# 36th

# ANNUAL REPORT

# 2021-22

ESTER INDUSTRIES LIMITED

# CORPORATE INFORMATION

| | | |
|---|---|---|
| **Board of Directors** | Mr. Arvind Singhania | Chairman & CEO |
| | Mr. Ashok Kumar Newatia | Independent Director |
| | Mr. M. S. Ramachandran | Independent Director |
| | Dr. Anand Chand Burman | Independent Director |
| | Mr. P. S. Dasgupta | Independent Director |
| | Mr. Sandeep Dinodia | Independent Director |
| | Mrs. Padmaja Shailen Ruparel | Independent Director |
| | Mrs. Archana Singhania | Non - Executive Director |
| | Mr. Pradeep Kumar Rustagi | Executive Director-Corporate Affairs |
| | Mr. Ayush Vardhan Singhania | Whole-time Director |
| **Chief Financial Officer** | Mr. Manish Gupta | |
| **Head - Legal & Company Secretary** | Mr. Diwaker Dinesh | |
| **Statutory Auditors** | M/s Walker Chandiok & Co. LLP, Gurgaon | |
| **Lenders** | Bank of India<br>Bank of Baroda<br>Canara Bank<br>HDFC Bank Limited<br>IDFC First Bank Limited<br>Tata Capital Financial Services Limited<br>Karnataka Bank Limited<br>Bajaj Finance Limited<br>Axis Finance Limited<br>Qatar National Bank | |
| **Head Office** | Plot No. 11, Block-A, Infocity-I,<br>Sector -34, Gurgaon-122001, Haryana | |
| **Registered Office** | Sohan Nagar, P.O. Charubeta<br>Khatima – 262 308, District Udham Singh Nagar, Uttarakhand | |
| **Registrar & Share Transfer Agent** | Mas Services Limited<br>T-34, Okhla Industrial Area, Phase-II<br>New Delhi – 110 020 | |
| **Listing of Securities** | BSE Limited<br>National Stock Exchange of India Ltd | |

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ESTER
INDUSTRIES LTD.
**CIN:** L24111UR1985PLC015063
**Registered Office:** Sohan Nagar, P. O. Charubeta, Khatima-262308, Distt. Udham Singh Nagar, Uttarakhand
**Phone :** (05943) 250153-57, **Fax No. :** (05943) 250158
**Website :** www.esterindustries.com, **Email :** investor@ester.in

# NOTICE OF AGM

**NOTICE** is hereby given that the **36th ANNUAL GENERAL MEETING (AGM)** of ESTER INDUSTRIES LIMITED will be held on **Wednesday, 28th September, 2022 at 11.00 AM** through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), to transact the following businesses-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements for the financial year ended 31st March, 2022 together with the reports of Directors and Auditors thereon.
2. To declare final dividend for the financial year ended 31st March, 2022.
3. To appoint a Director in place of Mr. Ayush Vardhan Singhania (DIN 05176205) who retires by rotation and being eligible, offers himself for re-appointment;
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of new Statutory Auditors in place of retiring Auditors:-

   **"RESOLVED THAT** subject to the provisions of Section 139,140,142 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Walker Chandiok & Co LLP (Registration No. 001076N/N500013), Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of 5 years i.e. from the conclusion of this Annual General Meeting till the conclusion of the 41st Annual General Meeting of the Company to be held in the year 2027 on such remuneration as may be decided by the Board of Directors.

**SPECIAL BUSINESS**

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

**As Ordinary Resolution**

5. **RATIFICATION OF REMUNERATION OF COST AUDITOR**

   **"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), a Remuneration of Rs. 3,50,000/- (Rupees Three Lacs Fifty Thousands Only) plus applicable taxes and out of pocket expenses payable to M/s. R. J. Goel & Co. (Registration. No. 00026), the Cost Auditors appointed by the Board of Directors to conduct the audit of the cost records of the Company for the financial year 2022-23, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby approved and ratified."

6. **COMMISSION ON PROFITS TO NON-EXECUTIVE DIRECTOR OF THE COMPANY**

   "**RESOLVED THAT** pursuant to Section 197, 198 and all other applicable provisions and rules made thereunder, if any, of the Companies Act, 2013 ("the Act") and Regulation 17(6) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the shareholders be and is hereby accorded for the payment of commission to the Non-Executive Directors upto the maximum limit of 1% of net profits computed in the manner specified in the Act for a period of five years from the Financial Year commencing 1st April, 2023, in such manner and upto such extent as the Board of Directors may, time to time, determine and the said remuneration is in addition to sitting fees and reimbursement of expenses for attending the meeting of the Board of Directors or Committees thereof.

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

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

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

Place : Gurugram
Date : 10th August, 2022

## NOTES

1. Pursuant to the Circular No. 14/2020 dated 8th April, 2020, Circular No.17/2020 dated 13th April, 2020 Circular No. 20/2020 dated 5th May, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by various circulars for extension of time to conduct AGM through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) including Circular no. 20/2021 dated 8th December 2021 and Circular no. 03/2022 dated 5th May 2022 (MCA Circulars), physical attendance of the Members to the Annual General Meeting (AGM) venue is not required and AGM may be held through VC or OAVM.

   Accordingly AGM of the Company will be convened through VC or OAVM in compliance with applicable provisions of the Companies Act, 2013 and MCA Circulars and Members can attend the ensuing AGM through VC or OAVM and vote through electronic platform during and before the AGM as per the process mentioned in the Notice.

2. **IN TERMS OF THE COMPANIES ACT 2013, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF. SINCE AGM IS BEING HELD THROUGH VC/OAVM AS PER MCA CIRCULARS, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE MADE AVAILABLE FOR THE AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE. HOWEVER, THE BODY CORPORATES ARE ENTITLED TO APPOINT AUTHORISED REPRESENTATIVES TO ATTEND THE AGM THROUGH VC/OAVM AND PARTICIPATE THEREAT AND CAST THEIR VOTES THROUGH E-VOTING.**

3. The Deemed venue for the AGM is Registered office at Sohan Nagar, P.O. Charubeta, Khatima- 262308, Distt. Udham Singh Nagar, Uttarakhand. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first serve basis. However, this number does not include the large Shareholders i.e. Shareholders holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

6. In line with the MCA Circulars, electronic copy of the Notice of the Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants for communication purposes. The Notice calling the AGM has been uploaded on the website of the Company at **www.esterindustries.com**. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd and National Stock Exchange of India Limited (NSE) at **www.bseindia.com** and **www.nseindia.com** respectively and the AGM Notice is also available on the website of Central Depository Services (India) Limited (CDSL) (agency for providing the Remote e-Voting facility) i.e.**www.evotingindia.com**

   Additional information pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) in respect of the Directors seeking appointment/ re-appointment as mentioned under item no. 3 at the Annual General Meeting forms part of this Notice as **Annexure I.**

7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 for the resolution accompanying in the Notice, is annexed hereto. All documents referred to in this Notice shall be made available for inspection by the Members at the Registered Office of the Company during business hours except Saturday, Sunday and National Holiday from the date hereof up to the date of this AGM.

8. Corporate Members intending to attend and vote during the meeting or by Remote e-voting through their authorized representative(s) pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the relevant Board Resolution/ Authority Letter/ Power of Attorney, authorising their representatives at Company's email id viz. **investor@ester.in**

9. The Register of Member and Share Transfer Books will remain closed from **22nd September, 2022 to 28th September, 2022 (both days inclusive)** for the purpose of Annual General Meeting and ascertaining the list of shareholders eligible for the Dividend.

   If dividend on Equity Shares, as recommended by the Board, is approved at the Annual General Meeting, the Payment of such dividend will be made before **26th October, 2022** as under:

   (i) to all beneficial owners in respect of Shares held in electronic form as per details furnished by the Depositories for this purpose as at the end of business hours on **21st September, 2022.**

   (ii) to all Members in respect of Shares held in physical form, after giving effect to valid share transfers lodged with the Company on or before **21st September, 2022.**

10. The Company is providing facility for voting through electronic means before the date of AGM (Remote e-voting) as prescribed by the Companies (Management and Administration) Rules, 2014 and voting through electronic means during the AGM (E-Poll) available for such Members who are attending the Meeting and have not already cast their vote(s) by Remote e-voting. Information and instructions including details of User ID and password relating to e-voting are provided in the Notice under Note No. 24.

11. In case of joint holders attending the meeting, only such joint holder whose name appears first in the order of names will be entitled to vote.

12. The recorded transcript of this AGM shall also be made available on the website of the Company **www.esterindustries.com** in the Investor Relations Section.

13. Pursuant to Section 101 of the Companies Act, 2013 and rules made thereunder, the companies are allowed to send communication to shareholders electronically. We therefore, request you to kindly register/update your email ids with your respective depository participant (in case of dematerialized shares) and Company's registrar and share transfer agent (in case of physical shares) as stated in Note No. 16.

14. In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the rates prescribed under the Act. For the prescribed rates for various categories, the shareholders are requested to refer to the Income Tax Act, 1961. The shareholders are requested to update their Permanent Account Number (PAN) with the Company/ Registrar and Transfer Agent (RTA) (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

    A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to Company at **investor@ester.in** Registrar and Transfer Agent at **investor@masserv.com** latest by **18th September, 2022**. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, any other document which may be required to avail the tax treaty benefits by sending an email to Company at **investor@ester.in** /Registrar and Transfer Agent at **investor@masserv.com**. The aforesaid declarations and documents need to be submitted by the shareholders latest by **18th September, 2022**. Incomplete and/or unsigned forms and declarations will not be considered by the Company.

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

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

    Any communication/document as stated aforesaid received after **18th September, 2022** shall not be considered for the purpose of tax deduction. In case of any query regarding this, you may contact to Registrar and Transfer Agent viz Mas Services Limited at T-34, Okhla Industrial Area, Phase-II, New Delhi-110020; Email id – **investor@masserv.com**

15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and the certificate from the Secretarial Auditors in respect of the Company's Employee Stock Option Scheme will remain available for inspection through electronic mode during the AGM and all other documents referred to in the accompanying Notice and the Explanatory Statement will be available for inspection during the Meeting.

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

I. **In case shares are held in physical form:** any change in address, if any, to the Registrar and Transfer Agent (RTA) of the Company viz. MAS Services Limited, T-34, Okhla Industrial Area, Phase II, New Delhi- 110 020, India quoting their folio number.

II. **In case shares are held in dematerialised form:** any change in address, if any, to their Depository Participants

III. Members holding shares in physical mode and who have not opted for NECS facility earlier for payment of dividend are requested to fill up and sign the NECS Mandate form enclosed with Annual Report or by submitting a request letter containing the details like Folio No., Name and Address of the Shareholder, particulars of the bank account (Bank name, Branch address, Bank account no, IFSC Code, MICR no) and send it to the RTA of the Company viz Mas Services Limited, T-34, Okhla Industrial Area, Phase-II, New Delhi-110020 along with the self-attested copy of PAN and cancelled cheque leaf, so as to avail the NECS facility. Members holding shares held in dematerialized form, are required to update the bank account particulars with their respective Depository Participant.

IV. Process for those members whose email ids and mobile number are not registered:

a) For members holding shares in Physical mode - please provide necessary details like Folio No., Name of shareholder, mobile number along with scan copy of any one valid share certificate (front and back both) by email to **investor@masserv.com**

b) Members holding shares in dematerialised form can get their e-mail id and mobile number registered by contacting their respective Depository Participant.

17. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

18. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Rules made thereunder, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH.13.

    Further, Members desirous of cancelling/ varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the RTA of the Company.

19. Members holding shares under multiple folios are requested to submit their applications to RTA of the Company for consolidation of folios into a single folio.

20. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form and pan is not registered till date are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to RTA of the Company viz. MAS Services Limited, T-34, Okhla Industrial Area, Phase II, New Delhi- 110 020.

21. As per Regulation 40 of SEBI (LODR) Regulations, 2015, SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. 1st April, 2019.

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

22. In terms of SEBI (LODR) Regulations, 2015, it is mandatory for the company to print the bank account details of the investors in dividend payment instrument. Hence, you are requested to register/update your correct bank account details with the Company/RTA/ Depository Participant, as the case may be.

23. Pursuant to provisions of Section 124 and Section 125 of the Companies Act, 2013 and rules made thereunder, all the dividends remaining unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account, are required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. No dividend was required to be transferred to IEPF during the year under review.

    Members who have not yet encashed their dividend warrants for the financial year 2018-19 (final dividend), 2019-20 (final dividend), 2020-21 (interim dividend) 2020-21 (final dividend) and 2021-22 (Interim dividend) are requested to make their claims to the Company immediately. Members may note that no claim shall lie against the Company in respect of dividend which remain unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account and no payment shall be made in respect of such claims.

    The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on 31st March, 2021 and the details of unclaimed shares on the website of the Company viz. **www.esterindustries.com** and also on the website of the Ministry of Corporate Affairs viz. **www.iepf.gov.in** Shareholders may kindly check the said information and if any dividend amount is appearing as unpaid against their name, they may lodge their claim, duly supported by relevant documents to the Company.

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

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

In view of above, Members are requested to claim their dividends from the Company, within the stipulated timeline to avoid transfer of the underlying shares to the IEPF Account.

The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on **www.iepf.gov.in** or on the following link:

https://iepf.gov.in/IEPF/corporates.html

24. **VOTING THROUGH ELECTRONIC MEANS**

| | |
|---|---|
| **Commencement of E-voting** | **9.00 AM 25th September, 2022** |
| **End of E-voting** | **5.00 PM 27th September, 2022** |

i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (LODR) Regulations, 2015, and the MCA Circulars, the Company is providing facility of remote e-voting before the AGM and E-Poll through Remote E-voting during the AGM to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized agency which shall provide an electronic platform to give the facility of casting the votes by the members from remote place.

ii. The Members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through E-Poll. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the AGM but shall not be entitled to cast their vote again.

iii. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the **Cut-off date i.e. 21st September, 2022** shall be entitled to exercise his/her vote either through remote e-voting or E-Poll by following the procedure mentioned hereunder.

iv. The remote e-voting period commences at **9:00 am 25th September, 2022 and ends at 5:00 pm 27th September, 2022.**

The remote e-voting module shall be blocked by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

v. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the **Cut-off date i.e. 21st September, 2022.**

vi. Mr. Akash Jain, Company Secretary in Practice (Membership No. F9617 and COP No. 9432) has been appointed as the Scrutinizer for conducting the e-voting process in accordance with the law and in a fair and transparent manner.

The Scrutinizer shall immediately after the conclusion of voting at the AGM, unblock the votes cast through Remote e-voting and E-Poll, in the presence of at least two witnesses not in the employment of the Company and make, not later than 2 working days of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or any person authorized by him in writing and the Results shall be declared by the Chairman or any person authorized by him thereafter.

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

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

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

***For Shareholders holding shares in Physical Form and other than Individual Shareholders:***

i. The shareholders should log on to the e-voting website **www.evotingindia.com**.

ii. Click on "Shareholders" module.

iii. Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

iv. Next enter the Image Verification as displayed and Click on Login.

v. If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier e-voting of any company, then your existing password is to be used.

vi. If you are a first-time user follow the steps given below:

| | **For Physical shareholders and other than individual shareholders holding shares in Demat.** |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>**Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.* |
| Dividend Bank Details **OR** Date of Birth (DOB)# | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>*#If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.* |

vii. After entering these details appropriately, click on "SUBMIT" tab.

viii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

ix. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x. Click on the EVSN for the relevant ESTER INDUSTRIES LIMITED on which you choose to vote.

xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiii. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xvi. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xvii. **Additional Facility for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; **investor@ester.in** (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**For Individual Shareholders holding shares in Demat Form:**

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL** | 1) If you have opted for CDSL Easi / Easiest facility, you can login through your existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL to login to Easi / Easiest are **https://web.cdslindia.com/myeasi/Home/Login** or visit **www.cdslindia.com** and click on Login icon and select New System Myeasi. |
| | 2) After successful login the Easi/ Easiest you will be able to see the e-voting option for ESTER INDUSTRIES LIMITED. On clicking the e-voting option, you will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of CDSL (Service Provider), so that you can visit the e-voting service providers' website directly.<br>3) If the you are not registered for Easi/Easiest, option to register is available at **https://web.cdslindia.com/myeasi/Registration/EasiRegistration**<br>4) Alternatively, you can directly access e-voting page by providing Demat Account Number and PAN No. from an e-voting link available on **www.cdslindia.com** home page or click on **https://evoting.cdslindia.com/Evoting/EvotingLogin** The system will authenticate you by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, you will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of CDSL. |
| Individual Shareholders holding securities in demat mode with **NSDL** | 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: **https://eservices.nsdl.com** either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on ESTER INDUSTRIES LIMITED or CDSL (Service Provider) and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.<br>2) If you are not registered for IDeAS e-Services, option to register is available at **https://eservices.nsdl.com**. Select "Register Online for IDeAS" Portal or click at **https://eservices.nsdl.com/SecureWeb/ IdeasDirectReg.jsp** |
| | 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: **https://www.evoting.nsdl.com/** either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on ESTER INDUSTRIES LIMITED or CDSL (Service Provider) and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their **Depository Participants** | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on ESTER INDUSTRIES LIMITED or CDSL (Service Provider) and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. |

***Important note:*** *Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.*

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in Demat mode with **CDSL** | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at toll free no. 1800225533. |
| Individual Shareholders holding securities in Demat mode with **NSDL** | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

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

    a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting in Note No. 24.

    b) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through E-Poll available during the AGM.

    c) If Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

d) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

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

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

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

a) Members will be provided with a facility to attend the AGM through VC/OAVM or view the live webcast of AGM through the CDSL e-Voting system. Members may access the AGM by following the procedure stated in note No. 24. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

b) Facility of joining the AGM through VC / OAVM shall open 15 minutes before and after the scheduled time of the commencement of the AGM and will be available for Members on first come first serve basis.

c) Members are encouraged to join the Meeting through Laptops for better experience.

d) Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

e) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

f) Members who would like to express their views or ask questions during the AGM must register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at **investor@ester.in** at least 7 days before the date of the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

g) The shareholders who do not wish to speak during the AGM/ who have not registered themselves, but have queries may send their queries in advance 7 days prior to meeting mentioning their Name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at **investor@ester.in**. These queries will be replied by the company suitably by email or during the Meeting.

28. The Resolution, if passed by a requisite majority, shall be deemed to have been passed on the date of the AGM.

29. In case you have any queries or issues regarding e-voting and/or attending the AGM through VC/OAVM facility, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com** under help section or contact 1800 22 55 33. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited (CDSL), at A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to **helpdesk.evoting@cdslindia.com** or call on 1800 22 55 33.

30. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or Head Office address or e-mail their grievances/ queries to the Company Secretary as detailed below –

**Registered Office:**

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

**Head Office:**
Plot No. 11, Block-A, Infocity-I, Sector 34,
Gurgaon – 122001, Haryana

Email Id: **investor@ester.in**

**NOTE ON RE-APPOINTMENT OF M/S. WALKER CHANDIOK & CO LLP (REGISTRATION NO. 001076N/N500013), CHARTERED ACCOUNTANTS AS STATUTORY AUDITORS OF THE COMPANY (ITEM NO. 4)**

M/s. Walker Chandiok & Co LLP, Chartered Accountants (ICAI Firm Registration Number 001076N/ N500013) was appointed as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 in the Annual General Meeting held on 4th September, 2017 for a period of 5 years viz. valid till the conclusion of this Annual General Meeting.

M/s. Walker Chandiok & Co LLP has expressed for their re-appointment as statutory auditors of the Company and have further confirmed that the said appointment would be in conformity with the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013.

Accordingly approval of the members of the Company is being sought for the appointment of M/s. Walker Chandiok & Co LLP as the statutory auditors and for authorisation to the Board of Directors to determine the remuneration payable to them.

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

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

**Item No. 5**

In the Board Meeting held on 20th May, 2022, after considering the recommendation of the Audit Committee, the Directors have re-appointed M/s. R.J. Goel & Co. (Registration No. 00026), Cost Accountants, as the Cost Auditor at a remuneration of Rs. 3,50,000/- (Rupees Three Lacs Fifty Thousands only) to conduct the audit of Cost records for financial year 2022-23. Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders.

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

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

**ITEM NO. 6**

In the Annual General Meeting held on 4th September, 2017, as per the requirements of Section 197, 198 and all other applicable provisions and rules made thereunder, if any, of the Companies Act, 2013 (“the Act”) and Regulation 17(6) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the shareholder had approved to pay commission on profits, to Non-Executive Directors of the Company for a period of 5 years commencing from 1st April, 2018 in such manner and up to such extent as decided by Nomination and Remuneration Committee every year.

Since the said approval for payment of commission to Non-Executive Directors was valid upto the period ending on 31st March, 2023, it is proposed to renew the approval to pay commission upto the maximum limit of 1% for further period of five (5) years. w.e.f 1st April 2023.

In terms of Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all fees/ compensation (except sitting fees) can be paid to Non-executive Directors only with the prior approval of the shareholders in general meeting.

The Board of Directors is of the opinion that, in order to remunerate the Non-Executive Directors of the Company for the responsibilities entrusted upon them and according to the current trends and the contribution made by them, Commission should be paid to the Non-Executive Directors of the Company, as and when decided by the Board of Directors.

Your Directors recommend the approval of proposed Ordinary Resolution by the Members.

All Non-Executive Directors of the Company namely, Mr. Ashok Kumar Newatia, Mr. Sandeep Dinodia, Mr. M S Ramachandran, Dr. Anand Chand Burman, Mr. P S Dasgupta, Mrs. Padmaja Shailen Ruparel and Mrs. Archana Singhania are concerned or interested in the Resolution.

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

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

Place : Gurugram
Date : 10th August, 2022

**ANNEXURE-I**

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

| **Particulars** | **Mr. Ayush Vardhan Singhania** |
|---|---|
| **Director`s Identification Number (DIN)** | 05716205 |
| **Date of 1st appointment on the Board of Company** | 1st June, 2021 (effective date of appointment) |
| **Date of appointment under current term on the Board of Company** | 1st June, 2021 (effective date of appointment) |
| **Date of Birth** | 10th July, 1987 |
| **Age (in years)** | 35 |
| **Qualification** | Graduate from Bentley University MBA from IE Business School, Madrid, Spain |
| **Expertise and experience in specific functional areas** | Mr. Ayush Vardhan Singhania previously served as Head- Business Development and Marketing of the Company, where he oversees the Business Development and Marketing department. Mr. Ayush Vardhan Singhania has a wide and rich experience in various responsible levels and challenging positions in areas of strategy, marketing and expansion of business. |
| **Terms and conditions for appointment/ re-appointment and proposed remuneration** | Mr. Ayush is being appointed as Director retiring by rotation in this meeting.<br><br>The terms and conditions of his appointment as whole-time Director are stated in the Corporate Governance Report |
| **Remuneration last drawn (including sitting fee, if any)** | Details given in Corporate Governance Report |
| **Shareholding in the Company as on 31.03.2022** | 178033 equity shares |
| **Relationship with other Directors and KMPs of the Company** | Mr. Ayush Vardhan Singhania is son of Mr. Arvind Singhania (Chairman & CEO) and Mrs. Archana Singhania (Non- Executive Director). Save and except this, Mr. Ayush Vardhan Singhania is not related to any other Director and KMP |
| **Number of Board meetings attended during the year** | 5 |
| **Directorship in other Companies** | • Ester Filmtech Limited<br>• Acme Investments Limited |
| **Chairman/Member in Committees of other Board** | - |

*Note - Mr. Ayush Vardhan Singhania was not Director in any other Listed entity during the past 3 years, accordingly the details of resignation during the past 3 years in the Listed entities are not given.*

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

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

Place : Gurugram
Date : 10th August, 2022

# MESSAGE FROM CHAIRMAN & CEO

Dear Shareholders,

It gives me immense pleasure to present the annual report for the financial year 2021-22. Over the last 2 years, the world has continued to face a series of unprecedented challenges started with Covid-19 pandemic, global supply chain disruptions and elevated inflationary conditions across the globe.

Despite various challenges, your company has been able to deliver superior operating results. Revenue from operations stood at INR 1406 Crores, recording a growth of 42% over last year. EBITDA stood at INR 252 Crore as against INR 244 Crores during previous year. All our businesses performed well, delivering good top line growth and profitability.

FY 21-22 has turned out to be a stellar year for Specialty polymer business. Topline recoded a growth of nearly 200% and EBIT margin recorded a growth of over 300%. Our marquee product MB-03, which finds application in carpet industry, recorded a volume growth of 94% over last year. Innovating PBT continued with its growth momentum. I am happy to report that many of our new products are shaping up well and have the potential to create a significant value for the company. Last year, we also announced a capital expenditure for augmenting manufacturing capability of Specialty Polymers business which is under implementation.

Film business has reported yet another strong performance during FY 21-22, all plants maximized their production, created new benchmarks and improved product mix. We recorded highest ever production and sales of BOPET films despite significant maintenance shut downs. Ester is committed to increase the proportion of value added & specialty products in overall product mix driven by innovation and R&D efforts. Business delivered a robust growth in share of value-added products. During the last financial year, the company commissioned Holography capacity and approved another capex for doubling our offline coating capacity. Greenfield project for expanding film capacity in Telangana is on track to commission its latest and high output line at Telangana in the month of October-2022.

Engineering plastic business delivered strong performance during the year. The topline recorded a growth of 44% and EBIT margins grew over 67%. Better pricing and margin environment resulted in higher profitability despite some end-use segments reporting a varying degree of growth environment. The business continues to work on its core strategic priorities by focusing on new product and application developments.

During the year, we have entered into business transfer agreement with Radici Plastics India Private Limited to sell our engineering plastics in an all cash slump sale transaction amounting to INR 289 Crores. This transaction is aligned with our strategy of focusing on scaling up our specialty polymers and film business.

We believe that all the businesses are well placed to embark on their next growth phase. The core of our existence is to create value for our customers and stakeholders. We continue our strategic focus on driving our innovation programs and strengthening our product portfolio.

On behalf of board and management, I would like to extend our sincere gratitude to our shareholders, investors, partners, and institutions who continue to support us. I am confident that our strategy will create long-term and sustainable value for our stakeholders.

Stay well

With regards
**Arvind Singhania**
Chairman & CEO

# DIRECTORS' REPORT

**To The Members**

Your directors are pleased to present the 36th Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2022.

**FINANCIAL RESULTS**

| | For the year ended 31.03.2022 (Rs. / crores) | For the year ended 31.03.2021 (Rs. / crores) |
|---|---|---|
| Net Sales Revenue | 1392.25 | 984.86 |
| Other Operating Revenue | 13.40 | 6.90 |
| Other Income | 8.80 | 7.98 |
| Profit before Financial Expenses, Depreciation and Tax | 251.77 | 243.75 |
| Less: Interest & Other Financial Expenses | 24.86 | 18.55 |
| Profit / (Loss) before Depreciation and Tax | 226.91 | 225.20 |
| Depreciation and amortization expenses | 38.56 | 35.22 |
| Profit / (Loss) before Tax | 188.35 | 189.98 |
| Current & Deferred Tax expense / (credit) | 49.49 | 47.90 |
| Profit / (Loss) after Tax | 138.86 | 142.08 |
| Other Comprehensive Income (net of income tax effect) | (0.11) | (0.25) |
| Total Comprehensive Income | 138.75 | 141.83 |
| Basic Earnings Per Equity Share (Rupees) | 16.65 | 17.04 |
| Diluted Earnings Per Equity Share (Rupees) | 16.65 | 17.04 |

**DIVIDEND AND RESERVES**

In addition to payment of Interim Dividend of Rs. 1.40 per equity share, your directors have recommended payment of Final Dividend at the rate of Rs. 1.90 per equity share as the Company has earned Net Profit after Tax of Rs. 138.86 Crores during the year under review. Your Company has not transferred any amount of Profit & Loss account to any reserve.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015"), the Dividend Distribution Policy is available on the Company's website at **www.esterindustries.com**

**OPERATIONS REVIEW**

Revenue from Operations during the year under review stood at Rs. 1405.66 crores as compared to Rs. 991.76 crores during FY 2020-21, an increase of 41.7% on account increase in per unit selling price and increase in volume of sales of Polyester Chips, Specialty Polymers and Polyester Film.

While the EBITDA earned during the year under review is higher than last year by 3.3%, Net Profit after Tax (NPAT) of Rs. 138.86 crores is marginally lower than NPAT of Rs. 142.08 crores earned during FY 2020-21 due to higher financial expenses and depreciation.

Net Profit after Tax (NPAT) earned during FY 2021-22 turned out to be comparable to highest ever NPAT earned during FY 2020-21, a year wherein your company delivered its best financial performance till date / best in over a decade.

Film SBU continued to drive the bulk of revenue for the Company though EBIT of the business was lower due to commissioning of new capacities which caused margin compression. EBIT for the business reduced from Rs. 218.71 crores to Rs. 152.59 crores despite marginally higher volume of sales. Capacity utilization in Polyester Films was about 102%. Revenue from operations improved by 28.8% from Rs. 726.28 crores to Rs. 935.64 crores on account of higher selling prices and resumption of sales of Polyester Chips post restoration of Primary Heater #5 that caught fire in March 20.

Specialty Polymer business witnessed major revival during FY 2021-22 after a relatively soft FY 2020-21 given the Covid – 19 related lockdowns & restrictions which were imposed during that year in some of key customer markets (including USA). Specialty Polymers business registered healthy growth in both revenues and profitability. Revenue from operations increased by 190.9% from Rs. 59.34 crores to Rs. 172.64 crores while sales in volumetric terms increased by 55.5%. EBIT margin for the business improved from 23.2% to 32.2% on account of better product mix.

For Engineering Plastics business, FY 2021-22 turned out to be second consecutive year of landmark performance. It delivered its best ever annual performance till date. On account of higher selling prices, revenue from operations increased from Rs. 204.99 crores to Rs. 295.41 crores, an improvement of 44.1% though sales in volumetric terms reduced by 14.1% from 13419 MT to 11529 MT mainly due to reduction in volumetric sales of OFC grade engineering plastics. Rising trend in polymer prices as well as shortage of base polymers have resulted in higher sales realizations & unprecedented margin expansion. EBIT from the business improved from Rs. 40.65 crores to Rs. 68.22 crores - EBIT margin improving from 19.8% to 23.1%.

EBIT margins that started to improve from September 20 quarter reached its peak during June 21 quarter and then started to gradually moderate with business witnessing almost normal margins during March 22 quarter.

Main factors contributing towards sustained performance of the company are improvement in the performance of Specialty Polymer and Engineering Plastics business with both businesses compensating for lower performance of Film business.

Various initiatives taken over the last ten years – supported by capacity expansions & higher productivity in Polyester Film – have resulted in revenues from operations growing at a CAGR of 7.68% pa, from Rs. 683.94 crores in FY 2011-12 to Rs. 1405.66 crores in FY 2021-22.

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

As regards expansion of BOPET Film capacity through Wholly Owned Subsidiary (WOS) namely Ester Filmtech Limited, we are on course in implementation of the project in the state of Telangana. Commercial production is likely to commence from 1st October 2022, as originally scheduled. Your company has already invested Rs. 197.88 crores till 31st July 2022 as equity in the WOS.

On 6th May, 2022, the Company has entered into Business Transfer Agreement (BTA) for slump sale of its Engineering Plastics Business as a 'Going Concern' for a consideration of Rs. 289.33 Crores (subject to adjustments specified in the BTA and other agreements). Date of completion of sales (closing) is subject to certain conditions precedent which are required to be completed on or before 15th October 2022.

Engineering Plastics business is non – core business for the Company. The divestment of Engineering Plastics business will further strengthen the Balance Sheet / Financial Position and allow faster growth & focus on its core competencies in Polyester Film and Specialty Polymers businesses.

**CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the SEBI (LODR) Regulations, 2015. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. Pursuant to SEBI (LODR) Regulations, 2015, Report on Corporate Governance and Practicing Company Secretary's Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

**SECRETARIAL STANDARDS**

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

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**PUBLIC DEPOSIT**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding at the end of financial year 2021-22.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**Retirement by Rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 (the Act), Mr. Ayush Vardhan Singhania (DIN 05176205) will retire by rotation at the forthcoming Annual General Meeting (AGM) of Company and being eligible, offers himself for re-election.

**Key Managerial Personnel (KMP)**

Pursuant to the provisions of Section 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) (Act) and Regulation 17 of SEBI (LODR) Regulations, 2015, Mr. Ayush Vardhan Singhania (DIN 05176205) was appointed as Whole-time Director of the Company for a period of 3 years w.e.f. 1st June, 2021, as approved by the shareholders in the Annual general Meeting held on 27th September, 2021.

During the year Mr. Pradeep Kumar Rustagi ceased from the position of Chief Financial officer w.e.f. 3rd February 2022 and was designated as Executive Director- Corporate Affairs.

During the year Mr. Manish Gupta was appointed as Chief Financial Officer of the company w.e.f. 4th February 2022.

Mr. Arvind Singhania, Chairman & Managing Director (designated as Chairman & CEO), Mr. Pradeep Kumar Rustagi, Executive Director- Corporate Affairs, Mr. Ayush Vardhan Singhania, Whole-time Director, Mr. Manish Gupta, Chief Financial Officer and Mr. Diwaker Dinesh, Head-Legal & Company Secretary are the Key Managerial Personnel of your Company in accordance with the provisions of Section 2(51) read with Section 203 of the Act and rules made thereunder.

**DECLARATION OF INDEPENDENCE**

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

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

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

**AUDITORS AND AUDIT REPORT**

**Statutory Audit**

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

Since the term of their appointment is valid till the conclusion of this Annual General Meeting. Accordingly, in terms of Section 139, 140 and other applicable provisions of Companies Act, 2013 and rules made thereunder, the Audit Committee and the Board of Directors have recommended for the re-appointment of M/s Walker Chandiok & Co. LLP (Registration No. 001076N/N500013) to Shareholders in this AGM for a period of 5 (five) years and a resolution related thereto forms part of the notice convening the forthcoming AGM.

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

**Cost Audit**

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

At the recommendation of the Audit Committee, the Board has re-appointed M/s. R. J. Goel & Co., Cost Accountants, as the Cost Auditor for the financial year 2022-23. In terms of the provisions of Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, the Board seeks ratification of the remuneration payable to the Cost Auditors for the financial year 2022-23. A resolution seeking your ratification of the remuneration of M/s. R. J. Goel & Co. for financial year 2022-23, forms part of the Notice convening the forthcoming Annual General Meeting.

**Secretarial Audit**

In terms of Section 204 of the Act, M/s. Dhananjay Shukla & Associates, Company Secretaries, has conducted secretarial audit of the Company for the financial year ended 31st March, 2022. The Report of M/s Dhananjay Shukla & Associates is provided in the **"Annexure-A"** forming part of this Report. There are no qualifications, reservation or adverse remark made by the Secretarial auditor in the report for the year under review.

Pursuant to provision of Section 143(12) of the Act there were no frauds reported by Auditors of the Company during the year under review, to the Audit Committee or the Board of Directors, therefore no disclosure is required to be made under section 134(3)(ca) of the Companies Act, 2013

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. in the preparation of the annual accounts for the Financial Year ended 31st March 2022, the applicable Accounting Standards have been followed along with proper explanation relating to material departure, if any.
2. they have selected appropriate accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent, so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year under review;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the accounts of the Company for the financial year ended 31st March 2022 on a going concern basis.
5. proper internal financial controls laid down by them were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SUBSIDIARY**

Ester Filmtech Limited is the wholly-owned subsidiary, incorporated on 21st July, 2020. Ester Filmtech Limited is setting up a new BOPET Film Line in the state of Telangana.

The consolidated financial statements of the Company for the financial year ended 31st March 2022 have been prepared in accordance with the provisions of the Act, SEBI (LODR) Regulations, 2015 and the applicable Accounting Standards. The audited consolidated financial statements, together with the Auditors' Report, and Form AOC-1 form a part of the Annual Report. Pursuant to the provisions of Section 136 of the Act the standalone financial statements, the consolidated financial statements, Auditors' Report along with relevant documents and separate audited accounts in respect of subsidiary, are available on the website of the Company. During the financial year under review, no Company is ceased to be Company's subsidiary. The Company does not have any Joint Venture or associate.

**INTERNAL CONTROLS**

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

Your company's internal control procedures are adequate to ensure compliance with various policies, practices, laws, rules, regulations and statutes. Internal Controls in your company have been designed & implemented in such a manner that it provides reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds, errors & misappropriations
- Accuracy and completeness of the accounting data & records
- IT security controls
- System, policies, practices & procedures adopted for adequate and fair financial reporting
- Timely and accurate preparation of reliable financial information & reports. During the year under review, few internal controls have been modified to align with change in scenario.

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

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

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

The Company uses an ERP (S/4 HANA 2021) which is supplemented by internal controls framework to ensure reliable and timely financial reporting.

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

**CODE OF CONDUCT**

The Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors and Senior Management of the Company. They have affirmed compliance with the Code of Conduct. A declaration to this effect duly signed by Mr. Arvind Singhania, Chairman & CEO is enclosed as a part of the Report on Corporate Governance which forms part of the Annual Report. A copy of the Code of Conduct is available on the Company's website viz. **www.esterindustries.com**

The Code of Conduct is based on the fundamental principles of good corporate governance and corporate citizenship. The Code covers the Company's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, vigil mechanism, transparency, auditability and legal compliance etc.

**CHANGES IN CAPITAL**

During the financial year 2021-22, there was no change in the Capital of the Company.

**EMPLOYEES STOCK OPTION**

In previous Financial year 2020-21, the Nomination and Remuneration Committee and Board had approved the Employee Stock Option Scheme, namely, **ESTER EMPLOYEES STOCK OPTION PLAN-2021(ESOP-2021)**, in its meeting held on 25th February, 2021, and same was approved by shareholders of the company in the Extra-Ordinary General Meeting held on 26th March, 2021.

The Board granted 248179 stock Options to eligible employees under **ESOP-2021** in its meeting held on 1st April, 2021.

Company had obtained in principal approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the year 2021-22, no allotment of Equity Share was made by Company under the ESOP-2021.

Details pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2021 are given under "**Annexure-B**"

**LISTING OF SECURITIES**

Your Company's Equity Shares are currently listed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the listing fees to BSE and NSE for the financial year 2022-23.

**EXTRACT OF ANNUAL RETURN**

Pursuant to section 92(3) of the Act, Annual Return for previous financial years, filed with the Registrar of Companies, Ministry of Corporate affairs, pursuant to Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 are available on website of the Company **www.esterindustries.com**

**PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES**

The particulars of the loan, if any (along with the purpose of utilization by recipient of loan) and investments covered under Section 186 of the Act are provided in Notes 7 and 8 to financial statements.

Pursuant to Section 186 of the Companies Act, 2013, during the year the company has executed corporate guarantee of Rs. 182.94 Crores in favour of Indian Bank and for an amount upto EUR 26,952,108.10 in favour of OLB Bank, Germany, for extending credit facilities in favour of its wholly-owned Subsidiary company "M/s. Ester Filmtech Limited".

**CORPORATE SOCIAL RESPONSIBILITY**

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

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

https://www.esterindustries.com/sites/default/files/Corporate_Social_Responsibility_Policy.pdf

**PERFORMANCE EVALUATION**

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

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

The following evaluation process has been adopted by the Company–

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

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

https://www.esterindustries.com/sites/default/files/Performance_Evaluation_Policy.pdf

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

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

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

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

The information required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in "**Annexure - D**" of this report.

**RISK MANAGEMENT SYSTEM**

Pursuant to requirements of SEBI (LODR) Regulations, 2015 the Company has constituted the Risk Management Committee of the Company. The constitution and the terms and reference of the Committee are given in Report on Corporate Governance which forms part of this Annual report.

A detailed note on Risk Management System has been provided under the Management Discussion and Analysis (MDA) Report.

**RELATED PARTY TRANSACTIONS**

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

The details of the related party transactions as required under IND AS 24 are set out in Note 36 to the standalone financial statements forming part of this Annual Report.

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

https://www.esterindustries.com/sites/default/files/RPT_%20Clean_Ver.pdf

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

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

**VIGIL MECHANISM**

The Company has a Vigil Mechanism/Whistle Blower Policy with a view to provide a mechanism for employees of the Company to raise concerns of suspected frauds, instances for leakage or suspected leakage of Unpublished Price Sensitive Information, any violations of legal/ regulatory requirements or code of conduct/policy of the Company, incorrect or misrepresentation of any financial statements and reports, etc. The purpose of this Policy is to encourage employees and directors who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The policy aims to provide an avenue for employees and directors to raise concerns and reassure them that they will be protected from reprisals or victimization for whistle blowing in good faith. The practice of the Whistle Blower Policy is overseen by the Audit Committee of the Board and no employee has been denied access to the Committee. The Policy can be accessed on the Company's website at following link –

https://www.esterindustries.com/sites/default/files/Whistle_blower_policy.pdf

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

There was no incident of sexual harassment reported and pending for investigation during the financial year 2021-22. For protection against sexual harassment, Company has formed an internal complaints committee to which employees can write their complaints. The Company has a Prevention of Sexual Harassment Policy which has laid down a process for dealing with such issues.

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

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

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

**ACKNOWLEDGEMENT**

Your Directors acknowledge the co-operation and assistance received from various departments of the Central & State Government, banks and Non-banking finance companies. Directors also express their gratitude and thanks to Customers, Suppliers and other Business Associates for their continued cooperation and patronage.

Your Directors wish to place on record their appreciation of the sincere services rendered by the workmen, staff and executives of the Company at all levels ensuring satisfactory management of the Company. Your Directors also thank the shareholders for their continued support.

**For and on behalf of the Board**

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

**Place: Gurugram**
**Date: 10th August, 2022**

# FORM NO. MR-3
# SECRETARIAL AUDIT REPORT

For the financial year ended 31st March 2022

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2022 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(No event took place under this Regulation during Audit period);**

   d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 till 12th August 2021 and thereafter Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(No event took place under this Regulation during Audit period )**;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(No event took place under this Regulation during Audit period )**; and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(No event took place under this Regulation during Audit period).**

vi. The company is carrying on the business of manufacturing of Polyester films and Engineering Plastics and its Manufacturing Plant is located at Sohan Nagar, P.O- Charubeta, Khatima-262308, Distt.: Udham Singh Nagar, Uttarakhand. As informed and confirmed by the management of the company, following are the laws specifically applicable to the company:-

   a. The Indian Boiler Act, 1923 and regulations made thereunder;

   b. The Legal Metrology Act, 2009 and rules made thereunder;

   c. The Petroleum Act, 1934 and rules & regulations made thereunder.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings (SS-1) and General Meetings (SS-2);

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Listing Agreements as entered by the company with the Stock Exchanges.

