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ESTER INDUSTRIES LTD.

FIFTEENTH ANNUAL REPORT 2000 - 01

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STER
DUSTRIES LTD.

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LISTING OF SECURITIES

THE STOCK EXCHANGE
KAMDENU COMPLEX, OPP. SAHAJANAD COLLEGE
PANJARPOLE
AHMEDABAD – 380 015

BANGALORE STOCK EXCHANGE LTD.
STOCK EXCHANGE TOWER
NO. 51, IST CROSS, J.C. ROAD,
BANGALORE – 560 027

THE CALCUTTA STOCK EXCHANGE ASSOCIATION LTD.
7, LYONS RANGE
CALCUTTA – 700 001

THE DELHI STOCK EXCHANGE ASSOCIATION LTD.
DSE HOUSE, 3/1 ASAF ALI ROAD
NEW DELHI – 110 002

THE UTTAR PRADESH STOCK EXCHANGE ASSOCIATION LTD.
PADAM TOWER, 14/114 CIVIL LINES
KANPUR – -208 001, UTTAR PRADESH

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

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BOARD OF DIRECTORS	MR. SITARAM SINGHANIA	CHAIRMAN
	MR. I. P. SHROFF	DIRECTOR
	MR. M.R. HOSANGADY	DIRECTOR
	MR. M.R. SURYA PRAKASH	NOMINEE DIRECTOR (IFCI)
	MR. I.L.NAGPAL	NOMINEE DIRECTOR (UTI)
	MR. H.S. MAJUMDER	DIRECTOR
	MR. V.B. HARIBHAKTI	DIRECTOR
	MR. A.P. SARWAN	DIRECTOR
	MR. A.K. SINGHANIA	MANAGING DIRECTOR
	MR. A.K. NEWATIA	EXECUTIVE DIRECTOR
COMPANY SECRETARY	MR. S.K. JAIN	
STATUTORY AUDITORS	M/S. AMOD AGRAWAL & ASSOCIATES, NEW DELHI M/S. SUNIL TREHAN & 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 212A, SHAHPUR JAT BEHIND PANCHSHEEL CLUB NEW DELHI – 110 049	

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ESTER INDUSTRIES LTD.

NOTICE

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of Ester Industries Limited will be held on Friday, the 28th September 2001 at 9.30 a.m. at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima-262 308, District Udhamsingh Nagar, Uttaranchal to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2001 and the Profit and Loss Account for the year ended on that date together with the reports of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. I.P. Shroff who reitres by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr. M.R. Hosangady who reitres by rotation and being eligible offers himself for reappointment.
4. 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 of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Amod Agrawal & Associates, Chartered Accountants, New Delhi and M/s. Sunil Trehan & Associates, Chartered Accountants, New Delhi be and are hereby appointed as Joint Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting at the remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

5. 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 Sections 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 re-appointment of Mr. Ashok Kumar Newatia as Whole Time Director designated Executive Director of the Company for a period of 3 years w.e.f. 1st July 2001 and be paid remuneration in the manner and to the extent set out: -

   A. Salary Rs. 25,000/- per month with suitable increase as may be determined by the Company through its Chairman/Managing Director.

   B. Perquisites as may be agreed to between Company through its Chairman/Managing Director, comprising provisions of furnished residential accommodation or house rent allowance together with gas, electricity and water, reimbursement of medical expenses incurred and leave travel assistance for self and family, club fees, premium on personal accident insurance, contribution to the provident fund, superannuation fund or annuity fund and gratuity as specified at item (D) hereunder, encashment of leave at the end of the tenure and other benefits and allowances.

   C. The Company shall also provide a car with driver to the Executive Director for Company's business and also telephone at his residence. The perquisite value of these will be determined to the Income Tax Rules, 1962.

   D. The remuneration comprising salary, perquisites and other benefits and allowances of the Executive Director shall be subject to the overall ceiling laid down in Section 198 and 309 Companies Act, 1956 or any modification or re-enactment thereof.

