

24th ANNUAL REPORT 2009-10



Delivering Value
Fulfilling
Commitments

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CHAIRMAN'S Message

Dear Shareholders,

It gives me immense pleasure to present the Annual Report for the year 2009-10 and share with you the highlights of the year and our plans going forward.

The world was still recovering from the financial meltdown of 2008 during the year under review. Commodity and currency markets remained volatile and economic recovery was slow in the developed world. Despite the difficult economic environment we have been able to weather the storm and stay the course by delivering a good performance. Our Net Sales Turnover increased by 6.2% with a healthy PAT of Rs. 2,786.56 Lacs.

The Polyester Film Business delivered the highest production historically at 30122 MT. Our strategy of increasing productivity, reducing costs and increasing the share of value added products has yielded desired results and helped maintain margins despite tough market conditions. Polyester Film finds the biggest application in Food Packaging. India's demographic dynamics coupled with rising population of its aspiring middle class has ensured a healthy growth in demand of approximately 17-18% annually. International demand for Polyester Films is also growing at a satisfactory rate of 6-8% annually. I am confident that our global presence, with exports to over 50 countries, allows us to optimally position ourselves to take advantage of the recovery that is likely to follow.

Encouraged by the performance and growth in Polyester Film business your company has initiated an expansion program which will see production double from 27,000 MTPA to 54,000 MTPA. This new expansion is expected to go on stream by December 2010. In line with our philosophy of adopting state-of-the-art technology we are adopting

'Continuous Polymerization and Direct Casting' technology which will not only reduce costs but also ensure better quality. The Metallised Film capacity is also being increased to 13,200 MTPA.

Our approach to manufacturing is to drive an inclusive, disciplined, metrics-based approach in evaluating operating performance which engages talent throughout the organization with razor sharp focus on quality. Throughout our operations, we apply the metrics and mechanisms of world class manufacturing to reduce raw material usage and work-in-process inventory, increase productivity, and improve scheduling efficiency. These techniques have successfully reduced costs to improve competitiveness and increased capacity in growing product lines.

We will continue to look for opportunities to further strengthen our position in this unit by looking at diversification into related products, downstream integration and further growth in capacity of Polyester Film both in India and overseas.

The Engineering Plastics Business has also demonstrated phenomenal growth both in terms of sales and profitability. The sales increased to 5832 MT representing a growth of 112.5%. The Earning before Interest and Tax (EBIT) of this unit increased almost three fold to Rs.1223.96 Lacs. We successfully commissioned new capacity of 9,600 MT during the year taking total capacity to 14,400 MTPA. Engineering Plastics finds its major applications in the automotive, electrical and electronics segment. These segments are demonstrating very high growth rates of approximately 30% annually.

Engineering Plastics is a knowledge intensive business with a very high dependance on R&D. We have recognised this need and ensured continuous strengthening of our technological capabilities. This has paid rich dividends that are demonstrated in the rapid growth in sales and profits. Engineering Plastics will remain a high focus area for us and we will continuously look at investments to further strengthen our position in this industry.

Over the years we have consciously worked towards a healthier balance sheet. The Net Debt of the company as at 31st March 2010 was only Rs. 3620.82 lacs representing a multiple of 0.59 EBITDA. While profitable growth will be the mantra of the company going forward, we will continue to ensure that the gearing of the company is within prudent limits.

As a company we are conscious of our responsibilities towards the society and environment (CSR). In pursuance of this we have made concerted efforts to reduce our dependence on conventional fuels as a source of energy. The usage of conventional fuels has reduced over the years from a high of 13520 MTPA to 2267 MT during 2009-10. The reduction in consumption of conventional fuels was made possible by switching to a renewable and cleaner biomass fuel as feed stock.

We have also made a modest beginning towards fulfilling our responsibilities towards the under privileged section of society by helping young, terminally ill children fulfill their dreams. We will continue to enhance our efforts, specifically in the areas of education and healthcare for the economically disadvantaged sections of society.

We are at an exciting time in the history of Ester as we enter the next decade of opportunities. We have the tools and the ingenuity to bring unique solutions to meet our customers' needs. Our business model offers us more flexibility to manage and deliver on our operating model and provide solutions to our global customers and attractive return to our shareholders.