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

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. The changes in the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Mr. Ayush Vardhan Singhania (DIN: 05176205) was appointed as Whole time Director for the term of 3 (three) years, w.e.f. 1st June 2021 in the Board Meeting held on 18th May 2021 which was further approved by shareholders at the Annual General Meeting held on 27th September 2021 by passing a special resolution, Mr. Pradeep Kumar Rustagi has resigned from the position of Chief Financial officer of the Company w.e.f. 3rd February 2022 and continued to act as Executive Director- Corporate Affairs of the company. Mr. Manish Gupta has been appointed as the Chief Financial officer w.e.f. 4th February 2022.

The changes in the Board of Directors that took place, as above said, during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

1. Pursuant to Section 186 and 179(3) of the Companies Act, 2013, the Company has executed corporate guarantee of Rs. 182.94 Crores in favour of Indian Banks out of 171 Crores approved by the Board in the Board Meeting held on 9th August 2021 and 12 Crores approved by the Board in the Board Meeting held on 6th January 2022 and for an amount upto EUR 26,952,108.10 in favour of OLB Bank, Germany out of EUR 30,278,750 approved by the Board in the Board Meeting held on 25th February 2021, for extending credit facilities in favour of its wholly owned subsidiary company "M/s Ester Filmtech Limited".
2. The Company has declared final dividend of Rs. 1.90/- per share, on 8,33,93,759 Equity Shares of face value of Rs. 5.00 each for the Financial Year 2020-21 in its Annual General Meeting held on 27th September 2021
3. The Company has declared interim dividend of Rs. 1.40/- per share, on 8,33,93,759 Equity Shares of face value of Rs. 5.00 each for the Financial Year 2021-22 in its Board Meeting held on 12th November 2021.
4. The Company has granted 2,48,179 Stock Options of face value of Rs. 5/- each to eligible employees of the Company in the Board Meeting held on 1st April 2021, under the Employee Stock Option Plan (ESOP) Scheme duly approved by the shareholders of in its Extraordinary General Meeting held on 26th March 2021 by passing Special Resolution.

**For Dhananjay Shukla & Associates**
**Company Secretaries**

**Sd/-**
**Dhananjay Shukla**
**Proprietor**
**FCS-5886, CP No. 8271**
**Peer Review No.2057/2022**
**UDIN: F005886D000770430**

Date: 10.08.2022
Place: Gurugram

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

***Enclosure: Annexure-A***

**'Annexure-A'**

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

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

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

**For Dhananjay Shukla & Associates**
**Company Secretaries**

**Sd/-**
**Dhananjay Shukla**
**Proprietor**
**FCS-5886, CP No. 8271**
**Peer Review No.2057/2022**
**UDIN: F005886D000770430**

Date: 10.08.2022
Place: Gurugram

***Disclosures as required under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2021 –***

| S. No. | Particulars | Details |
|---|---|---|
| **1** | **Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.** | Refer Note 41 of standalone financial statements for the year ended March 31, 2022 for details. |
| **2** | **Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time.** | Diluted EPS as per Indian Accounting Standards-33 is Rs. 16.65 (Refer Note 31 of Standalone financial statements for details) |
| **3** | **Details related to ESOS** | |
| ***(i)*** | ***A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including -*** | Presently the Company has only one Employee Stock Option Scheme, namely ***ESTER EMPLOYEES STOCK OPTION PLAN-2021***, |
| (a) | Date of shareholders' approval | 26th March, 2021 |
| (b) | Total number of options approved under ESOS | 8,00,000 (Eight Lacs), which will be available for grant to eligible employees/Directors of the Company/Subsidiary(ies) |
| (c) | Vesting requirements | Vesting of the options shall take place over a maximum period of 6 (Six) years from the date of grant. The Nomination & Remuneration Committee at the time of grant may specify certain criteria linked to the individual and/or organisational performance or any other criteria as it may deem fit for all or a part of the Options, the fulfilment of which might be a requisite for the options to vest. The minimum vesting period will be 1 (One) year from the date of grant. |
| (d) | Exercise price or pricing formula | 10% less than Fair Share Price i.e. Rs. 105/- per option |
| (e) | Maximum term of options granted | Vesting of the options shall take place over a maximum period of 6 (Six) years from the date of grant. The Exercise period shall be decided by the Nomination & Remuneration Committee subject to maximum period of 10 (Ten) years. |
| (f) | Source of shares (primary, secondary or combination) | Primary |
| (g) | Variation in terms of options | None |
| ***(ii)*** | ***Method used to account for ESOS - Intrinsic or fair value.*** | Fair Value method using option pricing model viz. Black Scholes Method |
| ***(iii)*** | ***Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.*** | Not Applicable as Company has used Fair Value method |
| ***(iv)*** | ***Option movement during the year (For each ESOS):*** | |
| (a) | Number of options outstanding at the beginning of the period | 800000 |

<table>
<tr><td>(b)</td><td>Number of options granted during the year</td><td>248179</td></tr>
<tr><td>(c)</td><td>Number of options forfeited / lapsed during the year</td><td>Nil</td></tr>
<tr><td>(d)</td><td>Number of options vested during the year</td><td>Nil</td></tr>
<tr><td>(e)</td><td>Number of options exercised during the year</td><td>Nil</td></tr>
<tr><td>(f)</td><td>Number of shares arising as a result of exercise of options</td><td>Nil</td></tr>
<tr><td>(g)</td><td>Money realized by exercise of options (INR), if scheme is implemented directly by the company</td><td>Nil</td></tr>
<tr><td>(h)</td><td>Loan repaid by the Trust during the year from exercise price received</td><td>NA</td></tr>
<tr><td>(i)</td><td>Number of options outstanding at the end of the year</td><td>800000</td></tr>
<tr><td>(j)</td><td>Number of options exercisable at the end of the year</td><td>Nil</td></tr>
<tr><td>(v)</td><td>Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.</td><td>Weighted Average Exercise price- Rs. 105/- per option.<br>Weighted average fair values-
<table>
<tr><td>Date of Grant</td><td>Date of Vesting</td><td>Weighted average fair value of options (In INR)</td></tr>
<tr><td>1st April, 2021</td><td>1st April, 2022</td><td>57.97</td></tr>
<tr><td>1st April, 2021</td><td>1st April, 2023</td><td>60.08</td></tr>
<tr><td>1st April, 2021</td><td>1st April, 2024</td><td>64.91</td></tr>
<tr><td>1st April, 2021</td><td>1st April, 2025</td><td>67.29</td></tr>
</table></td></tr>
<tr><td>(vi)</td><td colspan="2">Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -</td></tr>
<tr><td>(a)</td><td>senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015</td><td>Mr. Pradeep Kumar Rustagi - 101713<br>(Executive Director – Corporate Affairs)<br><br>Mr. Girish Behal- 146466<br>(Business Head- Polyester Films & Specialty Polymer)<br><br>Exercise Price per option is Rs. 105/-</td></tr>
<tr><td>(b)</td><td>any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and</td><td>None</td></tr>
<tr><td>(c)</td><td>identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.</td><td>None</td></tr>
<tr><td>(vii)</td><td colspan="2">A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:<br>Description of the method and assumption considered for valuation : Please refer “Annexure -I”</td></tr>
<tr><td>(a)</td><td>the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;</td><td>Please refer “Annexure -II”</td></tr>
<tr><td>(b)</td><td>the method used and the assumptions made to incorporate the effects of expected early exercise;</td><td>Not Applicable</td></tr>
<tr><td>(c)</td><td>how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</td><td>The expected price volatility is determined using annualized standard deviation (a measure of volatility used in Black-Scholes-Merton option pricing) and the historic volatility based on remaining life of the options</td></tr>
<tr><td>(d)</td><td>whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.</td><td>There are no market conditions attached to the grant and vest</td></tr>
</table>

**Annexure-I**

The Company has adopted Black Scholes Merton Model for valuation of ESOPs. We have allotted 100% weight to Black Scholes Merton Model.

Black-Scholes option pricing model (also called Black-Scholes-Merton Model) values a European-style call or put option based on the current price of the underlying (asset), the option's exercise price, the underlying's volatility, the option's time to expiration and the annual risk-free rate of return. The Black- Scholes model values a call option by weighting the current price of the underlying asset with the probability that the stock price will be higher than the exercise price and subtracting the probability weighted present value of the exercise price. The value of a call option at expiration equals the spot price of the underlying asset minus its exercise price (also called the strike price) i.e. at which the option entitles you to purchase the underlying asset.

**Current Stock Price (Underlying Price)**

For the purpose of valuation, current stock price is considered to be INR 119.30/- per share the closing price as on 1st April, 2021 on the stock exchange where higher volume (National Stock Exchange of India Ltd) is traded i.e Rs. 119.30/-.

**Annual Volatility of Stock Price (Standard Deviation)**

For the purpose of valuation of ESOP, the annualised standard deviation of the stock price is considered to be 55.72%, 55.64%, 60.05% and 61.03% for Type I, II, III and IV of options respectively as referred in **'Annexure-II'.**

**Risk Free Rate**

Risk Free return has been considered as Zero Coupon Bond Yield (continuously compounded) for a term equal to the expected option life of the ESOP's, available on The Clearing Corporation of India Limited's (CCIL) website:

(https://www.ccilindia.com/RiskManagement/SecuritiesSegment/Pages/ZCYC.aspx).

**Time remaining till expiration**

As per the ESOP policy of the company, the exercise period is 8 years, from the date of grant. The time period till expiration of option has been calculated separately for each class of option, by using [t = Remaining vesting period + Half of remaining Expiration period after the Vesting period].

**Strike Price**

The strike price of the options is considered as per the ESOP policy of the company i.e. Rs. 105 approved by Nomination and Remuneration Committee.

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**Annexure-II**

| Grant Date | Vesting Date | No. of ESOPs | Risk Free Rate (Continuously compounded) | Volatility (Standard Deviation) | Dividend Yield | Expected option Life (In years) | Value of Option (In INR) |
|---|---|---|---|---|---|---|---|
| 1st April, 2021 | 1st April, 2022 | 24817.90 | 5.49% | 55.72% | 1.79% | 4.50 | 57.97 |
| 1st April, 2021 | 1st April, 2023 | 49635.80 | 5.64% | 55.64% | 1.79% | 5.00 | 60.08 |
| 1st April, 2021 | 1st April, 2024 | 74453.70 | 5.77% | 60.05% | 1.79% | 5.50 | 64.91 |
| 1st April, 2021 | 1st April, 2025 | 99271.60 | 5.90% | 61.03% | 1.79% | 6.00 | 67.29 |

## Annual Report on CSR Activities

**1. Brief outline of the company's CSR policy:**

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

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

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

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

https://www.esterindustries.com/sites/default/files/Corporate_Social_Responsibility_Policy.pdf

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

| S. No. | Name of Director | Designation/ Nature of Directorship | No. of Meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. M S Ramachandran<br>Chairman of the Committee | Independent Director | 4 | 4 |
| 2 | Mr. Ashok Kumar Newatia<br>Member | Independent Director | 4 | 4 |
| 3 | Mrs. Archana Singhania<br>Member | Non-Executive Director and Promoter | 4 | 2 |
| 4 | Mr. Arvind Singhania<br>Member | Executive Director and Promoter (Chairman & CEO) | 4 | 4 |

**3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

https://www.esterindustries.com/committees-board

https://www.esterindustries.com/sites/default/files/Corporate_Social_Responsibility_Policy.pdf

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). –** Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any-**

| S. No. | Financial year | Amount available for set-off from preceding financial years (In Rs.) | Amount required to be set-off for the financial year, if any (In Rs.) |
|---|---|---|---|
| NIL | | | |

**6. Average net profit of the company as per section 135(5).**

Average net profit of the company for last three financial years (2018-19, 2019-20 and 2020-21) is Rs. 12,581.64 Lacs.

**7. (a) Two percent of average net profit of the company as per section 135(5)-** Rs. 251.63 Lacs

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. -** Nil

**(c) Amount required to be set off for the financial year, if any -** Nil

**(d) Total CSR obligation for the financial year (7a+7b-7c) -** Rs. 251.63 Lacs

**8. (a) CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year. (Rs. in Lacs) | Amount Unspent (Rs. in Lacs) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 198.43 | 59.00 | 28th April, 2022 | NIL | | |

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

**(Rs. in Lacs)**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project | Amount spent in the current financial Year | Amount transferred to Unspent CSR Account for the project as per Section 135(6) | Mode of implementation Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1 | Navsrijan Program | (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Yes | Uttarakhand | Udham Singh Nagar | 3 years | 60.00 | 1.00 | 59.00 | No | Saraf Education Society | CSR000 26527 |

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| S. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local Area (Yes/ No) | Location of the Project | | Amount Spent for the Project (Rs. in Lacs) | Mode of Implementa-tion – Direct (Yes/ No) | Mode of implementation – Through implementing agency | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | State | District | | | Name | CSR Registration No. |
| 1 | RO System and Water cooler at Khatima & nearby villages | (i) Promoting Healthcare including preventive health care and sanitation and making available safe drinking water. | Yes | Uttara-khand | Udham Singh Nagar | 35.98 | Yes | NA | NA |
| 2 | Installation of medical equipments at Civil Hospital, Khatima | (i) Promoting Healthcare including preventive health care and sanitation | Yes | Uttara-khand | Udham Singh Nagar | 47.80 | Yes | NA | NA |
| 3 | Installation of medical equipments at Hospital | (i) Promoting Healthcare including preventive health care and sanitation | Yes | Uttara-khand | Udham Singh Nagar | 12.93 | Yes | NA | NA |
| 4 | Expenditure towards heart surgery of a child (1.5 year old) | (i) Promoting Healthcare including preventive health care and sanitation | Yes | Delhi | Delhi | 1.80 | No | Sahyog Care for You | CSR00000210 |
| 5 | Infrastructure improvement at Schools and maintenance of toilets | (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Yes | Uttara-khand | Udham Singh Nagar | 26.06 | Yes | NA | NA |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 6 | Installing computer system at ITI Khatima | (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Yes | Uttara-khand | Udham Singh Nagar | 13.46 | Yes | NA | NA |
| 7 | Providing computer & sewing machines for skill training of economically backward youth | (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Yes | Uttara-khand | Udham Singh Nagar | 8.47 | Yes | NA | NA |
| 8 | Computer training centre catering to needs of youth across disability and those marginalized by gender & socio economic disparities. | (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | Yes | Delhi | Delhi | 2.00 | No | Action for Ability Development and inclusion (AADI) | CSR00001949 |
| 9 | Installation of Solar lights at 5 villages | (x) Rural development projects | Yes | Uttara-khand | Udham Singh Nagar | 38.71 | Yes | NA | NA |
| 10 | Construction of bridge connecting two villages | (x) Rural development projects | Yes | Uttara-khand | Udham Singh Nagar | 6.10 | Yes | NA | NA |
| 11 | Adoption of Water pond | (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water. | Yes | Uttara-khand | Udham Singh Nagar | 4.13 | Yes | NA | NA |

**(d) Amount spent in Administrative Overheads:** Nil

**(e) Amount spent on Impact Assessment, if applicable –** Not Applicable

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e) -** Rs. 198.44 Lacs

**(g) Excess amount for set off, if any:**

| Sl. No. | Particular | Amount (Rs. in Lacs) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 251.63 |
| (ii) | Total amount spent for the Financial Year | 257.44 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 5.81 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NA |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 5.81 |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs) | Date of transfer | |
| 1. | Nil | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the project (in Rs.) | Amount spent on the project in the reporting Financial Year (in Rs) | Cumulative amount spent at the end of reporting Financial Year (in Rs.) | Status of the project - Completed / Ongoing |
| 1. | Nil | | | | | | | |

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

    (a) **Date of creation or acquisition of the capital asset(s).** Not Applicable

    (b) **Amount of CSR spent for creation or acquisition of capital asset.** Nil

    (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.** Not Applicable

    (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).** Not Applicable

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).** Not Applicable

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

Place : Gurugram
Date : 10th August, 2022

Sd/-
**M. S. Ramachandran**
**Chairman of the Committee**

Place : Chennai

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

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

| Name of Director | Ratio of Remuneration director to median remuneration | % increase in Remuneration |
|---|---|---|
| **Executive Director** | | |
| Mr. Arvind Singhania<br>Chairman & CEO | 437:1 | No change |
| Mr. Pradeep Kumar Rustagi<br>Executive Director-Corporate Affairs | 36:1 | 22% |
| Mr. Ayush Vardhan Singhania<br>Whole-time Director | - | - |
| **Non-Executive Director** | | |
| Mr. M S Ramachandran<br>Independent Director | 3:1 | No change |
| Mr. Sandeep Dinodia<br>Independent Director | 3:1 | No change |
| Mr. P S Dasgupta<br>Independent Director | 3:1 | No change |
| Mr. Ashok Kumar Newatia<br>Independent Director | 3:1 | No change |
| Dr. Anand Chand Burman<br>Independent Director | 3:1 | No change |
| Mrs. Archana Singhania<br>Non- Independent Director | 3:1 | No change |
| Mrs. Padmaja Shailen Ruparel<br>Independent Director | 3:1 | No change |

*Note-1.Mr. Ayush Vardhan Singhania has been appointed Whole -time Director w.e.f 1st June, 2021 therefore percentage increase in remuneration in comparison to last year i.e. 2020-21 cannot be given.*

*2. Increase in remuneration of the Company Secretary - 28%. During the financial year 2021-22, the Non-Executive Directors have been paid commission and sitting fee within the limits prescribed under the Companies Act, 2013. The percentage increase if any, in remuneration of Non-Executive Directors has been calculated based on the increase in commission. There is no increase in sitting fee for per meeting of the Board/ Committee. Details of commission and sitting fee paid to Non-Executive Director have been given in Report on Corporate Governance of the Company.*

**II. The percentage decrease in the median remuneration of employees in the financial year –** 10%

**III. The number of permanent employees on the rolls of company –** 663 employees

**IV. Average percentile increase already made in the remuneration of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

Average percentage increase in the remuneration of employees other than managerial personnel in the last financial year is around 36% while there was an average increase of 11% in managerial remuneration. There are various factors to ensure fair remuneration to the employee and managerial personnel including industry trend, individual and company performance, profitability of the Company, existing remuneration, increase given in past etc.

**V.** It is hereby affirmed that the remuneration is as per the remuneration policy of the company.

**VI.** The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report.

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

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

Date : 10th August, 2022
Place : Gurugram

**FORM AOC – 2**

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

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

| | | |
|---|---|---|
| **1.** | **Details of contracts or arrangements or transactions not at arm's length basis:** | |
| | a) Name(s) of the related party and nature of relationship | Nil |
| | b) Nature of contracts/arrangements/transactions | |
| | c) Duration of the contracts / arrangements/transactions | |
| | d) Salient terms of the contracts or arrangements or transactions including the value, if any | |
| | e) Justification for entering into such contracts or arrangements or transactions | |
| | f) Date(s) of approval by the Board | |
| | g) Amount paid as advances, if any | |
| | h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013 | |
| **2.** | **Details of material contracts or arrangement or transactions at arm's length basis:** | |
| | a) Name(s) of the related party and nature of relationship | Nil |
| | b) Nature of contracts/arrangements/transactions | |
| | c) Duration of the contracts/arrangements/transactions | |
| | d) Salient terms of the contracts or arrangements or transactions including the value, if any | |
| | e) Date(s) of approval by the Board, if any | |
| | f) Amount paid as advances, if any | |

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

Date : 10th August, 2022
Place : Gurugram

**ANNEXURE – F**

**Details as per Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014**

## A. CONSERVATION OF ENERGY

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

- Installed Energy Saving Kit on Diffusion Pump of Metalizer #2 resulting into saving of about 117000 units per annum (Rs. 7.96 Lacs).
- Installed Insulation Pad on Extruder Barrel Heaters of Erema #1&2, Palletizing and Engineering Plastics Extruder Line # 1, 2 & 3 for reduction of heat loss, resulting into saving of about 289500 units per annum (Rs. 19.68 Lacs).
- Replaced 20 numbers of fall ceiling light (56W) (600x600mm) and 30 number of fall ceiling light (42W) (600x600mm) by LED Lights (36 Watt), resulting into saving of about 5081 units per annum (Rs. 0.35 Lacs).

**2. <u>Steps taken for utilizing alternate sources of energy:</u>**

As detailed below, since Company is already meeting significant portion of its requirement of energy through alternate sources, it has not taken any additional step during the FY 2021-22 for utilizing alternate sources of energy:

- Power Requirement– Mostly met through Hydro-Electric power supplied by UPCL.
- Steam Requirement – Mostly met through a Bio-Mass (Rice Husk) fueled Steam Boiler.
- Heating Requirement– Mostly met through a Bio-mass (Rice Husk) fueled Thermic Fluid Heater.
- Out of total spend of **Rs. 9167.79 Lacs** on Power & Fuel during the FY 2021-22, only **Rs. 841.75 Lacs** is on fossil fuels, HSD & Furnace Oil.

**3. <u>The capital investment on energy conservation during 2021-22:</u>**

During the year under review, Company has incurred capital investment of about **Rs. 24.15 Lacs** on energy conservation equipments.

## B. TECHNOLOGY ABSORPTION

**1. Efforts made towards technology absorption**

a) Installed a new additional USG 900 Cutter in C.P Plant to increase the CP through put.
b) Installed & commissioned New Holography Plant for development of new products
c) Installed 2 numbers of New DG Set of 1500KVA in place of 1250KVA to improve reliability & efficiency
d) Installed New Upgraded Pining System in Film Line # 2 for better reliability
e) Carried out drive up-gradation from DC to AC drive system in Inline Coater of Film Line # 2.
f) Installed New Maxcool Unit in place of Polycold unit for improvement of Vacuum parameter in Metalizer # 1.
g) Installed VFDs in HTM Circulation Pump#1 & 2 in PH # 4 to enhance reliability & save energy
h) Revamped Cooling Tower by FRP type in place of wooden type to improve efficiency
i) Installed Automatic NOVEC 1230 Fire Safety System in Off Line Coating # 2.
j) Installed Automatic Sprinkler System in Film Finished Goods Warehouse
k) Installed Automatic Sprinkler System on both Belt Conveyors of PH # 5
l) Extended Fire Hydrant Line to BHPET Plant in Specialty Polymers Plant area
m) Extended Fire Hydrant Line to Residential Colony and Transit House

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

Development of new products, improved productivity, operational efficiency and quality.

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

**4. Research and Development –**

| | |
|---|---|
| Sales revenue from products manufactured during R & D | Rs. 4211.22 lacs |
| Expenditure incurred on R & D for production of aforesaid products | Rs. 2479.60 lacs |
| Net Revenue earned from R & D activities | Rs. 1731.62 lacs |

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

| | | 2021-22 | 2020-21 |
|---|---|---|---|
| 1. | Earnings – FOB Value of Exports | Rs. 38546.05 lacs | Rs. 26660.39 lacs |
| 2. | Outgo – CIF Value of Imports | Rs. 30748.17 lacs | Rs. 17724.92 lacs |

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

Date : 10th August, 2022
Place : Gurugram

# MANAGEMENT DISCUSSION AND ANALYSIS

**Overview**

Over the last two years, the world witnessed unprecedented disruption to human life & economic activity across the globe. Vaccination drives, supportive macroeconomic policies & favorable business environment all over the globe prove to be a catalyst for global economy returning to normalcy. As per IMF estimates, global growth in 2021 stood at 6.1% versus a decline of 3.1% in 2020. Emerging markets & developing economies continued to record a faster pace of growth at 6.8% versus 2% decline in 2020. The recovery momentum was, however, weakened in due course of the year by new strains of the virus and an unprecedented spike in commodity prices due to global supply chain disruptions. In February 2022, Russia-Ukraine conflict led to sharp escalation in agriculture, fuel and crude linked commodity prices resulting in increased inflationary pressures on global economy. As per IMF, global inflation in 2022 is projected at 7.4% which is the highest in over two decades. According to the latest IMF estimates, aggregate global economic growth is estimated at 3.6% in 2022 wherein advance economies are projected to grow at 3.3% and emerging economies are estimated to grow by 3.8% impacted by muted growth in China & sharp decline in Russia.

Amidst such a challenging backdrop, the Indian economy rebounded during the year by 8.9%. The recovery was however, uneven with different sectors of the economy and income classes experiencing varying degrees of impact. India recorded all time high GST collection of INR 1.68 Lac Crores in April 2022 indicating strong economic activity supported by country's merchandise exports recording a high of USD 418 Billion in the FY 2021-22. While IMF projected a drop in India's growth at 6.9% in FY 2023, Indian economy continues to remain one of the most dynamic economies of the world promising immense growth opportunity.

Despite the challenging macro environment, your company has been able to perform well in FY 2021-22. Company's revenue stood at INR 1,406 Crores as against INR 992 Crores last year recording a growth of 42%. EBIDTA of the year stood at INR 252 Crores as against INR 244 Crores last year. All businesses contributed in delivering top line growth & profitability. Specialty Polymer Business delivered its best ever top line & bottom line numbers.

**Operational Performance**

**Business Segment: Polyester Films Business**

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

**Industry Overview**

**Global Market: Demand**

Over the last five years, regional demand growth rates have been varied greatly. Asian countries account for 77% of global demand for BOPET film and this dominant position is expected to remain broadly consistent over the next five years. China and India continue to be the driving forces of global BOPET film market. Even during peak pandemic period, BOPET film markets proved resilient and continued to grow comfortably above global average. Global BOPET film market demand has grown by 5% p.a. during 2016-21, despite the impact of the pandemic. In 2016-21, the BOPET film market saw 1.75 MT of new capacity additions.

**Global BOPET film demand by film type**

| Film Type | 2016 (KT) | 2021 (KT) | CAGR (2016-21) |
|---|---|---|---|
| Thick 50 micron+ | 993 | 1,086 | 1.8% |
| Thin < 50 micron | 3,435 | 4,573 | 5.9% |
| Global Demand | 4,428 | 5,659 | 5.0% |

**Global BOPET film demand by end use**

| End use application | 2016 (KT) | 2021 (KT) | CAGR (2016-21) |
|---|---|---|---|
| Electrical / electronic | 668 | 782 | 3.2% |
| Imaging & graphics | 208 | 190 | -1.8% |
| Other industrials | 964 | 1155 | 3.7% |
| Packaging | 2588 | 3531 | 6.4% |
| Global Demand | 4428 | 5659 | 5.0% |

In 2021, the global market consumed 4.6 MT of thin films. By far the largest end use was flexible packaging, which accounted for 74% of the total volume of thin films used. Over the last five years, the global thin film market has grown by an average of 5.9% p.a. despite weakened demand in mature markets suffering from sluggish economic growth pre-pandemic. Asia continues to dominate as a key BOPET film exporter to the world. The pandemic brought new challenges to global supply chains and severely disrupted trade flows across the globe. On the contrary, despite trade disruptions, India remained in a stronger position to fulfil global BOPET supplies. This trend is expected to gain further momentum as high energy prices in the West will put strain on producers in the west to remain competitive.

**Global BOPET thin film market by region – 2021 (KTs)**

| Region | Capacity | Production | Demand |
|---|---|---|---|
| **China** | 3152 | 2237 | 2074 |
| **Asia (excluding China)** | 1938 | 1456 | 1439 |
| **North America** | 330 | 271 | 472 |
| **Latin America and the Caribbean** | 133 | 98 | 68 |
| **Middle East** | 175 | 88 | 39 |
| **Africa** | 79 | 53 | 56 |
| **Europe** | 432 | 327 | 369 |
| **Russia and the Caspian** | 47 | 43 | 53 |
| **Global BOPET thin film market** | 6287 | 4573 | 4573 |

**Global BOPET thin film Market: Capacity**

The global thin film market is about 6.2 MT. There are several capacity expansions announced in the next 2-4 years and this is required to meet the expected demand growth. Bulk of the new capacity is coming up in India and China which is in line with global capacity share. However, exports from China are insignificant due to high tariff barriers & limited product range. Given high energy prices in western world, older/inefficient lines will not be able to compete with the new wider and high productivity lines.

**Global BOPET film capacity**

| BOPET film | 2016 (KT) | 2021 (KT) | 2026 (KT) |
|---|---|---|---|
| **Capacity** | | | |
| **: Thick** | 1517 | 1928 | 2607 |
| **: Thin** | 4947 | 6287 | 9310 |
| **Production** | | | |
| **: Thick** | 993 | 1086 | 1368 |
| **: Thin** | 3435 | 4573 | 5858 |

**Indian Market**

Domestic demand continued its growth momentum with the help of strong demographic factors such as (1) increasing disposable income levels, (2) rising consumer awareness and demand for processed food, (3) the multinational giants taking rapid strides in the food, beverages, cosmetics & toiletries (4) pharmaceuticals space (5) Increasing exports of flexible packaging laminates from India. Like all business flexible packaging business also face some headwinds in terms of rising commodity prices leading higher working capital requirement throughout the value chain. Many FMCG companies amended their packaging sizes to weather the impact of cost increases. Despite all the challenges domestic demand continued its growth trajectory by recording a growth of 11-12% CAGR over the last five years as against global growth of 5-6% CAGR during the same period.

One new BOPET started operations during FY 22, with this new line the total production capacity of thin BOPET film in India reached at 780 KT per annum. There are few lines which will come on stream during the course on FY23 which are likely to amend demand supply dynamics in the short to medium term.

**Performance Overview (FY 2021-22)**

FY 2021-22 has been a good year for the BOPET film business. All plants maximized their production, created new benchmarks and improved product mix. We recorded highest ever production and sales of BOPET films despite significant maintenance shut downs. The sales volume of the BOPET film business in FY21-22 was 58,151 MT as compared to 56,366 MT over last year. Total sales turnover grew by 20.9%. The margin came under pressure (1) due to commissioning of new capacities in India and abroad (2) higher fuel costs and (3) higher freight expenses. However, the impact on margin was partly offset by cost rationalization initiatives, production and process efficiencies. In order to expanding proportion of value added and specialty products, we launched several new products and grew proportion of value added and specialty products.

Ester is committed to increase the proportion of value added & specialty products in overall product mix driven by innovation and R&D efforts. There has been a significant improvement in product mix with higher share of value-added products. During the last financial year, the company commissioned Holography capacity and approved another capital expenditure for putting up new offline coating capacity.

Ester is continuously focusing on its sustainability efforts and is proud to announce that we now offer full range of BOPET Films made from Post-consumer recycled material with recycled content going up to 100 percent.

**Outlook**

As mentioned, the demand for BOPET film in India continues to grow at approximately 11-12 percent with global demand for Thin PET films is expected to grow at a CAGR of about 5-6% per annum over the next few years. In recent times, several new film line expansions have been announced in India and globally. These new capacity expansions will keep a pressure on the utilization levels for the industry keeping pressure on margins. This coupled with the high energy cost in the western world is likely to prompt closure of older / inefficient lines.

Ester remains committed to focus on its strategy towards

- Higher scale and cost-efficient operations
- Expanding value added and specialty products
- Diversifying into sustainable solutions
- Incorporating industry best practices for continuous improvement and better profitability

In line with our strategy of higher scale and cost-efficient operations, Ester is on track to commission its new high output line at Telangana in the month of Oct-2022. We have enhanced our manufacturing capability for producing Metalized paper, Holography films. These capabilities will help us expand our share of value added and specialty products.

Ester remains committed to its sustainability agenda by promoting the use of recycled content in flexible packaging.

Ester is continuing its journey by offering the widest range of BOPET films with recycled content going up to 100%.

## Business Segment: Engineering Plastics Business

### The Product

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

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

### Industry Overview

The global engineering plastics market, estimated at USD 99 Bn in 2021 (*based on various industry reports*), is slated to grow at a CAGR of ~3-4% over the next 5 years. COVID-19 variants and waves in various countries are expected to have lesser effect on the global economy but the rising inflation, higher interest rates resulting in tight money supply is expected to impact the global economy in 2022. In the year 2021-22 two COVID waves, supply chain disruptions, Ukraine war and super commodity cycle have resulted in the unprecedented price increase in almost all the polymers. FY 2022-23, we expect the commodities super cycle will reverse and the price of all the polymers will start falling due to expected poor demand from the end user segment.

The automotive segment – the largest end-use segment – saw a weak demand for two wheelers and a small recovery for four wheelers in 2021-22 due to lower H1 numbers (impact of Covid-19 in Q1 of 2021-22) and shortage of auto electronic components. The domestic automotive segment witnessed a small recovery in 4W segment v/s 2020-21, however 2W segment production in 2021-22 was lowest in last five years. Over all auto segment numbers are much lower than FY 2018-19 i.e. pre-Covid numbers.

There is a big shift expected in the Auto Industry based on GOI initiative of **Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India).** This requires Application development capabilities for the Engineering Plastics Industry. As Indian manufacturer we are lagging far behind the big MNC’s on application development, which needs huge capital expenses in equipment and specialist manpower.

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

Domestic switch gear industries performance in general in 2021-22 was ~8% less as compared to 2020-21.

According to various market research reports on switchgear market size is projected to grow at a CAGR of 6.7% during 2020-2026. Increasing foreign direct investment in power sector and booming infrastructure development especially in energy sector are the key factors driving the market of switchgear in India. Moreover, increasing infrastructure advancement including smart cities and rising number of solar power plants would bode well for the demand for switchgears during the forecast period. Low voltage switchgear acquired the largest revenue share in the overall India switchgear market

Indian OFC market demand was lower by about 35% in 2021-22 as compared to 2020-21 due to fewer tenders from BSNL and the major requirement of Work from home (need for better connectivity) was catered in FY 2020-21. As per the various researches the OFC market demand in India is expected to grow by about 20% in next 4 to 5 years.

### Key drivers for Industry Growth

- Large order book for four wheeler manufacturers, certain models are available with more than 1 year waiting period.
- Upward trend in the demand for Electric Vehicles, many countries have pushed various incentives for the same.
- Regulatory pressure driving demand for recycled/recyclable materials in developed countries.
- Electrification programs such as “24x7 Power for All” expected to fuel growth in the India switchgear market.
- Enhanced usage of high performance plastics with increasing application in the Medical industry
- 5G network deployment to support increased data traffic and emerging technologies such as 5G, IoT, Smart City & AI expected to drive OFC demand.

While overall demand in the next few months of the current year may get impacted by lower demand from the end user segment but in the long run market is poised for a growth.

### Performance Overview

FY 2021-22 was a very good year for Ester’s Engineering Plastics SBU. In the domestic market, the overall automotive numbers were similar to FY21, the Electrical industry and Optical Fiber Cable industry declined by 8% and 35% respectively. Ester’s Engineering Plastics SBU registered growth of 44%. The growth in value terms was on account of 68% improvement in unit selling price (*compared to the previous year*)

While overall volumes into the domestic market registered de-growth of ~22% mainly on account of OFC grades, Exports volumes grew by ~36%.

Ester’s EP business has registered a growth, with the 5-year CAGR (FY 17 to FY 22) at 15.4% and 1.2% in value and volumetric terms respectively.

### Key Initiatives for Sustainable Long-term Business

- Build on relationship with OEMs & Tier-1/2 customers and secure approvals
- Work towards enhanced profitability

- Productivity/efficiency improvement
  - Variable cost reduction initiatives
  - Enhanced customer / product mix
- Continued focus on expanding global footprint
- Shift Manufacturing base to Halol (Gujarat) by Q3 of 2022-23 for enhanced supply chain efficiency.
- Continue to focus on new product/application development projects. Expertise of Radici Group in New Product Development/ Application development field would be a boon to this initiative.

**Decision to Divest:**

On 6th May, 2022, the Company has entered into Business Transfer Agreement (BTA) for slump sale of its Engineering Plastics Business as a 'Going Concern' for a consideration of Rs. 289.33 Crores (subject to adjustments specified in the BTA and other agreements). Date of completion of sales (closing) is subject to certain conditions precedent which are required to be completed on or before 15th October 2022.

Engineering Plastics business is non – core business for the Company. The divestment of Engineering Plastics business will further strengthen the Balance Sheet / Financial Position and allow faster growth & focus on its core competencies in Polyester Film and Specialty Polymers businesses.

**Business Segment: Specialty Polymer Business**

**Overview**

Specialty Business is a unique business model catering to the needs of high-performance material used in wide spectrum of applications such as carpets, textiles, food & beverages, consumer electronics, automobiles, industrial etc. which cannot be met by commodity grades.

Ester has created a unique position for itself by developing the technology of all the products in-house and protected by global patents. The journey for Specialty Polymer business began almost a decade ago and we learnt the hard way that the gestation period of technology business is much longer than expected. The upside however is that, once the product and technology is accepted by the customers/ end users, the results are extremely profitable and long lasting. Over a period of time, Ester have filed more than 20 patent applications out of which 14 patents have been granted and many others are under prosecution.

The business performed exceptionally well during FY 2021-22. Most of the products recorded their best ever sales numbers. On our new product pipeline, our technology team continued with its determination for finding solution for various latent needs of multiple application segments.

**Performance Overview (FY 2021-22)**

The business performed exceptionally well on the back of strong demand for most of our products. Volume grew by 55% and Sale turnover recorded a growth of nearly 200%. EBIT margins recorded a growth of over 300%.

Our key product MB-03, which find application in commercial carpets segment, recorded its best ever sales. Innovative PBT volumes continued with its growth momentum by recording its best ever sales number in this year. Our product MB07, which helps to make polyester dyeable with deeper and darker colors, had an impressive start with sizeable commercial volumes. During the course of the year, we commissioned our rPET extruder and starting our market development process. Ester's board has approved a capital expenditure for enhancing manufacturing capability of Specialty polymers business with an investment of Rs 80 Crores. This capacity expansion will help us in offering wide range of product portfolio and will add to the flexibility in our manufacturing operations.

**Outlook**

Despite varying economic recovery across the globe, higher inflation, higher crude linked commodity prices & supply chain bottlenecks, we anticipate continued growth momentum in all the product segments of specialty polymers. With sustainability as a core development theme, the business will continue in its endeavor to deliver enhanced value to its growing customer base and application segments.

1. MB07 deep-dyeable master batch: Commercial volumes has already started moving and we expect the product to contribute sustainable volumes in times to come.
2. Innovative Polybutylene Terephthalate (PBT): Catering largely to the consumer electronics industry, it has witnessed significant sales growth in last few years and we expect the volumes to continue to increase year after year.
3. Low Melt Polymer: It continued to go through various stages of technical approval and we are happy to inform that significant headway has been made in this product as well. This product was specifically designed to achieve the sustainability goals of our customers by making their products fully recyclable. This is in line with your company's goal of contributing towards circular economy. The product demand outlook from the customers looks very strong and we are sure that significant volumes of this product will contribute to the top line and the bottom line of the business in next 2-3 years.
4. Cationic dyeable master batch: Substantial progress has been made in this product and we expect regular commercial volumes to commence in the current year with significant volumes in the coming years.
5. Recycled Polyester, Various grades of products are under various stage of testing across a wide range of applications such as bottles, Filaments, Film, Fiber etc.

With the commission of new investments undertaken last year, the business will continue for broadening its customer base, enhancing sales velocity and developing new innovating offerings to maintain a healthy product pipeline.

Overall with our continued focus on product development and commissioning of new investments, the business is well placed to create value for our shareholders.

## BUSINESS & FINANCIAL PERFORMANCE

| | Quantity Produced (MT) (During FY 2021-22) | Quantity Produced (MT) (During FY 2020-21) | Growth |
|---|---|---|---|
| Polyester Chips | 68353 | 55170 | 23.90% |
| Specialty Polymers | 4683 | 2259 | 107.30% |
| PET Film – Non Metallized | 58341 | 57039 | 2.22% |
| PET Film – Metallized | 11212 | 10549 | 6.61% |
| Engineering Plastics | 12188 | 13658 | (10.76%) |

| | Quantity Sold (MT) (During FY 2021-22) | Quantity Sold (MT) (During FY 2020-21) | Growth |
|---|---|---|---|
| Polyester Chips | 11648 | 746 | 1461.39% |
| Specialty Polymers | 3601 | 2316 | 55.48% |
| PET Film – Non Metallized | 46865 | 45788 | 2.35% |
| PET Film – Metallized | 11286 | 10549 | 6.99% |
| ***Sub Total – PET Film*** | ***58151*** | ***56337*** | ***3.22%*** |
| Engineering Plastics | 11530 | 13419 | (14.08%) |

| | Net Sales Value (Rs. in Lacs) (During FY 2021-22) | Net Sales Value (Rs. in Lacs) (During FY 2020-21) | Growth |
|---|---|---|---|
| Polyester Chips | 9534.82 | 423.05 | 2153.83% |
| Specialty Polymers | 17637.73 | 5999.37 | 193.99% |
| PET Film – Non Metallized | 66756.83 | 55356.01 | 20.60% |
| PET Film – Metallized | 19430.86 | 15910.84 | 22.12% |
| ***Sub Total - PET Film*** | ***86187.69*** | ***71266.85*** | ***20.94%*** |
| Engineering Plastics | 29611.78 | 20512.26 | 44.36% |
| Others | 546.25 | 1582.39 | (65.48%) |
| **Total** | **143518.27** | **99783.92** | **43.83%** |
| Rebates & Discounts | 4292.90 | 1298.39 | 230.63% |
| **Total Net Sales** | **139225.37** | **98485.53** | **41.37%** |

| | (Rs. in Lacs) (During FY 2021-22) | (Rs. in Lacs) (During FY 2020-21) | Growth |
|---|---|---|---|
| EBITDA | 25177.44 | 24375.24 | 3.29% |
| PBT | 18835.08 | 18997.85 | (0.86%) |
| PAT | 13886.13 | 14207.77 | (2.26%) |
| Other Comprehensive Income | (10.97) | (24.96) | - |
| Total Comprehensive Income | 13875.16 | 14182.81 | (2.17%) |

Main factors contributing towards sustained performance of the company are improvement in the performance of Specialty Polymer and Engineering Plastics business. with both SBUs compensating for lower performance of Film business

Net sales value during the year under review stood at Rs. 1392.25 crores as compared to Rs. 984.86 crores during FY 2020-21, an increase of 41.37% on account increase in per unit selling price in products of all businesses and increase in volume of sales of Specialty Polymers and Polyester Film. Another factor for increased sales value was resumption of sales of Polyester Chips post restoration of Primary Heater #5 that caught fire in March 20.