   In the event of absence or inadequacy of profits, Mr. Ashok Kumar Newatia would be paid the remuneration subject to a ceiling laid down in Schedule XIII of the Companies Act, 1956 and/or as decided by the Remuneration Committee, Chairman/Managing Director of the Company, which shall not include the following in computation of ceiling on remuneration:-

   1. Contribution to the 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;

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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.

RESOLVED FURTHER THAT the Chairman/ Managing Director of the Company be and is hereby authorized to vary and/or revise the remuneration of the Executive Director within the overall limit as specified in Schedule XIII of the Companies Act, 1956 and settle any question or difficulty in connection therewith or incidental thereto."

By Order of the Board of Directors

New Delhi **(S.K.Jain)**
30th June 2001 **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 effective must be received at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima-262 308, District Udhamsingh Nagar, Uttaranchal not less than 48 hours before the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21st September 2001 to Friday, 28th September 2001 (both days inclusive).

3. The members are requested to:

   a. bring their copy of Annual Report at the Annual General Meeting.

   b. notify, immediately, the change of address, if any, 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, MCS Limited, Sri Venkatesh Bhawan, 212A Shahpurjat, Behind Panchsheel Club, New Delhi-110 049 quoting their folio number.

   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, MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.

4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.

5. 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.

6. 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.

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

Item No. 5

Mr. Ashok Kumar Newatia was reappointed as Whole Time Director designated Executive Director of the Company for a term of 1 year, which has expired on 30.06.2001. The Renumeration Committee and the Board have reappointed him in their respective meetings held on 30.06.2001 for further period of 3 years w.e.f 1st July 2001. Mr. Ashok Kumar Newatia is a Master of Science in Chemical Engineering and has more than 39 years of experience in the related areas with the leading industrial houses. He is actively involved in day-to-day affairs of the Company since 15.07.1994.

The reappointment and remuneration payable to Mr. Ashok Kumar Newatia are well within the ceiling laid down under Sections 198, 269 & 309 of the Companies Act, 1956 and are subject to the approvals of the financial institutions and members of the Company.

None of the director except Mr. 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 **(S.K. Jain)**
30th June 2001 **Company Secretary**

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ESTER INDUSTRIES LTD.

DIRECTORS' REPORT

To the Members

Your directors are pleased to present the fifteenth Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2001.

FINANCIAL RESULTS

	For the Year 2000-01 (Rs. in lacs)	For the Year 1999-2000 (Rs. in lacs)
Sales and other Income	**24,513.61**	23,778.99
Gross Profit before Interest, Depreciation, Write off and Tax	**2,552.56**	501.62
Less : Interest	**3,706.70**	3,522.51
Gross Profit/(Loss)	**(1,154.14)**	(3,020.89)
Less :		
Depreciation	**1,447.67**	1,633.63
Miscellaneous Expenditures Written off	**12.98**	15.72
Bad debts, Advances and Recoverable written off	**3.69**	702.07
Provision for Doubtful Debts	**131.63**	0.00
Provision for Diminution in Value of Investments	**32.73**	0.00
Provision for Taxes	**0.79**	179.35
Net Profit/(Loss)	**(2,783.63)**	(5,551.66)
Add: Balance brought forward	**(5,587.19)**	(35.53)
Balance carried to Appropriation A/c	**(8,370.82)**	(5,587.19)

DIVIDEND

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

OPERATIONS

The sales excluding excise duty during the year under report is Rs. 21,364.94 lacs compared to Rs. 20,014.33 lacs in the previous year resulting in an increase of 6.75%.

The operating profit before interest, depreciation and taxes in the year under review is Rs. 2,552.56 lacs as compared to Rs. 501.62 lacs in the previous year. Despite better production and sale volume, the Company has incurred net loss of Rs. 2,783.63 lacs (Previous Year Rs. 5,551.66 lacs) because of poor market condition and recessionery trends experienced for the fourth successive year. During the year under review, the production and sales of Film and Engineering Plastics have increased significantly vis-à-vis previous year as shown below.