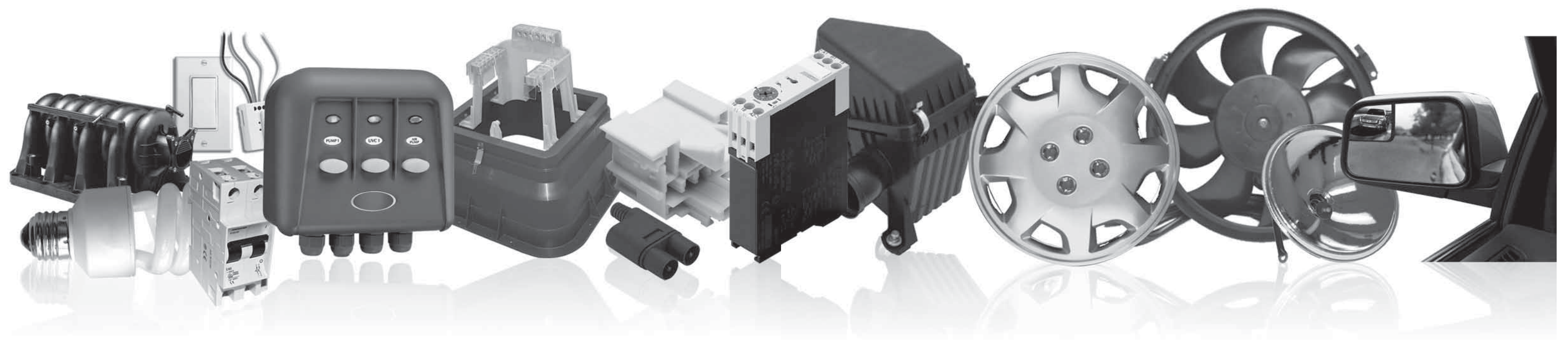
We are confident of delivering long-term profitable growth and greatly appreciate the support and confidence of each of our customers, suppliers, employees and shareholders.

Arvind Kumar Singhania

Chairman & Managing Director



Applications
of Polyester Film



Applications
of Engineering Plastic

CORPORATE Information

BOARD OF DIRECTORS	MR. A. K. SINGHANIA MR. M. R. HOSANGADY MR. V. B. HARIBHAKTI MR. A. P. SARWAN MR. A. K. NEWATIA MR. M. S. RAMACHANDRAN MR. DINESH KOTHARI	CHAIRMAN & MANAGING DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR DIRECTOR
COMPANY SECRETARY	MS. SHWETA YADAV MR. GIRISH NARANG	(TILL 31 ST MAY 2010) (FROM 07 TH JUNE 2010)
STATUTORY AUDITORS	M/S S. R. BATLIBOI & COMPANY, GURGAON	
BANKERS	BANK OF INDIA BANK OF BARODA UNION BANK OF INDIA CANARA BANK STATE BANK OF BIKANER & JAIPUR	
HEAD OFFICE	DLF BUILDING NO. 8, TOWER A 2 ND FLOOR, DLF CYBER CITY, DLF PHASE II, SECTOR - 25, GURGAON HARYANA – 122 002, INDIA	
REGISTERED OFFICE & WORKS	SOHAN NAGAR P.O. CHARUBETA KHATIMA – 262 308 DISTRICT UDHAM SINGH NAGAR UTTARAKHAND	
REGISTRAR & SHARE TRANSFER AGENTS	MCS LIMITED F-65, OKHLA INDUSTRIAL AREA, PHASE-I NEW DELHI – 110 020	
LISTING OF SECURITIES	BOMBAY STOCK EXCHANGE LIMITED PHIROZE JEEJEEBHOY TOWERS, DALAL STREET MUMBAI 400 001 CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED 7, LYONS RANGE KOLKATA 700 001 (APPLIED FOR DELISTING)	

Notice of Annual General meeting

NOTICE is hereby given that the 24th ANNUAL GENERAL MEETING of ESTER INDUSTRIES LIMITED will be held on Tuesday, 27th July, 2010, at 10:30 a.m. at the Registered Office of the Company at Sohan Nagar, P.O. Charubeta, Khatima-262308, District Udham Singh Nagar, Uttarakhand, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2010 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 of Rs.1 per Equity Share on 6,28,93,706 Equity Shares i.e. 20% on equity shares of face value of Rs.5 each, for the financial year 2009-10.
3. To appoint a Director in place of Mr. Dinesh Kothari who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. A.P. Sarwan who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint M/s S. R. Batliboi & Co., Chartered Accountants, (Registration No. 301003E), the retiring auditors, to hold office as auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting, and to authorise Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT subject to the approval of the Central Government pursuant to Section 314(1B) and other applicable provisions, if

any, of the Companies Act, 1956, Directors' Relatives (Office or Place of Profit) Rules 2003, or any amendment or substitution thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Ayush Vardhan Singhania (son of Mr. Arvind Kumar Singhania, Chairman and Managing Director) to hold office as 'Group Leader - Business Development, with effect from 1st day of August, 2010 for a period of 3 (three) years on the following remuneration and terms and conditions:

1. Rs.1,00,000/- p.m (including Special Allowance, House Rent Allowance and other Benefits like Provident Fund, Superannuation Fund) with normal increments as per the general policy of the Company.
2. 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.
3. Leaves in accordance with the leave rules of the Company from time to time.

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**

Shweta Yadav
Company Secretary

Gurgaon
18th May, 2010