EBIT for the Film business reduced from Rs. 218.71 crores to Rs. 152.59 crores despite marginally higher volume of sales.

Specialty Polymer business witnessed major revival during FY 2021-22. The business registered healthy growth in both revenues and profitability. Revenue from operations increased by 190.9% from Rs. 59.34 crores to Rs. 172.64 crores while sales in volumetric terms increased by 55.5%. EBIT margin for the business improved from 23.2% to 32.2% on account of better product mix.

In Engineering Plastics SBU, on account of higher selling prices, revenue from operations increased from Rs. 204.99 crores to Rs. 295.41 crores, an improvement of 44.1% though sales in volumetric terms reduced by 14.1% from 13419 MT to 11529 MT mainly due to reduction in volumetric sales of OFC grade engineering plastics.

The higher increase in value terms was on account of ~68% increase in unit selling price (compared to the previous year) consequent to the steady rise in polymer prices and more than proportionate rise in margins. EBIT from the business improved from Rs. 40.65 crores to Rs. 68.22 crores - EBIT margin improving from 19.8% to 23.1%. EBIT margins that started to improve from September 20 quarter reached its peak during June 21 quarter and then started to gradually moderate with business witnessing almost normal margins during March 22 quarter.

Due to repayment of term borrowings strictly as per repayment schedule, the financial leveraging indicated by Total Outside Liabilities : Total Equity ratio stand at 0.70 as at 31st March 2022. The book value per equity share stood at Rs. 75.31

**Key Financial Ratios**

| Particulars | 2021-22 | 2020-21 | Change % | Remarks |
|---|---|---|---|---|
| Current Ratio | 1.89 | 1.93 | (2.00%) | Marginal variation |
| Debt Equity Ratio | 0.51 | 0.40 | (26.55%) | Due to new term loans availed for capital expenditure & other applications, higher utilization of WC limits consequent to significant increase in gross current assets |

| Particulars | 2021-22 | 2020-21 | Change % | Remarks |
|---|---|---|---|---|
| Debt Service Coverage Ratio | 2.49 | 4.82 | (48.39%) | Due to larger denominator on account of higher interest and higher repayment obligation |
| Return on Equity | 24.25% | 30.73% | (21.07%) | Net Profit after Tax (NPAT) in absolute terms was marginally lower than last year but due to increase in average shareholders' equity, the ROE reduced by 21.07%. |
| Inventory Turnover | 5.19 | 4.13 | 25.5% | Due to increase in the prices of raw materials which are primarily petrochemical based products. |
| Trade Receivables Turnover Ratio | 8.08 | 7.23 | 11.74% | Variation is on account of change in the proportion of sales of each SBU in the total sales of the company and also on account of change in customer mix & product mix |
| Trade Payables Turnover Ratio | 22.04 | 17.77 | (24.03%) | Trade payables did not increase in the same proportion as the purchases. This was so because of LCs were provided in the month of March 2022 for procurement of raw material. |
| Net Capital Turnover Ratio | 6.18 | 5.82 | 6.24% | Marginal variation |
| Net Profit Ratio | 9.97% | 14.43% | (30.86%) | NPAT in absolute terms is almost same as last year but due to higher sales value (on account of increase in per unit selling price consequent to increase in feedstock prices), Net Profit ratio reduced by 30.86% |
| Return on Capital Employed | 22% | 28% | (21.11%) | NPAT in absolute terms is almost same as last year but due to higher TNW, new term loans availed for capital expenditure & other applications, higher utilization of WC limits consequent to significant increase in gross current assets, ROCE reduced by 21.11%. |

**Detailed explanation of ratios**

**(i) Current Ratio**

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

**(ii) Debt Equity Ratio**

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

**(iii) Debt Service Coverage Ratio**

The above ratio is used to evaluate debt service capability of the Company. Higher ratio indicates better debt service capability. It is measured by dividing the sum total of NPAT, Non-cash operating expenses like depreciation & other amortizations, interest on term loans & lease liabilities and other adjustments like loss on sale of fixed assets etc. by sum total of Interest & lease payments and Principal Repayments during the year.

**(iv) Return on Equity (%)**

Return on Equity (ROE) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing NPAT for the year by average shareholders' equity. Average shareholders' equity is calculated by dividing sum total of shareholders' equity at the beginning and at the end of the year by two.

**(v) Inventory Turnover**

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

**(vi) Trade Receivables Turnover Ratio**

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

**(vii) Trade Payables Turnover Ratio**

The above ratio is used to quantify a Company's effectiveness in being able to use trade payables or money owed to suppliers as source for financing working capital needs of the Company. It is calculated by dividing Net Purchases by Average Trade Payables. Net purchases are sum total of cost of material consumed, consumption of stores & spares, consumption of packing material, power & fuel and increase / decrease in raw material & stores & spares inventories.

**(viii) Net Capital Turnover Ratio**

It is calculated by dividing Net Sales by Working Capital.

**(ix) Net Profit Ratio (%)**

The Net Profit Ratio is equal to how much net income or profit is generated as a percentage of Net Sales. It is calculated by dividing NPAT for the year by Net Sales during the year

**(x) Return on Capital Employed (ROCE) (%)**

Return on Capital Employed (ROCE) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing NPAT for the year by capital employed. Capital employed is sum total of Tangible Net Worth, Total Debt and Deferred Tax Liability

**Risk Management**

In Ester, Risk Management Committee reviews and evaluates the identified risks, their probability of occurrence and impact. It is understood that risk is an integral part of any business. The aim of the Risk Management Committee is to detail the objectives and principles of risk management along with an overview of the risk management process and related roles and responsibilities. The framework covers inter alia process, governance and execution of the risk management plans. The risk management system has laid down following steps – identification of risks that matter, assessment of impact of identified risks, prioritization of risks with high impact, developing & monitoring mitigation plan. Under the policy & process document, a monitoring process has been institutionalized to ensure periodic review of organization risk profile, identify emerging risks, their classification into various categories viz: Strategic, Financial, Operational and Compliance, and assess the implementation status of mitigation plans. Considering the current volatile and dynamic environment, identified risks and the progress in the implementation of mitigation plans to manage the identified / inherent risks are reviewed and if required, the risks and the mitigation plans are modified to align with the changed scenario / environment.

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

**Intellectual Capital**

The business environment has undergone a remarkable set of changes in the last decade and more particularly in last 3 – 4 years. Industry and businesses worldwide are striving to formulate strategies, sharpen operations, bring down costs, improve quality and differentiate products to increase their worth in the market. This is an era of continuous improvement in thoughts & processes, which is the only way to move towards competitiveness.

All these changes in the competitive environment demand that we transform ourselves to become the first choice of customers in terms of time, quality and price. Further, it is also important that we build our efficiencies in all the category of resources to enhance customer value creation and elimination of waste.

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

Roles and performance parameters are being re-defined for teams and individuals from time to time keeping in view the very dynamic external environment. The roles are re-defined for improving Company's performance as well as for career growth of individuals. Technology is being taken to the front line level far beyond the current boundaries to track and monitor performance on a regular basis.

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

**Cautionary statement**

Statements in this section relating to future status, events, circumstances, plans and objectives are forward – looking statements based on estimates and anticipated effects of future events. Such statements are subject to risks and uncertainties and accordingly are not predictive of future results. Actual results may differ materially from those anticipated in the forward – looking statements. The Company cannot be held responsible in any manner for such statements. The company undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

# REPORT ON CORPORATE GOVERNANCE

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

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

This corporate governance report sets out the governance framework adopted by the Board of Ester Industries Limited and highlights the key activities during the year.

In its approach to governance, the Board embraces best practices in the area of Corporate Governance to ensure the attainment of highest levels of transparency, accountability and equity in all the facets of its operations and in all its interactions with its stakeholders. The Board continues to hold and augment the standards of Corporate Governance by ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities.

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

**1. Board of Directors**

The Board of the Company is constituted in compliance with the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations, 2015”) and in accordance with best practices in Corporate Governance with an optimum combination of Executive, Non- executive and Independent directors, having a pool of collective knowledge from various disciplines like Engineering, Finance, Legal, Business Management, Corporate Planning etc. on its board.

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

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

**Composition of the Board**

| Category | Name of Directors |
|---|---|
| **Non- Independent Directors** | **Executive Directors**<br>Mr. Arvind Singhania, Chairman & CEO (Promoter Category)[1]<br>Mr. Pradeep Kumar Rustagi, Executive Director- Corporate Affairs<br>Mr. Ayush Vardhan Singhania, Whole-time Director (Promoter Category)[1]<br><br>**Non- Executive Director**<br>Mrs. Archana Singhania (Promoter Category)[1] |
| **Independent Directors** | Mr. M. S. Ramachandran<br>Mr. Ashok Kumar Newatia<br>Dr. Anand Chand Burman<br>Mr. P. S. Dasgupta<br>Mr. Sandeep Dinodia<br>Mrs. Padmaja Shailen Ruparel |

Note – *1. Mrs. Archana Singhania is wife of Mr. Arvind Singhania and Mr. Ayush Vardhan Singhania is son of Mrs. Archana Singhania & Mr. Arvind Singhania. Apart from them no Director is related to any other Director on the Board in terms of the definition of ‘Relative’ given under the Companies Act, 2013 read with the rules made thereunder*

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

The Board of Directors and its committees meet at regular intervals. 8 (Eight) Board Meetings were held during the year 2021-22 on 1st April 2021, 18th May, 2021, 9th August, 2021, 2nd September, 2021, 27th September, 2021,12th November, 2021, 6th January 2022 and 3rd February 2022. Last Annual General Meeting (AGM) of the Company was held on 27th September, 2021.

| Name of the Director | Designation | Attendance Particulars | | No. of directorships in other Companies[1] | | No of Membership/ Chairmanship of Committees in other Companies[2] | |
|---|---|---|---|---|---|---|---|
| | | Board Meeting | Last AGM | Board Membership | Chairperson of the Board | Committee Membership | Chairperson of Committees |
| Mr. Arvind Singhania | Chairman & CEO | 8 | Yes | 3 | 1 | None | None |

| Name of the Director | Designation | Attendance Particulars | | No. of directorships in other Companies[1] | | No of Membership/ Chairmanship of Committees in other Companies[2] | |
|---|---|---|---|---|---|---|---|
| | | Board Meeting | Last AGM | Board Membership | Chairperson of the Board | Committee Membership | Chairperson of Committees |
| Mr. Ashok Kumar Newatia[3] | Independent Director | 8 | Yes | None | None | None | None |
| Mr. M S Ramachandran[3] | Independent Director | 7 | Yes | 2 | 1 | None | None |
| Dr. Anand Chand Burman | Independent Director | 3 | No | 5 | None | None | None |
| Mr. P S Dasgupta | Independent Director | 5 | Yes | 8 | None | 5 | 3 |
| Mr. Sandeep Dinodia | Independent Director | 7 | Yes | 2 | None | 2 | 1 |
| Mrs. Padmaja Shailen Ruparel | Independent Director | 7 | Yes | 1 | None | 1 | None |
| Mrs. Archana Singhania | Non- Executive Director | 6 | No | None | None | None | None |
| Mr. Pradeep Kumar Rustagi | Executive Director – Corporate Affairs | 8 | Yes | 1 | None | 1 | None |
| Mr. Ayush Vardhan Singhania[4] | Whole-time Director | 5 | Yes | 2 | None | None | None |

*Note –*

*1. The other Directorships held by Directors as mentioned above do not include directorships of Private Limited Company, Directorship in the Company incorporated outside India and Companies as per Section 8 of the Companies Act, 2013.*

*2. As required in the SEBI (LODR) Regulations, 2015, the disclosure includes memberships/ chairpersonship of Audit Committee and Stakeholders' Relationship Committee in Indian public companies (listed and unlisted) only.*

*3. Mr. Ashok Kumar Newatia and Mr. M S Ramachandran had attained the age of seventy-five years and a special resolution pursuant to Regulation 17(1A) of SEBI (LODR) Regulations, 2015 was passed by the shareholders in their meeting held on 24th September, 2018.*

*4. Mr. Ayush Vardhan Singhania was appointed as Whole-time Director w.e.f. 1st June, 2021.*

**Directorship in Listed Companies (other than Ester Industries Limited) as on 31st March, 2022**

| S. No. | Name of the Director | Name of the Other Listed Entities | Category of Directorship |
|---|---|---|---|
| 1 | Mr. Arvind Singhania | Lemon Tree Hotels Limited | Independent Director |
| 2 | Mr. Ashok Kumar Newatia | Nil | NA |
| 3 | Mr. M S Ramachandran | Supreme Petrochem Ltd. | Independent Director |
| | | ICICI Prudential Life Insurance Co. Ltd. | Independent Director- Chairman |
| 4 | Dr. Anand Chand Burman | Dabur India Ltd. | Alternate Director |
| 5 | Mr. P S Dasgupta | Cummins India Ltd. | Independent Director |
| | | Maral Overseas Ltd. | Independent Director |
| | | RSWM Limited | Independent Director |
| | | Timken India Ltd. | Independent Director |
| | | Vindhya Telelinks Limited | Independent Director |
| 6 | Mr. Sandeep Dinodia | The Hi-Tech Gears Limited | Independent Director |
| | | Sandhar Technologies Limited | Independent Director |
| 7 | Mrs. Archana Singhania | Nil | NA |
| 8 | Mr. Pradeep Kumar Rustagi | Nil | NA |
| 9 | Mrs. Padmaja Shailen Ruparel | Nil | NA |
| 10 | Mr. Ayush Vardhan Singhania | Nil | NA |

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

**Key Board Skills/ Expertise/ Competence**

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

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

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

| S. No. | Name of Director | Core Skills/ Expertise/ Competence |
|---|---|---|
| 1 | Mr. Arvind Singhania | Expertise in Company's business activities, industry and competition, Leadership, Corporate Governance and Compliance, Technical Skills, Risk Management, Sales & Marketing Social Responsibility, Business Planning & Strategy |
| 2 | Mr. Ashok Kumar Newatia | Corporate Governance and Compliance, Technical Skills, Risk Management, Social Responsibility |
| 3 | Mr. M S Ramachandran | Corporate Governance and Compliance, Leadership, Sales & marketing, Social Responsibility, Business Planning & Strategy, Risk Management |
| 4 | Dr. Anand Chand Burman | Corporate Governance and Compliance, Technical Skills, Leadership, Sales & Marketing, Risk Management, Business Planning & Strategy |
| 5 | Mr. P S Dasgupta | Legal, Finance, Corporate Governance and Compliance, Risk Management |
| 6 | Mr. Sandeep Dinodia | Finance, Taxation, Account, Corporate Governance and Compliance, Risk Management |
| 7 | Mrs. Archana Singhania | Corporate Governance and Compliance, Social Responsibility, Risk Management |
| 8 | Mr. Pradeep Kumar Rustagi | Finance & Banking, Taxation, Account, Corporate Governance and Compliance, Leadership, Risk Management |
| 9 | Mrs. Padmaja Shailen Ruparel | Corporate Governance & Compliance, Finance, Leadership, Risk Management |
| 10 | Mr. Ayush Vardhan Singhania | Leadership, Corporate Governance, Technical Skills, Sales & Marketing Social Responsibility, Business Planning & Strategy. |

**Board procedure and functioning**

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

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

- Annual operating plans of the business, revenue and capital budgets, acquisitions etc.
- Quarterly results of the company and its business segments
- Quarterly Operational Performance Report of the Company and its business segments
- Minutes of the Board Meeting and all Committee Meetings
- Information on recruitment and remuneration of Senior Management Personnel including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the listed entity, or substantial non- payment for goods sold by the listed entity.
- Any issue involving possible public or product liability claims of substantial nature,
- Significant development on the human resources and industrial relations front.
- Details of any investment, merger, joint venture or collaboration agreement, if any.
- Sale of material nature of investments, subsidiaries assets, which are not in normal course of business.
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Risk assessment, mitigation plan and minimization procedure.

**Familiarisation Programme**

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

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

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

https://www.esterindustries.com/sites/default/files/Final%20Familiarisation%20Programme.pdf

**Statutory Compliance**

The Board quarterly reviews the Compliance Report of the law applicable to the Company as well as the steps taken by the company to rectify the instances of non-compliance, if any.

**Compliance of Code of Conduct**

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

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

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

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

**Meeting of Independent Directors**

During the year, a separate Meeting of the Independent Directors was held on 3rd February, 2022 to review the performance of the Chairperson, Directors and the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the company management and the Board, necessary for the Board to effectively and reasonably perform their duties.

**Recommendation of the Committee of Board**

During the financial year 2021-22, there was no such recommendation of any Committee of the Board, which was not accepted by the Board.

**Certification from Company Secretary in Practice**

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

**2. Audit Committee**

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

All members of the audit committee are knowledgeable in finance, banking, accounts and company law matters etc.

Minutes of each audit committee meeting are placed before the board and discussed in depth.

The terms of reference stipulated by the Board to the Audit Committee inter-alia includes the following:

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

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

During the year 2021-22, the Audit Committee has met on 18th May, 2021, 9th August, 2021, 27th September 2021, 12th November 2021, 6th January 2022 and 3rd February 2022.

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

| Name of Members | Category | No. of Meetings held | Attendance of the Members |
|---|---|---|---|
| Mr. Sandeep Dinodia, Chairman of the Committee | Independent Director | 6 | 6 |
| Mr. M S Ramachandran, Member | Independent Director | 6 | 6 |
| Mr. Ashok Kumar Newatia, Member | Independent Director | 6 | 6 |

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

The Company Secretary acts as the Secretary of the Committee.

The Chairman of the Board and CFO are the permanent invitee to the meetings. Representatives of Statutory Auditors and Internal Auditors are also being invited to the meetings. All the Meeting of Audit Committee are attended by Statutory Auditors.

Cost Auditors attended the meeting when the Cost Audit Report for financial year 2020-21 was discussed.

Mr. Sandeep Dinodia, Chairman of the Audit Committee has attended the last Annual General Meeting held on 27th September, 2021.

**3. Nomination and Remuneration Committee**

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

The Company Secretary acts as the Secretary of the Committee.

Terms of reference of the Committee inter-alia include the following:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
- to recommend to the Board their appointment and removal
- to carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director
- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees,
- to devise a policy on Board diversity;
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- to recommend the board, all remuneration, in whatever form, payable to senior management
- to act as the Compensation Committee under SEBI (Share Based Employee Benefits) Regulations, 2014 (including amendment thereof) under Ester Employee Stock Option Scheme
- to perform any other function, duty as stipulated by the Companies Act or under any applicable laws, as amended from time to time.

During the year 2021-22, four meetings of Nomination and Remuneration Committee were held on 1st April 2021, 18th May 2021, 12th November 2021 and 3rd February 2022. The Composition of the Nomination and Remuneration Committee and the particulars of meeting attended by the members of the Committee are given below:

| Name of Members | Category | No. of Meetings held | Attendance of the Members |
|---|---|---|---|
| Mr. M S Ramachandran Chairman of the Committee | Independent Director | 4 | 4 |
| Mr. P S Dasgupta Member | Independent Director | 4 | 2 |
| Mr. Arvind Singhania Member | Executive Director and Promoter (Chairman & CEO) | 4 | 4 |
| Mr. Sandeep Dinodia Member | Independent Director | 4 | 4 |

Mr. M S Ramachandran, Chairman of Nomination & Remuneration Committee, has attended the last Annual General Meeting held on 27th September 2021.

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

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

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

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

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

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

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

### B. Board Diversity

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

The candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

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

The Company strives to provide fair compensation to Directors, KMP, Senior Management Personnel and other employee, taking into considerations factors like Industry benchmark, Company's performance vis a vis industry, scope of duties, roles and responsibilities, skill, knowledge, performance/track record, core performance requirements and expectations of individuals, legal and industrial obligations. In terms of the Policy, the remuneration to Non-Executive Directors is given as Sitting Fees and profit linked commission within the limits prescribed under the Companies Act, 2013 and rules made thereunder.

The quantum of the commission of Executive Directors & Non-Executive Directors is recommended by the Nomination & Remuneration Committee on year to year basis, based on the profitability of the Company and at the recommendation of the Nomination & Remuneration Committee, the Board may decide to pay the commission to the Directors.

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

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

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

Non-Executive Directors are paid sitting fees of Rs. 10,000/- for attending each meeting of the Board of Directors and the Committee thereof (except Stakeholders' Relationship Committee and Borrowing Committee). The Shareholders have approved at the AGM of the Company held on 4th September, 2017, the payment of commission to the non-executive directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013.

The quantum of the commission may be recommended by the Committee on year to year basis based on the profitability of the Company and on such recommendation, the Board may decide to pay commission to the directors. During the year commission was paid to Non-Executive Director of the Company as per the above said approved limit of commission.

Terms and conditions of the appointment of the Independent Directors are given on the website of the Company viz. **www.esterindustries.com**

The details of commission and sitting fees paid for the year 2021-2022 to the Non-Executive Directors are given below –

(Rs. in Lacs)

| Name of the Director | Commission | Sitting Fees | Total |
|---|---|---|---|
| Mr. Ashok Kumar Newatia | 10.00 | 1.80 | 11.80 |
| Mr. Sandeep Dinodia | 10.00 | 1.80 | 11.80 |
| Mr. M S Ramachandran | 10.00 | 2.20 | 12.20 |
| Mr. P S Dasgupta | 10.00 | 0.70 | 10.70 |
| Dr. Anand Chand Burman | 10.00 | 0.30 | 10.30 |
| Mrs. Archana Singhania | 10.00 | 0.80 | 10.80 |
| Mrs. Padmaja Shailen Ruparel | 10.00 | 0.70 | 10.70 |

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

The Company has not given any Stock Option to any Non-Executive Director.

**Details of remuneration to Executive Directors**

Managing Director/ Whole-time Director are eligible for remuneration as may be approved by Shareholders of the Company on the recommendation of the Committee and the Board of Directors.

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

During financial year 2021-2022, following remuneration to Executive Directors were paid/payable-

**(Rs. in Lacs)**

| Particulars of Remuneration | Arvind Singhania, Chairman & CEO | Pradeep Kumar Rustagi, Executive Director – Corporate Affairs | Ayush Vardhan Singhania, Whole-time Director |
|---|---|---|---|
| **Basic Salary** | 144.00 | 43.20 | 48.13 |
| **Allowances & Perquisites** | 156.40 | 39.43 | 65.76 |
| **PF & SAF** | 17.28 | 6.18 | 6.78 |
| **Commission/ Performance Linked Incentive** | 1200.00 | 36.00 | 20.62 |
| **Total** | **1517.68** | **124.81** | **141.29** |

The above figures do not include reimbursements, provisions for encashable leave, gratuity and premium paid for group health insurance. Services of the Managing Director and Executive Director may be terminated by either party, giving the other party 90 days' notice or the Company paying 90 days' salary in lieu thereof. There is no separate provision for payment of severance fees.

**Employee Stock Option Scheme**

During the financial year 2021-22, the Company granted 248179 stock options to Eligible Employee and Executive Director. 101713 stock options were granted to Mr. Pradeep Kumar

Rustagi, Executive Director- Corporate Affairs. After vesting of the option, each Option would entitle the Option holder to subscribe to 1 (one) Equity Share on the payment of the Exercise price during Exercise period.

Vesting of the options shall take place as per the following schedule:

- 10% of options shall vest at the end of a period of 1 (one) year from date of grant

- 20% of options shall vest at the end of a period of 2 (two) years from date of grant

- 30% of options shall vest at the end of a period of 3 (three) years from date of grant

- 40% of options shall vest at the end of a period of 4 (four) years from date of grant

**Details of Shareholding of Directors in the Company as on 31st March, 2022**

| Name of the Director | No. of Shares held |
|---|---|
| Mr. Arvind Singhania | 150 |
| Mr. M S Ramachandran | Nil |
| Mr. Ashok Kumar Newatia | Nil |
| Dr. Anand Chand Burman | Nil |
| Mr. P S Dasgupta | Nil |
| Mr. Sandeep Dinodia | Nil |
| Mrs. Archana Singhania | Nil |
| Mr. Pradeep Kumar Rustagi | 400 |
| Mrs. Padmaja Shailen Ruparel | Nil |
| Mr. Ayush Vardhan Singhania | 178033 |

**Performance Evaluation criteria for Independent Directors:**

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

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

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

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

https://www.esterindustries.com/sites/default/files/Performance_Evaluation_Policy.pdf

**4. Stakeholders' Relationship Committee**

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

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

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

1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2) Review of measures taken for effective exercise of voting rights by shareholders.
3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Transfer Agent.
4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

During the year 10 meetings of the Committee were held on 12th April 2021, 12th July 2021, 13th September 2021, 20th September 2021, 29th September 2021, 5th October 2021, 26th October 2021, 20th November 2021, 3rd January 2022 and 15th March 2022.

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

| Name of Members | Category | No. of Meetings Held | Attendance of the Members |
|---|---|---|---|
| Mr. Ashok Kumar Newatia Chairman of the Committee | Independent Director | 10 | 9 |
| Mr. Arvind Singhania Member | Executive Director and Promoter (Chairman & CEO) | 10 | 7 |
| Mr. Pradeep Kumar Rustagi Member | Executive Director- Corporate Affairs | 10 | 10 |

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

Mr. Ashok Kumar Newatia, Chairman of the Stakeholders' Relationship Committee had attended the last Annual General Meeting held on 27th September 2021.

The Company has received 39 Complaints from the shareholders and all of them have been resolved by furnishing requisite information/ documents. All the complaints were resolved and there was no complaint pending as on 31st March, 2022.

The Company gives utmost priority to the redressal of Shareholders Grievances which is evident from the fact that all complaint received from the shareholders are resolved expeditiously to the satisfaction of the shareholders.

**5. Borrowing Committee**

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

During the year 13 meetings were held on 8th April 2021, 4th June 2021, 11th June 2021, 12th July 2021, 20th August 2021, 14th September 2021, 20th September 2021, 12th October 2021, 20th October 2021, 10th November 2021, 12th January 2022, 22nd February 2022 and 22nd March 2022.

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

| Name of Members | Category | No. of Meetings Held | Attendance of the Members |
|---|---|---|---|
| Mr. Ashok Kumar Newatia Chairman of the Committee | Independent Director | 13 | 13 |
| Mr. Arvind Singhania Member | Executive Director and Promoter (Chairman & CEO) | 13 | 11 |
| Mr. Pradeep Kumar Rustagi Member | Executive Director-Corporate Affairs | 13 | 13 |

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

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

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

The terms of reference of the Committee includes –

- formulation and recommendation to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy;
- to monitor the CSR Policy of the Company from time to time;
- to institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company;
- to perform any other function or duty as stipulated by the Companies Act, SEBI Regulations and/or any applicable laws, as may be prescribed from time to time.

During the year 4 meetings were held on 18th May 2021, 9th August 2021, 27th September 2021 and 3rd February 2022.

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

| Name of Members | Category | No. of Meetings Held | Attendance of the Members |
|---|---|---|---|
| Mr. M S Ramachandran Chairman of the Committee | Independent Director | 4 | 4 |
| Mr. Ashok Kumar Newatia Member | Independent Director | 4 | 4 |
| Mrs. Archana Singhania Member | Non-Executive Director and Promoter | 4 | 2 |
| Mr. Arvind Singhania Member | Executive Director and Promoter (Chairman & CEO) | 4 | 4 |

**7. Risk Management Committee**

The Board has, in its meeting held on 9th August, 2021, constituted Risk Management Committee of the Company. During the year 1 meeting was held on 3rd February, 2022. The Composition of the Risk Management Committee and the particulars of meeting attended by the members of the Committee are given below:

| Name of Members | Category | No. of Meetings Held | Attendance of the Members |
|---|---|---|---|
| Mr. Arvind Singhania | Executive Director and Promoter (Chairman & CEO) | 1 | 1 |
| Mr. M S Ramachandran | Independent Director | 1 | 1 |
| Mr. P S Dasgupta | Independent Director | 1 | - |
| Mr. Sandeep Dinodia | Independent Director | 1 | 1 |
| Mr. Pradeep Kumar Rustagi | Executive Director-Corporate Affairs | 1 | 1 |
| Mr. Girish Behal | Senior Executive | 1 | 1 |
| Mr. Manish Gupta* | Chief Financial Officer | - | - |

**Appointed as member of Committee w.e.f 20th May, 2022*

**Terms of reference:**

(1) To formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular

(a) including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company including cyber security;

(3) Monitoring and reviewing the risk management plan of the Company;

**8. General Body Meetings**

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

**Annual General Meeting**

| Financial Year | Date | Time | Venue | Special Resolution Passed |
|---|---|---|---|---|
| 2020-21 | 27.09.2021 | 11.00 AM | Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), | 1. Appointment of Mr. Ayush Vardhan Singhania as Whole Time Director of the Company. |
| 2019-20 | 28.08.2020 | 11.00 AM | Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), | 1. Re-appointment of Mr. Arvind Singhania as Managing Director of the Company<br>2. Re-appointment of Mr. Pradeep Kumar Rustagi as Whole-Time Director of the Company<br>3. Re-appointment of Mr. Ayush Vardhan Singhania as Head – Marketing & Business Development |
| 2018-19 | 16.09.2019 | 10.30 AM | Registered office -Sohan Nagar, P.O Charubeta, Khatima -262308, District Udham Singh Nagar, Uttarakhand | 1. Re-appointment of Mr. Sandeep Dinodia as an Independent Director of the Company.<br>2. Alteration in Articles of Association of the Company |

**Extra- Ordinary General Meeting**

| Financial Year | Date | Time | Venue | Special Resolution Passed |
|---|---|---|---|---|
| 2020-21 | 26.03.2021 | 11.00 AM | Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM"), | 1. Approval of Ester Employees Stock Option Plan 2021 and grant of stock options to the Eligible Employees/ Directors of the Company under the Scheme<br>2. Approval for grant of stock options to the Eligible Employees/ Directors of the Company's subsidiaries under Ester Employee Stock Option Plan - 2021 |

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

**9. Disclosures**

**Related Party Transactions**

The Company has formulated a Policy on materiality of Related Party Transaction and dealing with Related Party Transaction.

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

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

https://www.esterindustries.com/sites/default/files/RPT_%20Clean_Ver.pdf

All transactions, if any, entered into by the Company with related parties during the financial year were on arm's length basis. During the financial year 2021-22, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large. Quarterly disclosure of the Related Party Transactions are submitted to the Audit Committee and Board of Directors of the Company. In compliance with Regulation 23 of SEBI (LODR) Regulations, 2015, half yearly disclosures of Related Party Transaction are submitted to Stock Exchanges.

**Compliance by the company**

The Company has complied with the requirement of the Stock Exchange, SEBI and other statutory authorities relating to the capital market during the last 4 years.

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

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

https://www.esterindustries.com/sites/default/files/Whistle_blower_policy.pdf

**Policy on Material Subsidiaries**

In accordance with Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015 the Company has framed Policy on Material Subsidiaries to set out the criteria to determine "Material Subsidiaries" and to provide the governance framework for them.

Ester Filmtech Limited, wholly owned subsidiary of the Company was incorporated on 21st July, 2020 under the Companies Act, 2013. Ester Filmtech Limited is unlisted Indian Public Company.

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

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

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

Certification by Chairman & CEO and Chief Financial Officer as stipulated in the Regulation 17(8) of the SEBI (LODR) Regulations, 2015 was placed before the Board along with the financial statement for the year ended 31st March 2022, and the Board reviewed the same. The said Certificate is annexed with the Corporate Governance Report.

**Statutory Auditor fee**

The details of Statutory Auditors fee for financial year 2021-22 is given below –

| Fee particulars | Amount (Rs. in Lacs) |
|---|---|
| Audit fee | 41.00 |
| Out of pocket expenses | 0.87 |
| **Total** | **41.87** |

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

a) Number of Complaints as on 1st April, 2021 : NIL

b) Number of Complaints filed during the year 2021-2022 : NIL

c) Number of Complaints disposed of during the year 2021-2022 : NA

d) Number of Complaints pending as on 31st March, 2022 : NIL

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

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

- It is always the Company's endeavour to present unmodified/ unqualified Financial Statements. The auditors has given the unmodified opinion on the financial statement for the year ended on 31st March, 2022.
- The Internal Auditor has been reporting directly to the Audit Committee.

**10. Means of Communication**

- The Company intimates unaudited/ audited financial results to the stock exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. Generally the results are published in Financial Express, Economic Times, Times of India, Dainik Najariya Khabar.
- **Website** - Ester's website **www.esterindustries.com** contains a separate dedicated section 'Investors' which provides shareholders information like quarterly financial results, annual reports, shareholding patterns, news and announcements, policies, composition of committee, code of conduct and other shareholder information. Further as all such information are also filed/ intimated to BSE and NSE, the shareholder can also obtain information from their website viz. **www.bseindia.com** and **www.nseindia.com** respectively.
- **NSE Electronic Application Processing System (NEAPS)**- NEAPS is a web based application designed by NSE for corporate. All intimations, compliance filings like corporate action, financial results, shareholding pattern, corporate governance report, Reconciliation of Share Capital Audit, statement of investor grievances etc. are intimated/filed electronically on NEAPS.
- **BSE Listing Centre** - It is a web based application for compliances and intimation under SEBI (LODR)

Regulations, 2015 for companies Listed in BSE. All intimations, compliance filings like corporate action, financial results, shareholding pattern, corporate governance report, Reconciliation of Share Capital Audit, statement of investor grievances etc. are intimated/filed electronically on Listing Centre.

- **Designated e-mail address for investor services**- In terms of Regulation 46(2) of the SEBI (LODR) Regulations, 2015, the designated e-mail address for investor complaints is **investor@ester.in** For queries related to Shares and Dividend transferred to IEPF Authority, email may be sent to **iepf@ester.in** The shareholders may also send their queries at the email id of Registrar and Transfer Agent (RTA) viz. **investor@masserv.com**
- **Earning call, Press Release and Investor Presentation**- The company issues press release every quarter briefing the details of quarterly and year to date results and performance of the company. Investor presentation on financial results are posted on the website of the Company and sent to stock exchanges. Earning calls with analysts and investors for discussion on results are held on quarterly basis after dissemination of the quarterly and year to date results. The Transcripts and recording of the Earning calls are available on the website of the Company.

**11. General Shareholder Information:**

- **Forthcoming Annual General Meeting**

| | |
|---|---|
| **Day, Date & Time** | **Wednesday, 28th September, 2022 at 11.00 AM** |
| **Venue** | **AGM will be held through Video Conferencing (VC)/ Other audio and visual means (OAVM) as stated in notice of AGM** |

- **Financial Year**

The financial year of the Company is 1st April to 31st March. Accordingly an item for adoption of the Annual Accounts of the Company for financial year 2021-22 is set out in the Notice of this Annual General Meeting.

- **Financial Calendar (Tentative and subject to change)**

| | |
|---|---|
| Financial Results for the Quarter ending 30th June 2022 | August – 2022 |
| Financial Results for the Quarter ending 30th September 2022 | November – 2022 |
| Financial Results for the Quarter ending 31st December 2022 | February – 2023 |
| Financial Results for the Quarter and year ending 31st March 2023 | May – 2023 |
| Annual General Meeting | September – 2023 |

- **Books closure date – 22nd September, 2022 to 28th September, 2022 (both days inclusive)**

- **Dividend**

During the year 2021-22, the Board has declared interim dividend of Rs. 1.40/- per share i.e. 28% on Equity Share of face value of Rs. 5.00 each for the Financial Year 2021-22, in its meeting held on 12th November, 2021

Our Board has recommended the Final Dividend of Rs. 1.90/- per share i.e. 38% on Equity Share of face value of Rs. 5.00 each for the Financial Year 2021-22. In case dividend is declared by the shareholders in the forthcoming Annual General Meeting, it will be paid on or before 26th October, 2022.

The Company has Dividend Distribution Policy which can be accessed on Company's website at the following link –

https://www.esterindustries.com/sites/default/files/Dividend%20Distribution%20Policy%20-%20Ver%202.pdf

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

| **Year of Dividend** | **2018-19** | **2019-20** | **2020-21** | **2020-21** | **2021-22** |
|---|---|---|---|---|---|
| **Nature of Dividend** | **Final** | **Final** | **Interim** | **Final** | **Interim** |
| **Amount of Dividend per share** | Rs. 0.50/- | Rs. 2.50/- | Rs. 1.50/- | Rs. 1.90/- | Rs. 1.40/- |
| **Date of Declaration** | 16-09-2019 | 28-08-2020 | 26-10-2020 | 27-09-2021 | 12-11-2021 |
| **Last date to claim dividend** | 17-10-2026 | 29-09-2027 | 27-11-2027 | 02-11-2028 | 15-12-2028 |
| **Proposed date of transfer of Dividend** | 17-11-2026 | 28-10-2027 | 27-12-2027 | 02-12-2028 | 14-01-2029 |

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

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

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

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

https://iepf.gov.in/IEPF/corporates.html

- **Listing of Equity Shares on Stock Exchanges**

Ester Industries Limited (ISIN - INE778B01029) is presently listed on BSE Ltd. and National Stock Exchange of India Ltd. The details of the same are mentioned as under:

| | | |
|---|---|---|
| **Address of Stock Exchanges** | **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 | **National Stock Exchange of India Limited** Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 |
| **Listed Capital** | 83393759 Equity Shares of Rs. 5 /- each | 83393759 Equity Shares of Rs. 5 /- each |
| **Website of Stock Exchanges** | www.bseindia.com | www.nseindia.com |
| **Scrip Code** | 500136 | ESTER |

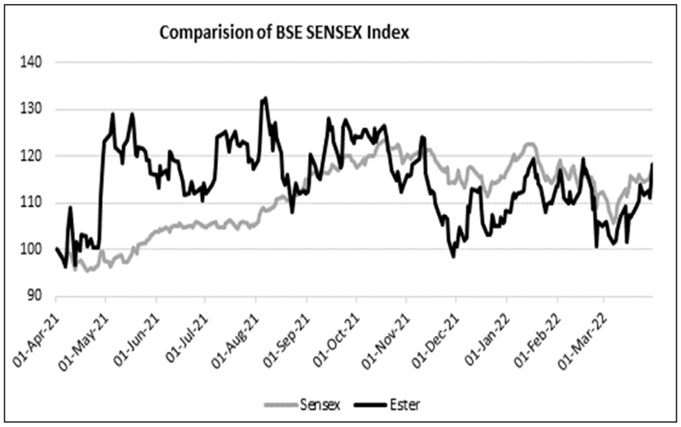
The Listing Fees for the financial year 2022-23 have been paid to stock exchanges within the prescribed time period.

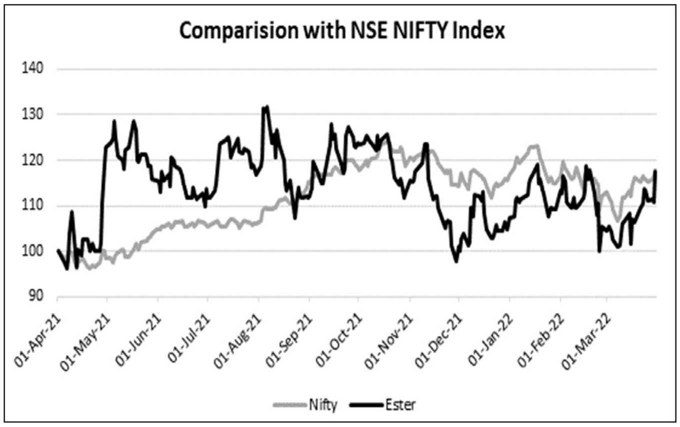
- **Stock Market Data:**

The data for trading in equity shares of the Company at BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) are provided below :

| Month | BSE | | | NSE | | |
|---|---|---|---|---|---|---|
| | Month's High Price (In Rs.) | Month's low Price (In Rs.) | Volume (No. of Shares) | Month's High Price (In Rs.) | Month's low Price (In Rs.) | Volume (No. of Shares) |
| Apr-21 | 152.00 | 112.80 | 16,38,629 | 152.00 | 112.55 | 1,12,02,610 |
| May-21 | 159.10 | 137.35 | 11,34,538 | 159.00 | 136.95 | 94,13,766 |
| Jun-21 | 148.00 | 130.00 | 10,99,890 | 147.90 | 129.90 | 65,33,326 |
| Jul-21 | 153.15 | 132.35 | 10,93,431 | 154.90 | 132.20 | 85,88,805 |
| Aug-21 | 164.60 | 126.00 | 17,19,676 | 164.75 | 124.50 | 1,16,34,026 |
| Sep-21 | 156.95 | 132.05 | 10,74,900 | 157.00 | 132.20 | 63,37,558 |
| Oct-21 | 156.80 | 130.30 | 6,53,284 | 157.30 | 130.00 | 37,26,149 |
| Nov-21 | 150.20 | 114.20 | 9,19,347 | 150.00 | 114.15 | 38,76,886 |
| Dec-21 | 137.50 | 118.10 | 4,60,971 | 138.00 | 118.00 | 23,61,856 |
| Jan-22 | 144.00 | 121.45 | 6,63,609 | 144.00 | 120.05 | 23,06,252 |
| Feb-22 | 147.70 | 117.80 | 5,52,570 | 147.90 | 118.00 | 39,05,270 |
| Mar-22 | 147.50 | 117.55 | 4,84,803 | 148.00 | 109.70 | 34,15,447 |

- **Performance in comparison to broad based indices**



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

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

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

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

- **Registrar and Share Transfer Agents**

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

- **Share Transfer System**

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

- **Distribution of Shareholding as on 31st March 2022:**

| Shareholding of Nominal Value of Rs. 5 each (Amount in Rs.) | No. of Shareholders | % to total holders | No. of shares | % to total shares |
|---|---|---|---|---|
| 1-5000 | 36065 | 91.36 | 4564861 | 5.47 |
| 5001-10000 | 1991 | 5.04 | 2581560 | 3.10 |
| 10001-20000 | 696 | 1.76 | 2001786 | 2.40 |
| 20001-30000 | 288 | 0.73 | 1441959 | 1.73 |
| 30001-40000 | 105 | 0.27 | 737830 | 0.88 |
| 40001-50000 | 89 | 0.22 | 823721 | 0.99 |
| 50001-100000 | 134 | 0.34 | 1913517 | 2.30 |
| 100001 & Above | 109 | 0.28 | 69328525 | 83.13 |
| **Total** | **39477** | **100.00** | **83393759** | **100.00** |

- **Shareholding Pattern as on 31st March 2022:**

| Category of Shareholder | No. of Shareholders | No. of Shares | % to total shares |
|---|---|---|---|
| **A. PROMOTER AND PROMOTER GROUP** | | | |
| **1. Indian** | | | |
| Individual/HUF | 4 | 303191 | 0.36 |
| Bodies Corporate | 1 | 490000 | 0.59 |
| **Sub Total (A1)** | **5** | **793191** | **0.95** |
| **2. Foreign** | | | |
| Bodies Corporate | 2 | 52615012 | 63.09 |
| **Sub Total (A2)** | **2** | **52615012** | **63.09** |
| **Total Shareholding of Promoter and Promoter Group (A = A1 + A2)** | **7** | **53408203** | **64.04** |
| **B. PUBLIC SHAREHOLDING** | | | |
| **1. Institutions** | | | |
| a. Mutual Funds/UTI | 1 | 10000 | 0.01 |
| b. Financial Institutions/ Banks | 5 | 3800 | - |
| c. Foreign Portfolio Investor | 5 | 282143 | 0.34 |
| **Sub Total (B1)** | **11** | **295943** | **0.35** |
| **2. Non Institutions** | | | |
| a. Bodies Corporate | 156 | 9726814 | 11.66 |
| b. Resident Individuals | 38739 | 17857918 | 21.42 |
| c. Non-Resident Individual | 481 | 877793 | 1.05 |
| d. Clearing Member | 82 | 185830 | 0.23 |
| e. IEPF Authority | 1 | 1041258 | 1.25 |
| **Sub Total (B2)** | **39459** | **29689613** | **35.61** |
| **Total Public Shareholding (B = B1 + B2)** | **39470** | **29985556** | **35.96** |
| **GRAND TOTAL (A) + (B)** | **39477** | **83393759** | **100** |

- **Dematerialization of Shares:**

As on 31st March 2022, 99.11% of the Company's shares were held in dematerialized form.