Item	For the Year ended 2000-01	For the Year ended 1999-2000	% Increase/ (Decrease)
PRODUCTION (MT)			
Chips	**29596**	33509	(11.68)
Film	**18656**	15712	18.74
Yarn	**4840**	5451	(11.21)
Engineering Plastic	**1611**	1341	20.13
SALES (MT)			
Chips	**4445**	11150	(60.13)
Film	**18965**	15591	21.64
Yarn	**4910**	5512	(10.92)
Engineering Plastic	**1542**	1267	21.70

The capacity utilization in respect of two mai products viz. Polyester Film and Engineering Plas tic was significantly higher than the previous yea and in case of Polyester Film it was also margir ally higher than the installed capacity. Despit better capacity utilization, the Company has ir curred net loss of Rs. 2,783.63 lacs due to sub stantial higher financial cost burden of Rs 3,706.70 lacs during the year. Diminution in valu of investments has also added to the loss of th Company.

During the year under review, the prices of basi raw materials i.e. DMT and MEG remained sta ble.

Due to imposition of countervailing duties (ant subsidy and anti dumping) by the European Con mission on the Indian manufactures of polyest film including your Company, the volume of pol ester film exported to European Union decrease substantially in the last quarter of the financi year under review. However, due to the timely d cision taken by the Management to move atte tion to export market other than Europe and US the exports to rest of World have increased sul stantially during the financial year under revie

Your directors are pleased to inform you that the has been some improvement in the prices of Pol ester Film in the international market. The price and margin in the Polyester Film are expected show some improvement in near future as we The prices of Polyester Film in the domestic ma ket remained volatile during the year under r view but with the unlikelihood of creation of ne additional capacities and continuing growth in th domestic demand, some marginal improvemen

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in the operations of the Company are expected in the current year.

The Company continues to take various process and cost control measures which have yielded tangible results in improved output and quality, reduced rejection and better conversion efficiencies, all contributing to more economical operation helping the Company to survive despite highly competitive and recessionary market situation. Steps towards energy conservation are being continuously taken to reduce wastage and improve efficiency resulting in reduced energy costs. Your Company continuous its focus on development of new products, better product mixes, stringent quality control and cost reduction.

The carry forward net loss as at 31st March 2000 were in excess of the Net Worth as defined under Section 3(1)(ga) of Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, the Company had to make a reference to Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of the Act as a Sick Company on 16th November 2000. The reference has been registered with BIFR.

EXPORTS

Despite imposition of anti subsidy and anti dumping duties by European Commission and increased global competition, the exports in terms of volume and value rose from a level of 8939 MT to 10625 MT and from Rs. 5,406.93 lacs to Rs. 7,731.20 lacs during the year under review in comparison to previous year i.e. an increase of 43% in value terms, proving acceptance of your Company's product viz. Polyester Film in the competitive international market. The directors are further pleased to report that despite adverse circumstances, the Company has been able to keep itself ahead in successfully fulfilling the export obligation under EPCG Scheme.

LOANS

During the year, the Company received notices from the ICICI Limited, DEG-Deutsche Investitions und Entwicklungsgesellschaft mbH (DEG), Industrial Development Bank of India (IDBI) recalling the loans advanced by them to the Company and Commonwealth Development Corporation (CDC) has issued Notice of default and demand for payment of 4% Foreign Currency Convertible Bonds (FCCB). ICICI Limited has also filed the winding up petition under Sections 433, 434 read with 439 of the Companies Act, 1956 before Uttaranchal High Court.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with 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/renewed any deposit during the year.

