Mr. Palem Srikant Reddy was co-opted as Additional Director of the Company w.e.f. 31st January 2005 pursuant to the provisions contained in Article 143 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. 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. Palem Srikant Reddy as a candidate for the office of the Director.

None of the directors except Mr. Palem Srikant Reddy 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. 7

Mr. Arvind Kumar Singhania was reappointed as Whole Time Director designated Vice Chairman & Managing Director of the Company for a term of 5 years by the members at the Annual general meeting held on 26th September 2002 at a salary of Rs. 80,000/- per month and perquisites.

Mr. Arvind Kumar Singhania is a Graduate in Commerce and has more than 19 years of experience in manufacturing industry and is managing the affairs of the Company since inception.

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 at its meeting held on 1st November 2004 has deemed fit to increase the limit of salary to Rs. 200,000/- per month w.e.f. 1st November 2004 within the limits specified in Schedule XIII of the Act, as may be amended from time to time with perquisites and allowances as mentioned in the resolution.

The increase in remuneration payable to Mr. Arvind Kumar Singhania is within the ceiling laid down under Section 198, 269 & 309 of the Companies Act, 1956 and is subject to the approvals of the members of the Company.

None of the directors except Mr Arvind Kumar Singhania 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
27th July 2005

(S.K. Jain)
Company Secretary

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

At the ensuing Annual General Meeting, Mr. V.B. Haribhakti and Mr. A.P. Sarwan retire by rotation and being eligible, offer themselves for reappointment and Mr. Palem Srikant Reddy being appointed Director. The particulars of the Directors are given below:

Mr. V.B. Haribhakti aged about 76 years is a professional and independent director and is associated with the Company since 1991. Mr. Haribhakti is a fellow member of the Institute of Chartered Accountants of India. He is also member and Chairman of Audit Sub Committee and member of Remuneration Committee of the Board. The other Directorship of Mr. V.B. Haribhakti is as follows: -

1. Bajaj Electricals Limited
2. Rohit Pulp and Paper Mills Limited
3. The Simplex Mills Company Limited
4. Anglo French Drugs and Industries Limited
5. Tilaknagar Industries Limited
6. Lakshmi Automatic Loom Works Limited
7. Prudential ICICI Trust Limited
8. Hindustan Composites Limited
9. Mutual Mecaplast Limited (Alternate Director)
10. Haribhakti MRI Corporate Services Private Limited
11. Moores Rowland Consulting Private Limited

Mr. A.P. Sarwan aged about 71 years is a professional and independent director and is associated with the Company since 1991. Mr. Sarwan, IAS, retired as Chief Secretary of Government of Assam. He is also member of Audit Sub Committee. The other Directorship of Mr. A.P. Sarwan is as follows: -

1. Nirma Limited
2. Assam Carbon Limited
3. Rubber products Limited
4. Gujrat Hylden Limited

Mr. Palem Srikant Reddy aged 42 years and is associated with the Company since 2005. Mr. Reddy is an industrialist having rich experience. The other directorship of Mr. Palem Srikant Reddy is as follows : -

1. Four Soft Limited
2. Four Soft Logistics Software (Shanghai) Co. Limited
3. Palem Holdings Private Limited
4. Supergold India Private Limited
5. Softpath Systems Private Limited
6. T.L. InfoTech Limited
7. Four Soft LLC.

DIRECTORS' REPORT

To The Members

Your directors are pleased to present the Nineteenth Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2005.

FINANCIAL RESULTS

	31.03.2005	(Rs. In lacs) 31.03.2004
Sales and Other Income	29,125.47	29,941.98
Profit before Financial Charges, Depreciation, Extra Ordinary Items and Tax	4,063.25	7,710.04
Less: Interest & Other Financial Expenses	966.43	1,277.81
Profit / (Loss) before Depreciation, Extra Ordinary Items and Tax	3,096.82	6,432.23
Depreciation	1,613.67	1,646.11
Profit / (Loss) before Extra Ordinary Items and Tax	1,483.15	4,786.12
Exceptional Item: Loss on discarding Machinery of Chips / Yarn Plant	109.25	298.26
Profit / (Loss) before Tax	1,373.90	4,487.86
Deferred Tax	441.11	434.25
Provision of Income Tax	41.62	245.00
Profit / (Loss) after Tax	891.17	3,808.61
Add: Balance brought forward	1,900.66	(3,977.23)
Reduction in Face Value of Shares	0.00	3,054.88
Profit available for appropriation	2,791.83	2,886.26
Interim and Final Dividend	277.51	536.06
Tax on Dividend	39.62	68.68
Transfer to General Reserve	0.00	380.86
Balance Carried to Balance Sheet	2,474.64	1,900.66
Basic Earnings Per Share (Rupees)	1.61	8.88
Diluted Earnings Per Share (Rupees)	1.61	7.40

DIVIDEND

Your directors are pleased to recommend payment of dividend @ 10% for the year.