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

As on 31st March, 2022, there are no outstanding Warrants or any Convertible warrants or any convertible Instruments and their likely instruments. The Company has not issued any GDR/ ADR.

- **Plant location**

1. Sohan Nagar, P.O. Charubeta, Khatima – 262 308, District Udham Singh Nagar, Uttarakhand
2. Plot No. A-113, 114, 128, Phase – I, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udham Singh Nagar, Uttarakhand

- **Investor Correspondence**

**MAS Services Limited,**

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

Or

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

- **Credit Rating**

CRISIL Ratings Limited has assigned following ratings for credit limit of the Company

| Tenure | Facility | Rating* |
|---|---|---|
| Long term | Fund based | CRISIL A<br>Outlook: Stable |
| Short term | Fund based and Non Fund based | CRISIL A1 |

**Please refer to CRISIL website* ***www.crisil.com*** *for definition of the rating assigned*

- **Investor Grievances Redressal Mechanism**

In case of any complaint, the Investor can contact the Company or our Registrar & Transfer Agent. Further the Company process investor complaints through a centralized web based "SEBI complaints redress system" (SCORES) also. Investor can check online status of complaint and action taken on the same. It assists in speedy resolution of complaint in more transparent manner.

## DECLARATION

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

Date: 20th May, 2022
Place: Gurgaon

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Ester Industries Limited
Sohan Nagar, P.O. Charubeta, Khatima-262308
Distt. Udham Singh Nagar, Uttrakhand

We have examined the following documents:

i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as submitted by the Directors of Ester Industries Limited ('the Company') bearing CIN: L24111UR1985PLC015063 and having its registered office at Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt. Udham Singh Nagar, Uttrakhand to the Board of Directors of the Company ('the Board') for the Financial Year 2021-22 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with, Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

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

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

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal ***(www.mca.gov.in)***, in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorised representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the financial year ended **31st March, 2022**, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

| Sr. No. | Name of Director | DIN | Date of Appointment | Date of Cessation |
|---|---|---|---|---|
| 1 | Mr. Arvind Singhania | 00934017 | 01/07/1994 | -- |
| 2 | Mrs. Archana Singhania | 01096776 | 04/08/2014 | -- |
| 3 | Mr. Pradeep Kumar Rustagi | 00879345 | 14/02/2011 | -- |
| 4 | Mr. Sandeep Dinodia | 00005395 | 25/05/2015 | -- |
| 5 | Mr. P S Dasgupta | 00012552 | 14/02/2011 | -- |
| 6 | Dr. Anand Chand Burman | 00056216 | 12/08/2010 | -- |
| 7 | Mrs. Padmaja Shailen Ruparel | 01383513 | 01/04/2020 | -- |
| 8 | Mr. M S Ramachandran | 00943629 | 19/09/2008 | -- |
| 9 | Mr. Ashok Kumar Newatia | 01057233 | 01/07/1997 | -- |
| 10 | Mr. Ayush Vardhan Singhania | 05176205 | 01/06/2021 | -- |

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

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the financial year ended 31st March, 2022.

**For M/s Akash Jain**
**Practicing Company Secretary**

**Place: Gurugram**
**Date: 08.08.2022**

**Sd/-**
**Akash Jain**
**Membership No.: F9617**
**CP No.: 9432**
**PR 838/2020**
**ICSI UDIN: F009617D000759795**

## COMPLIANCE CERTIFICATE BY CHAIRMAN & CEO AND CHIEF FINANCIAL OFFICER

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

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2022 and that to the best of our knowledge and belief:
   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the financial year 2021-22 which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee
   (1) significant changes in internal control over financial reporting during the year;
   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

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

**Place: Gurgaon**
**Date: 20th May, 2022**

**Sd/-**
**MANISH GUPTA**
**Chief Financial Officer**

**Place: Gurgaon**

## CERTIFICATE ON CORPORATE GOVERNANCE

CIN: L24111UR1985PLC015063

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

1. We have examined all the relevant records of Ester Industries Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance for the year ended **31st March, 2022** as stipulated in Regulation 17 to 27, clauses (b) to (i) of sub-regulations (2) of Regulation 46 and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with the National Stock Exchange of India Limited and the BSE Limited (collectively referred to as the 'Stock exchanges').

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

2. The preparation of the Corporate Governance Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The management along with the Board of Directors of the Company are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India

**Our Responsibility**

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

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended 31st March, 2022.

**Opinion**

6. Based on the procedures performed by us and according to the information and explanations given to us, we are of the opinion that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended **March 31, 2022**, referred to in paragraph 1 above.

**Restriction on Use**

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

8. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this certificate.

**For M/s Akash Jain**
**Practising Company Secretary**

**Place: Gurugram**
**Date: 08.08.2022**

**Sd/-**
**Akash Jain**
**Membership No.: F9617**
**CP No.: 9432**
**PR 838/2020**
**ICSI UDIN: F009617D000760103**

# BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) as issued and revised by Ministry of Corporate Affairs(MCA), Government of India, the "Business Responsibility Report" (BRR) of the Company for the financial year 2021-22 forming part of this Annual Report is as follows:

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1. **Corporate Identity Number of the Company** : L24111UR1985PLC015063
2. **Name of the Company** : ESTER INDUSTRIES LIMITED
3. **Registered address :**Sohan Nagar, PO Charubeta, Khatima-262308, Distt. Udham Singh Nagar, Uttarakhand
4. **Website :** www.esterindustries.com
5. **E-mail id :** investor@ester.in
6. **Financial Year reported :** 2021-22
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

   Polyester Film – 22201 (NIC Code)

   Engineering Plastics – 22207 (NIC Code)
8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

   Polyester Film

   Engineering Plastics

   Specialty Polymer
9. **Total number of locations where business activity is undertaken by the Company**

   The Company has manufacturing units at Khatima and Sitarganj at Distt. Udham Singh Nagar. The Corporate office of the company is located at Gurugram. The Godowns of the Company are located at Gurugram and Khatima.
10. **Markets served by the Company** -

    Both National and international markets.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

| S. No. | Particulars | Amount (Rs. in Lacs) |
|---|---|---|
| 1. | Paid up Capital | 4169.69 |
| 2. | Total Turnover | 140565.94 |
| 3. | Total Profits after tax | 13886.13 |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2% of average net profit of preceding three financial years as defined under section 135 of the Companies Act, 2013. |
| 5. | List of activities in which expenditure in 4 above has been incurred | The details of CSR activities undertaken by the Company and CSR expenditures incurred thereon during the financial year 2021-22 by the Company have been given the 'Annual Report on CSR Activities', as Annexure C of Directors' Report. |

**SECTION C: OTHER DETAILS**

1. **Does the Company have any Subsidiary Company/ Companies? -** Yes

   **Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company?**

   The Company has one Subsidiary incorporated during July 2020. The Company is setting up BOPET Film plant in Telengana and has not commenced its business operations therefore currently it can't participate in BR initiative of Ester Industries Limited.
2. **Do any other entity/entities (e.g. Suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company -** No

**SECTION D: BR INFORMATION**

1. **Details of Director/Directors responsible for BR**

(a) **Details of the Director responsible for implementation of the BR policy/ policies:**
- **DIN :**00934017
- **Name :** Mr. Arvind Singhania
- **Designation :** Chairman & CEO

(b) **Details of BR Head –**
- **DIN :**00934017
- **Name :** Mr. Arvind Singhania
- **Designation :** Chairman & CEO
- **Telephone No :** 0124-4572100
- **Email id :** brhead@ester.in

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

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

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

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

| S. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for.... | Y | N | Y | Y | Y | Y | N | Y | N |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | NA | Y | Y | Y | Y | NA | Y | NA |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Note-1 | NA | Note-1 | Note-1 | Note-1 | Note-1 | NA | Note-1 | NA |
| 4 | Has the policy being approved by the Board?<br>Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Note-2 | NA | Note-2 | Note-2 | Note-2 | Note-2 | NA | Note-2 | NA |
| 5 | Does the company has a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | NA | Y | Y | Y | Y | NA | Y | NA |
| 6 | Indicate the link for the policy to be viewed online? | Note-3 | NA | Note-3 | Note-3 | Note-3 | Note-3 | NA | Note-3 | NA |

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

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

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

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

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

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

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

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

| | | | | |
|---|---|---|---|---|
| 6 | Any other reason (please specify) | We produce and supply intermediate products to other end-use industries. These industries manufacture their final products using our products as raw material and are accordingly responsible for any meaningful sustainability initiative. | We send our recommendations and views to the government and statutory bodies through various industry forums, of which we are members, on matters pertaining to the interest of our stakeholders. We have, therefore, not framed a policy document on this principle. | We take due care to manufacture its products aligned with properties mentioned in the product Technical Data Sheets (TDS). Being a supplier of intermediate products to industrial manufacturers, we responsibly comply with agreed terms and conditions of supply.<br><br>We have an Integrated Management System (IMS) covering various aspects like Quality, Safety, Health & Hygiene, Environment etc. The IMS also has a detailed process related to redressal of customer concerns and complaints |

**3. Governance related to BR**

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

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

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

The Business Responsibility Report forming part of Annual Report for financial year 2021-22 is available at **http://esterindustries.com/investors/financial-reports/annual-report.**

The Company publishes this report annually.

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**PRINCIPLE 1**

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

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

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

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

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

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

The Company has a dedicated email id **investor@ester.in** for the shareholders grievances. Stakeholder Committee oversees the receipt of complaints and their resolutions. During the last year, the company received 39 investor complaints. All the investor complaints were resolved during the year and no investor complaint is pending as at the end of the financial year.

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

**PRINCIPLE 2**

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

   a. Products made from Post-consumer/industrial recycled plastics.

   b. Barrier films as an alternative to aluminium foil, for better recyclability.

   c. Products made to promote recyclability of the final products.

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

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

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

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

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

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

**PRINCIPLE 3**

1. **Please indicate the Total number of employees. -** 663
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis. -** 531
3. **Please indicate the Number of permanent women employees. -** 4
4. **Please indicate the Number of permanent employees with disabilities -** 1
5. **Do you have an employee association that is recognized by management –** Yes
6. **What percentage of your permanent employees is members of this recognized employee association? –** 21%
7. **Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   No complaint relating to child labour, forced labour, involuntary labour, sexual harassment was filed during the financial year 2021-22 and no such complaint is pending as on the end of the financial year.

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

   **(a) Permanent Employees -**45%

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

   **(c) Casual/Temporary/Contractual Employees -**48%

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

**PRINCIPLE 4**

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

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

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

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

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

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

**PRINCIPLE 5**

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

   It covers only the employees

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

   No employee complaint was received during the last financial year.

**PRINCIPLE 6**

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

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

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

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

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

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

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? –** No

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

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

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

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

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

**PRINCIPLE 7**

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

   a. Confederation of Indian Industry

   b. FICCI

   c. Polyester Film Industries Association

   d. All India Plastics Manufacturers Association (AIPMA)

   e. BOPET Films Europe

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

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

**PRINCIPLE 8**

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

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

   The Company has identified Promoting education, eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation as major focus area for its CSR activities. A detailed report of CSR activities is given in Annexure –C of the Directors' Report which forms part of this Annual Report.

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

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

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

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

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

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

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

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

**PRINCIPLE 9**

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

   The Company has an established mechanism to review and resolve the customer complaints. As at end of the financial year, only 6% complaints were pending for resolution and which were resolved later on.

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

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

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

   No

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

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

# Independent Auditor's Report

**To the Members of Ester Industries Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

1. We have audited the accompanying standalone financial statements of Ester Industries Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive loss), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matter

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

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition – Sale of products**<br>Revenue of the Company majorly comprises of revenue from sale of polyester films and engineering plastics. The Company sells its products through various distribution channels involving a high volume of sale transactions.<br>The Company recognised an amount of ₹ 140,565.94 lacs as revenue for the year ended 31 March 2022, as disclosed in Note 24 to the standalone financial statements. Refer Note 5.5 for the related accounting policy adopted by the management for recognition of revenue in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115').<br>Revenue recognition is a significant audit risk primarily as there is a risk that revenue is recognised on sale of goods before the control in the goods is transferred. Revenue is also a key performance indicator of the Company and accordingly, testing occurrence of revenue transactions is a key focus area for our audit.<br>We determined this to be a key audit matter due to significant time and effort involved in testing revenue recorded during the year. | Our audit procedures included, but were not limited, to the following:<br>• Obtained an understanding of the process of identification and recording of revenue transaction from sale of polyester films and engineering plastics;<br>• Evaluated the design, implementation and tested the operating effectiveness of key controls over revenue recognition including around quantity sold, pricing and accounting of revenue transactions;<br>• Performed substantive analytical procedures on revenue which included ratio analysis, product mix analysis, region wise analysis, etc;<br>• On a sample basis, evaluated the terms and conditions of the contracts, including incoterms, with customers to ensure that the revenue recognition accounting policy adopted by the management is in accordance with Ind AS 115;<br>• On a sample basis, tested revenue transactions recorded during the year, and revenue transactions recorded in the period before and after year-end, with supporting documents such as invoices, agreements with customers, proof of deliveries;<br>• Performed other substantive audit procedures including obtaining debtor confirmations on a sample basis and reconciling revenue recorded during the year with statutory returns;<br>• Tested manual journal entries impacting revenue including credit notes, claims etc., which were material or irregular in nature with supporting documents and evaluated business rationale thereof;<br>• Evaluated disclosures made in the standalone financial statement for revenue recognition from sale of goods for appropriateness in accordance with the accounting standards. |

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

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

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

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

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
    - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's

report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The standalone financial statements dealt with by this report are in agreement with the books of account;
    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company, as detailed in Note 37 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
        iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in Note 43 (f) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

            b. The management has represented that, to the best of its knowledge and belief, as disclosed in Note 43 (f) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

            c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
        v. The interim dividend declared and paid by the Company during the year ended 31 March 2022 and until the date of this audit report is in compliance with section 123 of the Act;

            The final dividend paid by the Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend; and

            As stated in Note 35 (b) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sd/-**
**Nitin Toshniwal**
Partner
Membership No.: 507568
UDIN: 22507568AJHBUY5689

**Place**: Kolkata
**Date**: 20 May 2022

**Annexure A referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Ester Industries Limited on the standalone financial statements for the year ended 31 March 2022**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is a lessee) disclosed in the financial statements are held in the name of the Company. For properties where the Company is a lessee, the lease arrangements have been duly executed in favour of the Company. However, for title deeds of immovable properties in the nature of land situated at Sohan nagar, P.O. Charubeta, Khatima, Distt. Udham Singh nagar, Uttarakhand and at Plot No.11, Block A, Sector 33 & 34, Gurgaon -122001 with gross carrying values of ₹ 226.85 lacs and ₹ 1,426.51 lacs as at 31 March 2022, which have been pledged as security for loans taken by the Company, confirmations with respect to title of the Company have been directly obtained by us from the respective.

(d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

(b) The Company has a working capital limit in excess of ₹ 5 crore sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to review.

(iii) (a) The Company has provided guarantee to Subsidiary as per details given below:

(₹ in lacs)

| Particulars | Guarantees |
|---|---|
| Aggregate amount during the year<br>- Subsidiary | 33,078.45 |
| Balance outstanding as at balance sheet date<br>- Subsidiary | 33,078.45 |

(b) In our opinion, and according to the information and explanations given to us, the investments made and guarantees provided and terms and conditions of the grant of guarantees provided are, prima facie, not prejudicial to the interest of the Company.

(c) The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has not granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments and guarantees, as applicable. Further, the Company has not entered into any transaction covered under section 185.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

| Name of the statute | Nature of dues | Gross Amount (₹ in lacs) | Amount paid under protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty | 8.06 | Nil | March 1990 to May 1991 | Commissioner (Appeals), Central Excise, Ghaziabad, UP |
| Central Excise Act, 1944 | Excise Duty | 164.20 | Nil | April 1990 to February 1992 | Commissioner (Appeals), Central Excise, Ghaziabad, UP |
| Central Excise Act, 1944 | Excise Duty | 11.72 | Nil | June 1987 to October 1988 | Assistant Commissioner, Central Excise, Rampur |
| Central Excise Act, 1944 | Excise Duty | 20.61 | Nil | March 1991 to May 1991 | Commissioner (Appeals), Central Excise, Ghaziabad, UP |
| Central Excise Act, 1944 | Excise Duty | 17.23 | Nil | April 1992 to November 1993 | Commissioner, Central Excise, Meerut, UP |
| Central Excise Act, 1944 | Excise Duty | 4.79 | Nil | Financial year 1998-99 | Commissioner (Appeals), Central Excise, Ghaziabad |
| Central Excise Act, 1944 | Excise Duty | 12.95 | 5.23 | April 1991 to November 1992 | Joint Commissioner, Meerut II, UP |
| Central Excise Act, 1944 | Excise Duty | 1.58 | Nil | July 1987 to December 1988 | Commissioner, Central Excise, Meerut, UP |
| Central Excise Act, 1944 | Excise Duty | 3.09 | Nil | Financial year 2009-10 | Commissioner (Appeals), Central Excise, Rampur, UP |
| Central Excise Act, 1944 | Excise Duty | 2.50 | Nil | April 2009 to December 2009 | Commissioner (Appeals), Central Excise, Rampur, UP |
| Central Excise Act, 1944 | Excise Duty | 6.95 | 3.95 | Financial year 1994-95 | Commissioner (Appeals), Noida, UP |
| Central Excise Act, 1944 | Excise Duty | 4.32 | Nil | Financial year 1994-95 | Assistant Commissioner Central Excise, Rampur |
| Central Excise Act, 1944 | Excise Duty | 476.73 | Nil | March 1997 to March 1998 | Appellate Tribunal, New Delhi |
| Finance Act, 1994 | Service Tax | 16.23 | 8.00 | March 2017 to February 2019 | Superintendent CGST, Khatima, Uttarakhand |
| Finance Act, 1994 | Service Tax | 13.53 | Nil | Financial year 2011-12 | Assistant Commissioner, Central Excise, Rampur, UP |
| Finance Act, 1994 | Service Tax | 123.30 | Nil | April 2010 to March 2015 | Superintendent Adjudication, Meerut – II |
| Finance Act, 1994 | Service Tax | 14.55 | Nil | March 2017 to February 2019 | Superintendent CGST, Khatima |
| The Customs Act, 1962 | Custom Duty | 2.58 | Nil | Financial year 1997-98 | Additional Commissioner Customs (DEEC), Mumbai |
| The Customs Act, 1962 | Custom Duty | 12.07 | Nil | January 1997 to March 1998 | Additional Commissioner Customs (DEEC), Mumbai |
| The Customs Act, 1962 | Custom Duty | 43.05 | Nil | April 1998 to March 1999 | Commissioner of Customs, Mumbai |
| Goods & Services Tax, 2017 | GST | 2.41 | 2.41 | Financial Year 2018-19 | Addl. Comm. Grade-2 (Appeals), Trade Tax, Moradabad, U.P. |
| Goods & Services Tax, 2017 | GST | 2.33 | 2.33 | Financial Year 2018-19 | Joint Commissioner (Appeals), Haldwani, Uttarakhand |

| Name of the statute | Nature of dues | Gross Amount (₹ in lacs) | Amount paid under protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Goods & Services Tax, 2017 | GST | 2.68 | 2.68 | Financial Year 2019-20 | Joint Commissioner (Appeals), Haldwani, Uttarakhand |
| Goods & Services Tax, 2017 | GST | 1.98 | 1.98 | Financial Year 2019-20 | Joint Commissioner (Appeals), Haldwani, Uttarakhand |
| Income Tax Act, 1961 | Income Tax | 18.00 | Nil | Assessment year 1993-94 to Assessment year 1995-96 | Income Tax - Assessing officer |
| Income Tax Act, 1961 | Income Tax | 9.19 | Nil | Assessment year 1997-98 and Assessment year 2004-05 | The Hon'ble Supreme Court of India |
| Income Tax Act, 1961 | Income Tax | 6.63 | Nil | Assessment year 2006-07, Assessment year 2007-08 and Assessment year 2011-12 | Income Tax - Assessing officer |
| Income Tax Act, 1961 | Income Tax | 0.06 | Nil | Assessment year 2012-13 and Assessment year 2013-14 | Income Tax - Assessing officer |
| Income Tax Act, 1961 | Income Tax | 7.53 | 1.51 | Assessment year 2016-17 | Commissioner of Income Tax (Appeals) Delhi |
| Income Tax Act, 1961 | Income Tax | 33.68 | Nil | Assessment year 2004-05 | The Hon'ble Supreme Court of India |
| Income Tax Act, 1961 | Income Tax | 45.74 | Nil | Assessment year 2014-15 | Commissioner of Income Tax (Appeals), New Delhi |
| Income Tax Act, 1961 | Income Tax | 11.59 | Nil | Reassessment assessment year 2015-16 | Commissioner of Income Tax (Appeals), New Delhi |

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks and financial institution and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) According to the information and explanations given to us, the Company does not have any unspent amount in respect of other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) (a) of the Order is not applicable to the Company.

(b) The Company has transferred the remaining unspent amount under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sd/-**
**Nitin Toshniwal**
Partner
Membership No.: 507568
UDIN.: 22507568AJHBUY5689

**Place**: Kolkata
**Date**: 20 May 2022

## Annexure B

**Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Ester Industries Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

**Meaning of Internal Financial Controls with Reference to Standalone Financial Statements**

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sd/-**
**Nitin Toshniwal**
Partner
Membership No.: 507568
UDIN: 22507568AJHBUY5689

**Place:** Kolkata
**Date:** 20 May 2022

# STANDALONE BALANCE SHEET as at 31 March 2022

(₹ in lacs)

| | | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6A | 37,966.38 | 37,378.52 |
| Right of use asset | 6B | 835.36 | 209.21 |
| Capital work-in-progress | 6C | 1,890.53 | 2,194.52 |
| Intangible assets | 6A | 46.16 | 79.80 |
| Financial assets | | | |
| Investments | 7A | 18,068.44 | 9,635.00 |
| Loans | 8A | 14.12 | - |
| Other financial assets | 9A | 950.58 | 988.13 |
| Non-current tax assets (net) | | 748.10 | 319.96 |
| Other non-current assets | 10 | 1,759.85 | 373.75 |
| **Total non-current assets** | | **62,279.52** | **51,178.89** |
| **Current assets** | | | |
| Inventories | 11 | 20,298.64 | 13,664.26 |
| Financial assets | | | |
| Investments | 7B | - | 133.13 |
| Trade receivables | 12 | 19,346.04 | 15,116.20 |
| Cash and cash equivalents | 13 | 2,288.96 | 37.71 |
| Other bank balances | 14 | 474.23 | 2,575.18 |
| Loans | 8B | 76.17 | 70.76 |
| Other financial assets | 9B | 146.35 | 681.66 |
| Other current assets | 15 | 5,228.25 | 2,894.16 |
| **Total current assets** | | **47,858.64** | **35,173.06** |
| **Total assets** | | **110,138.16** | **86,351.95** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 16A | 4,169.69 | 4,169.69 |
| Other equity | 17 | 58,676.66 | 47,490.63 |
| **Total equity** | | **62,846.35** | **51,660.32** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18A | 15,826.66 | 9,890.33 |
| Lease liability | | 1.25 | 48.19 |
| Provisions | 19A | 1,013.71 | 1,066.12 |
| Deferred tax liabilities (net) | 20 | 3,078.56 | 3,154.68 |
| Other non-current liabilities | 21A | 2,029.13 | 2,280.43 |
| **Total non-current liabilities** | | **21,949.31** | **16,439.75** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18B | 16,114.99 | 10,733.58 |
| Lease liability | | 46.88 | 107.51 |
| Trade payables | | | |
| a) total outstanding dues of micro enterprises and small enterprises | 22 | 829.56 | 274.47 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 22 | 5,412.97 | 3,478.05 |
| Other financial liabilities | 23 | 1,331.43 | 2,333.75 |
| Other current liabilities | 21B | 1,225.24 | 796.81 |
| Provisions | 19B | 305.18 | 205.25 |
| Current tax liabilities (net) | | 76.25 | 322.46 |
| **Total current liabilities** | | **25,342.50** | **18,251.88** |
| **Total equity and liabilities** | | **110,138.16** | **86,351.95** |

Summary of significant accounting policies 1-5

The accompanying notes are integral part of the standalone financial statements.
This is the Balance Sheet referred to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

| | | | | |
|---|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **Nitin Toshniwal** | **Arvind Singhania** | **Manish Gupta** | **Pradeep Kumar Rustagi** | **Diwaker Dinesh** |
| **Partner** | **Chairman & CEO** | **CFO** | **Executive Director - Corporate Affairs** | **Head-Legal & Company Secretary** |
| **Membership no.507568** | **DIN: 00934017** | | **DIN: 00879345** | **M No: A22282** |
| Place: Kolkata | Place: Gurugram | Place: Gurugram | Place: Gurugram | Place: Gurugram |
| Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 |

# STANDALONE STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2022

(₹ in lacs)

| | Notes | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 24 and 40 | 140,565.94 | 99,175.88 |
| Other income | 25 | 880.42 | 797.83 |
| **Total income** | | **141,446.36** | **99,973.71** |
| **Expenses** | | | |
| Cost of material consumed | | 91,482.51 | 51,712.37 |
| Changes in inventories of finished goods and work-in-progress | 26 | (3,390.76) | (661.47) |
| Employee benefits expense | 27 | 6,681.25 | 6,809.14 |
| Finance costs | 28 | 2,486.31 | 1,855.07 |
| Depreciation and amortisation expenses | 6 | 3,856.05 | 3,522.32 |
| Other expenses | 29 | 21,495.92 | 17,738.43 |
| **Total expenses** | | **122,611.28** | **80,975.86** |
| **Profit before tax** | | **18,835.08** | **18,997.85** |
| **Tax expense** | 30 | | |
| Current tax | | 4,884.55 | 4,881.55 |
| Tax earlier years | | 136.75 | - |
| Deferred tax | | (72.35) | (91.47) |
| **Total tax expenses** | | **4,948.95** | **4,790.08** |
| **Profit after tax** | | **13,886.13** | **14,207.77** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement loss on defined benefit plans | | (14.73) | (33.51) |
| Income tax effect | | 3.76 | 8.55 |
| **Total comprehensive income** | | **13,875.16** | **14,182.81** |
| | | | |
| **Earnings per equity share** | | | |
| Basic (₹) | 31 | 16.65 | 17.04 |
| Diluted (₹) | 31 | 16.65 | 17.04 |

Summary of significant accounting policies 1-5

The accompanying notes are integral part of the standalone financial statements.
This is the statement of profit and loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**Sd/-**
**Nitin Toshniwal**
**Partner**
**Membership no.507568**

Place: Kolkata
Date: 20 May 2022

**For and on behalf of the Board of Directors**

**Sd/-**
**Arvind Singhania**
**Chairman & CEO**
**DIN: 00934017**

Place: Gurugram
Date: 20 May 2022

**Sd/-**
**Manish Gupta**
**CFO**

Place: Gurugram
Date: 20 May 2022

**Sd/-**
**Pradeep Kumar Rustagi**
**Executive Director - Corporate Affairs**
**DIN: 00879345**

Place: Gurugram
Date: 20 May 2022

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

Place: Gurugram
Date: 20 May 2022

# STANDALONE CASH FLOW STATEMENT for the year ended 31 March 2022

(₹ in lacs)

| | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| **A** | **Cash flows from operating activities** | | |
| | Profit before tax | 18,835.08 | 18,997.85 |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 3,856.05 | 3,522.32 |
| | Employee stock option expenses | 62.11 | - |
| | Loss on sale of property, plant and equipments (net) | 45.04 | 27.39 |
| | Finance costs | 1,982.24 | 1,480.05 |
| | Interest income on financials assets measured at amortised cost | (92.77) | (123.06) |
| | Unrealised foreign exchange (gain) / loss (net) | 16.07 | (16.18) |
| | Bad debts, advances and irrecoverable balances written off | - | 15.59 |
| | Profit on sale of investments (net) | (28.91) | - |
| | Provisions/liabilities no longer required written back | (16.14) | (216.90) |
| | Income recognised on account of government assistance | (253.57) | (253.15) |
| | Reversal of provision for doubtful debts | (25.91) | - |
| | Provision for doubtful debts / advances | - | 76.53 |
| | Gain on fair valuation of financial assets | - | (26.24) |
| | Provision/(reversal) for obsolete inventories | (12.42) | 13.96 |
| | **Operating profit before working capital changes and other adjustments:** | **24,366.87** | **23,498.16** |
| | **Working capital changes and other adjustments:** | | |
| | (Increase)/decrease in current and non-current loans | (19.53) | 20.29 |
| | Increase in other non-current and current assets | (2,346.41) | (665.11) |
| | Increase in inventories | (6,621.96) | (2,641.38) |
| | Increase /(decrease) in other financial and non-financial liabilities | (634.92) | 1,077.85 |
| | Increase/(decrease) in provisions | (27.11) | 40.47 |
| | Decrease in other non-current and current financial assets | 587.99 | 837.98 |
| | Increase in trade receivables | (4,204.85) | (2,955.46) |
| | Increase in trade payables | 2,484.65 | 408.38 |
| | **Cash flow from operating activities post working capital changes** | **13,584.73** | **19,621.18** |
| | Income tax paid (net of refunds) | (5,695.66) | (4,548.75) |
| | **Net cash flow from operating activities (A)** | **7,889.07** | **15,072.43** |
| **B** | **Cash flows from investing activities** | | |
| | Purchase of property plant and equipments (including capital work-in-progress, Capital advances, Capital Creditors and intangible assets) | (6,093.75) | (4,617.99) |
| | Sale of property plant and equipments | 3.20 | 13.35 |
| | Proceeds from bank deposits | 1,559.11 | (1,537.74) |
| | Proceeds from pledged deposits(net) | 545.45 | 360.36 |
| | Interest received | 92.77 | 107.96 |
| | Investment in subsidiary | (8,433.44) | (9,635.00) |
| | Sales/(Purchase) of investment (net) | 162.04 | (84.11) |
| | **Net cash used in investing activities (B)** | **(12,164.62)** | **(15,393.17)** |
| **C** | **Cash flows from financing activities** | | |
| | Proceeds from long-term borrowings | 12,888.18 | 8,422.95 |
| | Repayment of long-term borrowings | (6,881.26) | (2,804.15) |
| | Payment of lease liability | (120.24) | (140.48) |
| | Repayment/(proceeds) of short-term borrowings (net) | 5,374.35 | (366.21) |
| | Finance cost paid | (1,982.24) | (1,441.17) |
| | Dividend paid | (2,751.99) | (3,335.75) |
| | **Net cash flow in financing activities (C)** | **6,526.80** | **335.19** |
| **D** | Net increase in cash and cash equivalents (A+B+C) | 2,251.25 | 14.45 |
| **E** | Cash and cash equivalents at the beginning of the year (refer note no.13) | 37.71 | 23.26 |
| **F** | **Cash and cash equivalents at the end of the year (D+E) (refer note no.13)** | **2,288.96** | **37.71** |
| | **Reconciliation of cash and cash equivalents as per cash flow statement** | | |
| | Cash in hand | 3.88 | 3.50 |
| | Balances with banks: | | |
| | In current accounts | 4.58 | 4.21 |
| | Bank deposits with original maturity upto 3 months | 2,280.50 | 30.00 |
| | **Total of cash and cash equivalents** | **2,288.96** | **37.71** |

This is the cash flow statement referred to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

| | | | | |
|---|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **Nitin Toshniwal** | **Arvind Singhania** | **Manish Gupta** | **Pradeep Kumar Rustagi** | **Diwaker Dinesh** |
| **Partner** | **Chairman & CEO** | **CFO** | **Executive Director - Corporate Affairs** | **Head-Legal & Company Secretary** |
| **Membership no.507568** | **DIN: 00934017** | | **DIN: 00879345** | **M No: A22282** |
| Place: Kolkata | Place: Gurugram | Place: Gurugram | Place: Gurugram | Place: Gurugram |
| Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 |

# STANDALONE STATEMENT OF CHANGES IN EQUITY as at 31 March 2022

**Equity share capital** **(₹ in lacs)**

| Particulars | Opening balance as at 1 April 2020 | Changes in equity share capital during the year | Balance as at 31 March 2021 | Changes in equity share capital during the year | Balance as at 31 March 2022 |
|---|---|---|---|---|---|
| Equity share capital | 4,169.69 | - | 4,169.69 | - | 4,169.69 |

**Other equity** **(₹ in lacs)**

| Particulars | Equity component of redeemable financial instrument | Reserves and surplus | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Securities premium | Capital reserve | Capital redemption reserve | General reserve | Share options outstanding account | Retained earnings | |
| **Balance as at 1 April 2020** | **76.83** | **6,121.01** | **3,520.74** | **335.37** | **1,528.16** | **-** | **25,061.46** | **36,643.57** |
| **Profit for the year** | - | - | - | - | - | - | 14,207.77 | **14,207.77** |
| Other comprehensive income | | | | | | | | |
| Re-measurement losses on defined benefit plans (net of tax) | - | - | - | - | - | - | (24.96) | **(24.96)** |
| **Transactions with owners** | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (3,335.75) | **(3,335.75)** |
| **Balance as at 31 March 2021** | **76.83** | **6,121.01** | **3,520.74** | **335.37** | **1,528.16** | **-** | **35,908.52** | **47,490.63** |
| | | | | | | | | |
| **Profit for the year** | - | - | - | - | - | - | **13,886.13** | **13,886.13** |
| Other comprehensive income | | | | | | | | |
| Re-measurement losses on defined benefit plans (net of tax) | - | - | - | - | - | - | (10.22) | **(10.22)** |
| Employee Stock option expense | - | - | - | - | - | 62.11 | - | **62.11** |
| **Transactions with owners** | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (2,751.99) | **(2,751.99)** |
| Adjustment on account of partial repayment of Redeemable financial instrument (foreign currency loan) | (63.62) | - | - | - | - | - | 63.62 | - |
| **Balance as at 31 March 2022** | **13.21** | **6,121.01** | **3,520.74** | **335.37** | **1,528.16** | **62.11** | **47,096.06** | **58,676.66** |

This is the statement of change in equity referred to in our report of even date

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

**Sd/-**
**Nitin Toshniwal**
**Partner**
**Membership no.507568**

Place: Kolkata
Date: 20 May 2022

**Sd/-**
**Arvind Singhania**
**Chairman & CEO**
**DIN: 00934017**

Place: Gurugram
Date: 20 May 2022

**Sd/-**
**Manish Gupta**
**CFO**

Place: Gurugram
Date: 20 May 2022

**Sd/-**
**Pradeep Kumar Rustagi**
**Executive Director - Corporate Affairs**
**DIN: 00879345**

Place: Gurugram
Date: 20 May 2022

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

Place: Gurugram
Date: 20 May 2022

### 1. Nature of operations

Ester Industries Limited (‘the Company’) is a manufacturer of polyester film and engineering plastics. The Company is domiciled in India and its registered office is situated at Pilibhit Road, Sohan Nagar PO – Charubeta, Khatima District – Udham Singh Nagar, Uttarakhand – 262308.

### 2. General information and compliance with Ind AS

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified by Ministry of Corporate Affairs (‘MCA’) under section 133 of the Companies Act, 2013 (‘Act’) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented.

The financial statements for the year ended 31 March 2022 along with the comparative financial information were authorized and approved for issue by the Board of Directors on 20 May 2022. The revision to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

### 3. Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

- **Ind AS 103 – Reference to Conceptual Framework**

  The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 16 – Proceeds before intended use**

  The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract**

  The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 109 – Annual Improvements to Ind AS (2021)**

  The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 116 – Annual Improvements to Ind AS (2021)**

  The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

### 4. Basis of preparation

The financial statements have been prepared on going concern basis in accordance with generally accepted accounting principles in India. Further, the financial statements have been prepared on a historical cost basis except for following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities | Fair value as explained in relevant accounting policies. |
| Net defined benefits (assets)/liability | Fair value of plan assets less present value of defined benefits obligations. |

## 5. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements.

### 5.1 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013.

### 5.2 Property, plant and equipment (PPE)

*Recognition and initial measurement*

Property plant and equipment, capital work in progress are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discount and rebates are deducted in arriving at the purchase price. Property, plant and equipment purchased on deferred payment basis are recorded at equivalent cash price. The difference between the cash price equivalent and the amount payable is recognised as interest expense over the period until payment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories

*Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful life estimated by the management. The identified components are depreciated separately over their respective useful life; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its property, plant and equipment.

| Asset class | Useful life |
|---|---|
| Factory buildings* | 2 to 29.94 years |
| Administrative buildings* | 12 to 61.35 years |
| Plant and machinery* | 2 to 40 years |
| Furniture and fixtures* | 5 to 15.79 years |
| A.C. and Refrigeration | 10 years |
| Office equipment* | 2 to 10 years |
| Computers* | 6.16 years |
| Vehicles | 8 years |
| Batteries under UPS project (Plant and Machinery) * | 5 years |
| Leasehold improvements | Over the period of lease |

Depreciation on the amount of additions made to fixed assets due to upgradations / improvements is provided over the remaining useful life of the asset to which it relates. Depreciation on fixed assets added/disposed off during the year is provided on a pro-rata basis to the date, the asset is retired from active use.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

* For these class of assets, based on detailed technical assessment, the management believes that the useful life as given above best represents the period over which management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.The life of plant and machinery based on triple shift working.

*De-recognition*

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset/significant component (calculated as the difference between the net disposal proceeds and the carrying amount of the asset/significant component) is recognised in statement of profit and loss, when the asset is derecognised.

### 5.3 Intangible assets

*Recognition and initial measurement*

Intangible assets (softwares and patents) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

*Subsequent measurement (amortisation)*

Software's are amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

Patent is amortized on a straight-line basis over its useful life, which is considered to be of a period of 5.26 years.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

**5.4 Inventories**

Inventories are valued as follows:

*Raw materials, components and stores and spares*

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

*Work-in-progress and finished goods*

Work-in-progress and finished goods is measured at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

**5.5 Revenue recognition**

**5.5.1: Revenue**

Revenue arises mainly from the sale of manufactured goods. To determine whether to recognise revenue, the Company follows a 5-step process:

1) Identifying the contract with a customer
2) Identifying the performance obligations
3) Determining the transaction price
4) Allocating the transaction price to the performance obligations
5) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method. The Company applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below.

*Sale of goods*

Revenue from sale of goods is recognized when control over ownership of the goods have been passed to the buyer. The Company collects sales taxes, value added taxes ('VAT') and GST on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

*Export benefits*

Export benefits constituting duty draw back, merchandise export from India scheme and advance license scheme are accounted for on accrual basis when there is reasonable assurance that the Company will comply with the conditions attached to them and the export benefits will be received. Export benefits under duty draw back and merchandise export from India scheme are considered as other operating income.

**5.5.1: Other Income**

*Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to statement of profit and loss based on the conditions for which the grant was obtained and presented within other income.

*Interest*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

*Dividends*

Dividend income is recognised at the time when right to receive dividend is established, which is generally when the shareholders approve the dividend.

*Insurance claims income*

Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

**5.6 Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred.

**5.7 Leases**

**The Company as a lessee**

The Company's leased asset classes primarily consist of leases for certain equipments and building, including warehouses and related facilities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

**The Company as a lessor**

Leases for which the Company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

*Company as a lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

**5.8 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

**5.9 Foreign currency**

*Functional and presentation currency*

The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company.

*Initial recognition*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

*Conversion*

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

*Exchange difference*

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise

**5.10 Financial instruments**

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

**Non-derivative financial assets**

*Subsequent measurement*

i. **Financial assets carried at amortised cost** – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in equity instruments of subsidiary**– Investments in equity instruments of subsidiary are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

iii. **Investments in other equity instruments –** Investments in equity instruments which are held for trading are classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

*De-recognition of financial assets*

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Non-derivative financial liabilities**

*Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

*De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Forward contracts**

The Company has entered into certain forward (derivative) contracts to hedge risks which are not designated as hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Any profit or loss arising on cancellation or renewal of such derivative contract is recognised as income or as expense in statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**5.11 Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Company assesses on forward looking basis the expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss is recognised based on the 12 months probability of default or life time probability of default and the expected loss good default estimated for each financial asset.

*Trade receivables*

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

*Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**5.12 Income taxes**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

**5.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balance with banks in current accounts and other short term highly liquid investments with original maturity of three months and less.