DIRECTORS

Mr. I.P.Shroff and Mr. M.R. Hosangady, 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 under report, Dr. R.C. Vaish, Mr. G. Sabrinathan, Nominee Director of Commonwealth Development Corporation (CDC) and Mr. Turan Caglayan, Nominee Director of DEG-Deutsche Investitions und Entwicklungsgsellschaft mbH (DEG) have resigned from the directorship of the Company on 16th August 2000, 4th November 2000 and 30th June 2001 respectively. IFCI Limited has nominated Mr. M.R. Suryaparkash in place of Mr. Dinesh Sharma on the Board of the Company w.e.f. 30th June 2001. Mr. Hans Georg Hansmann was appointed an Alternate Director to Mr. Turan Caglayan on 4th November 2000. He ceases to be an alternate director on the resignation of Mr. Turan Caglayan.

Dr. R.C. Vaish, Mr. G. Sabrinathan, Mr. Dinesh Sharma and Mr. Hans G. Hansmann have provided valuable support and advice and the Directors record their appreciation of the contribution made by Dr. R.C. Vaish, Mr. G. Sabrinathan, Mr. Dinesh Sharma and Mr. Hans G. Hansmann to the Company.

Mr. Ashok Kumar Newatia, Whole Time Director designated Executive Director was reappointed by the Board of Directors in the Board Meeting held on 30th June 2001 for 3 years w.e.f. 1st July 2001.

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ESTER INDUSTRIES LTD.

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: -

(i) that in the preparation of the annual accounts for the financial year ended 31st March 2001, the applicable accounting standards has been followed along with proper explanation relating to material departures;

(ii) 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;

(iii) 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

(iv) that the accounts of the Company for the financial year ended 31st March 2001 have been prepared on a going concern basis.

AUDITORS' REPROT

The Comments in the Auditors' Report read with the notes to the accounts in Schedule 17 are self explanatory and do not call for further explanation.

AUDITORS

The Company's Auditors M/s. Amod Agrawal & Associates and M/s. Sunil Trehan & Associates 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 Equity Share and Preference Share of the Company are listed at Ahmedabad, Bangalore, Delhi, Kanpur (Regional Stock Exchange), Kolkata and Mumbai. The Company has paid the listing fees for the financial year 2001-02 to all the Stock Exchanges.

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 3rd year.

PERSONNEL

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, teamwork 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.

ACKOWLEDGEMENT

Yours 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
30th June 2001

(Sitaram Singhania)
Chairman

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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 31.03.2001	For the Year Ended 31.3.2000
A. Power & Fuel Consumption				
1. Electricity				
a. Purchased				
Unit (KWH)			13,50,500	13,44,400
Total Amount (Rs.)			82,16,142	79,23,992
Rate per unit (Rs./KWH)			6.08	5.89
b. Own Generation				
i) Through Diesel Generator				
Unit (KWH)			3,84,46,842	3,93,24,445
Unit/Ltr of Diesel Oil (HSD)			3.56	3.58
Cost per unit (Rs./KWH)			4.01	3.15
ii) Through Steam Turbine/ Generator			N.A.	N.A.
2. Coal			N.A.	N.A.
3. Furnace Oil Quantity (K. Ltr.)				
i) Primary Heating (HSD/FO)	KL		5041	5135
ii) Boiler (FO/HSD)	KL		484	403
Total	KL		5525	5538
Total Amount (Rs.)			6,23,07,323	4,72,94,305
Average Rate/K. Ltr. (Rs.)			12,360	8,540
4. Husk				
Quantity	MT		18667	20925
Total Amount	(Rs.)		1,49,34,434	1,71,16,650
Average Rate/MT (Steam through Husk)	(Rs.)		800	818

B. Consumption per unit of Production

1. Electricity

Product	Unit	Per Ton	Per Ton
Polyester Chips	KWH	169	152
Polyester Film (Line-1)	KWH	1069	1162*
Polyester Film (Line-2)	KWH	977	1140*
Polyester Yarn	KWH	1090	1046