OPERATIONS

The sales including excise duty and other income during the year under review are Rs.29,125.47 lacs compared to Rs.29,941.98 lacs in the previous year resulting in decrease of 2.73%. The reduction in sales is due to reduction in Yarn sales by Rs. 392.52 Lacs and reduction in sales of Polyester Film by 2.76% in volume terms and by 5.16% in value. Polyester Film sales were also affected adversely due to blockade of factory gates for few days during an illegal strike by workmen towards the end of the financial year. However, the production of Polyester Film was higher at 25524 MT as compared to 25127 MT during 2003-04. The capacity utilization remained higher than the installed capacity at 142%.

The operational performance was adversely affected due to demand supply imbalance resulting from substantial increase in installed capacities of Polyester Film during the year. Further, there was substantial increase in the prices of feed stocks namely PTA & MEG and also Fuel Oils consequent to increase in the crude oil prices. The increase in feed stock prices could not be passed on to customers.

Despite adverse market conditions, the Company could post Net Profit after Tax (PAT) of Rs. 891.17 lacs. This was achieved primarily by penetrating new export markets and by remaining focused on the cost reduction. Exports accounted for 35% of the turnover during the year. Expense on Power and Fuel was much lower than last year despite increase in Fuel cost on account of installation of an efficient, cost effective Base Load generator that runs on cheaper fuel, Furnace Oil. Modernization and upgradation of Chips plant in July 2004 has also resulted in lower production costs. Interest and Other Financial Expenses reduced from Rs. 1,277.81 lacs to Rs. 966.43 lacs during 2004-05 on account of repayments, lower utilization of limits and reduction in interest rates.

Your directors are pleased to report that despite imposition of anti dumping and countervailing duties by Europe/ USA, the Company has been able to fulfill its entire 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 DEREGISTRATION FROM SICA

As the Rehabilitation Scheme approved by Hon'ble BIFR has been fully implemented, OTS amounts have been paid in full ahead of schedule, accumulated losses have been fully wiped out and Net Worth of the Company stood at Rs. 12,490.95 lacs (Rs. 13,064.87 lacs as on 31.03.2005), the Company has been deregistered from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) by the Hon'ble BIFR vide its order dated 29th October 2004.

MODERNISATION AND PROJECT SCHEMES

1. The Directors of the Company have decided to install a state of the art 2450 mm wide Metallizer of 4873 TPA capacity with a capital cost of Rs. 1,450.00 lacs at its existing factory site at Khatima. The Metallizer is expected to be commissioned in September 2005. This will provide us a new product range with higher value additions.
2. The Directors of the Company have decided to modernize its Film Plant Line # 1. Modernization is expected to be completed during the quarter ended March 2006. Upon completion of the modernization program, the plant will be able to produce additional quantities of 1500 TPA of Polyester Film at marginal cost.
3. The Directors of the Company have also decided to build capability to produce co-extruded Polyester Film. The project is expected to be completed during the quarter ended March 2006. Upon successful installation of Co-extruder, Company will be able to produce high value added products resulting into improved performance for the Company.

SUBSIDIARY COMPANIES

In pursuance to Section 212 of the Companies Act, 1956, the audited statement of accounts alongwith the report of the Board of Directors of Ester International (USA) Ltd. and Ester Europe GmbH are annexed.

FIXED DEPOSIT

The Company has not accepted any fixed deposit during the year.

DIRECTORS

In accordance with the requirement of the Companies Act, 1956 and pursuant to the Article 157 of the Articles of Association, two of your directors viz. Mr. V.B. Haribhakti and Mr. A.P. Sarwan, retire by rotation at the ensuing An-

nual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to the provisions of the Section 260 of the Companies Act, 1956 Mr. Palem Srikanth Reddy was co-opted as an additional director in the Board Meeting held on 31st January 2005. Mr. Reddy would hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Palem Srikanth Reddy for the office of Director.

Your Directors have increased, subject to the approval of the members at the ensuing Annual General Meeting, the remuneration of Mr. Arvind Kumar Singhania, Chairman & Managing Director effective from 1st November 2004.

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' Certificate on its compliance.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts for the Financial Year ended 31st March 2005, 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 2005 have been prepared on a going concern basis.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, your directors provide the audited Consolidated Financial Statements in the Annual Report.

AUDITORS' REPORT

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

AUDITORS

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.

LISTING OF SECURITIES

Your Company's securities are currently listed with CSE (Kolkata) and BSE (Mumbai). The Company has paid the listing fees to Mumbai Stock Exchange for the financial year 2005-2006.

The Company's application for voluntary delisting, pursuant to the special resolution passed by the shareholders in the 17th Annual General Meeting in this behalf, of securities from The Calcutta Stock Exchange Association Limited is pending with the exchange since October 2003. Therefore, the listing fee has not been paid to this exchange.

The Company has submitted an application to National Stock Exchange (NSE) for listing of its Equity Shares and 0.1% Redeemable Cumulative Preference Shares (RCPS) on the exchange.