**5.14 Employee benefits**

*Provident fund*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution plan as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. In addition, for other employees, the provident fund trust set-up by the Company is treated as a defined benefit plan to the extent the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

*Gratuity*

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost on the Company's defined benefit plan is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

*Compensated absences*

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

*Superannuation fund*

Contribution made towards superannuation fund (funded by payments to Life Insurance Corporation of India) is charged to statement of profit and loss on accrual basis.

*Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**5.15 Provisions**

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

**5.16 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

**5.17 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, right issue and share split transaction.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**5.18 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing and Sale of Polyester film and Engineering plastics.

*Inter segment transfers*

Inter segment transfers of goods, as marketable products produced by separate segments of the Company for captive consumption, are not accounted for in the books of account of the Company. For the purpose of segment disclosures, however, inter segment transfers have been taken at cost.

*Allocation of common costs*

Common allocable costs are allocated to each segment in proportion to the turnover of the segment, except where a more logical allocation is possible.

*Unallocated items*

Corporate income and expense are considered as a part of un-allocable income and expense, which are not identifiable to any business segment.

**5.19 Significant management judgement and estimates**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

*Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

*Significant estimates*

**Government grants –** Grants receivables are based on estimates for utilisation of grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted prospectively over the balance life of asset.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

**Allowance for expected credit losses –** The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

**Allowance for obsolete and slow-moving inventory -** The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value and has been determined on the basis of past experience and historical and expected future trends in the market. A worsening of the economic and financial situation could cause a further deterioration in conditions compared to that taken into consideration in calculating the allowances recognized in the financial statements.

**Provisions** – At each balance sheet date basis management estimate, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

**5.20 Share based payment**

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered (equity settled transactions).

Under the equity settled share-based payment, the fair value on the grant date of the Options given to employees is recognised as 'employee benefit expense' with a corresponding increase in equity over the vesting period. The fair value of the options on the grant date is calculated using an appropriate valuation model.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. An additional expense is recognised for any modification that increases the total fair value of the shares-based payments transactions, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. When the options are exercised, the Company issues fresh equity shares.

*(This space has been intentionally left blank)*

### 6A. Property, plant and equipment and intangible assets

(₹ in lacs)

| Particulars | Property, plant and equipment | | | | | | | Intangible assets | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land-freehold | Building | Vehicles | Office equipments | Furniture and fixtures | Plant and machinery | Total | Patent | Software | Total |
| **Gross carring amount** | | | | | | | | | | |
| **As at 1 April 2020** | **1,653.36** | **5,754.30** | **529.74** | **234.38** | **370.94** | **37,156.89** | **45,699.61** | **238.00** | **230.36** | **468.36** |
| Additions | - | 247.98 | 164.38 | 44.03 | 5.34 | 4,369.19 | **4,830.92** | - | 18.54 | **18.54** |
| Disposal/adjustments | - | - | (86.71) | (55.25) | - | (113.64) | **(255.60)** | (238.00) | - | **(238.00)** |
| **As at 31 March 2021** | **1,653.36** | **6,002.28** | **607.41** | **223.16** | **376.28** | **41,412.44** | **50,274.93** | - | **248.90** | **248.90** |
| Additions | - | 311.83 | 49.41 | 39.88 | 25.74 | 3,907.46 | **4,334.32** | - | 13.15 | **13.15** |
| Disposal/adjustments | - | (5.88) | (12.13) | (23.99) | - | (299.78) | **(341.78)** | - | - | - |
| **As at 31 March 2022** | **1,653.36** | **6,308.23** | **644.69** | **239.05** | **402.02** | **45,020.12** | **54,267.47** | - | **262.05** | **262.05** |
| **Accumulated Depreciation** | | | | | | | | | | |
| **As at 1 April 2020** | - | **743.87** | **12.50** | **84.43** | **107.14** | **8,875.74** | **9,823.68** | **184.00** | **96.15** | **280.15** |
| Depreciation charge for the year | - | 194.72 | 107.61 | 45.18 | 31.04 | 2,927.26 | **3,305.81** | 37.62 | 72.95 | **110.57** |
| Disposal/adjustments | - | - | (79.47) | (51.85) | - | (101.76) | **(233.08)** | (221.62) | - | **(221.62)** |
| **As at 31 March 2021** | - | **938.59** | **40.64** | **77.76** | **138.18** | **11,701.24** | **12,896.41** | - | **169.10** | **169.10** |
| Depreciation charge for the year | - | 214.77 | 110.99 | 40.75 | 31.74 | 3,299.97 | **3,698.22** | - | 46.79 | **46.79** |
| Disposal/adjustments | - | (5.20) | (5.10) | (20.89) | - | (262.35) | **(293.54)** | - | - | - |
| **As at 31 March 2022** | - | **1,148.16** | **146.53** | **97.62** | **169.92** | **14,738.86** | **16,301.09** | - | **215.89** | **215.89** |
| **Net block** | | | | | | | | | | |
| **As at 1 April 2021** | **1,653.36** | **5,063.69** | **566.77** | **145.40** | **238.10** | **29,711.20** | **37,378.52** | - | **79.80** | **79.80** |
| **As at 31 March 2022** | **1,653.36** | **5,160.07** | **498.16** | **141.43** | **232.10** | **30,281.26** | **37,966.38** | - | **46.16** | **46.16** |

**Footnotes:**

(i) Refer note 37B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Refer note 18 for information on property, plant and equipment pledged as security by the Company.

**6B. Right of use asset** (₹ in lacs)

| Particulars | Land | Plant and machinery | Total |
|---|---|---|---|
| **Gross carring amount** | | | |
| **As at 1 April 2020** | **50.00** | **319.88** | **369.88** |
| Additions | 9.88 | - | 9.88 |
| **As at 31 March 2021** | **59.88** | **319.88** | **379.76** |
| Additions | 737.19 | - | 737.19 |
| **As at 31 March 2022** | **797.07** | **319.88** | **1,116.95** |
| **Accumulated depreciation** | | | |
| **As at 1 April 2020** | **0.19** | **64.43** | **64.62** |
| Charge for the year | 0.76 | 105.17 | 105.93 |
| **As at 1 April 2021** | **0.95** | **169.60** | **170.55** |
| Charge for the year | 2.73 | 108.31 | **111.04** |
| **As at 31 March 2022** | **3.68** | **277.91** | **281.59** |
| **Net carrying amount** | | | |
| **As at 1 April 2021** | **58.93** | **150.28** | **209.21** |
| **As at 31 March 2022** | **793.39** | **41.97** | **835.36** |

**6C. Capital work-in-progress**

| Description | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Capital work-in-progress | 1,890.53 | 2,194.52 |

The capital work-in- progress ageing schedule for the years ended 31 March 2022 and 31 March 2021 is as follows:

**Amount in capital work-in 31 March 2022** (₹ in lacs)

| Description | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Capital work-in-progress | 1,863.73 | 22.36 | - | - | **1,890.53** |

**Amount in capital work-in 31 March 2021** (₹ in lacs)

| Description | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Capital work-in-progress | 2,161.02 | 33.50 | - | - | **2,194.52** |

**7. Investments** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current** | | |
| **Investment carried at amortized cost - Equity Shares** | | |
| **Subsidiary company** | | |
| Ester Filmtech Limited - equity shares (unquoted) | 18,068.44 | 9,635.00 |
| [180,684,390 (31 March 2021 : 96,350,000) shares of ₹ 10 each] | | |
| | **18,068.44** | **9,635.00** |
| **B) Current** | | |
| **Investments carried at fair value through profit and loss - Mutual Funds** | | |
| Baroda large and Mid Cap fund - Mutual Fund [NIL (31 March 2021 : 499,965 units of ₹ 10 each] | - | 64.05 |
| Baroda Dynamic Equity Fund- Mutual Fund [Nil (31 March 2021 : 104,372) units of ₹ 14.37 each] | - | 15.04 |
| Union Focused Funds - Mutual Fund [Nil (31 March 2021 : 199,990) units of ₹ 10 each] | - | 29.03 |
| Baroda banking and PSU bond fund - Mutual Fund [Nil (31 March 2021 : 249,987) units of ₹ 10 each] | - | 25.01 |
| **Total current investment** | **-** | **133.13** |
| Aggregate amount of quoted investments (this represents market value as well) | **-** | **133.13** |

**8. Loans** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current** | | |
| Loans considered good- unsecured | | |
| Loans to employees | 14.12 | - |
| **Total non-current loans (A)** | **14.12** | **-** |
| **B) Current** | | |
| Loans considered good- unsecured | | |
| Loans to employees | 76.17 | 70.76 |
| **Total current loans (B)** | **76.17** | **70.76** |
| **Total loans (A+B)** | **90.29** | **70.76** |

**9. Other financial assets** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current (carried at amortised cost)** | | |
| **(Unsecured considered good)** | | |
| Bank deposits with maturity of more than 12 months (refer note 14) | 245.80 | 230.67 |
| Earnest money deposit | - | 0.73 |
| Security deposits* | 704.78 | 756.73 |
| **Total non-current other financial assets (A)** | **950.58** | **988.13** |
| **B) Current** | | |
| **(Unsecured considered good)** | | |
| Insurance claim recoverable | - | 658.49 |
| Derivative asset | 1.22 | - |
| Security deposits | 134.13 | 23.17 |
| Others | 11.00 | - |
| **Total current other financial assets (B)** | **146.35** | **681.66** |
| **Total other financial assets (A+B)** | **1,096.93** | **1,669.79** |

*Deposits includes deposits with Uttarakhand Power Corporation Limited which carries interest of 4.50% per annum (31 March 2021: 6.25% per annum).

**10. Other non-current assets** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Capital advances | 1,749.54 | 357.02 |
| Prepaid expenses | 7.72 | 14.14 |
| Balances with government authorities | 2.59 | 2.59 |
| **Total other non-current assets** | **1,759.85** | **373.75** |

**11. Inventories** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Raw materials {including goods in transit ₹ 2,384.7 lacs (31 March 2021: ₹ 2,181.81 lacs)} | 9,823.28 | 6,883.55 |
| Work-in-progress | 1,918.94 | 1,009.60 |
| Finished goods {including goods in transit ₹ 2,598.32 lacs (31 March 2021: ₹ 1,507.96 lacs;)} | 5,882.26 | 3,400.84 |
| Stores and spares {including goods in transit ₹ 25.29 lacs (31 March 2021: ₹ 138.60 lacs)} | 2,674.16 | 2,370.27 |
| **Total inventories** | **20,298.64** | **13,664.26** |

(i) During the year, the Company has reversed a provision of ₹ 115.59 lacs (in 31 March 2021 provision created: ₹ 16.06) for raw material and store and spares inventories and ₹ 332.24 of provision is outstanding as at 31 March 2022 (31 March 2021 : ₹ 447.82 lacs).

(ii) The cost of inventories recognised as expense during the year is ₹ 88,091.75 lacs (31 March 2021: ₹ 51,050.90 lacs)

**12. Trade receivables** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Trade receivables considered good - unsecured | 19,356.84 | 15,154.31 |
| Less: allowance for expected credit losses | (10.80) | (38.13) |
| | **19,346.04** | **15,116.18** |
| Trade receivables credit impaired | - | 65.32 |
| Less: allowance for expected credit losses | - | (65.30) |
| | - | 0.02 |
| **Total trade receivables** | **19,346.04** | **15,116.20** |

* For credit risk related disclosures, refer note 33A(b).

(i) Trade receivables ageing schedule is as follows: **(₹ in lacs)**

| Particulars | As at 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding for following period from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 19,344.13 | 9.41 | 3.06 | 0.24 | - | **19,356.84** |
| Gross trade receivables | | | | | | 19,356.84 |
| Less: allowance for expected credit losses | | | | | | (10.80) |
| **Total trade receivables** | | | | | | **19,346.04** |

**(₹ in lacs)**

| Particulars | As at 31 March 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding for following period from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 15,118.52 | 30.88 | 4.91 | - | - | **15,154.31** |
| (ii) Disputed Trade Receivables – credit impaired | 35.80 | 29.52 | - | - | - | **65.32** |
| Gross trade receivables | | | | | | 15,219.63 |
| Less: allowance for expected credit losses | | | | | | (103.43) |
| **Total trade receivables** | | | | | | **15,116.20** |

**13. Cash and cash equivalents** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Cash on hand | 3.88 | 3.50 |
| Balances with banks | | |
| In current accounts | 4.58 | 4.21 |
| Bank deposits with original maturity upto 3 months** | 2,280.50 | 30.00 |
| **Total cash and cash equivalents** | **2,288.96** | **37.71** |

**14. Other bank balances** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Earmarked bank balances | | |
| Unpaid dividend accounts * | 62.09 | 43.35 |
| Bank deposits | | |
| Deposits with remaining maturity for less than 12 months | 412.14 | 2,531.83 |
| Deposits with remaining maturity for more than 12 months | 245.80 | 230.67 |
| **Total **** | **720.03** | **2,805.85** |
| Less:- Amount disclosed under non-current financial assets (refer note 9) | (245.80) | (230.67) |
| **Total other bank balances** | **474.23** | **2,575.18** |

* The Company can utilise these balances only toward settlement of the respective unpaid dividend.

** Margin money deposit (including interest accrued) of ₹ 738.44 lacs (31 March 2021: ₹ 1,285.86 lacs) are subject to lien of lending banks for securing letter of credit,bank guarantee and other facilities sanctioned by them.

**15. Other current assets** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Considered good** | | |
| Receivables under export benefit scheme | 719.05 | 386.47 |
| Advance to vendors | 2,192.46 | 1,313.81 |
| Prepaid expenses | 505.32 | 486.78 |
| Balances with government authorities | 1,810.54 | 656.53 |
| Other advances | 0.88 | 50.57 |
| | **5,228.25** | **2,894.16** |
| **Considered doubtful** | | |
| Receivables under export benefit scheme | 29.31 | 29.31 |
| Other advances | 50.27 | 50.27 |
| Less: Provision of export benefit receivable | (29.31) | (29.31) |
| Less: Provision of other advances | (50.27) | (50.27) |
| | - | - |
| **Total other current assets** | **5,228.25** | **2,894.16** |

**16 A. Equity share capital**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **i) Authorised** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Equity shares of ₹ 5 each | 150,000,000 | 7,500.00 | 150,000,000 | 7,500.00 |
| Equity shares of ₹ 10 each | 47,960,000 | 4,796.00 | 47,960,000 | 4,796.00 |
| | | **12,296.00** | | **12,296.00** |
| **ii) Issued, subscribed and fully paid up** | | | | |
| Equity shares of ₹ 5 each | 83,393,759 | 4,169.69 | 83,393,759 | 4,169.69 |
| | | **4,169.69** | | **4,169.69** |

**iii) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Equity shares** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Balance at the beginning of the year | 83,393,759 | 4,169.69 | 83,393,759 | 4,169.69 |
| **Balance at the end of the year** | **83,393,759** | **4,169.69** | **83,393,759** | **4,169.69** |

**iv) Rights, preferences and restrictions attached to equity share**

The Company has only one class of equity share having a par value of ₹ 5 per share. Each equity shareholder is entitled for one vote per share. The Company declares and pays dividend in Indian rupees (₹). The final dividend proposed by the Board of Director is subject to the approval of the shareholder in the ensuing annual general meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholder.

**v) Shares held by Holding/Ultimate Holding Company and/or their Subsidiaries/Associates**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Name of the equity shareholder** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Wilemina Finance Corporation, Holding Company | | | | |
| Equity shares of ₹ 5 each fully paid | 48,455,012 | 2,422.75 | 46,355,012 | 2,317.75 |
| | **48,455,012** | **2,422.75** | **46,355,012** | **2,317.75** |

**vi) Shareholding of promoters are as follows:**

| | As at 31 March 2022 | | |
|---|---|---|---|
| **Promoter Name** | **No. of Shares** | **% of total shares** | **% change during the period** |
| Arvind Singhania | 150 | - | - |
| Uma Devi Singhania | 150 | - | - |
| Jai Vardhan Singhania | 124,858 | 0.15 | - |
| Ayush Vardhan Singhania | 178,033 | 0.21 | - |
| Fenton Investments Private Limited | 490,000 | 0.59 | - |
| MOVI Limited | 4,160,000 | 4.99 | (33.55%) |
| Wilemina Finance Corporation | 48,455,012 | 58.10 | 4.53% |

| | As at 31 March 2021 | | |
|---|---|---|---|
| **Promoter Name** | **No. of Shares** | **% of total shares** | **% change during the period** |
| Arvind Singhania | 150 | - | - |
| Uma Devi Singhania | 150 | - | - |
| Jai Vardhan Singhania | 124,858 | 0.15 | - |
| Ayush Vardhan Singhania | 178,033 | 0.21 | - |
| Fenton Investments Private Limited | 490,000 | 0.59 | 100.00% |
| MOVI Limited | 6,260,000 | 7.51 | 53.00% |
| Wilemina Finance Corp. | 46,355,012 | 55.59 | 3.00% |

**vii) Details of shareholder holding more than 5% shares in the Company**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | **Number** | **%** | **Number** | **%** |
| Wilemina Finance Corporation, Holding Company | | | | |
| Equity shares of ₹ 5 each fully paid | 48,455,012 | 58.10% | 46,355,012 | 55.59% |
| Movi Limited, Promotor Group Company | | | | |
| Equity shares of ₹ 5 each fully paid | 4,160,000 | 4.99% | 6,260,000 | 7.51% |
| Vettel International Limited, Public Shareholder | | | | |
| Equity shares of ₹ 5 each fully paid | 8,086,861 | 9.70% | 8,786,861 | 10.54% |

**viii)** No shares were alloted as fully paid up by way of bonus issue and/or brought back in the current reporting year and in last five years immediately preceding the current reporting year.

**16 B. Preference shares** **(₹ in lacs)**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **i) Authorised** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Cumulative convertible preference shares of ₹ 50 each | 600,000 | 300.00 | 600,000 | 300.00 |
| Redeemable cumulative preference shares of ₹ 50 each | 8,000,000 | 4,000.00 | 8,000,000 | 4,000.00 |
| | | **4,300.00** | | **4,300.00** |

No preference shares have been issued as yet.

## 17. Other equity

(₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Reserves and surplus** | | |
| Capital reserve | 3,520.74 | 3,520.74 |
| Securities premium | 6,121.01 | 6,121.01 |
| Capital redemption reserve | 335.37 | 335.37 |
| General reserve | 1,528.16 | 1,528.16 |
| Retained earnings | 47,096.06 | 35,908.52 |
| Share options outstanding account | 62.11 | - |
| Equity component of redeemable financial instrument | 13.21 | 76.83 |
| **Total** | **58,676.66** | **47,490.63** |

**i) Nature and purpose of other reserves**

**Capital reserve**

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature. Capital reserve is not available for the distribution to the shareholders.

**Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Companies Act, 2013.

**Capital redemption reserve**

The same has been created in accordance with provision of Companies Act, 2013 against redemption of preference shares.

**General reserve**

The Company is required to create a general reserve out of the profits when the Company declares dividend to shareholders.

**Retained earnings**

Retained earnings represents surplus in the Statement of Profit and Loss.

**Share options outstanding account**

The Company has allotted equity shares to certain employees under an employee share purchase scheme. The share options outstanding account is used to recognise the value of equity settled share based payments provided to such employees as part of their remuneration. Refer note 41 for further details of the scheme.

**Equity component of redeemable financial instrument**

The same has been created in accordance with Indian accounting standard (Ind AS) 109 against the Redeemable financial instrument (foreign currency loan) and it will be transfer to Retained earning when loan fully repaid.

## 18. ( A ) Borrowings

(₹ in lacs)

| **A) Non-current*** | As at 31 March 2022 | As at March 31, 2021 |
|---|---|---|
| **Secured loans** | | |
| Term loans from: | | |
| Banks | 7,063.66 | 4,436.01 |
| Financial institution | 8,496.12 | 4,682.55 |
| Vehicle loans | 170.15 | 249.56 |
| **Unsecured loans** | | |
| Redeemable financial instrument (foreign currency loan) from related party | 96.73 | 522.21 |
| **Total borrowings - non-current** | **15,826.66** | **9,890.33** |

* For liquidity risk related disclosures, refer note 33B.

**I. Term loans**

a) **From Bank of India** of ₹ Nil (31 March 2021: ₹ 962.58 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the rate MCLR plus 1.20 % per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.##

b) **From Bank of Baroda** of ₹ Nil (31 March 2021: ₹ 928.80 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 1.15 % per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.##

c) **From Union Bank of India** of ₹ Nil (31 March 2021: ₹ 748.99 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 0.95% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.##

d) **From Canara Bank** of ₹ 725.09 lacs (31 March 2021: ₹ 1,040.14 lacs) as capex loan for augmentation of capital expenditure (modification, de-bottlenecking, modernization, cost reduction & maintenance capex). The Term Loan bearing floating interest at the MCLR plus 1.20% per annum. The term is repayable in 60 equal monthly installments starting from September 2019.#

e) **From Karnataka Bank Limited** of ₹ 1,992.37 lacs (31 March 2021: ₹ 1,815.83 lacs) as capex loan for capital expenditure (purchase of plant and machineries). The Term Loan bearing floating interest at the MCLR plus 0.50% per annum. The term is repayable in 60 unequal monthly installments starting from October 2020.###

f) **From Tata Capital Financial Services Limited** of ₹ 546.66 lacs (31 March 2021: ₹ 850.44 lacs) as Corporate loan for augmentation of working Capital bearing floating interest at the LTLR minus 9.50% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from Sep 2019.##

g) **From Tata Capital Financial Services Limited** of ₹ 1,773.52 lacs (31 March 2021: ₹ 1,512.02 lacs) has been sanctioned for infusion of funds in Subsidiary Company of borrower (Ester Filmtech Limited). The term loan is secured by equitable mortgage by way of deposit of title deeds of land and Corporate Office building constructed thereupon in Gurgaon and first and exclusive charge over the hypothecation of certain plant and machineries installed at factory premises at Uttarakhand and further secured by irrevocable guarantee of its holding company and personal guarantee of Mr. Arvind Singhania. The term loan bearing floating interest at the LTLR minus 9.10% per annum. The loan is repayable in 54 equal quarterly installments starting from Dec 2020.#

h) **From Bajaj Finance Limited** of ₹ 2,979.01 lacs (31 March 2021: ₹ 2,971.07 lacs) as loan for general corporate and capex purpose. The Term Loan bearing floating interest linked to BFL IRR at the rate of 8.00% per annum. The term is repayable in 20 equal quarterly installments starting from April 2022.###

i) **From Bajaj Finance Limited** of ₹ 1,978.19 lacs (31 March 2021: ₹ Nil) as loan for general corporate and capex purpose. The Term Loan bearing floating interest linked to BFL IRR at the rate of 7.35% per annum. The term is repayable in 20 equal quarterly installments starting from May 2023.###

j) **From IDFC Limited** of ₹ 944.99 Lacs (31 March 2021: ₹ 1,570.68 lacs) as capex loan for capital expenditure incurred by the Company. The Term Loan bearing floating interest at the MCLR plus 0.95% per annum. The term is repayable in 12 equal quarterly installments starting from Dec 2020.#

k) **From IDFC Limited** of ₹ 1,501.51 Lacs (31 March 2021: ₹ Nil) as capex loan for capital expenditure incurred by the Company. The Term Loan bearing floating interest at the MCLR plus 0.60% per annum. The term is repayable in 37 equal quarterly installments starting July 2021.#

l) **From Axis Finance Limited** of ₹ 3,373.75 Lacs (31 March 2021: ₹ Nil) as capex loan for capital expenditure incurred by the Company. The Term Loan bearing floating interest at the MCLR plus .85% per annum. The term is repayable in 18 unequal monthly installments starting March 2022.###

m) **From QNB Bank** of ₹ 3,973.91 Lacs (31 March 2021: ₹ Nil) as capex loan for capital expenditure incurred by the Company. The Term Loan bearing floating interest at the MCLR plus 1.80% per annum. The term is repayable in 42 equal monthly installments starting April 2023.#

# Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited & Vehicles and second Pari passu charge on current assets and further secured by irrevocable guarantee of its holding company and personal guarantee of Mr. Arvind Singhania.

## Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited & Vehicles and second Pari passu charge on current assets and further secured by irrevocable guarantee of its holding company and personal guarantee of Mr. Arvind Singhania. Above loans are also secured by pledge of 50 lacs equity shares of the company on pari-passu basis held by Wilemina Finance Corporation.

### Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited and second Pari passu charge on current assets and further secured by irrevocable personal guarantee of Mr. Arvind Singhania.

II. **Vehicle loans** are secured by hypothecation of specific vehicles acquired out of proceeds of the loans. Vehicle loans bearing interest rates ranging from 7.25% per annum to 13.25% per annum. These loans are repayable in monthly installments till February 2026.

**18. (B) Current Borrowings***

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Loans repayable on demand** | | |
| from banks | 4,675.38 | 3,660.65 |
| **Other loans** | | |
| Bills discounting | 146.43 | 71.87 |
| Acceptances | 6,300.30 | 3,048.08 |
| Buyers' credit for raw material | 672.19 | 534.36 |
| Current Maturities of Long Term Loan | 4,320.69 | 3,418.62 |
| **Total borrowings - current** | **16,114.99** | **10,733.58** |

* For liquidity risk related disclosures, refer note 33B.

**Working capital loans, bills discounting, acceptances and buyer's credit for raw materials :** These loans are secured by first charge by way of hypothecation of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and further secured by irrevocable guarantees of its holding Company and personal guarantee of Mr. Arvind Singhania. Working capital, bill discounting facilities, acceptances and buyer's credit for raw materials are further secured by way of second charge in respect of immovable properties and movable fixed assets except fixed assets that are exclusively charged to Tata Capital Financial Services Limited.

The working capital loans from banks bear floating interest rate at MCLR plus ranging from 0.60% per annum to 1.20% per annum. The bill discounting from banks bear floating interest rate ranging from 7.55% per annum to 8.60% per annum. The Buyer's credit for raw material bear floating interest rate ranging from 0.34% per annum to 0.64% per annum.

The changes in the entities liabilities arising from financing and non financing activities can be classified as follows:

**(₹ in lacs)**

| **Particulars** | **Borrowings** | | |
|---|---|---|---|
| | **Non-current borrowings** | **Current** | **Lease liabilities** |
| **1 April 2021** | **9,890.33** | **10,733.58** | **155.70** |
| **Cash flows:** | | | |
| - Repayments | (6,881.26) | - | (120.24) |
| - Proceeds net of amortisation of upfront fees | 12,888.18 | 5,374.35 | - |
| **Non cash:** | | | |
| -Finance cost adjustment for effective interest rate | (70.59) | - | - |
| -Interest on lease liabilities | - | - | 5.23 |
| -Unrealised foreign exchange loss on buyers credit for raw material | - | 7.06 | - |
| -Addition during the year | - | - | 7.44 |
| **31 March 2022** | **15,826.66** | **16,114.99** | **48.13** |
| **1 April 2020** | 7,698.56 | 7,681.17 | 249.81 |
| **Cash flows:** | | | |
| - Repayments | (2,774.14) | (366.21) | (140.48) |
| - Proceeds net of amortisation of upfront fees | 8,422.95 | - | - |
| **Non cash:** | | | |
| -Finance cost adjustment for effective interest rate | (38.42) | - | - |
| -Interest on lease liabilities | - | - | 29.37 |
| -Net impact of reclassification as per schedule III | (3,418.62) | 3,418.62 | - |
| -Addition during the year | - | - | 17.00 |
| **31 March 2021** | **9,890.33** | **10,733.58** | **155.70** |

**19. Provisions** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Provisions - non-current** | | |
| Provision for gratuity (refer note 39) | 783.37 | 811.65 |
| Provision for compensated absence | 230.34 | 254.47 |
| **Total provisions - non-current** | **1,013.71** | **1,066.12** |
| | | |
| **B) Provisions - current** | | |
| Provision for gratuity (refer note 39) | 235.54 | 174.99 |
| Provision for compensated absence | 69.64 | 30.26 |
| **Total provisions - current** | **305.18** | **205.25** |
| **Total provisions (A+B)** | **1,318.89** | **1,271.37** |

**20. Deferred tax liabilities (net)** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Deferred tax liabilities | 3,540.63 | 3,657.90 |
| Less: Deferred tax assets | 462.07 | 503.22 |
| **Deferred tax liabilities (net)** | **3,078.56** | **3,154.68** |

(₹ in lacs)

| **Particulars** | **As at 1 April 2021** | **Recognised in statement of profit and loss** | **Recognised in other comprehensive income** | **Recognised in statement of changes in equity** | **As at 31 March 2022** |
|---|---|---|---|---|---|
| **Deferred tax liabilities arising on account of :** | | | | | |
| Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 3,635.69 | (96.37) | - | - | 3,539.32 |
| Redeemable financial instrument | 22.21 | (20.90) | - | - | 1.31 |
| **Total** | **3,657.90** | **(117.27)** | - | - | **3,540.63** |
| **Deferred tax assets arising on account of :** | | | | | |
| Effect of expenditure debited to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 490.49 | (28.42) | - | - | 462.07 |
| Employee benefits | - | (3.76) | 3.76 | - | - |
| Others | 12.73 | (12.73) | - | - | - |
| **Total** | **503.22** | **(44.91)** | **3.76** | - | **462.07** |
| **Deferred tax liabilities (net)** | **3,154.68** | **(72.35)** | **(3.76)** | - | **3,078.56** |

(₹ in lacs)

| **Particulars** | **As at 1 April 2020** | **Recognised in statement of profit and loss** | **Recognised in other comprehensive income** | **Recognised in statement of changes in equity** | **As at 31 March 2021** |
|---|---|---|---|---|---|
| **Deferred tax liabilities arising on account of :** | | | | | |
| Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting | 3,686.30 | (50.61) | - | - | 3,635.69 |
| Redeemable financial instrument | 28.60 | (6.39) | - | - | 22.21 |
| **Total** | **3,714.90** | **(57.00)** | - | - | **3,657.90** |

| Particulars | As at 1 April 2020 | Recognised in statement of profit and loss | Recognised in other comprehensive income | Recognised in statement of changes in equity | As at 31 March 2021 |
|---|---|---|---|---|---|
| **Deferred tax assets arising on account of :** | | | | | |
| Effect of expenditure debited to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 534.24 | (43.75) | - | - | 490.49 |
| Employee benefits | - | (8.55) | 8.55 | - | - |
| Others | 12.56 | 0.17 | - | - | 12.73 |
| **Total** | **546.80** | **(52.13)** | **8.55** | - | **503.22** |
| Minimum alternate tax credit entitlement* | - | 86.60 | - | - | - |
| **Deferred tax liabilities (net)** | **3,168.10** | **(91.47)** | **(8.55)** | - | **3,154.68** |

* In previous year, the Company decided to avail lower tax rate option from financial year ending 31 March 2021 as per section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and accordingly had remeasured its deferred tax balances and written off outstanding MAT credit balance considering the same will not be allowed in near future period. However, at the time of filing income tax return for the assessment year 2020-21, after detailed evaluation, the Company identified that said MAT credit can be utilized towards tax liabilities of assessment year 2020-21 and on that basis tax return for assessment year 2020-21 filed. Accordingly, the Company reinstated ₹86.60 lacs MAT credit balance out of total MAT credit balance written off in books in previous year and utilized the same against tax liabilities for assessment year 2020-21 during the year ended 31 March 2021.

**21. Other liabilities** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current** | | |
| Deferred income* | 2,029.13 | 2,280.43 |
| **Total non current liabilities (A)** | **2,029.13** | **2,280.43** |
| **B) Current** | | |
| Deferred income* | 250.81 | 253.40 |
| Revenue received in advance | 431.45 | 376.81 |
| Statutory dues | 542.98 | 166.60 |
| **Total current liabilities (B)** | **1,225.24** | **796.81** |
| **Total other liabilities (A+B)** | **3,254.37** | **3,077.24** |

* Represents government assistance in form of duty benefit availed under Export Promotion Capital Goods ('EPCG') scheme on purchase of property, plant and equipment accounted for as government grants and being amortised over useful life of such assets.

**22. Trade payable** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Trade payables** | | |
| Trade payables | | |
| - total outstanding dues of micro enterprises and small enterprises* | 829.56 | 274.47 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 5,412.97 | 3,478.05 |
| **Total trade payables** | **6,242.53** | **3,752.52** |

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31 March 2022:

(₹ in lacs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| i. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | | |
| Principal amount* | 894.45 | 274.47 |
| Interest due thereon | - | - |
| ii. The amount paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | | |
| Principal amount | - | - |
| Interest due thereon | - | - |
| iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - |
| iv. The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23. | - | - |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

*includes capital creditor of ₹ 64.89 lacs (refer note 23).

**Trade payables ageing is as follows:** (₹ in lacs)

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Outstanding for following periods from the due date of payment | | | | |
| | Less than 1 Year | 1-2 Years | 2 to 3 years | More than 3 Years | Total |
| (i) Micro enterprises and small enterprises | 829.56 | - | - | - | 829.56 |
| (ii) Others | 5,016.14 | 392.33 | 4.50 | - | 5,412.97 |

(₹ in lacs)

| Particulars | As at 31 March 2021 | | | | |
|---|---|---|---|---|---|
| | Outstanding for following periods from the due date of payment | | | | |
| | Less than 1 Year | 1-2 Years | 2 to 3 years | More than 3 Years | Total |
| (i) Micro enterprises and small enterprises | 274.47 | - | - | - | 274.47 |
| (ii) Others | 3,464.21 | 8.86 | 4.98 | - | 3,478.05 |

**Relationship with struck off Companies as follows:** (₹ in lacs)

| Name of struck off Company | Nature of transactions | Transactions during the year 31 March 2022 | Balance outstanding as at 31 March 2022 | Relationship with struck off Company |
|---|---|---|---|---|
| H.T.L. Logistics India Private Limited | Payables | 0.05 | - | Vendor |
| SPM Instrument India Private Limited | Payables | 0.79 | - | Vendor |

(₹ in lacs)

| Name of struck off Company | Nature of transactions | Transactions during the year 31 March 2021 | Balance outstanding as at 31 March 2021 | Relationship with struck off Company |
|---|---|---|---|---|
| SPM Instrument India Private Limited | Payables | 0.22 | - | Vendor |

## 23. Other financial liabilities

(₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Current** | | |
| Capital creditors* | 302.95 | 223.51 |
| Unpaid dividend | 62.09 | 43.35 |
| Deposits from dealer/customer and others | 31.29 | 33.79 |
| Derivative liability | - | 3.09 |
| Employee related payables | 826.08 | 1,909.63 |
| Others payables | 109.02 | 120.38 |
| **Total other financial liabilities** | **1,331.43** | **2,333.75** |

*includes micro enterprises and small enterprises of ₹ 64.89 Lacs.

## 24. Revenue from operations

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Sale of products | 139,225.36 | 98,485.53 |
| Other operating revenue (refer note (i) below) | 1,340.58 | 690.35 |
| **Total revenue from operations** | **140,565.94** | **99,175.88** |

**i) Other operating revenue comprises of the following income:**

| | | |
|---|---|---|
| Sales of scrap | 196.35 | 114.70 |
| Export incentive from merchandise exports from India scheme | - | 241.68 |
| Duty drawback earned | 1,144.23 | 333.97 |
| **Total revenue from operations (refer note 40)** | **1,340.58** | **690.35** |

## 25. Other income

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest on: | | |
| - Fixed deposits carried at amortoised cost {tax deducted at source ₹ 7.07 lacs (31 March 2021 ₹ 7.13 lacs)} | 71.97 | 86.59 |
| - Other financial assets carried at amortised cost{tax deducted at source ₹ 1.98 lacs (31 March 2021: ₹ 3.81 lacs)} | 20.80 | 36.47 |
| Insurance claim | 72.06 | 70.65 |
| Provisions/liabilities no longer required written back | 16.14 | 216.90 |
| Reversal of provision on doubtful advances | 25.91 | - |
| Foreign exchange fluctuation gain (net) | 198.78 | - |
| Income recognised on account of government assistance* | 253.57 | 253.15 |
| Gain on fair valuation of financial assets | 28.91 | 26.24 |
| Miscellaneous income | 192.28 | 107.83 |
| **Total other income** | **880.42** | **797.83** |

* This represent income recognised in relation Export Promotion Capital Goods (‘EPCG’), considered as government assistance.

### 26. Changes in inventories of finished goods and work-in-progress

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Closing stock | | |
| - Finished goods | 5,882.26 | 3,400.84 |
| - Work-in-progress | 1,918.94 | 1,009.60 |
| | **7,801.20** | **4,410.44** |
| Opening stock | | |
| - Finished goods | 3,400.84 | 3,016.75 |
| - Work-in-progress | 1,009.60 | 732.22 |
| | **4,410.44** | **3,748.97** |
| **Total changes in inventories** | **(3,390.76)** | **(661.47)** |

### 27. Employee benefits expense

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Salaries and wages | 5,879.58 | 6,123.13 |
| Employee stock option expense (refer note 41) | 62.11 | - |
| Contribution to provident fund and other funds | 317.72 | 282.02 |
| Gratuity (refer note 39) | 136.82 | 130.20 |
| Staff welfare expenses | 285.02 | 273.79 |
| **Total employee benefits expense** | **6,681.25** | **6,809.14** |

### 28. Finance cost

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest : | | |
| - Term loans | 1,560.70 | 1,056.16 |
| - Working capital | 416.31 | 394.52 |
| - Lease liabilities | 5.23 | 29.37 |
| - Statutory dues | 141.05 | 48.45 |
| - Capital creditors | - | 4.91 |
| - Buyers credit for raw material | 1.43 | 3.41 |
| Other borrowing costs* | 361.59 | 318.25 |
| **Total finance cost** | **2,486.31** | **1,855.07** |

*Bank charges majorly comprises of Letter of credit charges, Bank guarantee charges and working capital demand loan (WCDL) processing fees.

### 29. Other expenses

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Manufacturing expenses** | | |
| Consumption of stores and spare parts | 2,083.89 | 1,773.65 |
| Consumption of packing material | 2,004.75 | 1,600.70 |
| Power and fuel | 9,167.79 | 7,585.54 |
| Material handling charges | 670.22 | 529.29 |
| Provision for obsolete inventories | (12.42) | 13.96 |
| **Total manufacturing expenses (A)** | **13,914.23** | **11,503.14** |
| **Selling expenses** | | |
| Freight | 3,025.25 | 2,518.64 |
| Commission and brokerage | 215.01 | 244.37 |
| **Total selling expenses (B)** | **3,240.26** | **2,763.01** |

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Administration and other expenses** | | |
| Rent | 127.01 | 113.19 |
| Rates and taxes | 50.26 | 24.12 |
| Insurance | 639.23 | 522.83 |
| Repairs and maintenance: | | |
| - Building | 156.42 | 144.27 |
| - Plant and machinery | 447.44 | 340.77 |
| - Others | 466.02 | 289.86 |
| Corporate social responsibility expenditure (refer note (i) below) | 257.44 | 130.05 |
| Travelling and conveyance | 572.56 | 304.73 |
| Communication expenses | 71.03 | 59.40 |
| Legal and professional charges | 553.25 | 522.62 |
| Printing and stationery | 17.31 | 8.19 |
| Donations (other than political parties) | 2.28 | 8.25 |
| Director's sitting fees | 8.30 | 7.10 |
| Director's commission | 70.00 | 70.00 |
| Auditors' remuneration (refer note (ii) below) | 41.87 | 33.14 |
| Loss on sale of property, plant and equipment (net) | 45.04 | 27.39 |
| Bad debts, advances and irrecoverable balances written off | 83.11 | 15.59 |
| Provision for doubtful debts/advances | - | 76.53 |
| Security services | 381.51 | 356.57 |
| Foreign exchange fluctuation loss (net) | - | 45.82 |
| Miscellaneous expenses | 351.35 | 371.86 |
| **Total administrative and other expenses (C)** | **4,341.43** | **3,472.28** |
| **Total other expenses (A+B+C)** | **21,495.92** | **17,738.43** |

**i) Corporate social responsibility expenses**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting health care, promoting education, rural development projects and environment sustainability. A CSR committee has been formed by the company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

**(₹ in lacs)**

| **Particulars** | **For the year ended 31 March 2022** | **For the year ended 31 March 2021** |
|---|---|---|
| i) Amount required to be spent by the company during the year | 257.44 | 129.78 |
| ii) Amount of expenditure incurred as follows: | | |
| - Constructions/ acquistion of any assets | - | - |
| - Others (refer point (v) below) | 198.44 | 130.05 |
| iii) Shortfall at the end of year* | 59.00 | - |
| iv) Reason for shortfall | pertains to ongoing project | NA |
| v) Nature of CSR activities | promoting health care, promoting education, rural development projects and environment sustainability | |
| vi) Details of related party transactions | - | - |
| vii) Provision made with respect to a liability incurred by entering into a contractual obligation | - | - |

*The unspent amount transferred to unspent CSR account within 30 days from the end of the financial year, in accordance with the Companies Act, 2013 read with the CSR Amendment Rules.

ii) Auditors' remuneration

(₹ in lacs)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| - Audit fee (excluding taxes) | 41.00 | 33.00 |
| - Out of pocket expenses (excluding taxes) | 0.87 | 0.14 |
| | **41.87** | **33.14** |

**30. Tax expenses** (₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Current tax | 4,884.55 | 4,881.55 |
| Tax earlier years | 136.75 | - |
| Deferred tax | (72.35) | (91.47) |
| **Income tax expense recognised in the statement of profit and loss** | **4,948.95** | **4,790.08** |
| The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% and the reported tax expense in the statement of profit and loss are as follows: | | |
| **Accounting profit before income tax** | **18,835.08** | **18,997.85** |
| At India's statutory income tax rate of 25.17% (31 March 2021: 25.17%) | 4,740.79 | 4,781.76 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| Adjustment on account of Minimum alternate tax credit | - | (86.60) |
| Tax impact of expenses which will never be allowed | 95.75 | 49.30 |
| Earlier year tax paid in current year | 136.75 | 29.97 |
| Others | (24.34) | 15.65 |
| **Income tax expense** | **4,948.95** | **4,790.08** |

**31. Earning per share (EPS)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Profit attributable to equity shareholders (₹ in lacs) | 13,886.13 | 14,207.77 |
| Profit attributable to equity shareholders adjusted for the effect of dilution (₹ in lacs) | **13,886.13** | **14,207.77** |
| Weighted average number of equity shares for basic EPS | 83,393,759 | 83,393,759 |
| Weighted average number of equity shares adjusted for the effect of dilution | **83,393,759** | **83,393,759** |
| **Earnings per equity share** | | |
| Basic (₹) | 16.65 | 17.04 |
| Diluted (₹) | 16.65 | 17.04 |

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

**32. Fair value disclosures**

**(i) Fair value hierarchy**

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** unobservable inputs for the asset or liability.