2. Furnace Oil

Product	Unit	Per Ton	Per Ton
Polyester Chips	KWH	0.103	0.098
Polyester Film (Line-1)	KWH	0.108	0.109*
Polyester Film (Line-2)	KWH	0.105	0.114*
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	-	-	8%	14%
2. Steam	-	-	-	-
3. Refrigeration	-	-	-	18%
4. Primary Heating (Oil)	-	-	1%	8%

*Till last year, we were giving per ton of Electricity & Furnace Oil consumption in case of Film Line 1 & 2 on the basis of jumbo production. However, production data for Film Line 1 & 2 were maintained for packed production. To avoid this discrepancy, we are now giving Electricity & Furnace Oil consumption per ton of packed film for Film Line 1 & 2 and corrected data on the same pattern for last year also.

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)	Trials for which micron fractional haze film were carried out successfully.
	b)	Trial for special application very high shrinkage film were found successful.
	c)	Trials conducted for fire retardant grade PBT specially required for automobile application.
2. Benefits derived as a result of the above R&D	a)	This product has been commercialized and market size is being increased.
	b)	This product has been accepted in the market and is being commercialized.
	c)	Trials found successful, product accepted in the market and is being commercialized.
3. Future course of action	a)	To continuously work on new formulations and polymer recipes for new films.
	b)	To increase the market size for speciality product in polyester film.
	c)	To develop Impact Modified Nylon for special application and other Engineering Plastic Polymers with desired colours.
4. Expenditure on R&D	a)	Capital (Rs. in lacs): –
	b)	Recurring : (Rs. in lacs) 26.42
	C)	Total (Rs. in lacs): 26.42
	D)	Total R&D expenditure as % of total turnover 0.11

B. Technology Absorption, Adaptation and Innovation:

1. Efforts in brief made towards technology absorption & innovation	No new technology was introduced in this period.
2. Benefits derived as a result of the above efforts e.g. product development, import substitution, etc.	Both the Film lines are operating satisfactorily.

C. Foreign Exchange Earnings and Outgo:

	For the Year Ended 31.03.2001 (Rs. in lacs)	For the Year Ended 31.3.2000 (Rs. in lacs)
1. Earning (FOB) value of Exports	7,731.20	5,406.93
2. Out go (including CIF value of Imports)	1,326.17	1,665.95

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ESTER INDUSTRIES LTD.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company:

1. **Company's Philosophy on Code of Governance**

   Your Company believes that good corporate governance practice ensures the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and the lenders.

2. **Board of Directors**

   The Board of Directors consists of 10 directors.

   Composition and category of Directors is as follows:

Category	Name of Directors
Promoter/Executive Director	A.K. Singhania
Promoter non Executive Director	Sitaram Singhania I.P. Shroff
Non- Promoter Executive Director	A.K. Newatia
Non Executive and Independent Directors	A.P. Sarwan I.L. Nagpal (Nominee Director-UTI) M.R. Surya Prakash* (Nominee Director-IFCI) V.B. Haribhakti M.R. Hosangady H.S. Majumder

*Appointed in place of Mr. Dinesh Sharma on 30.06.2001.

Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of Directors	Attendance Particulars		No. of other directorships and Committee membership/chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sitaram Singhania	5	No	6	None	None
A.K. Singhania	5	No	6	1	1
A.K. Newatia	5	No	-	1	None
I.P. Shroff	None	No	-	None	None
A.P. Sarwan	4	No	4	1	None
I.L. Nagpal	4	No	-	1	None
M.R. Surya Prakash*	-	No	-	1	None
V.B. Haribhakti	5	No	10	4	3
M.R. Hosangady	5	No	3	None	None
H.S. Majumder	4	No	4	4	1
Dinesh Sharma**	4	No	Not Available	1	None
Turan Caglayan**	None	No	Not Available	None	None
Hans G. Hansmann**	5	No	1	None	None

*Appointed with effect from 30.06.2001.
**Ceased to be directors with effect from 30.06.2001.

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