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

The prescribed details as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure 'A' forming part of this report. Your Company continues to be net foreign exchange earner for the 7th year in succession.

PARTICULARS OF THE EMPLOYEES

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

PERSONNEL

During 19th January 2005 to 18th May 2005, the workmen of the Company in its factory at Khatima resorted to an illegal strike on the issue of termination of few workers engaged in physical assault on a Manager of the Company. Production, sales and other activities remained more or less unaffected as the staff of the Company did put in exemplary efforts in running the plant thereby ensuring uninterrupted production. The strike was finally called off on 19th May 2005.

Programs are also being implemented for employee development and welfare including training modules for transformation/improvement of work culture, behaviour and discipline amongst the workmen and staff of the Company. These development programmes are being designed with a view to bring about continuous improvement in our capability, team work, total employee involvement and are expected to help in improving human resources productivity.

Your Directors wish to place on record their sincere appreciation of the devoted services rendered by the staff and executives of the Company at all levels ensuring successful management of the Company even during periods of crisis and testing times.

SYSTEMS

Business Process Reengineering and installation of Enterprise Resource Planning System – SAP R/3 undertaken by the Company in the past are expected to provide good results in respect of response to customers' needs, managing processes in a seamless manner more effectively and optimizing production planning and controlling costs. The Company has gone live with SAP – R/3 on 1st April 2004.

ACKNOWLEDGEMENT

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

On behalf of the Board

New Delhi
27th July 2005

(A.K. Singhania)
Chairman and 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

31.03.2005 31.03.2004

A. Power & Fuel Consumption

1. Electricity

a. Purchased		
Unit (KWH)	2,576,232	1,940,275
Total Amount (Rs.)	7,041,841	7,740,599
Rate per unit(Rs./KWH)	2.73	3.99

b. Own Generation

i) Through Diesel Generator

a) Through HSD Unit (KWH)	1,439,245	1,379,309
Unit/Ltr. of Diesel Oil(HSD)	3.30	3.53

b) Through LDO Unit

(KWH)	-	24,121,018
Unit/Ltr. of LDO	-	3.61

c) Through FO Unit

(KWH)	29,102,026	5,678,149
Unit/Ltr. of FO	4.20	4.16
Cost per unit(Rs./KWH)	2.83	4.22

ii) Through Steam turbine/Generator

N.A. N.A.

2. Coal

3. Furnace Oil Quantity

i) Primary Heating (FO/HSD) MT/KL	4329	4992
ii) Boiler (FO/HSD) MT/KL	91	103
Total MT/KL	4420	5095
Total Amount (Rs.)	52,823,685	60,421,851
Average Rate per MT or per KL (Rs.)	11,951/MT	11,859/KL

4. Husk

Quantity (MT)	11,242	15,098
Total Amount (Rs.)	11,958,782	21,861,859
Average Rate/MT (Rs.) (Steam through Husk)	1,064	1,448

B. Consumption per unit of Production

1. Electricity

Product	Unit	Per Ton	Per Ton
Polyester Chips	KWH	111	118
Polyester Film (Line-1)	KWH	983	891
Polyester Film (Line-2)	KWH	792	836

2. Furnace Oil

Product	Unit	Per Ton	Per Ton
Polyester Chips	KWH	0.089	0.111
Polyester Film (Line- 1)	KWH	0.076	0.082
Polyester Film (Line-2)	KWH	0.076	0.079

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

	Chips	Film-1	Film-2
1. Power	06.00%	-	5.30%
2. Steam	34.60%	-	-
3. Primary Heating (Oil)	19.80%	7.30%	3.70%

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 low specific gravity Nylon-6 FR filled.
	b) Developed glass filled flame retardant PBT for CFL base.
	c) Developed Matte film for release application.
	d) Coated film Developed for enhancing metal adhesion.
2. Benefits derived as a result of the above R&D	a) Product accepted in the market and commercialized.
	b) Product has been sent to the market for trials.
	c) Product has been accepted in the market and commercialized.
	d) Product accepted in the market and is being commercialized.
3. Future course of action	a) To develop CFL base in filled non-FR grade.
	b) To develop non halogenated flame retardant material in Nylon-66
	c) To develop Matte film for hot stamping application.
	d) To develop coated film for improved ink adhesion.

B. Technology Absorption, Adaptation and Innovation :

1. Efforts in brief made to- wards technology absorption and innovation.	No new technology was introduced in this period.
2. Benefits derived as a result of the above effortse.g. product development, import substitution, etc.	Both the Film Lines are operating satisfactorily.

C. Foreign Exchange Earnings and Outgo :

	31.03.2005 (Rs. in lacs)	31.03.2004 (Rs. in lacs)
1. Earning (FOB value of Exports)	9,663.81	10,786.83
2. Outgo (including CIF value of Imports)	2,049.86	2,001.20