**(ii) Valuation technique used to determine fair value**

A. Specific valuation techniques used to value mutual funds include - the use of net asset value for mutual funds on the basis of the statement received from investee party.

B. Derivative asset/liability is measured using forward contract exchange rates at the balance sheet rate as confirmed from banks/financial institutions.

**(iii) Financial assets measured at fair value – recurring fair value measurements** **(₹ in lacs)**

| Particulars | Level | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **Financial assets** | | | |
| Investments in mutual funds | Level 1 | - | 133.13 |
| Derivative asset | Level 2 | 1.22 | - |
| **Total financial assets** | | **1.22** | **133.13** |
| **Financial liabilities** | | | |
| Derivative liability | Level 2 | - | 3.09 |
| **Total financial liabilities** | | **-** | **3.09** |

**(iv) Fair value of instruments measured at amortised cost for which fair value are disclosed** **(₹ in lacs)**

| Particulars | Level | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|---|
| | | Carrying value | Fair value | Carrying value | Fair value |
| **Financial assets** | | | | | |
| Loans | Level 3 | 14.12 | 14.12 | - | - |
| Investments in subsidiary | Level 3 | 18,068.44 | 18,068.44 | 9,635.00 | 9,635.00 |
| Security deposits | Level 3 | 704.78 | 704.78 | 756.73 | 756.73 |
| Earnest money deposit | Level 3 | - | - | 0.73 | 0.73 |
| **Total financial assets** | | **18,787.34** | **18,787.34** | **10,392.46** | **10,392.46** |
| Borrowings* | Level 3 | 20,147.35 | 20,147.35 | 13,308.95 | 13,308.95 |
| Lease Liabilities | Level 3 | 48.13 | 48.13 | 155.70 | 155.70 |
| **Total financial liabilities** | | **20,195.48** | **20,195.48** | **13,464.65** | **13,464.65** |

The above disclosures are presented for non-current financial assets (excluding bank deposits) and non-current financial liabilities. Carrying value of current financial assets and current financial liabilities (trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities) represents the best estimate of fair value.

*Long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

**33. Financial risk management**

The accounting classification of each category of financial instruments, and there carrying amounts are set as below:

**(₹ in lacs)**

| Particulars | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | FVTPL | Amortised cost | FVTPL | Amortised cost |
| **Financial assets** | | | | |
| Investments - mutual funds | - | - | 133.13 | - |
| Investments in subsidiary | - | 18,068.44 | - | 9,635.00 |
| Trade receivables | - | 19,346.04 | - | 15,116.20 |
| Loans | - | 90.29 | - | 70.76 |
| Cash and cash equivalents | - | 2,288.96 | - | 37.71 |
| Other bank balances | - | 720.03 | - | 2,805.85 |
| Derivative assets | 1.22 | - | - | - |
| Other financial assets | - | 849.91 | - | 1,439.12 |
| **Total financial assets** | **1.22** | **41,363.67** | **133.13** | **29,104.64** |

| Particulars | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | FVTPL | Amortised cost | FVTPL | Amortised cost |
| **Financial liabilities** | | | | |
| Borrowings | - | 31,941.65 | - | 20,623.91 |
| Lease liabilities | - | 48.13 | - | 155.70 |
| Trade payables | - | 6,242.53 | - | 3,752.52 |
| Security deposits | - | 31.29 | - | 33.79 |
| Derivative liabilities | - | - | 3.09 | - |
| Other financial liabilities | - | 1,300.14 | - | 2,296.87 |
| **Total financial liabilities** | - | **39,563.74** | **3.09** | **26,862.79** |

**(i) Risk management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the Standalone financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments | Ageing analysis | Diversification of bank deposits and investments, credit limits and letter of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (₹) | Cash flow forecasting | Forward contract/hedging, if required |
| Market risk - Interest rate risk | Long-term borrowings at variable rates | Sensitivity analysis | Negotiation of terms that reflect market factors |
| Price risk - security price | Investments in mutual funds | Sensitivity analysis | Diversification of portfolio, with focus on strategic investments |

**(A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, investments, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management**

*i) Credit risk rating*

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

The Company provides for expected credit loss based on the following:

| Description | Asset group | Provision for expected credit loss |
|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss |
| Moderate credit risk | Trade receivables | Life time expected credit loss |
| High credit risk | Trade receivables | Life time expected credit loss or fully provided for |

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period (including extension). Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**Below is the bifurcation of assets in various categories of risk:**

**(₹ in lacs)**

| Description | Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 23,296.45 | 19,602.77 |
| High credit risk | Trade receivables | 10.80 | 103.43 |

ii) *Concentration of financial assets*

The Company's exposure to credit risk for trade receivables is presented as below. Loans and other financial assets majorly represents loans to employees and security and earnest money deposits given for business purposes.

**(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Polyester film | 9,570.75 | 7,248.62 |
| Engineering plastics | 6,556.09 | 6,190.19 |
| Speciality Polymer | 3,219.20 | 1,677.39 |

**b) Credit risk exposure**

**Provision for expected credit losses**

The Company provides for 12 month expected credit losses or lifetime expected credit losses for following financial assets –

**31 March 2022** **(₹ in lacs)**

| Particulars | Estimated gross carrying amount at default | Expected credit losses (including credit impaired) | Carrying amount net of impairment provision |
|---|---|---|---|
| Trade receivables | 19,356.84 | 10.80 | 19,346.04 |
| Loans | 90.29 | - | 90.29 |
| Cash and cash equivalents | 2,288.96 | - | 2,288.96 |
| Other bank balances | 720.03 | - | 720.03 |
| Derivative assets | 1.22 | - | 1.22 |
| Other financial assets | 849.91 | - | 849.91 |
| **Total financial assets** | **23,307.25** | **10.80** | **23,296.45** |

**31 March 2021** **(₹ in lacs)**

| Particulars | Estimated gross carrying amount at default | Expected credit losses (including credit impaired) | Carrying amount net of impairment provision |
|---|---|---|---|
| Trade receivables | 15,219.63 | 103.43 | 15,116.20 |
| Loans | 70.76 | - | 70.76 |
| Cash and cash equivalents | 37.71 | - | 37.71 |
| Other bank balances | 2,805.85 | - | 2,805.85 |
| Other financial assets | 1,439.12 | - | 1,439.12 |
| Investments | 133.13 | - | 133.13 |
| **Total financial assets** | **19,706.20** | **103.43** | **19,602.77** |

**Expected credit loss for trade receivables under simplified approach**

**As at 31 March 2022** **(₹ in lacs)**

| Particulars | Less than 6 months | 6 months- 1 year | 1- 2 years | 2- 3 years | More than 3 years |
|---|---|---|---|---|---|
| Gross carrying value | 19,344.13 | 9.41 | 3.06 | 0.24 | - |
| Expected loss rate | 0.01% | 53.67% | 100.00% | 100.00% | - |
| Expected credit loss (impairment) | 2.45 | 5.05 | 3.06 | 0.24 | - |
| Carrying amount (net of impairment) | 19,341.68 | 4.36 | - | - | - |

**As at 31 March 2021** **(₹ in lacs)**

| Particulars | Less than 6 months | 6 months- 1 year | 1- 2 years | 2- 3 years | More than 3 years |
|---|---|---|---|---|---|
| Gross carrying value | 15,118.52 | 30.88 | 4.91 | - | - |
| Credit impaired | 35.80 | 29.52 | - | - | - |
| Expected loss rate | 0.20% | 11.98% | 100.00% | - | - |
| Expected credit loss (impairment) | 29.50 | 3.70 | 4.91 | - | - |
| Carrying amount (net of impairment) | 15,089.02 | 27.18 | - | - | - |

**(₹ in lacs)**

| Reconciliation of loss allowance | Amount |
|---|---|
| **Loss allowance as on 1 April 2021** | **103.43** |
| Impairment loss written off during the year | (65.30) |
| Impairment loss write back during the year | (27.33) |
| **Loss allowance as on 31 March 2022** | **10.80** |

**(B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

**(₹ in lacs)**

| 31 March 2022 | Less than 1 year | 1 - 3 years | More than 3 years | Total |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings (including interest) | 17,714.38 | 12,384.38 | 5,702.36 | **35,801.12** |
| Trade payables | 6,242.53 | - | - | **6,242.53** |
| Other financial liabilities | 1,331.43 | - | - | **1,331.43** |
| **Total** | **25,288.34** | **12,384.38** | **5,702.36** | **43,375.08** |

**(₹ in lacs)**

| 31 March 2021 | Less than 1 year | 1 - 3 years | More than 3 years | Total |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings (including interest) | 11,906.58 | 8,227.82 | 3,052.45 | **23,186.85** |
| Trade payables | 3,752.52 | - | - | **3,752.52** |
| Other financial liabilities | 2,333.75 | - | - | **2,333.75** |
| **Total** | **17,992.85** | **8,227.82** | **3,052.45** | **29,273.12** |

**The Company had access to following funding facilities :**

**As at 31 March 2022** **(₹ in lacs)**

| **Funding facilities** | **Total Facility** | **Drawn** | **Not drawn** |
|---|---|---|---|
| Less than 1 year | 27,400.00 | 14,366.58 | 13,033.42 |
| More than 1 year | 3,000.00 | 2,000.00 | 1,000.00 |
| **Total** | **30,400.00** | **16,366.58** | **14,033.42** |

**As at 31 March 2021** **(₹ in lacs)**

| **Funding facilities** | **Total Facility** | **Drawn** | **Not drawn** |
|---|---|---|---|
| Less than 1 year | 27,400.00 | 10,428.22 | 16,971.78 |
| More than 1 year | 5,000.00 | 3,611.81 | 1,388.19 |
| **Total** | **32,400.00** | **14,040.03** | **18,359.97** |

**(C) Market risk**

**(i) Interest rate risk**

*Interest rate risk exposure*

The Company's variable rate borrowing is subject to interest rate risk. Below is the overall exposure of the borrowing:

| **Particulars** | **31 March 2022** | **31 March 2021** |
|---|---|---|
| Variable rate borrowing | 31,680.12 | 20,237.72 |
| Fixed rate borrowing | 309.66 | 541.89 |
| **Total borrowings** | **31,989.78** | **20,779.61** |

*Sensitivity*

Profit or loss and equity is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| **Particulars** | **31 March 2022** | **31 March 2021** |
|---|---|---|
| **Interest sensitivity*** | | |
| Interest rates – decrease by 50 basis point (31 March 2021: 50 basis point) | 118.53 | 75.72 |
| Interest rates – increase by 50 basis point (31 March 2021: 50 basis point) | (118.53) | (75.72) |

** Holding all other variables constant*

**(ii) Foreign exchange risk**

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

*Foreign currency risk exposure*

| **Particulars** | **Currency** | **Amount in Foreign Currency (In absolute figures)** | | **Amount (₹ in lacs)** | |
|---|---|---|---|---|---|
| | | **31 March 2022** | **31 March 2021** | **31 March 2022** | **31 March 2021** |
| **Receivables** | | | | | |
| Trade receivable | USD | 10,602,320 | 8,024,428 | 8,004.75 | 5,897.95 |
| | GBP | 141,942 | 47,134 | 140.71 | 47.61 |
| | EURO | 1,357,468 | 773,632 | 1,140.82 | 666.10 |
| **Payables** | | | | | |
| Trade payables | GBP | - | 2,802 | - | 2.83 |
| | EURO | 5,882 | 37,085 | 4.95 | 31.93 |
| | USD | 2,873,202 | 1,222,494 | 2,170.70 | 898.53 |
| Acceptances | USD | 3,928,951 | 4,144,792 | 2,968.32 | 3,046.42 |
| Buyer's credit for raw material | USD | 781,450 | 728,270 | 590.07 | 535.28 |
| | EURO | 97,650 | - | 82.12 | - |
| Bills discounting | USD | 194,940 | 52,174 | 146.43 | 38.35 |
| | EURO | - | 38,494 | - | 33.14 |
| **Foreign currency unsecured loan** | USD | 135,000 | 785,000 | 101.94 | 576.97 |

*Sensitivity*

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lacs)

| Particulars | Impact on profit after tax | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| **USD sensitivity** | | |
| INR/USD increase by 4.65% (31 March 2021- 4.69%) | 70.54 | 28.16 |
| INR/USD decrease by 4.65% (31 March 2021- 4.69%) | (70.54) | (28.16) |
| **GBP sensitivity** | | |
| INR/GBP increase by 6.01% (31 March 2021- 8.31%) | 6.33 | 2.78 |
| INR/GBP decrease by 6.01% (31 March 2021- 8.31%) | (6.33) | (2.78) |
| **EUR sensitivity** | | |
| INR/EUR increase by 5.80% (31 March 2021- 6.89%) | 45.73 | 30.99 |
| INR/EUR decrease by 5.80% (31 March 2021- 6.89%) | (45.73) | (30.99) |

**(iii) Price risk**

The Company's exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

*Sensitivity analysis*

Profit or loss is sensitive to higher/lower prices of instruments on the Company's profit for the year -

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Investments in mutual funds** | | |
| Price increase by (5%) - FVTPL instrument | - | 4.98 |
| Price decrease by (5%) - FVTPL instrument | - | (4.98) |

## 34. Segment reporting

The Company operates in three segments manufacturing and sale of polyester film, engineering plastics and speciality polymer. The Company has chosen business segments considering the dominant source of nature of risks and returns, internal organisation, management structure and the manner chief operating decision maker (CODM) review the financial performance of the business for allocating the economic resources. A brief description of the reportable segment is as follows:

**Polyester chips and film:** Polyester chips and films that are used in primarily flexible packaging and other industrial application. Polyester film is known for high tensile strength, chemical and dimensional stability, transparency, reflective, gas and aroma barrier properties and electrical insulation. PET chips is the main raw material used to manufacture the film.

**Engineering plastics:** Engineering plastics are group of plastic materials that exhibit superior mechanical and thermal properties over the more commonly used commodity plastics. Engineering plastics are equipped with certain electrical properties which enable it to be used in specific industries such as automotive, telecommunication, electrical, electronics and lighting, consumer durable etc.

**Speciality Polymer:** Specialty Polymers are Polymers that are high performance material catering to the global needs of the industries / applications such as carpets, textiles, food and beverages, consumer electronics, industrial etc. which cannot be met by commodity PET grades.

**A. Segment Disclosure**

**Year ended 31 March 2022** (₹ in lacs)

| Particulars | Polyester chips and film | Engineering plastics | Speciality Polymers | Total of segments | Unallocable | Net Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | 93,758.83 | 29,540.99 | 17,266.12 | 140,565.94 | - | **140,565.94** |
| **Total revenue** | **93,758.83** | **29,540.99** | **17,266.12** | **140,565.94** | - | **140,565.94** |
| **Income/expenses** | | | | | | |
| Other income | - | - | - | - | 880.42 | **880.42** |
| Cost of material consumed | 59,353.31 | 21,210.81 | 10,918.39 | 91,482.51 | - | **91,482.51** |

| Particulars | Polyester chips and film | Engineering plastics | Speciality Polymers | Total of segments | Unallocable | Net Total |
|---|---|---|---|---|---|---|
| Changes in inventories of finished goods and work-in-progress | (1,220.64) | (661.90) | (1,508.22) | (3,390.76) | - | **(3,390.76)** |
| Depreciation and amortisation | 3,137.20 | 185.22 | 95.09 | 3,417.51 | 438.54 | **3,856.05** |
| Finance costs | - | - | - | - | 2,486.31 | **2,486.31** |
| Other expenses | 17,229.71 | 1,985.40 | 2,194.23 | 21,409.34 | 6,767.83 | **28,177.17** |
| **Segment Profit** | **15,259.25** | **6,821.46** | **5,566.63** | **27,647.34** | **(8,812.26)** | **18,835.08** |
| **Segment assets** | 47,842.53 | 13,799.68 | 12,921.00 | 74,563.21 | 35,574.95 | **110,138.16** |
| **Segment liabilities** | 5,981.80 | 1,970.38 | 1,827.81 | 9,779.99 | 37,511.82 | **47,291.81** |
| **Other disclosures** | | | | | | |
| Capital expenditure | 1,989.91 | 279.77 | 752.12 | 3,021.80 | 1,011.79 | **4,033.59** |

**Year ended 31 March 2021** **(₹ in lacs)**

| Particulars | Polyester chips and film | Engineering plastics | Speciality Polymers | Total of segments | Unallocable | Net Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | 72,742.40 | 20,499.53 | 5,933.95 | 99,175.88 | - | **99,175.88** |
| **Total revenue** | **72,742.40** | **20,499.53** | **5,933.95** | **99,175.88** | - | **99,175.88** |
| **Income/expenses** | | | | | | |
| Other income | - | - | - | - | 797.83 | **797.83** |
| Cost of material consumed | 34,798.09 | 13,885.41 | 2,913.84 | 51,597.34 | 115.03 | **51,712.37** |
| Changes in inventories of finished goods and work-in-progress | (874.40) | 378.06 | (165.13) | (661.47) | - | **(661.47)** |
| Depreciation and amortisation | 2,521.28 | 193.49 | 400.00 | 3,114.77 | 407.55 | **3,522.32** |
| Finance costs | - | - | - | - | 1,855.07 | **1,855.07** |
| Other expenses | 14,427.09 | 1,977.67 | 1,411.93 | 17,816.69 | 6,730.88 | **24,547.57** |
| **Segment Profit** | **21,870.34** | **4,064.90** | **1,373.31** | **27,308.55** | **(8,310.70)** | **18,997.85** |
| **Segment assets** | 40,547.00 | 12,159.23 | 8,490.53 | 61,196.76 | 25,155.19 | **86,351.94** |
| **Segment liabilities** | 5,369.71 | 1,502.28 | 448.01 | 7,320.00 | 27,371.63 | **34,691.63** |
| **Other disclosures** | | | | | | |
| Capital expenditure | 1,133.10 | 8.18 | 2,074.57 | 3,215.85 | 1,558.95 | **4,774.80** |

**Revenue as per geographical market** **(₹ in lacs)**

| | For the year ended | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| **Revenue from external customers:** | | |
| India | 97,859.78 | 72,293.71 |
| Outside India | 42,706.16 | 26,882.17 |
| **Total revenue per statement of profit or loss** | **140,565.94** | **99,175.88** |
| **Segment receivables** | | |
| India | 9,915.20 | 8,540.82 |
| Outside India | 9,430.84 | 6,575.38 |
| **Total** | **19,346.04** | **15,116.20** |

**Information about major customer**

During the year ended 31 March 2022 revenue of approximately 10.80% (31 March 2021: 6.33%) was derived from a single external customer in the polyester chips and film business, approximately 13.47% in 31 March 2022 (31 March 2021: 12.42%) was derived from a single external customer in the engineering plastics and approximately 41.30% in 31 March 2022 (31 March 2021: 47.70%) was derived from a single external customer in the speciality polymer.

**Non-current assets**

Non-current assets of the Company (property, plant and equipment, capital work-in-progress, intangible assets) are held in India.

## 35. Capital management

The Company's objectives when managing capital are to:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The amounts managed as capital by the Company are summarised as follows:

(a) **Debt equity ratio** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total borrowings* | 31,989.78 | 20,779.61 |
| Total equity | 62,846.35 | 51,660.32 |
| **Net debt to equity ratio** | **51%** | **40%** |

**Total borrowings include non-current borrowings, current borrowings and leases.*

(b) **Dividends** **(₹ in lacs)**

| **Particulars** | **As at 31 March 2022** | **As at 31 March 2021** |
|---|---|---|
| **1. Equity shares - Dividend Paid** | | |
| Final dividend for the year ended 31 March 2020 of ₹ 2.50 per share (excluding tax) | - | 2,084.84 |
| Final dividend for the year ended 31 March 2021 of ₹ 1.90 per share (including tax) | 1,584.48 | - |
| Interim dividend for the year ended 31 March 2021 of ₹ 1.50 per share (excluding tax) | - | 1,250.91 |
| Interim dividend for the year ended 31 March 2022 of ₹ 1.40 per share (excluding tax) | 1,167.51 | - |
| **2. Equity shares - Dividend Proposed** | | |
| Proposed final dividend for the year ended 31 March 2021 of ₹ 1.90 per share (excluding tax) | - | 1,584.48 |
| Proposed final dividend for the year ended 31 March 2022 of ₹ 1.90 per share (excluding tax) ^ | 1,584.48 | - |

^ The Board of Directors at its meeting held on 20 May 2022, has recommended final dividend of ₹ 1.90/- (Rs. One and ninety paise only) per equity share for the year ended on 31 March 2022, subject to the approval of the shareholders of the Company in the forthcoming Annual General Meeting.

## 36. Related party transactions

In accordance with the requirements of Ind AS 24 the names of the related parties where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

| **i) Parties where control exists:** | **Nature of related party** | |
|---|---|---|
| **Name of the related parties** | **31 March 2022** | **31 March 2021** |
| Goldring Investments Corporation | Ultimate Holding Company | Ultimate Holding Company |
| Wilemina Finance Corporation | Holding Company | Holding Company |
| Ester Filmtech Limited | Wholly owned Subsidiary Company | Wholly owned Subsidiary Company (w.e.f. 21 July 2020) |
| Mr. Arvind Singhania (Chairman and CEO) | Key managerial personnel | Key managerial personnel |
| Mr. Pradeep Kumar Rustagi (Executive Director - Corporate Affair) | Key managerial personnel (w.e.f. 04 February 2022) | - |

| | | |
|---|---|---|
| Mr. Pradeep Kumar Rustagi (CFO) | Key managerial personnel (Till 03 February 2022) | Key managerial personnel |
| Mr. Manish Gupta (CFO) | Key managerial personnel (joined w.e.f. 04 February 2022) | - |
| Mrs. Archana Singhania (Director) | Director | Director |
| Mr. Ashok Kumar Newatia (Independent Director) | Director | Director |
| Dr. Anand Chand Burman (Independent Director) | Director | Director |
| Mr. M S Ramachandran (Independent Director) | Director | Director |
| Mr. Sandeep Dinodia (Independent Director) | Director | Director |
| Mr. P S Dasgupta (Independent Director) | Director | Director |
| Mrs. Padmaja Shailen Ruparel (Independent Director) | Director | Director |
| Mr. Ayush Vardhan Singhania (WTD) | Key managerial personnel (w.e.f. 01 June 2021) | Relatives of Key managerial personnel |

**(a) Transactions during the year with related parties carried out in the ordinary course of business:**

**(₹ in lacs)**

| Sr. No. | Particulars | Key managerial personnel | | Relative of key managerial personnel | | Wholly owned Subsidiary Company | | Total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| 1 | **Managerial remuneration** | | | | | | | | |
| | Arvind Singhania | 318.40 | 318.40 | - | - | - | - | **318.40** | **318.40** |
| | Pradeep Kumar Rustagi | 130.99 | 108.82 | - | - | - | - | **130.99** | **108.82** |
| | Manish Gupta | 12.07 | - | - | - | - | - | **12.07** | **-** |
| | Ayush Vardhan Singhania | 141.29 | - | - | 97.93 | - | - | **141.29** | **97.93** |
| 2 | **Commission to Directors** | | | | | | | | |
| | Arvind Singhania | 1,200.00 | 1,200.00 | - | - | - | - | **1,200.00** | **1,200.00** |
| | Anand Chand Burman | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Ashok Kumar Newatia | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | M S Ramachandran | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Sandeep Dinodia | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Padmaja Shailen Ruparel | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | P S Dasgupta | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Archana Singhania | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| 3 | **Sitting Fees** | | | | | | | | |
| | Archana Singhania | 0.80 | 0.70 | - | - | - | - | **0.80** | **0.70** |
| | Anand Chand Burman | 0.30 | 0.40 | - | - | - | - | **0.30** | **0.40** |
| | Ashok Kumar Newatia | 1.80 | 1.50 | - | - | - | - | **1.80** | **1.50** |
| | M S Ramachandran | 2.20 | 1.80 | - | - | - | - | **2.20** | **1.80** |
| | Sandeep Dinodia | 1.80 | 1.40 | - | - | - | - | **1.80** | **1.40** |
| | Padmaja Shailen Ruparel | 0.70 | 0.40 | - | - | - | - | **0.70** | **0.40** |
| | P S Dasgupta | 0.70 | 0.90 | - | - | - | - | **0.70** | **0.90** |
| 4 | **Investment in Subsidiary** | | | | | | | | |
| | Ester Filmtech Limited | - | - | - | - | 8,433.44 | 9,635.00 | **8,433.44** | **9,635.00** |
| 5 | **Liability of Gratuity and Leave encashment (due to transfer of employees)** | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Ester Filmtech Limited | - | - | - | - | 13.87 | - | **13.87** | - |
| 6 | **Corporate Guarantees given to Lender (banks) of -** | | | | | | | | |
| | Ester Filmtech Limited | - | - | - | - | 33,078.45 | - | **33,078.45** | - |

**(b) Closing balance with subsidiary in the ordinary course of business:**

| Sr. No. | Particulars | Year | Amount |
|---|---|---|---|
| 1 | **Investment in Subsidiary** | | |
| | Ester Filmtech Limited | 31 March 2022 | 18,068.44 |
| | | 31 March 2021 | 9,635.00 |
| 2 | **Corporate Guarantees given to Lender (banks) of -** | | |
| | Ester Filmtech Limited | 31 March 2022 | 33,078.45 |
| | | 31 March 2021 | - |

**(c) Closing balance with key managerial personnel in the ordinary course of business:**

**(₹ in lacs)**

| | Guarantees given (jointly and severally) against loans taken by the Company | Year | Amount |
|---|---|---|---|
| 1 | Arvind Singhania | 31 March 2022 | 31,631.45 |
| | | 31 March 2021 | 19,871.21 |

**(d) Closing balance with holding company in the ordinary course of business:**

**(₹ in lacs)**

| Sr. No. | Particulars | Year | Amount |
|---|---|---|---|
| 1 | **Unsecured loan** | | |
| | Wilemina Finance Corporation | 31 March 2022* | 101.94 |
| | | 31 March 2021* | 576.97 |
| 2 | **Guarantees given against loans taken (jointly and severally) by the Company** | | |
| | Wilemina Finance Corporation | 31 March 2022 | 21,259.99 |
| | | 31 March 2021 | 14,928.61 |

* includes foreign exchange fluctuation of ₹ 2.71 lacs (31 March 2021 ₹ 72.90 lacs)

**(e) Key managerial personnel compensation:** **(₹ in lacs)**

| Nature of transactions | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Short-term employee benefits | 1,802.74 | 1,627.22 |
| Post-employment benefits | 24.39 | 9.25 |
| Other long-term benefits | 7.19 | 2.18 |
| | **1,834.33** | **1,638.65** |

**37. Contingent liabilities and commitments**

**(₹ in lacs)**

| Particulars | | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **A. Contingent liabilities*** | | | |
| **1** | Claims against the Company not acknowledged as debts^ | 38.93 | 25.43 |
| **2** | Additional bonus for financial year 2014-15 due to Payment of Bonus (Amendment) Act, 2015 # | 22.87 | 22.87 |
| **3** | There is a contingent liability of: | | |
| **i)** | Excise duty/custom duty/service tax demands not acknowledged as liability | 967.03 | 968.46 |
| **ii)** | Demand raised by Income Tax department, disputed by the Company and pending in appeal | 33.88 | 33.88 |

* The amounts indicated as contingent liability or claims against the Company only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered.

^ These claims represents various civil cases filed against the Company by various vendors and ex-employees of the Company.

# In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 January 2016, the Company has made a provision for incremental bonus for the financial year i.e. for 2015-16. Though the amendment was effective retrospectively from 1 April 2014, the Company on the legal advice has decided not to consider it on account of interim order of various Hon'ble High Courts allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.

**(₹ in lacs)**

| **B. Commitments** | | **31 March 2022** | **31 March 2021** |
|---|---|---|---|
| 1 | Estimated amount of contracts remaining to be executed on capital account and not provided for | 3,465.60 | 1,721.32 |
| 2 | Estimated amounts of contracts remaining to be executed on other then capital account and not provided for | 10,614.84 | 8,990.48 |
| 3 | Corporate Guarantees given to Lender (banks) of Ester Filmtech Limited (subsidiary) (refer note 36) | 33,078.45 | - |

**38. Leases disclosure as lessee**

**Lease liabilities are presented in the statement of financial position as follows:** **(₹ in lacs)**

| **Particulars** | **31 March 2022** | **31 March 2021** |
|---|---|---|
| Current liabilities (amount due within one year) | 46.88 | 107.51 |
| Non current liabilities (amount due over one year) | 1.25 | 48.19 |

The Company's leased asset classes primarily consist of leases for land, certain equipments and building, including warehouses and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

For some of the leases, the lessee may terminate the lease by giving 3 months notice period to lessor, subject to other terms and conditions. At the end of the tenor under certain leases, lessee can avail to buy the asset at the agreed value as per buyback agreement between the lessor and lessee.

Right of use asset as at 31 March 2022 amounting to ₹ 835.36 lacs (31 March 2021 amounting to ₹ 209.21 lacs) are for the leases of equipments and lease of land.

**A Lease payments not recognised as a liability**

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right of use the underlying asset recognised in the standalone financial statement.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹127.01 lacs (31 March 2021 amounting to ₹ 113.19 lacs).

**B** Total cash outflow for leases for the year ended 31 March 2022 was ₹ 120.24 lacs (year ended 31 March 21 was ₹ 140.48 lacs).

**C Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

**(₹ in lacs)**

| **Particulars** | **Minimum lease payments due as on 31 March 2022** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Within 1 year** | **1-2 years** | **2-3 years** | **3-4 years** | **4-5 years** | **More than 5 Years** | **Total** |
| Lease payments | 48.62 | 0.15 | 0.15 | 0.15 | 0.15 | 10.97 | **60.19** |
| Interest expense | (1.74) | (0.15) | (0.15) | (0.15) | (0.15) | (9.57) | **(11.91)** |
| **Net present values** | **46.88** | **-** | **0.00** | **0.00** | **0.00** | **1.40** | **48.28** |

**D Information about extension and termination options**

| Leases entered into | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Equipments | 7 | 1 to 8 Months | 5 Months | 4 | 4 | 4 |
| Building, including warehouses and related facilities (short term) | 5 | 0 to 11 Months | 6 Months | 5 | None | 5 |
| Land for sitarganj manufacturing facility | 1 | 77 years | 77 years | - | None | - |
| Land at Halol | 1 | 93 years | 93 years | 1 | None | - |

**E** Expected future cash outflow on account of variable lease payments as at 31 March 2022 is of ₹ Nil.

**F** The total future cash outflows as at 31 March 2022 for leases that had not yet commenced is of ₹ Nil.

## 39. Employee benefits obligations

### I Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on departure at fifteen day salary (last drawn salary) for each completed year of service in terms of the provisions of the Payments of Gratuity Act, 1972. The Company provides for liability in its books of accounts based on actuarial valuation.

The following table summaries the components of net benefit expense recognised in statement of profit and loss and the amount recognised in the balance sheet for gratuity benefit:

**(i) Amounts recognised in the balance sheet** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Current liability | 235.54 | 174.99 |
| Non-current Liability | 783.37 | 811.65 |
| **Total** | **1,018.91** | **986.64** |

**(ii) Movement in the liability recognised in the balance sheet is as under:** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the year | 986.64 | 929.11 |
| Current service cost | 70.72 | 68.88 |
| Interest cost | 66.10 | 61.32 |
| Actuarial loss (net) | 14.73 | 33.51 |
| Benefits paid | (119.28) | (106.18) |
| **Present value of defined benefit obligation at the end of the year** | **1,018.91** | **986.64** |

**(iii) Expenses recognised in statement of profit and loss** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Current service cost | 70.72 | 68.88 |
| Interest cost | 66.10 | 61.32 |
| **Cost recognised during the year** | **136.82** | **130.20** |

**(iv) Expenses recognised in other comprehensive income** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Actuarial loss net on account of: | | |
| - Changes in financial assumptions | (29.44) | (5.69) |
| - Changes in experience adjustment | 44.17 | 39.20 |
| **Cost recognised during the year** | **14.73** | **33.51** |

| | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|---|---|
| - Changes in experience adjustment loss/ (gain) | 44.17 | 39.20 | 49.94 | (11.18) | 0.39 |

**(v(a)) For determination of the liability of the Company the following actuarial assumptions were used:**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Discount rate | 7.22% | 6.70% |
| Salary escalation rate | 5.00% | 5.00% |
| Retirement age (years) | 58 Years | 58 Years |
| Average past service (years) | 12.58 Years | 14.86 Years |
| Average age | 41.78 Years | 43.70 Years |
| Average remaining working life | 16.22 Years | 14.30 Years |
| Weighted average duration | 12.96 Years | 11.68 Years |
| Withdrawal rate | | |
| Up to 30 years | 3.00% | 3.00% |
| From 31 to 44 years | 2.00% | 2.00% |
| Above 44 years | 1.00% | 1.00% |

Mortality rates inclusive of provision for disability-100% of IALM (2012 – 14)

**(v(b)) Maturity profile of defined benefit obligation** **(₹ in lacs)**

| Year 31 March 2022 | Year 31 March 2021 | Amount 31 March 2022 | Amount 31 March 2021 |
|---|---|---|---|
| April 2022- March 2023 | April 2021- March 2022 | 235.54 | 174.99 |
| April 2023- March 2024 | April 2022- March 2023 | 67.11 | 125.99 |
| April 2024- March 2025 | April 2023- March 2024 | 112.07 | 57.90 |
| April 2025- March 2026 | April 2024- March 2025 | 87.31 | 99.51 |
| April 2026- March 2027 | April 2025- March 2026 | 90.95 | 74.54 |
| April 2027- March 2028 | April 2026- March 2027 | 84.25 | 80.02 |
| April 2028 onwards | April 2027 onwards | 341.69 | 373.69 |

**(vi)** ***Sensitivity analysis*** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **a) Impact of the change in discount rate** | | |
| Present value of obligation at the end of the year | **1,018.91** | **986.64** |
| Impact due to increase of 0.50% | (26.74) | (27.47) |
| Impact due to decrease of 0.50% | 28.45 | 29.25 |
| | | |
| **b) Impact of the change in salary increase** | | |
| Present value of obligation at the end of the year | **1,018.91** | **986.64** |
| Impact due to increase of 0.50% | 28.93 | 29.60 |
| Impact due to decrease of 0.50% | (27.42) | (28.03) |

*Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.*

*Sensitivities as to rate of inflation and life expectancy are not applicable being a lump sum benefit on retirement.*

| *Risk* | |
|---|---|
| Salary increases | Actual salary increases will increase the defined benefit liability. Increase in salary increment rate assumption in future valuations will also increase the liability. |
| Discount rate | Reduction in discount rate in subsequent valuations can increase the liability. |
| Mortality and disability | Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities. |
| Withdrawals | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact defined benefit liability. |

**II Provident fund**

Provident fund for certain eligible employees is managed by the Company through trust "Ester Industries Limited Employee's Provident Trust" in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the rate as notified by the Provident Fund authority. The contribution by the employer and employee together with the interest thereon are payable to the employee at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. In this regard, actuarial valuation as at 31 March 2022 was carried out by actuary to find out value of projected defined benefit obligation arising due to interest rate guarantee by the Company towards provident fund.

**(₹ in lacs)**

| (i) | **Projected benefit obligation** | **31 March 2022** | **31 March 2021** |
|---|---|---|---|
| | Projected benefit obligation at beginning of year | 1,658.82 | 1,487.88 |
| | Current service cost | 108.06 | 95.88 |
| | Interest cost | 146.91 | 126.65 |
| | Contributions by plan participants/employees | 140.87 | 125.47 |
| | Actuarial loss / (gain) due to interest guarantee | 93.62 | (87.75) |
| | Benefits paid | (104.53) | (194.01) |
| | Settlements/transfer In | - | 104.70 |
| | Projected benefit obligation at end of year | 2,043.75 | 1,658.82 |

**(₹ in lacs)**

| (ii) | **Reconciliation of plan assets** | **31 March 2022** | **31 March 2021** |
|---|---|---|---|
| | Fair value of plan asset at beginning of year | 1,841.51 | 1,588.12 |
| | Actual return on plan asset | 141.42 | 121.35 |
| | Employer contribution | 108.06 | 95.88 |
| | Plan participants/employee contribution | 140.87 | 125.47 |
| | Benefit paid | (104.53) | (194.01) |
| | Settlements/transfer in | - | 104.70 |
| | Fair value of plan asset at the end of the year | 2,127.33 | 1,841.51 |

The principal assumptions used in determining liability towards shortfall in provident liability are shown below:

| (iii) | **Economic assumptions** | **31 March 2022** | **31 March 2021** |
|---|---|---|---|
| | i) Interest rate | 8.10% | 8.50% |
| | ii) Discount rate | 7.22% | 6.70% |
| | iii) Expected shortfall in Interest earning on the fund | 0.05% | 0.05% |

| (iv) | **Demographic assumptions** | **31 March 2022** | **31 March 2021** |
|---|---|---|---|
| | i) Mortality | IALM (2012-14) | IALM (2012-14) |
| | ii) Normal Retirement Age | 58 | 58 |

(₹ in lacs)

| (v) | Actuarial (Gain)/Loss on Obligation | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | i) Actuarial loss/ (gain) on arising from change in financial assumption | (0.76) | (0.04) |
| | ii) Actuarial loss/ (gain) on arising from experience adjustment | 94.38 | (87.71) |

(₹ in lacs)

| | 31 March 2022 | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| - Changes in experience adjustment loss/ (gain) | 94.38 | (87.71) | 4.51 |

| (vi) | Major categories of plan assets (as percentage of total plan assets) | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | i) Funds managed by insurer | 100% | 100% |

**III The Company has made contribution to certain defined contribution plans as captured in the table below. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.**

(₹ in lacs)

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Employer's contribution to Ester Industries Limited Employee's Provident Trust | 108.93 | 95.88 |
| Employer's contribution to other Provident Fund | 147.14 | 123.72 |
| Employer's contribution to Superannuation Fund | 50.30 | 54.34 |
| Employer's contribution to labour welfare fund and employee state insurance | 11.35 | 8.08 |

## 40. Revenue from Contracts with Customers

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contracts with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

### (a) Disaggregation of revenue

The Company has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

For the year 31 March 2022 **(₹ in lacs)**

| Revenue from operations | Goods | Other operating revenue* | Total |
|---|---|---|---|
| **Revenue by geography** | | | |
| Domestic | 96,519.20 | 196.35 | 96,715.55 |
| Export | 42,706.16 | - | 42,706.16 |
| **Total** | **139,225.36** | **196.35** | **139,421.71** |

For the year 31 March 2021 **(₹ in lacs)**

| Revenue from operations | Goods | Other operating revenue* | Total |
|---|---|---|---|
| **Revenue by geography** | | | |
| Domestic | 71,603.36 | 114.70 | 71,718.06 |
| Export | 26,882.17 | - | 26,882.17 |
| **Total** | **98,485.53** | **114.70** | **98,600.23** |

* Other operating revenue amounting to ₹1,144.23 lacs (31 March 2021:₹ 575.65 lacs) in the nature of export incentives are not covered under the scope of Ind AS 115.

(b) **Assets and liabilities related to contracts with customers** **(₹ in lacs)**

| Description | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Contract liabilities** | | | | |
| Revenue received in advance | - | 431.45 | - | 376.81 |

(c) **Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price** **(₹ in lacs)**

| Description | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Contract price | 139,471.56 | 98,666.55 |
| Less: Discount, rebates, credits etc. | 49.85 | 66.32 |
| **Revenue from operations as per Statement of Profit and Loss** | **139,421.71** | **98,600.23** |

Other operating revenue amounting to ₹1,144.23 lacs (31 March 2021:₹ 575.65 lacs) in the nature of export incentives are not covered under the scope of Ind AS 115.

(d) **Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of ‘revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period’ and ‘revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

**(₹ in lacs)**

| Description | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | 376.81 | 135.00 |
| Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods | - | - |

**41. Employee Stock Option Plans (ESOP)**

The Nomination and Remuneration Committee of the Company had at its meeting held on 01 April 2021, approved grant of 2,48,179 (face value of ₹ 5/- per share) to the eligible employees of the Company under the of ESTER EMPLOYEES STOCK OPTION PLAN-2021, at an exercise price of ₹ 105 per option (being 10% less that the closing price at NSE on 31 March 2021 i.e. immediately preceding the grant date), each option being convertible in to one Equity Share of the Company upon vesting subject to the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the terms and conditions of the ESTER EMPLOYEES STOCK OPTION PLAN-2021.

The terms and conditions of the grant as per the Ester Employee Stock Option Plan-2021 are as under:

**A. Vesting period**

Vesting of the options shall take place as per the following schedule:

- 10% of options shall vest at the end of a period of 1 (one) year from date of grant
- 20% of options shall vest at the end of a period of 2 (two) years from date of grant
- 30% of options shall vest at the end of a period of 3 (three) years from date of grant
- 40% of options shall vest at the end of a period of 4 (four) years from date of grant

**B. Exercise period**

8 (Eight) years from the date of grant. The employee shall have a right to exercise all the option vested in him at one time or various points of time within the exercise period.

**Particulars of Options outstanding as on 31 March 22 is as follows:**

| Particulars | Grant 1 | | | |
|---|---|---|---|---|
| | Vesting period-1 | Vesting period-2 | Vesting period-3 | Vesting period-4 |
| Outstanding stock options (numbers) at the beginning of the year | - | - | - | - |
| Options (numbers) granted during the year | 24,817.90 | 49,635.80 | 74,453.70 | 99,271.60 |
| Outstanding Options (numbers) at the end of the year | 24,817.90 | 49,635.80 | 74,453.70 | 99,271.60 |
| Exercise price (₹) | 105.00 | 105.00 | 105.00 | 105.00 |
| Vesting date | 01-Apr-22 | 01-Apr-23 | 01-Apr-24 | 01-Apr-25 |

**Fair value of Options granted during the financial year 2021-22, has been determined using Black-Scholes model with following inputs:**

| Particulars | Grant 1 | | | |
|---|---|---|---|---|
| | Vesting period-1 | Vesting period-2 | Vesting period-3 | Vesting period-4 |
| Date of Grant | 01-Apr-21 | 01-Apr-21 | 01-Apr-21 | 01-Apr-21 |
| Stock price on the grant date (₹) | 116.75 | 116.75 | 116.75 | 116.75 |
| Exercise price (₹) | 105.00 | 105.00 | 105.00 | 105.00 |
| Expected term (years) | 8 years | 8 years | 8 years | 8 years |
| Weighted average fair value as on grant date (₹) | 57.97 | 60.08 | 64.91 | 67.29 |
| Expected price volatility | 55.72% | 55.64% | 60.05% | 61.03% |
| Risk free interest rate | 5.49% | 5.64% | 5.77% | 5.90% |
| Expected dividend yield | 1.79% | 1.79% | 1.79% | 1.79% |

**Summary of the expenses recognised in the statement of profit and loss:** **(₹ in lacs)**

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| Employee stock option expense | 62.11 | - |

## 42. Ratios

The ratios for the years ended 31 March 2022 and 31 March 2021 are as follows:

| Particulars | Numerator | Denominator | As at 31 March 2022 | As at 31 March 2021 | Variance (in %) |
|---|---|---|---|---|---|
| Current ratio | Current assets | Current liabilities | 1.89 | 1.93 | (2.00) |
| Debt-Equity ratio | Total debt[1] | Shareholder's equity | 0.51 | 0.40 | 26.55* |
| Debt service coverage ratio | Earnings available for debt service[2] | Debt service[3] | 2.49 | 4.82 | (48.39)** |
| Return on equity | Net profit after taxes | Average shareholder's equity | 24.25% | 30.73% | (21.07) |
| Inventory turnover ratio | Cost of goods sold | Average inventory | 5.19 | 4.13 | 25.50*** |
| Trade receivables turnover ratio | Net sales | Average accounts receivable | 8.08 | 7.23 | 11.74 |
| Trade payables turnover ratio | Net purchases [5] | Average trade payables | 22.04 | 17.77 | 24.03 |
| Net capital turnover ratio | Net sales | Working capital | 6.18 | 5.82 | 6.24 |

| | | | | | |
|---|---|---|---|---|---|
| Net profit ratio | Net profit after taxes | Net sales | 9.97% | 14.43% | (30.86)**** |
| Return on capital employed (ROCE) | Earning before interest and taxes | Capital employed[4] | 21.79% | 27.61% | (21.11) |

[1] Total debt represents total borrowings and total lease liabilities

[2] Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest on term loans and lease liabilities + other adjustments like loss on sale of Fixed assets etc.

[3] Interest on term loan and lease liabilities + Lease Payments during the year+ Principal Repayments during the year

[4] Tangible net worth (Total equity-other intangible assets) +Total debt+DTL

[5] Cost of material consumed + Consumption of stores and spares + Consumption of packing material + Power and fuel + (Closing inventories of raw materials and Store and spares - opening inventories of raw materials and Store and spares).

* Due to increase in term loan and working capital loan

** Due to higher repayments of term loans compared to last financial year

*** Due to increase in input raw material cost

**** Due to higher sales value. Increase in sales value is both on account of higher per unit selling price and higher quantity of sales

**43.** Additional regulatory information not disclosed elsewhere in the standalone financials statements.

**(a) Benami Property**

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(b) Willful defaulter**

The Company has not been declared willful defaulter by any bank or financial institution or other lender.

**(c) Compliance with number of layers of companies**

The Company has complied with the number of layers of companies prescribed under the Companies Act, 2013.

**(d) Compliance with approved scheme(s) of arrangements**

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(e) Registration of charges or satisfaction with Registrar of Companies**

The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

**(f) Utilisation of Borrowed funds and share premium**

The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**(g) Undisclosed income**

The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**(h) Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(i) Valuation of PPE and intangible asset**

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**44.** On 04 May 2022, an inquiry under the Customs Act 1962 was conducted at the Company's plant located at Khatima and Head office located at Gurgaon. Enquiry pertained to import of certain raw materials by the Company. During the inquiry, it was found that the Company was required to pay differential Custom duty and taxes on the imports in few instances where calculation of custom duty and taxes paid at the time of import did not include actual freight charges in the purchase price due to inadvertent error.

The differential Custom duty and taxes including interest was computed and provided for in the books of account under head "Raw Material Consumed" in the financial year 2021-22. Company has subsequently deposited the differential duty and taxes.

The management believes that no additional liability or penalty will arise in the matter.

**45. Subsequent event**

On 06 May 2022, Board of Directors of the Company had approved transfer of Engineering Plastics Business by way of Slump Sale as a 'Going Concern' to M/s. Radici Plastics India Private Limited (Buyer) subject to the approval of the Shareholders. The Company has signed and entered into a Business Transfer Agreement with the Buyer on the same date i.e. on 06 May 2022 to transfer Engineering Plastic business (consisting of two product lines viz Compounded Products and Products related to Optical Fiber Cable (OFC)) on a slump sale basis.

**46.** The figures for the previous year have been regrouped wherever necessary to comply with amendments in Schedule III of the Companies Act, 2013.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

| | | | | |
|---|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **Nitin Toshniwal** | **Arvind Singhania** | **Manish Gupta** | **Pradeep Kumar Rustagi** | **Diwaker Dinesh** |
| **Partner** | **Chairman & CEO** | **CFO** | **Executive Director - Corporate Affairs** | **Head-Legal & Company Secretary** |
| **Membership no.507568** | **DIN: 00934017** | | **DIN: 00879345** | **M No: A22282** |
| Place: Kolkata | Place: Gurugram | Place: Gurugram | Place: Gurugram | Place: Gurugram |
| Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 | Date: 20 May 2022 |

# Independent Auditor's Report

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

### Opinion

1. We have audited the accompanying consolidated financial statements of Ester Industries Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive loss), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated profit (including other comprehensive loss), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matter

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

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition – Sale of products**<br><br>Revenue of the Holding Company majorly comprises of revenue from sale of polyester films and engineering plastics. The Holding Company sells its products through various distribution channels involving a high volume of sale transactions.<br><br>The Holding Company recognised an amount of ₹ 140,565.94 lacs as revenue for the year ended 31 March 2022, as disclosed in Note 24 to the consolidated financial statements. Refer Note 5.5 for the related accounting policy adopted by the management for recognition of revenue in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115').<br><br>Revenue recognition is a significant audit risk primarily as there is a risk that revenue is recognised on sale of goods before the control in the goods is transferred. Revenue is also a key performance indicator of the Company and accordingly, testing occurrence of revenue transactions is a key focus area for our audit.<br><br>We determined this to be a key audit matter due to significant time and effort involved in testing revenue recorded during the year. | Our audit procedures included, but were not limited, to the following:<br>• Obtained an understanding of the process of identification and recording of revenue transaction from sale of polyester films and engineering plastics;<br>• Evaluated the design, implementation and tested the operating effectiveness of key controls over revenue recognition including around quantity sold, pricing and accounting of revenue transactions;<br>• Performed substantive analytical procedures on revenue which included ratio analysis, product mix analysis, region wise analysis, etc;<br>• On a sample basis, evaluated the terms and conditions of the contracts, including incoterms, with customers to ensure that the revenue recognition accounting policy adopted by the management is in accordance with Ind AS 115;<br>• On a sample basis, tested revenue transactions recorded during the year, and revenue transactions recorded in the period before and after year-end, with supporting documents such as invoices, agreements with customers, proof of deliveries;<br>• Performed other substantive audit procedures including obtaining debtor confirmations on a sample basis and reconciling revenue recorded during the year with statutory returns;<br>• Tested manual journal entries impacting revenue including credit notes, claims etc., which were material or irregular in nature with supporting documents and evaluated business rationale thereof;<br>• Evaluated disclosures made in the financial statement for revenue recognition from sale of goods for appropriateness in accordance with the accounting standards. |

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

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

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

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

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

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
    - Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act based on our audit, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that one subsidiary company incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary company.

16. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

17. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary company and taken on record by the Board of Directors of the Holding Company, its subsidiary company, covered under the Act, none of the directors of the Group are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 37 to the consolidated financial statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group company during the year ended 31 March 2022;

iv. a. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief , as disclosed in Note 43 (f) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any persons or entities, including foreign entities (‘the intermediaries’), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company (‘the Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, as disclosed in the Note 43 (f) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities (‘the Funding Parties’), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement

v. The interim dividend declared and paid by the Holding Company during the year ended 31 March 2022 and until the date of this audit report is in compliance with section 123 of the Act;

The final dividend paid by the Holding Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend; and

As stated in Note 35 (b) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm’s Registration No.: 001076N/N500013

**Sd/-**
**Nitin Toshniwal**
Partner
Membership No.: 507568
UDIN: 22507568AJHBXR8674

**Place**: Kolkata
**Date**: 20 May 2022

**Annexure I**

**List of entities included in the consolidated financial statements**

**Name of Holding Company**
Ester Industries Limited

**Name of Subsidiary**
Ester Filmtech Limited

## Annexure II

**Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of Ester Industries Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company which are companies covered under the Act, as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

**Sd/-**
**Nitin Toshniwal**
Partner
Membership No.: 507568
UDIN: 22507568AJHBXR8674

**Place:** Kolkata
**Date:** 20 May 2022

# CONSOLIDATED BALANCE SHEET as at 31 March 2022

(₹ in lacs)

| | | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6A | 38,077.38 | 37,389.67 |
| Right of use asset | 6B | 835.36 | 209.21 |
| Capital work-in-progress | 6C | 43,490.66 | 7,639.65 |
| Intangible assets | 6A | 50.18 | 79.80 |
| Financial assets | | | |
| Loans | 8A | 14.12 | - |
| Other financial assets | 9A | 1,119.94 | 988.13 |
| Non-current tax assets (net) | | 752.55 | 319.96 |
| Other non-current assets | 10 | 5,601.08 | 4,141.45 |
| **Total non-current assets** | | **89,941.27** | **50,767.87** |
| | | | |
| **Current assets** | | | |
| Inventories | 11 | 20,346.90 | 13,664.26 |
| Financial assets | | | |
| Investments | 7 | - | 133.13 |
| Trade receivables | 12 | 19,346.04 | 15,116.20 |
| Cash and cash equivalents | 13 | 5,614.27 | 181.45 |
| Other bank balances | 14 | 477.00 | 2,575.18 |
| Loans | 8B | 76.54 | 70.76 |
| Other financial assets | 9B | 149.00 | 683.56 |
| Other current assets | 15 | 6,868.08 | 2,977.49 |
| **Total current assets** | | **52,877.83** | **35,402.03** |
| **Total assets** | | **142,819.10** | **86,169.90** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| | | | |
| **Equity** | | | |
| Equity share capital | 16A | 4,169.69 | 4,169.69 |
| Other equity | 17 | 58,001.43 | 47,032.22 |
| **Total equity** | | **62,171.12** | **51,201.91** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18A | 47,385.64 | 9,890.33 |
| Lease liability | | 1.25 | 48.19 |
| Provisions | 19A | 1,036.06 | 1,066.12 |
| Deferred tax liabilities (net) | 20 | 3,078.56 | 3,154.68 |
| Other non-current liabilities | 21A | 2,029.13 | 2,280.43 |
| **Total non-current liabilities** | | **53,530.64** | **16,439.75** |
| | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 18B | 16,434.46 | 10,733.58 |
| Lease liability | | 46.88 | 107.51 |
| Trade payables | | | |
| a) total outstanding dues of micro enterprises and small enterprises | 22 | 829.56 | 274.47 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 22 | 5,479.45 | 3,492.20 |
| Other financial liabilities | 23 | 2,696.78 | 2,590.92 |
| Other current liabilities | 21B | 1,248.05 | 801.85 |
| Provisions | 19B | 305.91 | 205.25 |
| Current tax liabilities (net) | | 76.25 | 322.46 |
| **Total current liabilities** | | **27,117.34** | **18,528.24** |
| **Total equity and liabilities** | | **142,819.10** | **86,169.90** |

Summary of significant accounting policies 1-5

The accompanying notes are integral part of the consolidated financial statements.
This is the consolidated balance sheet referred to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**Sd/-**
**Nitin Toshniwal**
**Partner**
**Membership no.507568**

**Place**: Kolkata
**Date:** 20 May 2022

**For and on behalf of the Board of Directors**

**Sd/-**
**Arvind Singhania**
**Chairman & CEO**
**DIN: 00934017**

**Place:** Gurugram
**Date:** 20 May 2022

**Sd/-**
**Pradeep Kumar Rustagi**
**Executive Director - Corporate Affairs**
**DIN: 00879345**

**Place:** Gurugram
**Date:** 20 May 2022

**Sd/-**
**Manish Gupta**
**CFO**

**Place:** Gurugram
**Date:** 20 May 2022

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

**Place:** Gurugram
**Date:** 20 May 2022

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2022

(₹ in lacs)

| | Notes | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 24 and 40 | 140,565.94 | 99,175.88 |
| Other income | 25 | 880.42 | 797.83 |
| **Total income** | | **141,446.36** | **99,973.71** |
| **Expenses** | | | |
| Cost of material consumed | | 91,482.51 | 51,712.37 |
| Changes in inventories of finished goods and work-in-progress | 26 | (3,390.76) | (661.47) |
| Employee benefits expense | 27 | 6,741.32 | 6,816.65 |
| Finance costs | 28 | 2,487.53 | 1,857.22 |
| Depreciation and amortisation expenses | 6 | 3,867.39 | 3,523.35 |
| Other expenses | 29 | 21,638.01 | 18,186.15 |
| **Total expenses** | | **122,826.00** | **81,434.27** |
| **Profit before tax** | | **18,620.36** | **18,539.44** |
| **Tax expense** | 30 | | |
| Current tax | | 4,884.55 | 4,881.55 |
| Tax earlier years | | 136.75 | - |
| Deferred tax | | (72.35) | (91.47) |
| **Total tax expenses** | | **4,948.95** | **4,790.08** |
| **Profit after tax** | | **13,671.41** | **13,749.36** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement loss on defined benefit plans | | (16.83) | (33.51) |
| Income tax effect | | 3.76 | 8.55 |
| **Total comprehensive income** | | **13,658.34** | **13,724.40** |
| | | | |
| **Earnings per equity share** | | | |
| Basic (₹) | 31 | 16.39 | 16.49 |
| Diluted (₹) | 31 | 16.39 | 16.49 |

Summary of significant accounting policies 1-5

The accompanying notes are integral part of the consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

**Sd/-**
**Nitin Toshniwal**
**Partner**
**Membership no.507568**

**Place**: Kolkata
**Date:** 20 May 2022

**Sd/-**
**Arvind Singhania**
**Chairman & CEO**
**DIN: 00934017**

**Place:** Gurugram
**Date:** 20 May 2022

**Sd/-**
**Pradeep Kumar Rustagi**
**Executive Director - Corporate Affairs**
**DIN: 00879345**

**Place:** Gurugram
**Date:** 20 May 2022

**Sd/-**
**Manish Gupta**
**CFO**

**Place:** Gurugram
**Date:** 20 May 2022

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

**Place:** Gurugram
**Date:** 20 May 2022

# CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2022

(₹ in lacs)

| | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|---|
| **A** | **Cash flow from operating activities** | | |
| | Profit before tax | 18,620.36 | 18,539.44 |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 3,867.39 | 3,523.35 |
| | Employee stock option expenses | 62.11 | - |
| | Loss on sale of property, plant and equipments (net) | 45.04 | 27.39 |
| | Finance costs | 1,982.24 | 1,482.20 |
| | Interest income on financials assets measured at amortised cost | (92.77) | (123.06) |
| | Unrealised foreign exchange (gain) / loss (net) | 16.07 | (16.18) |
| | Bad debts, advances and irrecoverable balances written off | - | 15.59 |
| | Profit on sale of investments (net) | (28.91) | - |
| | Provisions/liabilities no longer required written back | (16.14) | (216.90) |
| | Income recognised on account of government assistance | (253.57) | (253.15) |
| | Reversal of provision for doubtful debts | (25.91) | - |
| | Provision for doubtful debts / advances | - | 76.53 |
| | Gain on fair valuation of financial assets | - | (26.24) |
| | Provision/(reversal) for obsolete inventories | (12.42) | 13.96 |
| | **Operating profit before working capital changes and other adjustments:** | **24,163.49** | **23,042.93** |
| | **Working capital changes and other adjustments:** | | |
| | (Increase)/decrease in current and non-current loans | (19.90) | 18.39 |
| | Increase in other non-current and current assets | (3,902.91) | (748.44) |
| | Increase in inventories | (6,670.22) | (2,641.38) |
| | Increase/(decrease) in other financial and non-financial liabilities | (569.18) | 1,083.08 |
| | Increase/(decrease) in provisions | (6.12) | 40.47 |
| | Decrease in other non-current and current financial assets | 560.24 | 837.98 |
| | Increase in trade receivables | (4,204.86) | (2,955.46) |
| | Increase in trade payables | 2,536.98 | 422.53 |
| | **Cash flow from operating activities post working capital changes** | **11,887.52** | **19,100.10** |
| | Income tax paid (net of refunds) | (5,700.11) | (4,548.75) |
| | **Net cash flow from operating activities (A)** | **6,187.41** | **14,551.35** |
| | | | |
| **B** | **Cash flows from investing activities** | | |
| | Purchase of property plant and equipments (including capital work-in-progress, Capital advances and intangible assets) | (41,377.28) | (13,586.02) |
| | Sale of property plant and equipments | 3.20 | 13.35 |
| | Proceeds from bank deposits | 1,413.98 | (1,537.74) |
| | Proceeds from pledged deposits (net) | 545.45 | 360.36 |
| | Interest received | 92.77 | 107.96 |
| | Sales/(purchase) of investment (net) | 162.04 | (84.11) |
| | **Net cash used in investing activities (B)** | **(39,159.84)** | **(14,726.20)** |
| | | | |
| **C** | **Cash flows from financing activities** | | |
| | Proceeds from long-term borrowings | 44,766.63 | 8,422.95 |
| | Repayment of long-term borrowings | (6,881.26) | (2,804.15) |
| | Payment of lease liability | (120.24) | (140.48) |
| | Repayment/(proceeds) of short-term borrowings (net) | 5,374.35 | (366.21) |
| | Finance cost paid | (1,982.24) | (1,443.32) |
| | Dividend paid | (2,751.99) | (3,335.75) |
| | **Net cash flow in financing activities (C)** | **38,405.25** | **333.04** |
| | | | |
| **D** | Net increase in cash and cash equivalents (A+B+C) | 5,432.82 | 158.19 |
| **E** | Cash and cash equivalents at the begining of the year (refer note no. 13) | 181.45 | 23.26 |
| **F** | **Cash and cash equivalents at the end of the year (D+E) (refer note no. 13)** | **5,614.27** | **181.45** |
| | | | |
| | **Reconciliation of cash and cash equivalents as per cash flow statement** | | |
| | Cash in hand | 4.23 | 3.50 |
| | Balances with banks: | | |
| | In current accounts | 2,529.54 | 147.95 |
| | Bank deposits with original maturity upto 3 months | 3,080.50 | 30.00 |
| | **Total of cash and cash equivalents** | **5,614.27** | **181.45** |

This is the consolidated cash flow statement referred to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

**Sd/-**
**Nitin Toshniwal**
**Partner**
**Membership no.507568**

**Place**: Kolkata
**Date:** 20 May 2022

**Sd/-**
**Arvind Singhania**
**Chairman & CEO**
**DIN: 00934017**

**Place:** Gurugram
**Date:** 20 May 2022

**Sd/-**
**Pradeep Kumar Rustagi**
**Executive Director - Corporate Affairs**
**DIN: 00879345**

**Place:** Gurugram
**Date:** 20 May 2022

**Sd/-**
**Manish Gupta**
**CFO**

**Place:** Gurugram
**Date:** 20 May 2022

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

**Place:** Gurugram
**Date:** 20 May 2022

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 31 March 2022

(₹ in lacs)

**Equity share capital**

| Particulars | Opening balance as at 1 April 2020 | Changes in equity share capital during the year | Balance as at 31 March 2021 | Changes in equity share capital during the year | Balance as at 31 March 2022 |
|---|---|---|---|---|---|
| Equity share capital | 4,169.69 | - | 4,169.69 | - | 4,169.69 |

**Other equity** (₹ in lacs)

| Particulars | Equity component of redeemable financial instrument | Reserves and surplus | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Securities premium | Capital reserve | Capital redemption reserve | General reserve | Share options outstanding account | Retained earnings | |
| **Balance as at 1 April 2020** | **76.83** | **6,121.01** | **3,520.74** | **335.37** | **1,528.16** | - | **25,061.46** | **36,643.57** |
| **Profit for the year** | - | - | - | - | - | - | 13,749.36 | **13,749.36** |
| Other comprehensive income | | | | | | | | |
| Re-measurement losses on defined benefit plans (net of tax) | - | - | - | - | - | - | (24.96) | **(24.96)** |
| **Transactions with owners** | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (3,335.75) | **(3,335.75)** |
| **Balance as at 31 March 2021** | **76.83** | **6,121.01** | **3,520.74** | **335.37** | **1,528.16** | - | **35,450.11** | **47,032.22** |
| **Profit for the year** | - | - | - | - | - | - | **13,671.41** | **13,671.41** |
| Other comprehensive income | | | | | | | | |
| Re-measurement losses on defined benefit plans (net of tax) | - | - | - | - | - | - | (12.32) | **(12.32)** |
| Employee stock option expense | - | - | - | - | - | 62.11 | - | **62.11** |
| **Transactions with owners** | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (2,751.99) | **(2,751.99)** |
| Adjustment on account of partial repayment of Redeemable financial instrument (foreign currency loan) | (63.62) | - | - | - | - | - | 63.62 | - |
| **Balance as at 31 March 2022** | **13.21** | **6,121.01** | **3,520.74** | **335.37** | **1,528.16** | **62.11** | **46,420.83** | **58,001.43** |

This is the consolidated statement of change in equity refered to in our report of even date.

**For Walker Chandiok & Co LLP**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

**For and on behalf of the Board of Directors**

| Sd/- | Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|---|
| **Nitin Toshniwal** | **Arvind Singhania** | **Pradeep Kumar Rustagi** | **Manish Gupta** | **Diwaker Dinesh** |
| **Partner** | **Chairman & CEO** | **Executive Director - Corporate Affairs** | **CFO** | **Head-Legal & Company Secretary** |
| **Membership no.507568** | **DIN: 00934017** | **DIN: 00879345** | | **M No: A22282** |
| **Place**: Kolkata | **Place:** Gurugram | **Place:** Gurugram | **Place:** Gurugram | **Place:** Gurugram |
| **Date:** 20 May 2022 | **Date:** 20 May 2022 | **Date:** 20 May 2022 | **Date:** 20 May 2022 | **Date:** 20 May 2022 |

## 1. Nature of operations

Ester Industries Limited ('the Holding Company') is a manufacturer of polyester film and engineering plastics. The Holding Company is domiciled in India and its registered office is situated at Pilibhit Road, Sohan Nagar PO – Charubeta, Khatima District – Udham Singh Nagar, Uttarakhand – 262308.

## 2. General information and compliance with Ind AS

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies for the periods presented.

The consolidated financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors on 20 May 2022.

The consolidated financial statements have been prepared on going concern basis in accordance with generally accepted accounting principles in India. Further, the consolidated financial statements have been prepared on a historical cost basis except for following items:

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities | Fair value as explained in relevant accounting policies. |
| Net defined benefits (assets)/liability | Fair value of plan assets less present value of defined benefits obligations. |

## 3. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

- **Ind AS 103 – Reference to Conceptual Framework**

  The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 16 – Proceeds before intended use**

  The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract**

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 109 – Annual Improvements to Ind AS (2021)**

  The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 116 – Annual Improvements to Ind AS (2021)**

  The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

## 4. Basis of Consolidation

*Subsidiary*

Subsidiary is the entity over which the Holding Company has control. The Holding Company controls an entity when the Holding Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Holding Company can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements.

Subsidiary is fully consolidated from the date on which control is transferred to the Holding Company. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiary acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Holding Company for its separate financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Company and its subsidiary (jointly referred to as the 'Group' herein under) are eliminated. Accounting policies of subsidiary is consistent with the policies adopted by the Holding Company.

**5. Summary of significant accounting policies**

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the consolidated financial statements.

**5.1 Current versus non-current classification**

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Companies Act, 2013.

**5.2 Property, plant and equipment (PPE)**

*Recognition and initial measurement*

Property plant and equipment, capital work in progress are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discount and rebates are deducted in arriving at the purchase price. Property, plant and equipment purchased on deferred payment basis are recorded at equivalent cash price. The difference between the cash price equivalent and the amount payable is recognised as interest expense over the period until payment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories

*Subsequent measurement (depreciation and useful lives)*

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful life estimated by the management. The identified components are depreciated separately over their respective useful life; the remaining components are depreciated over the life of the principal asset. The Group has used the following rates to provide depreciation on its property, plant and equipment.

| Asset class | Useful life |
|---|---|
| Factory buildings* | 2 to 29.94 years |
| Administrative buildings* | 12 to 61.35 years |
| Plant and machinery* | 2 to 40 years |
| Furniture and fixtures* | 5 to 15.79 years |
| A.C. and Refrigeration | 10 years |
| Office equipment* | 2 to 10 years |
| Computers* | 6.16 years |
| Vehicles | 8 years |
| Batteries under UPS project (Plant and Machinery) * | 5 years |
| Leasehold improvements | Over the period of lease |

Depreciation on the amount of additions made to fixed assets due to upgradations / improvements is provided over the remaining useful life of the asset to which it relates. Depreciation on fixed assets added/disposed off during the year is provided on a pro-rata basis to the date, the asset is retired from active use.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

* For these class of assets, based on detailed technical assessment, the management believes that the useful life as given above best represents the period over which management expects to use these assets. Hence, the useful life for these assets is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.The life of plant and machinery based on triple shift working.

*De-recognition*

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset/significant component (calculated as the difference between the net disposal proceeds and the carrying amount of the asset/significant component) is recognised in statement of profit and loss, when the asset is derecognised.

**5.3 Intangible assets**

*Recognition and initial measurement*

Intangible assets (softwares and patents) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

*Subsequent measurement (amortisation)*

Software's are amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

Patent is amortized on a straight-line basis over its useful life, which is considered to be of a period of 5.26 years.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

**5.4 Inventories**

Inventories are valued as follows:

*Raw materials, components and stores and spares*

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

*Work-in-progress and finished goods*

Work-in-progress and finished goods is measured at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

**5.5 Revenue recognition**

**5.5.1: Revenue**

Revenue arises mainly from the sale of manufactured goods. To determine whether to recognise revenue, the Group follows a 5-step process:

1) Identifying the contract with a customer
2) Identifying the performance obligations
3) Determining the transaction price
4) Allocating the transaction price to the performance obligations
5) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax (GST). In case of multi-element revenue arrangements, which involve delivery or performance of multiple products, services, evaluation will be done of all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of arrangement. Total arrangement consideration related to the bundled contract is allocated among the different elements based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components based on residual value method. The Group applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below.

*Sale of goods*

Revenue from sale of goods is recognized when control over ownership of the goods have been passed to the buyer. The Group collects sales taxes, value added taxes ('VAT') and GST on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

*Export benefits*

Export benefits constituting duty draw back, merchandise export from India scheme and advance license scheme are accounted for on accrual basis when there is reasonable assurance that the Group will comply with the conditions attached to them and the export benefits will be received. Export benefits under duty draw back and merchandise export from India scheme are considered as other operating income.

**5.5.1: Other Income**

*Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to statement of profit and loss based on the conditions for which the grant was obtained and presented within other income.

*Interest*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

*Dividends*

Dividend income is recognised at the time when right to receive dividend is established, which is generally when the shareholders approve the dividend.

*Insurance claims income*

Claims receivable on account of insurance are accounted for to the extent the Group is reasonably certain of their ultimate collection.

**5.6 Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss as incurred.

**5.7 Leases**

**The Group as a lessee**

The Group's leased asset classes primarily consist of leases for certain equipments and building, including warehouses and related facilities. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

**The Group as a lessor**

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

*Group as a lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

### 5.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### 5.9 Foreign currency

*Functional and presentation currency*

The consolidated financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Group.

*Initial recognition*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

*Conversion*

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

*Exchange difference*

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise

### 5.10 Financial instruments

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

**Non-derivative financial assets**

*Subsequent measurement*

i. **Financial assets carried at amortised cost** – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in equity instruments of subsidiary**– Investments in equity instruments of subsidiary are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

iii. **Investments in other equity instruments –** Investments in equity instruments which are held for trading are classified as at fair value through profit or loss (FVTPL). For all other equity instruments, the Group makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

*De-recognition of financial assets*

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

**Non-derivative financial liabilities**

*Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

*De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Forward contracts**

The Group has entered into certain forward (derivative) contracts to hedge risks which are not designated as hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Any profit or loss arising on cancellation or renewal of such derivative contract is recognised as income or as expense in statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**5.11 Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Group assesses on forward looking basis the expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss is recognised based on the 12 months probability of default or life time probability of default and the expected loss good default estimated for each financial asset.

*Trade receivables*

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

*Other financial assets*

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**5.12 Income taxes**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

**5.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balance with banks in current accounts and other short term highly liquid investments with original maturity of three months and less.

**5.14 Employee benefits**

*Provident fund*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as defined contribution plan as the Group does not carry any further obligations, apart from the contributions made on a monthly basis. In addition, for other employees, the provident fund trust set-up by the Group is treated as a defined benefit plan to the extent the Group has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

*Gratuity*

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost on the Group's defined benefit plan is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

*Compensated absences*

The Group also provides benefit of compensated absences to its employees which are in the nature of long -term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

*Superannuation fund*

Contribution made towards superannuation fund (funded by payments to Life Insurance Corporation of India) is charged to statement of profit and loss on accrual basis.

*Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### 5.15 Provisions

Provisions are recognized when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

### 5.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

### 5.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, right issue and share split transaction.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 5.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The Group’s operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing and Sale of Polyester film and Engineering plastics.

*Inter segment transfers*

Inter segment transfers of goods, as marketable products produced by separate segments of the Group for captive consumption, are not accounted for in the books of account of the Group. For the purpose of segment disclosures, however, inter segment transfers have been taken at cost.

*Allocation of common costs*

Common allocable costs are allocated to each segment in proportion to the turnover of the segment, except where a more logical allocation is possible.

*Unallocated items*

Corporate income and expense are considered as a part of un-allocable income and expense, which are not identifiable to any business segment.

### 5.19 Significant management judgement and estimates

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

*Significant management judgements*

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group’s future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

*Significant estimates*

**Government grants –** Grants receivables are based on estimates for utilisation of grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted prospectively over the balance life of asset.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

**Allowance for expected credit losses –** The allowance for doubtful debts reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Group's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. The Group has also taken into account estimates of possible effect from the pandemic relating to COVID-19. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Group's debtors compared to that already taken into consideration in calculating the allowances recognised in the consolidated financial statements.

**Allowance for obsolete and slow-moving inventory -** The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value and has been determined on the basis of past experience and historical and expected future trends in the market. A worsening of the economic and financial situation could cause a further deterioration in conditions compared to that taken into consideration in calculating the allowances recognized in the consolidated financial statements.

**Provisions** – At each balance sheet date basis management estimate, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

**5.20 Share based payment**

Employees of the Holding Company receive remuneration in the form of share-based payments in consideration of the services rendered (equity settled transactions).

Under the equity settled share-based payment, the fair value on the grant date of the Options given to employees is recognised as 'employee benefit expense' with a corresponding increase in equity over the vesting period. The fair value of the options on the grant date is calculated using an appropriate valuation model.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. An additional expense is recognised for any modification that increases the total fair value of the shares-based payments transactions, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. When the options are exercised, the Holding Company issues fresh equity shares.

*(This space has been intentionally left blank)*

(₹ in lacs)

### 6A. Property, plant and equipment and intangible assets

| Particulars | Property, plant and equipment | | | | | | | Intangible assets | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land-freehold | Building | Vehicles | Office equipments | Furniture and fixtures | Plant and machinery | Total | Patent | Software | Total |
| **Gross carring amount** | | | | | | | | | | |
| **As at 1 April 2020** | **1,653.36** | **5,754.30** | **529.74** | **234.38** | **370.94** | **37,156.89** | **45,699.61** | **238.00** | **230.36** | **468.36** |
| Additions | - | 247.98 | 164.38 | 47.05 | 14.50 | 4,369.19 | **4,843.10** | - | 18.54 | **18.54** |
| Disposal/adjustments | - | - | (86.71) | (55.25) | - | (113.64) | **(255.60)** | (238.00) | - | **(238.00)** |
| **As at 31 March 2021** | **1,653.36** | **6,002.28** | **607.41** | **226.18** | **385.44** | **41,412.44** | **50,287.11** | - | **248.90** | **248.90** |
| Additions | - | 311.83 | 49.41 | 47.74 | 36.34 | 3,999.86 | **4,445.18** | - | 17.50 | **17.50** |
| Disposal/adjustments | - | (5.88) | (12.13) | (23.99) | - | (299.78) | **(341.78)** | - | - | - |
| **As at 31 March 2022** | **1,653.36** | **6,308.23** | **644.69** | **249.93** | **421.78** | **45,112.52** | **54,390.51** | - | **266.40** | **266.40** |
| **Accumulated Depreciation** | | | | | | | | | | |
| **As at 1 April 2020** | - | **743.87** | **12.50** | **84.43** | **107.14** | **8,875.74** | **9,823.68** | **184.00** | **96.15** | **280.15** |
| Depreciation charge for the year | - | 194.72 | 107.61 | 45.24 | 32.00 | 2,927.27 | **3,306.84** | 37.62 | 72.95 | **110.57** |
| Disposal/adjustments | - | - | (79.47) | (51.85) | - | (101.76) | **(233.08)** | (221.62) | - | **(221.62)** |
| **As at 31 March 2021** | - | **938.59** | **40.64** | **77.82** | **139.14** | **11,701.25** | **12,897.44** | - | **169.10** | **169.10** |
| Depreciation charge for the year | - | 214.77 | 110.99 | 41.95 | 39.74 | 3,301.78 | **3,709.23** | - | **47.12** | **47.12** |
| Disposal/adjustments | - | (5.20) | (5.10) | (20.89) | - | (262.35) | **(293.54)** | - | - | - |
| **As at 31 March 2022** | - | **1,148.16** | **146.53** | **98.88** | **178.88** | **14,740.68** | **16,313.13** | - | **216.22** | **216.22** |
| **Net block** | | | | | | | | | | |
| **As at 1 April 2021** | **1,653.36** | **5,063.69** | **566.77** | **148.36** | **246.30** | **29,711.19** | **37,389.67** | - | **79.80** | **79.80** |
| **As at 31 March 2022** | **1,653.36** | **5,160.07** | **498.16** | **151.05** | **242.90** | **30,371.84** | **38,077.38** | - | **50.18** | **50.18** |

**Footnotes:**

(i) Refer note 37B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Refer note 18 for information on property, plant and equipment pledged as security by the Group.

### 6B. Right of use asset

(₹ in lacs)

| Particulars | Land | Plant and machinery | Total |
|---|---|---|---|
| **Gross carring amount** | | | |
| **As at 1 April 2020** | **50.00** | **319.88** | **369.88** |
| Additions | 9.88 | - | 9.88 |
| Disposal/adjustments | - | - | - |
| **As at 31 March 2021** | **59.88** | **319.88** | **379.76** |
| Additions | **737.19** | - | **737.19** |
| Disposal/adjustments | - | - | - |
| **As at 31 March 2022** | **797.07** | **319.88** | **1,116.95** |
| **Accumulated depreciation** | | | |
| **As at 1 April 2020** | **0.19** | **64.43** | **64.62** |
| Charge for the year | 0.76 | 105.17 | 105.93 |
| **As at 1 April 2021** | **0.95** | **169.60** | **170.55** |
| Charge for the year | 2.73 | 108.31 | **111.04** |
| **As at 31 March 2022** | **3.68** | **277.91** | **281.59** |
| **Net carrying amount** | | | |
| **As at 1 April 2021** | **58.93** | **150.28** | **209.21** |
| **As at 31 March 2022** | **793.39** | **41.97** | **835.36** |

### 6C. Capital work-in-progress

(₹ in lacs)

| Description | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Capital work-in-progress* | 43,490.66 | 7,639.65 |

*It includes pre-operative expenses of ₹ 1,000.83 lacs (31 March 2021: ₹ 283.97 lacs) refer note 6C(i)

The capital work-in- progress ageing schedule for the years ended 31 March 2022 and 31 March 2021 is as follows:

**Amount in capital work-in-progress 31 March 2022** (₹ in lacs)

| Description | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Capital work-in-progress | 41,753.80 | 736.03 | - | - | **42,489.83** |

**Amount in capital work-in-progress 31 March 2021** (₹ in lacs)

| Description | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| Capital work-in-progress | 7,322.19 | 33.49 | - | - | **7,355.68** |

**6C(i). Capital work-in-progress** (₹ in lacs)

| Description | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Opening balance** | **283.97** | - |
| Finance charges | 288.18 | 129.81 |
| Legal and professional expenses | 199.83 | 154.16 |
| Salaries and wages | 169.22 | - |
| Others | 69.01 | - |
| **Less: Recoveries** | | |
| Interest earned | 9.38 | |
| **Closing balance** | **1,000.83** | **283.97** |

**7. Investments** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Current** | | |
| **Investments carried at fair value through profit and loss - Mutual Funds** | | |
| Baroda large & Mid Cap fund - Mutual Fund [Nil (31 March 2021 : 499,965 units of ₹ 10 each] | - | 64.05 |
| Baroda Dynamic Equity Fund- Mutual Fund [Nil(31 March 2021 : 104,372) units of ₹ 14.37 each] | - | 15.04 |
| Union Focused Funds - Mutual Fund [Nil (31 March 2021 : 199,990) units of ₹ 10 each] | - | 29.03 |
| Baroda banking and PSU bond fund - Mutual Fund [Nil (31 March 2021 : 249,987) units of ₹ 10 each] | - | 25.01 |
| **Total current investment** | - | **133.13** |
| Aggregate amount of quoted investments (this represents market value as well) | - | **133.13** |

**8. Loans** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current** | | |
| Loans considered good- unsecured | | |
| Loans to employees | 14.12 | - |
| **Total non-current loans (A)** | **14.12** | - |
| **B) Current** | | |
| Loans considered good- unsecured | | |
| Loans to employees | 76.54 | 70.76 |
| **Total current loans (B)** | **76.54** | **70.76** |
| **Total loans (A+B)** | **90.66** | **70.76** |

**9. Other financial assets** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current (carried at amortised cost)** | | |
| **(Unsecured considered good)** | | |
| Bank deposits with maturity of more than 12 months (refer note 14) | 388.16 | 230.67 |
| Earnest money deposit | - | 0.73 |
| Security deposits* | 731.78 | 756.73 |
| **Total non-current other financial assets (A)** | **1,119.94** | **988.13** |
| **B) Current** | | |
| **(Unsecured considered good)** | | |
| Insurance claim recoverable | - | 658.49 |
| Derivative asset | 1.22 | - |
| Security deposits | 136.78 | 25.07 |
| Others | 11.00 | - |
| **Total current other financial assets (B)** | **149.00** | **683.56** |
| **Total other financial assets(A+B)** | **1,268.94** | **1,671.69** |

* Deposits includes deposits with Uttarakhand Power Corporation Limited which carries interest of 4.50% per annum (31 March 2021: 6.25% per annum).

### 10. Other non-current assets

(₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Capital advances | 5,590.77 | 4,124.72 |
| Prepaid expenses | 7.72 | 14.14 |
| Balances with government authorities | 2.59 | 2.59 |
| **Total other non-current assets** | **5,601.08** | **4,141.45** |

### 11. Inventories

(₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Raw materials<br>{including goods in transit ₹ 2384.7 lacs (31 March 2021: ₹ 2181.81 lacs)} | 9,823.28 | 6,883.55 |
| Work-in-progress | 1,918.94 | 1,009.60 |
| Finished goods<br>{including goods in transit ₹ 2598.32 lacs (31 March 2021: ₹ 1507.96 lacs;)} | 5,882.26 | 3,400.84 |
| Stores and spares<br>{including goods in transit ₹ 25.29 lacs (31 March 2021: ₹ 138.60 lacs)} | 2,722.42 | 2,370.27 |
| **Total inventories** | **20,346.90** | **13,664.26** |

(i) During the year, the Holding Company has reversed a provision of ₹ 115.59 lacs (in 31 March 2021 provision created: ₹ 16.06) for raw material and store and spares inventories and ₹332.24 of provision is outstanding as at 31 March 2022 (31 March 2021 : ₹ 447.82 lacs).

(ii) The cost of inventories recognised as expense during the year is ₹ 88,091.75 lacs (31 March 2021: ₹ 51,050.90 lacs)

### 12. Trade receivables

(₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Trade receivables considered good - unsecured | 19,356.84 | 15,154.31 |
| Less: allowance for expected credit losses | (10.80) | (38.13) |
| | 19,346.04 | 15,116.18 |
| Trade receivables credit impaired | - | 65.32 |
| Less: allowance for expected credit losses | - | (65.30) |
| | - | 0.02 |
| **Total trade receivables** | **19,346.04** | **15,116.20** |

* For credit risk related disclosures, refer note 33A(b).

(i) Trade receivables ageing schedule is as follows: **(₹ in lacs)**

| **Particulars** | **As at 31 March 2022** | | | | | |
|---|---|---|---|---|---|---|
| | **Outstanding for following period from due date of payment** | | | | | |
| | **Less than 6 months** | **6 months - 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| (i) Undisputed Trade receivables – considered good | 19,344.13 | 9.41 | 3.06 | 0.24 | - | 19,356.84 |
| Gross trade receivables | | | | | | 19,356.84 |
| Less: allowance for expected credit losses | | | | | | (10.80) |
| **Total trade receivables** | | | | | | **19,346.04** |

(₹ in lacs)

| Particulars | As at 31 March 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding for following period from due date of payment | | | | | |
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 15,118.52 | 30.88 | 4.91 | - | - | 15,154.31 |
| (ii) Disputed Trade Receivables – credit impaired | 35.80 | 29.52 | - | - | - | 65.32 |
| Gross trade receivables | | | | | | 15,219.63 |
| Less: allowance for expected credit losses | | | | | | (103.43) |
| **Total trade receivables** | | | | | | **15,116.20** |

**13. Cash and cash equivalents** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Cash on hand | 4.23 | 3.50 |
| Balances with banks | | |
| In current accounts | 2,529.54 | 147.95 |
| Bank deposits with original maturity upto 3 months** | 3,080.50 | 30.00 |
| **Total cash and cash equivalents** | **5,614.27** | **181.45** |

**14. Other bank balances** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Earmarked bank balances | | |
| Unpaid dividend accounts * | 62.09 | 43.35 |
| Bank deposits | | |
| Deposits with remaining maturity for less than 12 months | 414.91 | 2,531.83 |
| Deposits with remaining maturity for more than 12 months | 388.16 | 230.67 |
| **Total** ** | **865.16** | **2,805.85** |
| Less:- Amount disclosed under non-current financial assets (refer note 9) | (388.16) | (230.67) |
| **Total other bank balances** | **477.00** | **2,575.18** |

* The Holding Company can utilise these balances only toward settlement of the respective unpaid dividend.

** Margin money deposit (including interest accrued) of ₹ 883.57 lacs (31 March 2021: ₹ 1,285.86 lacs) are subject to lien of lending banks for securing letter of credit ,bank guarantee and other facilities sanctioned by them.

**15. Other current assets** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Considered good** | | |
| Receivables under export benefit scheme | 719.05 | 386.47 |
| Advance to vendors | 2,194.69 | 1,321.43 |
| Prepaid expenses | 527.06 | 486.78 |
| Balances with government authorities | 3,426.40 | 732.24 |
| Other advances | 0.88 | 50.57 |
| | **6,868.08** | **2,977.49** |
| **Considered doubtful** | | |
| Receivables under export benefit scheme | 29.31 | 29.31 |
| Other advances | 50.27 | 50.27 |
| Less: Provision of export benefit receivable | (29.31) | (29.31) |
| Less: Provision of other advances | (50.27) | (50.27) |
| | - | - |
| **Total other current assets** | **6,868.08** | **2,977.49** |

### 16 A. Equity share capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **i) Authorised** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Equity shares of ₹ 5 each | 150,000,000 | 7,500.00 | 150,000,000 | 7,500.00 |
| Equity shares of ₹ 10 each | 47,960,000 | 4,796.00 | 47,960,000 | 4,796.00 |
| | | **12,296.00** | | **12,296.00** |

| | | | | |
|---|---|---|---|---|
| **ii) Issued, subscribed and fully paid up** | | | | |
| Equity shares of ₹ 5 each | 83,393,759 | 4,169.69 | 83,393,759 | 4,169.69 |
| | | **4,169.69** | | **4,169.69** |

**iii) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Equity shares** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Balance at the beginning of the year | 83,393,759 | 4,169.69 | 83,393,759 | 4,169.69 |
| **Balance at the end of the year** | **83,393,759** | **4,169.69** | **83,393,759** | **4,169.69** |

**iv) Rights, preferences and restrictions attached to equity share**

The Holding Company has only one class of equity share having a par value of ₹ 5 per share. Each equity shareholder is entitled for one vote per share. The Company declares and pays dividend in Indian rupees (₹). The final dividend proposed by the Board of Director is subject to the approval of the shareholder in the ensuing annual general meeting.

In the event of liquidation of the Holding Company, the holder of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholder.

**v) Shares held by Holding/Ultimate Holding Company and/or their Subsidiaries/Associates**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **Name of the equity shareholder** | **Number** | **Amount (₹ in lacs)** | **Number** | **Amount (₹ in lacs)** |
| Wilemina Finance Corporation, Holding Company | | | | |
| Equity shares of ₹ 5 each fully paid | 4,84,55,012 | 2,422.75 | 46,355,012 | 2,317.75 |
| | **4,84,55,012** | **2,422.75** | **46,355,012** | **2,317.75** |

**vi) Shareholding of promoters are as follows:**

| **Promoter Name** | **As at 31 March 2022** | | |
|---|---|---|---|
| | **No. of Shares** | **% of total shares** | **% change during the period** |
| Arvind Singhania | 150 | - | - |
| Uma Devi Singhania | 150 | - | - |
| Jai Vardhan Singhania | 124,858 | 0.15 | - |
| Ayush Vardhan Singhania | 178,033 | 0.21 | - |
| Fenton Investments Private Limited | 490,000 | 0.59 | - |
| MOVI Limited | 4,160,000 | 4.99 | (33.55%) |
| Wilemina Finance Corporation | 48,455,012 | 58.10 | 4.53% |

| Promoter Name | As at 31 March 2021 | | |
|---|---|---|---|
| | No. of Shares | % of total shares | % change during the period |
| Arvind Singhania | 150 | - | - |
| Uma Devi Singhania | 150 | - | - |
| Jai Vardhan Singhania | 124,858 | 0.15 | - |
| Ayush Vardhan Singhania | 178,033 | 0.21 | - |
| Fenton Investments Private Limited | 490,000 | 0.59 | 100.00% |
| MOVI Limited | 6,260,000 | 7.51 | 53.00% |
| Wilemina Finance Corp. | 46,355,012 | 55.59 | 3.00% |

**vii) Details of shareholder holding more than 5% shares in the Company**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Wilemina Finance Corporation, Holding Company | | | | |
| Equity shares of ₹ 5 each fully paid | 4,84,55,012 | 58.10% | 46,355,012 | 55.59% |
| Movi Limited, Promotor Group Company | | | | |
| Equity shares of ₹ 5 each fully paid | 4,160,000 | 4.99% | 6,260,000 | 7.51% |
| Vettel International Limited, Public Shareholder | | | | |
| Equity shares of ₹ 5 each fully paid | 8,086,861 | 9.70% | 8,786,861 | 10.54% |

**(viii)** No shares were allotted as fully paid up by way of bonus issue and/or brought back in the current reporting year and in last five years immediately preceding the current reporting year.

**16 B. Preference shares** **(₹ in lacs)**

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| **i) Authorised** | Number | Amount (₹ in lacs) | Number | Amount (₹ in lacs) |
| Cumulative convertible preference shares of ₹ 50 each | 600,000 | 300.00 | 600,000 | 300.00 |
| Redeemable cumulative preference shares of ₹ 50 each | 8,000,000 | 4,000.00 | 8,000,000 | 4,000.00 |
| | | **4,300.00** | | **4,300.00** |

No preference shares have been issued as yet.

**17. Other equity** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Reserves and surplus** | | |
| Capital reserve | 3,520.74 | 3,520.74 |
| Securities premium | 6,121.01 | 6,121.01 |
| Capital redemption reserve | 335.37 | 335.37 |
| General reserve | 1,528.16 | 1,528.16 |
| Retained earnings | 46,420.83 | 35,450.11 |
| Share options outstanding account | 62.11 | - |
| Equity component of redeemable financial instrument | 13.21 | 76.83 |
| **Total** | **58,001.43** | **47,032.22** |

i) **Nature and purpose of other reserves**

**Capital reserve**

Capital reserve was created under the previous GAAP out of the profit earned from a specific transaction of capital nature. Capital reserve is not available for the distribution to the shareholders.

**Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Companies Act, 2013.

**Capital redemption reserve**

The same has been created in accordance with provision of Companies Act, 2013 against redemption of preference shares.

**General reserve**

The Holding Company is required to create a general reserve out of the profits when the Company declares dividend to shareholders.

**Retained earnings**

Retained earnings represents surplus in the Statement of Profit and Loss.

**Share options outstanding account**

The Company has allotted equity shares to certain employees under an employee share purchase scheme. The share options outstanding account is used to recognise the value of equity settled share based payments provided to such employees as part of their remuneration. Refer note 41 for further details of the scheme.

**Equity component of redeemable financial instrument**

The same has been created in accordance with Indian accounting standard (Ind AS) 109 against the Redeemable financial instrument (foreign currency loan) and it will be transfer to Retained earning when loan fully repaid.

**18. ( A ) Borrowings** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Non-current*** | | |
| **Secured loans** | | |
| Term loans from: | | |
| Banks | 17,102.24 | 4,436.01 |
| Financial institution | 30,016.52 | 4,682.55 |
| Vehicle loans | 170.15 | 249.56 |
| **Unsecured loans** | | |
| Redeemable financial instrument (foreign currency loan) from related party | 96.73 | 522.21 |
| **Total borrowings - non-current** | **47,385.64** | **9,890.33** |

* For liquidity risk related disclosures, refer note 33B

**I. Term loans**

a) **From Bank of India** of ₹ Nil (31 March 2021: ₹ 962.58 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the rate MCLR plus 1.20 % per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.# #

b) **From Bank of Baroda** of ₹ Nil (31 March 2021: ₹ 928.80 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 1.15 % per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.# #

c) **From Union Bank of India** of ₹ Nil (31 March 2021: ₹ 748.99 lacs) as Corporate loan for augmentation of working capital bearing floating interest at the MCLR plus 0.95% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from March 2019.# #

d) **From Canara Bank** of ₹ 725.09 lacs (31 March 2021: ₹ 1,040.14 lacs) as capex loan for augmentation of capital expenditure (modification, de-bottlenecking, modernization, cost reduction & maintenance capex). The Term Loan bearing floating interest at the MCLR plus 1.20% per annum. The term is repayable in 60 equal monthly installments starting from September 2019.#

e) **From Karnataka Bank Limited** of ₹ 1,992.37 lacs (31 March 2021: ₹ 1,815.83 lacs) as capex loan for capital expenditure (purchase of plant and machineries). The Term Loan bearing floating interest at the MCLR plus 0.50% per annum. The term is repayable in 60 unequal monthly installments starting from October 2020.###

f) **From Tata Capital Financial Services Limited** of ₹ 546.66 lacs (31 March 2021: ₹ 850.44 lacs) as Corporate loan for augmentation of working Capital bearing floating interest at the LTLR minus 9.50% per annum. The Corporate loan is repayable in 16 unequal quarterly installments starting from Sep 2019.# #

g) **From Tata Capital Financial Services Limited** of ₹ 1,773.52 lacs (31 March 2021: ₹ 1,512.02 lacs) has been sanctioned for infusion of funds in Subsidiary Company of borrower (Ester Filmtech Limited). The term loan is secured by equitable mortgage by way of deposit of title deeds of land and Corporate Office building constructed thereupon in Gurgaon and first and exclusive charge over the hypothecation of certain plant and machineries installed at factory premises at Uttarakhand and further secured by irrevocable guarantee of its holding company and personal guarantee of Mr. Arvind Singhania. The term loan bearing floating interest at the LTLR minus 9.10% per annum. The loan is repayable in 54 equal quarterly installments starting from Dec 2020. #

h) **From Bajaj Finance Limited** of ₹ 2,979.01 lacs (31 March 2021: ₹ 2,971.07 lacs) as loan for general corporate and capex purpose. The Term Loan bearing floating interest linked to BFL IRR at the rate of 8.00% per annum. The term is repayable in 20 equal quarterly installments starting from April 2022 .###

i) **From Bajaj Finance Limited** of ₹ 1,978.19 lacs (31 March 2021: ₹ Nil) as loan for general corporate and capex purpose. The Term Loan bearing floating interest linked to BFL IRR at the rate of 7.35% per annum. The term is repayable in 20 equal quarterly installments starting from May 2023 .###

j) **From IDFC Limited** of ₹ 944.99 Lacs (31 March 2021: ₹ 1,570.68 lacs) as capex loan for capital expenditure incurred by the Holding Company. The Term Loan bearing floating interest at the MCLR plus 0.95% per annum. The term is repayable in 12 equal quarterly installments starting from Dec 2020.#

k) **From IDFC Limited** of ₹ 1,501.51 Lacs (31 March 2021: ₹ Nil) as capex loan for capital expenditure incurred by the Holding Company. The Term Loan bearing floating interest at the MCLR plus 0.60% per annum. The term is repayable in 37 equal quarterly installments starting July 2021.#

l) **From Axis Finance Limited** of ₹ 3,373.75 Lacs (31 March 2021: ₹ Nil) as capex loan for capital expenditure incurred by the Holding Company. The Term Loan bearing floating interest at the MCLR plus .85% per annum. The term is repayable in 18 unequal monthly installments starting March 2022.###

m) **From QNB Bank** of ₹ 3,973.91 Lacs (31 March 2021: ₹ Nil) as capex loan for capital expenditure incurred by the Holding Company. The Term Loan bearing floating interest at the MCLR plus 1.80% per annum. The term is repayable in 42 equal monthly installments starting April 2023.#

n) **From Bank of India** of ₹ 5,341.62 lacs (31 March 2021: ₹ Nil) as term loan to set up a new BOPET Film manufacturing project at floating interest at the rate of 1 Year MCLR plus 0.70% per annum. The term loan is repayable in 28 equal quarterly instalments starting after a moratorium of 9 months from Commencement of Commercial production date (COD).####

o) **From Bank of Baroda of** ₹ 5,062.39 lacs (31 March 2021: ₹ Nil) as term loan to set up a new BOPET Film manufacturing project at floating interest at the rate of 1 Year MCLR plus 0.90% per annum. The term loan is repayable in 28 equal quarterly instalments starting after a moratorium of 9 months from Commencement of Commercial production date (COD).####

p) **From HDFC Bank** of ₹ 1,437.90 lacs (31 March 2021: ₹ Nil) as term loan to set up a new BOPET Film manufacturing project at floating interest at the rate of 1 Year MCLR plus 0.75% per annum. The term loan is repayable in 28 equal quarterly instalments starting to commencing from June 2024.####

q) **From OLB Bank, Germany** of Euro 238.27 lacs which is in ₹ 20,036.54 lacs (31 March 2021: ₹ Nil) as term loan to set up a new project interest at the rate EURIBOR plus 0.75% per annum.The term loan is secured by first and exclusive charge on plant and machineries financed by OLB bank and further secured by irrevocable guarantee of its Holding Company (Ester Industries Limited). The term loan bearing floating interest at the EURIBOR plus 0.75% per annum. The term loan is repayable in 17 equal half yearly instalments starting to commence from six month from date of commencement.

\# Above term loans are secured by first pari passu charge on fixed assets of the Holding Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited & Vehicles and second Pari passu charge on current assets and further secured by irrevocable guarantee of its Holding company and personal guarantee of Mr. Arvind Singhania.

\## Above term loans are secured by first pari passu charge on fixed assets of the Holding Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited & Vehicles and second Pari passu charge on current assets and further secured by irrevocable guarantee of its holding company and personal guarantee of Mr. Arvind Singhania. Above loans are also secured by pledge of 50 lacs equity shares of the company on pari- passu basis held by Wilemina Finance Corporation.

\### Above term loans are secured by first pari passu charge on fixed assets of the Holding Company (both present & future) including factory land and building at Pilibhit Road, Sohan Nagar, P.O. Charubeta, Khatima-262308, Distt Udham Singh Nagar, Uttarakhand with other lenders, except fixed assets that are exclusively charged to Tata Capital Financial Services Limited and second Pari passu charge on current assets and further secured by irrevocable personal guarantee of Mr. Arvind Singhania.

#### Above term loans are secured by first pari passu charge on fixed assets of the Company (both present & future) including factory land and building at Chandanvally,shahbad mandal, Hyderabad ,Telangana with other lenders, except plant and machinery that are exclusively charged to OLB Bank for ECA funding and first charge on Debt Service Reserve Account (DSRA) to be created to meet debt service requirements of the project for the ensuring 60 days principal and interest payment. Second Pari passu charge on current assets and further secured by irrevocable guarantee of its Holding Company (Ester Industries Limited) and personal guarantee of Mr. Arvind Singhania.

II. **Vehicle loans** are secured by hypothecation of specific vehicles acquired out of proceeds of the loans. Vehicle loans bearing interest rates ranging from 7.25% per annum to 13.25% per annum. These loans are repayable in monthly installments till February 2026.

**18. (B) Current borrowings*** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Loans repayable on demand** | | |
| from banks | 4,675.38 | 3,660.65 |
| **Other loans** | | |
| Bills discounting | 146.43 | 71.87 |
| Acceptances | 6,300.30 | 3,048.08 |
| Buyers' credit for raw material | 672.19 | 534.36 |
| Current Maturities of Long Term Loan | 4,640.16 | 3,418.62 |
| **Total borrowings - current** | **16,434.46** | **10,733.58** |

* For liquidity risk related disclosures, refer note 33B.

**Working capital loans, bills discounting, acceptances and buyer's credit for raw materials :** These loans are secured by first charge by way of hypothecation of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) and further secured by irrevocable guarantees of its Holding Company and personal guarantee of Mr. Arvind Singhania. Working capital, bill discounting facilities, acceptances and buyer's credit for raw materials are further secured by way of second charge in respect of immovable properties and movable fixed assets except fixed assets that are exclusively charged to Tata Capital Financial Services Limited.

The working capital loans from banks bear floating interest rate at MCLR plus ranging from 0.60% per annum to 1.20% per annum. The bill discounting from banks bear floating interest rate ranging from 7.55% per annum to 8.60% per annum. The Buyer's credit for raw material bear floating interest rate ranging from 0.34% per annum to 0.64% per annum.

The changes in the entities liabilities arising from financing and non financing activities can be classified as follows:

**(₹ in lacs)**

| Particulars | Borrowings | | |
|---|---|---|---|
| | Non-current borrowings | Current | Lease liabilities |
| **1 April 2021** | **9890.33** | **10733.58** | **155.70** |
| **Cash flows:** | | | |
| - Repayments | (6,881.26) | - | (120.24) |
| - Proceeds net of amortisation of upfront fees | 44,447.16 | 5,693.82 | - |
| - Others | - | - | - |
| **Non cash:** | | | |
| - Finance cost adjustment for effective interest rate | (70.59) | - | - |
| - Interest on lease liabilities | - | - | 5.23 |
| '- Unrealised foreign exchange loss on buyers credit for raw material | | **7.06** | - |
| - Addition during the year | - | - | 7.44 |
| **31 March 2022** | **47,385.64** | **16,434.46** | **48.13** |

(₹ in lacs)

| Particulars | Borrowings | | |
|---|---|---|---|
| | Non-current borrowings | Current | Lease liabilities |
| **1 April 2020** | **7,698.56** | **7,681.17** | **249.81** |
| **Cash flows:** | | | |
| - Repayments | (2,774.14) | (366.21) | (140.48) |
| - Proceeds net of amortisation of upfront fees | 8,422.95 | - | - |
| **Non cash:** | | | |
| - Finance cost adjustment for effective interest rate | (38.42) | - | - |
| - Interest on lease liabilities | - | - | 29.37 |
| - Net impact of reclassification as per schedule III | (3,418.62) | 3,418.62 | - |
| - Addition during the year | - | - | 17.00 |
| **31 March 2021** | **9,890.33** | **10733.58** | **155.70** |

**19. Provisions** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Provisions - non-current** | | |
| Provision for gratuity (refer note 39) | 796.65 | 811.65 |
| Provision for compensated absence | 239.41 | 254.47 |
| **Total provisions - non-current** | **1,036.06** | **1,066.12** |
| | | |
| **B) Provisions - current** | | |
| Provision for gratuity (refer note 39) | 235.86 | 174.99 |
| Provision for compensated absence | 70.05 | 30.26 |
| **Total provisions - current** | **305.91** | **205.25** |
| **Total provisions (A+B)** | **1,341.97** | **1,271.37** |

**20. Deferred tax liabilities (net)** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Deferred tax liabilities | 3,540.63 | 3,657.90 |
| Less: Deferred tax assets | 462.07 | 503.22 |
| **Deferred tax liabilities (net)** | **3,078.56** | **3,154.68** |

(₹ in lacs)

| Particulars | As at 1 April 2021 | Recognised in statement of profit and loss | Recognised in other comprehensive income | Recognised in statement of changes in equity | As at 31 March 2022 |
|---|---|---|---|---|---|
| **Deferred tax liabilities arising on account of :** | | | | | |
| Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 3,635.69 | (96.37) | - | - | 3,539.32 |
| Redeemable financial instrument | 22.21 | (20.90) | - | - | 1.31 |
| **Total** | **3,657.90** | **(117.27)** | - | - | **3,540.63** |
| **Deferred tax assets arising on account of :** | | | | | |

(₹ in lacs)

| Particulars | As at 1 April 2021 | Recognised in statement of profit and loss | Recognised in other comprehensive income | Recognised in statement of changes in equity | As at 31 March 2022 |
|---|---|---|---|---|---|
| Effect of expenditure debited to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 490.49 | (28.42) | - | - | 462.07 |
| Employee benefits | - | (3.76) | 3.76 | - | - |
| Others | 12.73 | (12.73) | - | - | - |
| **Total** | **503.22** | **(44.91)** | **3.76** | - | **462.07** |
| **Deferred tax liabilities (net)** | **3,154.68** | **(72.35)** | **(3.76)** | - | **3,078.56** |

(₹ in lacs)

| Particulars | As at 1 April 2020 | Recognised in statement of profit and loss | Recognised in other comprehensive income | Recognised in statement of changes in equity | As at 31 March 2021 |
|---|---|---|---|---|---|
| **Deferred tax liabilities arising on account of :** | | | | | |
| Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting | 3,686.30 | (50.61) | - | - | 3,635.69 |
| Redeemable financial instrument | 28.60 | (6.39) | - | - | 22.21 |
| **Total** | **3,714.90** | **(57.00)** | - | - | **3,657.90** |
| **Deferred tax assets arising on account of :** | | | | | |
| Effect of expenditure debited to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 534.24 | (43.75) | - | - | 490.49 |
| Employee benefits | - | (8.55) | 8.55 | - | - |
| Others | 12.56 | 0.17 | - | - | 12.73 |
| **Total** | **546.80** | **(52.13)** | **8.55** | - | **503.22** |
| Minimum alternate tax credit entitlement* | - | 86.60 | - | - | - |
| **Deferred tax liabilities (net)** | **3,168.10** | **(91.47)** | **(8.55)** | - | **3,154.68** |

* In previous year, the Holding Company decided to avail lower tax rate option from financial year ending 31 March 2021 as per section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and accordingly had remeasured its deferred tax balances and written off outstanding MAT credit balance considering the same will not be allowed in near future period. However, at the time of filing income tax return for the assessment year 2020-21, after detailed evaluation, the Holding Company identified that said MAT credit can be utilized towards tax liabilities of assessment year 2020-21 and on that basis tax return for assessment year 2020-21 filed. Accordingly, the Holding Company reinstated ₹86.60 lacs MAT credit balance out of total MAT credit balance written off in books in previous year and utilized the same against tax liabilities for assessment year 2020-21 during the year ended 31 March 2021.

**21. Other liabilities** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| | | |
| **A) Non-current** | | |
| Deferred income* | 2,029.13 | 2,280.43 |
| **Total non current liabilities (A)** | **2,029.13** | **2,280.43** |
| **B) Current** | | |
| Deferred income* | 250.81 | 253.40 |
| Revenue received in advance | 431.45 | 376.81 |
| Statutory dues | 565.79 | 171.64 |
| **Total current liabilities (B)** | **1,248.05** | **801.85** |
| **Total other liabilities (A+B)** | **3,277.18** | **3,082.28** |

* Represents government assistance in form of duty benefit availed under Export Promotion Capital Goods (‘EPCG’) scheme on purchase of property, plant and equipment accounted for as government grants and being amortised over useful life of such assets.

## 22. Trade payable

(₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Trade payables** | | |
| Trade payables | | |
| - total outstanding dues of micro enterprises and small enterprises* | 829.56 | 274.47 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 5,479.45 | 3,492.20 |
| **Total trade payables** | **6,309.01** | **3,766.67** |

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act, 2006”) as at 31 March 2022:

(₹ in lacs)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| i. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | | |
| Principal amount* | 1,231.18 | 274.47 |
| Interest due thereon | - | - |
| ii. The amount paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | | |
| Principal amount | - | - |
| Interest due thereon | - | - |
| iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - |
| iv. The amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23. | - | - |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Holding Company.

*includes capital creditors of ₹ 401.62 lacs (refer note 23).

**Trade payables ageing is as follows:**

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Outstanding for following periods from the due date of payment | | | | |
| | Less than 1 Year | 1-2 Years | 2 to 3 years | More than 3 Years | Total |
| (i) Micro enterprises and small enterprises | 829.56 | - | - | - | 829.56 |
| (ii) Others | 5,082.62 | 392.33 | 4.50 | - | 5,479.45 |

| Particulars | As at 31 March 2021 | | | | |
|---|---|---|---|---|---|
| | Outstanding for following periods from the due date of payment | | | | |
| | Less than 1 Year | 1-2 Years | 2 to 3 years | More than 3 Years | Total |
| (i) Micro enterprises and small enterprises | 274.47 | - | - | - | 274.47 |
| (ii) Others | 3,478.36 | 8.86 | 4.98 | - | 3,492.20 |

**Relationship with struck off Companies as follows:** **(₹ in lacs)**

| Name of struck off Company | Nature of transactions | Transactions during the year 31 March 2022 | Balance outstanding as at 31 March 2022 | Relationship with struck off Company |
|---|---|---|---|---|
| H.T.L. Logistics India Private Limited | Payables | 0.05 | - | Vendor |
| SPM Instrument India Private Limited | Payables | 0.79 | - | Vendor |

**(₹ in lacs)**

| Name of struck off Company | Nature of transactions | Transactions during the year 31 March 2021 | Balance outstanding as at 31 March 2021 | Relationship with struck off Company |
|---|---|---|---|---|
| SPM Instrument India Private Limited | Payables | 0.22 | - | Vendor |

**23. Other financial liabilities** **(₹ in lacs)**

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **A) Current** | | |
| Capital creditors* | 1,620.14 | 480.49 |
| Interest accrued | 26.74 | - |
| Unpaid dividend | 62.09 | 43.35 |
| Deposits from dealer/customer and others | 31.29 | 33.79 |
| Derivative liability | - | 3.09 |
| Employee related payables | 847.50 | 1,909.73 |
| Others payables | 109.02 | 120.47 |
| **Total other financial liabilities** | **2,696.78** | **2,590.92** |

*includes micro enterprises and small enterprises of ₹ 401.62 lacs.

**24. Revenue from operations** **(₹ in lacs)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Sale of products | 139,225.36 | 98,485.53 |
| Other operating revenue (refer note (i) below) | 1,340.58 | 690.35 |
| **Total revenue from operations** | **140,565.94** | **99,175.88** |
| **i) Other operating revenue comprises of the following income:** | | |
| Sales of scrap | 196.35 | 114.70 |
| Export incentive from merchandise exports from India scheme | - | 241.68 |
| Duty drawback earned | 1,144.23 | 333.97 |
| **Total revenue from operations (refer note 40)** | **1,340.58** | **690.35** |

**25. Other income** **(₹ in lacs)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest on: | | |
| - Fixed deposits carried at amortised cost {tax deducted at source ₹ 7.07 lacs (31 March 2021 ₹ 7.13 lacs)} | 71.97 | 86.59 |
| - Other financial assets carried at amortised cost {tax deducted at source ₹ 1.98 lacs (31 March 2021: ₹ 3.81 lacs)} | 20.80 | 36.47 |
| Insurance claim | 72.06 | 70.65 |
| Provisions/liabilities no longer required written back | 16.14 | 216.90 |
| Reversal of provision on doubtful advances | 25.91 | - |

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Foreign exchange fluctuation gain (net) | 198.78 | - |
| Income recognised on account of government assistance* | 253.57 | 253.15 |
| Gain on fair valuation of financial assets | 28.91 | 26.24 |
| Miscellaneous income | 192.28 | 107.83 |
| **Total other income** | **880.42** | **797.83** |

* This represent income recognised in relation Export Promotion Capital Goods (‘EPCG’), considered as government assistance.

**26. Changes in inventories of finished goods and work-in-progress** **(₹ in lacs)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Closing stock | | |
| - Finished goods | 5,882.26 | 3,400.84 |
| - Work-in-progress | 1,918.94 | 1,009.60 |
| | **7,801.20** | **4,410.44** |
| Opening stock | | |
| - Finished goods | 3,400.84 | 3,016.75 |
| - Work-in-progress | 1,009.60 | 732.22 |
| | **4,410.44** | **3,748.97** |
| **Total changes in inventories** | **(3,390.76)** | **(661.47)** |

**27. Employee benefits expense** **(₹ in lacs)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Salaries and wages | 5,915.55 | 6,129.67 |
| Employee stock option expense (refer note 41) | 62.11 | - |
| Contribution to provident fund and other funds | 319.17 | 282.37 |
| Gratuity (refer note 39) | 139.77 | 130.20 |
| Staff welfare expenses | 304.72 | 274.41 |
| **Total employee benefits expense** | **6,741.32** | **6,816.65** |

**28. Finance cost** **(₹ in lacs)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Interest : | | |
| - Term loans | 1,560.70 | 1,056.16 |
| - Working capital | 416.31 | 394.52 |
| - Lease liabilities | 5.23 | 29.37 |
| - Statutory dues | 141.48 | 48.45 |
| - Capital creditors | - | 4.91 |
| - Buyers credit for raw material | 1.43 | 3.41 |
| Other borrowing costs* | 362.38 | 320.40 |
| **Total finance cost** | **2,487.53** | **1,857.22** |

*Bank charges majorly comprises of Letter of credit charges, Bank guarantee charges and working capital demand loan (WCDL) processing fees.

**29. Other expenses** **(₹ in lacs)**

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Manufacturing expenses** | | |
| Consumption of stores and spare parts | 2,087.19 | 1,773.65 |
| Consumption of packing material | 2,004.75 | 1,600.70 |
| Power and fuel | 9,167.79 | 7,585.54 |
| Material handling charges | 670.22 | 529.29 |
| Provision for obsolete inventories | (12.42) | 13.96 |
| **Total manufacturing expenses (A)** | **13,917.53** | **11,503.14** |
| | | |
| **Selling expenses** | | |
| Freight | 3,025.25 | 2,518.64 |
| Commission and brokerage | 215.01 | 244.37 |
| **Total selling expenses (B)** | **3,240.26** | **2,763.01** |
| | | |
| **Administration and other expenses** | | |
| Rent | 135.03 | 115.44 |
| Rates and taxes | 87.90 | 172.47 |
| Insurance | 639.23 | 522.83 |
| Repairs and maintenance: | | |
| - Building | 156.42 | 144.27 |
| - Plant and machinery | 447.44 | 340.77 |
| - Others | 466.02 | 289.86 |
| Corporate social responsibility expenditure (refer note (i) below) | 257.44 | 130.05 |
| Travelling and conveyance | 572.56 | 328.03 |
| Communication expenses | 71.03 | 59.40 |
| Legal and professional charges | 630.29 | 768.63 |
| Printing and stationery | 17.31 | 8.19 |
| Donations (other than political parties) | 2.28 | 8.25 |
| Director's sitting fees | 8.30 | 7.10 |
| Director's commission | 70.00 | 70.00 |
| Auditors' remuneration (refer note (ii) below) | 48.37 | 36.26 |
| Loss on sale of property, plant and equipment (net) | 45.04 | 27.39 |
| Bad debts, advances and irrecoverable balances written off | 83.11 | 15.59 |
| Provision for doubtful debts/advances | - | 76.53 |
| Security services | 381.51 | 363.96 |
| Foreign exchange fluctuation loss (net) | - | 50.71 |
| Miscellaneous expenses | 360.94 | 384.27 |
| **Total administrative and other expenses (C)** | **4,480.22** | **3,920.00** |
| **Total other expenses (A+B+C)** | **21,638.01** | **18,186.15** |

**i) Corporate social responsibility expenses**

As per Section 135 of the Companies Act, 2013, a Holding Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting health care, promoting education, rural development projects and environment sustainability. A CSR committee has been formed by the Holding Company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

(₹ in lacs)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| i) Amount required to be spent by the Holding Company during the year | 257.44 | 129.78 |
| ii) Amount of expenditure incurred | | |
| - Constructions/ acquistion of any assets | - | - |
| - Others (refer point (v) below) | 198.44 | 130.05 |
| iii) Shortfall at the end of year* | 59.00 | - |
| iv) Reason for shortfall | pertains to ongoing project | NA |
| v) Nature of CSR activities | promoting health care, promoting education, rural development projects and environment sustainability | |
| vi) Details of related party transactions | - | - |
| vii) Provision made with respect to a liability incurred by entering into a contractual obligation | - | - |

*The unspent amount transferred to unspent CSR account within 30 days from the end of the financial year, in accordance with the Companies Act, 2013 read with the CSR Amendment Rules.

**ii) Auditors' remuneration**

(₹ in lacs)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| - Audit fee (excluding taxes) | 47.50 | 36.00 |
| - Out of pocket expenses (excluding taxes) | 0.87 | 0.26 |
| | **48.37** | **36.26** |

**30. Tax expenses**

(₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Current tax | 4,884.55 | 4,881.55 |
| Tax earlier years | 136.75 | - |
| Deferred tax | (72.35) | (91.47) |
| **Income tax expense recognised in the statement of profit and loss** | **4,948.95** | **4,790.08** |
| | | |
| The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Group at 25.17% and the reported tax expense in the statement of profit and loss are as follows: | | |
| | | |
| **Accounting profit before income tax** | **18,620.36** | **18,539.44** |
| At India's statutory income tax rate of 25.17% (31 March 2021: 25.17%) | 4,686.74 | 4,666.38 |
| | | |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| Adjustment on account of Minimum alternate tax credit | - | (86.60) |
| Tax impact of expenses which will never be allowed | 95.75 | 49.30 |
| Earlier year tax paid in current year | 136.75 | 29.97 |
| Others | (24.34) | 15.65 |
| **Income tax expense** | **4,894.90** | **4,674.70** |

### 31. Earning per share (EPS)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| Profit attributable to equity shareholders (₹ in lacs) | 13,671.41 | 13,749.36 |
| Profit attributable to equity shareholders adjusted for the effect of dilution (₹ in lacs) | **13,671.41** | **13,749.36** |
| | | |
| Weighted average number of equity shares for basic EPS | 83,393,759 | 83,393,759 |
| Weighted average number of equity shares adjusted for the effect of dilution | **83,393,759** | **83,393,759** |
| **Earnings per equity share** | | |
| Basic (₹) | 16.39 | 16.49 |
| Diluted (₹) | 16.39 | 16.49 |

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

### 32. Fair value disclosures

**(i) Fair value hierarchy**

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** unobservable inputs for the asset or liability.

**(ii) Valuation technique used to determine fair value**

A. Specific valuation techniques used to value mutual funds include - the use of net asset value for mutual funds on the basis of the statement received from investee party.

B. Derivative asset/liability is measured using forward contract exchange rates at the balance sheet rate as confirmed from banks/financial institutions.

**(iii) Financial assets measured at fair value – recurring fair value measurements** **(₹ in lacs)**

| Particulars | Level | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **Financial assets** | | | |
| Investments in mutual funds | Level 1 | - | 133.13 |
| Derivative asset | Level 2 | 1.22 | - |
| **Total financial assets** | | **1.22** | **133.13** |
| **Financial liabilities** | | | |
| Derivative liability | Level 2 | - | 3.09 |
| **Total financial liabilities** | | **-** | **3.09** |

**(iv) Fair value of instruments measured at amortised cost for which fair value are disclosed**

**(₹ in lacs)**

| Particulars | Level | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|---|
| | | Carrying value | Fair value | Carrying value | Fair value |
| **Financial assets** | | | | | |
| Loans | Level 3 | 14.12 | 14.12 | - | - |
| Security deposits | Level 3 | 731.78 | 731.78 | 756.73 | 756.73 |
| Earnest money deposit | Level 3 | - | - | 0.73 | 0.73 |
| **Total financial assets** | | **745.90** | **745.90** | **757.46** | **757.46** |
| Borrowings* | Level 3 | 52,025.80 | 52,025.80 | 13,308.95 | 13,308.95 |
| Lease Liabilities | Level 3 | 48.13 | 48.13 | 155.70 | 155.70 |
| **Total financial liabilities** | | **52,073.93** | **52,073.93** | **13,464.65** | **13,464.65** |

The above disclosures are presented for non-current financial assets (excluding bank deposits) and non-current financial liabilities. Carrying value of current financial assets and current financial liabilities (trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities) represents the best estimate of fair value.

* Long term borrowing facilities availed by the Company are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

## 33. Financial risk management

The accounting classification of each category of financial instruments, and there carrying amounts are set as below:

**(₹ in lacs)**

| Particulars | 31 March 2022 | | 31 March 2021 | |
|---|---|---|---|---|
| | FVTPL | Amortised cost | FVTPL | Amortised cost |
| **Financial assets** | | | | |
| Investments - mutual funds | - | - | 133.13 | - |
| Trade receivables | - | 19,346.04 | - | 15,116.20 |
| Loans | - | 90.66 | - | 70.76 |
| Cash and cash equivalents | - | 5,614.27 | - | 181.45 |
| Other bank balances | - | 722.80 | - | 2,805.85 |
| Derivative assets | 1.22 | - | - | - |
| Other financial assets | - | 1,021.92 | - | 1,441.02 |
| **Total financial assets** | **1.22** | **26,795.69** | **133.13** | **19,615.28** |
| **Financial liabilities** | | | | |
| Borrowings | - | 63,820.10 | - | 20,623.91 |
| Lease liabilities | - | 48.13 | - | 155.70 |
| Trade payables | - | 6,309.01 | - | 3,766.67 |
| Security deposits | - | 31.29 | - | 33.79 |
| Derivative liabilities | - | - | 3.09 | - |
| Other financial liabilities | - | 2,665.49 | - | 2,554.04 |
| **Total financial liabilities** | - | **72,874.02** | **3.09** | **27,134.11** |

### (i) Risk management

The Group activities expose it to market risk, liquidity risk and credit risk. The Holding Company's Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, other bank balances, loans, trade receivables, other financial assets and investments | Ageing analysis | Diversification of bank deposits and investments, credit limits and letter of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (₹) | Cash flow forecasting | Forward contract/hedging, if required |
| Market risk - Interest rate risk | Long-term borrowings at variable rates | Sensitivity analysis | Negotiation of terms that reflect market factors |
| Price risk - security price | Investments in mutual funds | Sensitivity analysis | Diversification of portfolio, with focus on strategic investments |

**(A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group exposure to credit risk is influenced mainly by cash and cash equivalents, investments, trade receivables and other financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management**

*i) Credit risk rating*

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

The Group provides for expected credit loss based on the following:

| Description | Asset group | Provision for expected credit loss |
|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss |
| Moderate credit risk | Trade receivables | Life time expected credit loss |
| High credit risk | Trade receivables | Life time expected credit loss or fully provided for |

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period (including extension). Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

**Below is the bifurcation of assets in various categories of risk:** **(₹ in lacs)**

| Description | Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 26,796.91 | 19,748.41 |
| High credit risk | Trade receivables | 10.80 | 103.43 |

*ii) Concentration of financial assets*

The Group exposure to credit risk for trade receivables is presented as below. Loans and other financial assets majorly represents loans to employees and security and earnest money deposits given for business purposes.

**(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Polyester film | 9,570.75 | 7,248.62 |
| Engineering plastics | 6,556.09 | 6,190.19 |
| Speciality Polymer | 3,219.20 | 1,677.39 |

b) **Credit risk exposure**

**Provision for expected credit losses**

The Group provides for 12 month expected credit losses or lifetime expected credit losses for following financial assets:

**31 March 2022** (₹ in lacs)

| Particulars | Estimated gross carrying amount at default | Expected credit losses (including credit impaired) | Carrying amount net of impairment provision |
|---|---|---|---|
| Trade receivables | 19,356.84 | 10.80 | 19,346.04 |
| Loans | 90.66 | - | 90.66 |
| Cash and cash equivalents | 5,614.27 | - | 5,614.27 |
| Other bank balances | 722.80 | - | 722.80 |
| Derivative assets | 1.22 | - | 1.22 |
| Other financial assets | 1,021.92 | - | 1,021.92 |
| **Total financial assets** | **26,807.71** | **10.80** | **26,796.91** |

**31 March 2021** (₹ in lacs)

| Particulars | Estimated gross carrying amount at default | Expected credit losses (including credit impaired) | Carrying amount net of impairment provision |
|---|---|---|---|
| Trade receivables | 15,219.63 | 103.43 | 15,116.20 |
| Loans | 70.76 | - | 70.76 |
| Cash and cash equivalents | 181.45 | - | 181.45 |
| Other bank balances | 2,805.85 | - | 2,805.85 |
| Other financial assets | 1,441.02 | - | 1,441.02 |
| Investments | 133.13 | - | 133.13 |
| **Total financial assets** | **19,851.84** | **103.43** | **19,748.41** |

**Expected credit loss for trade receivables under simplified approach**

**As at 31 March 2022** (₹ in lacs)

| Particulars | Less than 6 months | 6 months- 1 year | 1- 2 years | 2- 3 years | More than 3 years |
|---|---|---|---|---|---|
| Gross carrying value | 19,344.13 | 9.41 | 3.06 | 0.24 | - |
| Expected loss rate | 0.01% | 53.67% | 100.00% | 100.00% | - |
| Expected credit loss (impairment) | 2.45 | 5.05 | 3.06 | 0.24 | - |
| Carrying amount (net of impairment) | 19,341.68 | 4.36 | - | - | - |

**As at 31 March 2021** (₹ in lacs)

| Particulars | Less than 6 months | 6 months- 1 year | 1- 2 years | 2- 3 years | More than 3 years |
|---|---|---|---|---|---|
| Gross carrying value | 15,118.52 | 30.88 | 4.91 | - | - |
| Credit impaired | 35.80 | 29.52 | - | - | - |
| Expected loss rate | 0.20% | 11.98% | 100.00% | - | - |
| Expected credit loss (impairment) | 29.50 | 3.70 | 4.91 | - | - |
| Carrying amount (net of impairment) | 15,089.02 | 27.18 | - | - | - |

(₹ in lacs)

| Reconciliation of loss allowance | Amount |
|---|---|
| **Loss allowance as on 1 April 2021** | **103.43** |
| Impairment loss written off during the year | (65.30) |
| Impairment loss created during the year | (27.33) |
| **Loss allowance as on 31 March 2022** | **10.80** |

**(B) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Group liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

**Maturities of financial liabilities**

The tables below analyse the Group financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in lacs)

| 31 March 2022 | Less than 1 year | 1 - 3 years | More than 3 years | Total |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings (including interest) | 18,561.25 | 26,679.02 | 27,898.18 | **73,138.45** |
| Trade payables | 6,309.01 | - | - | **6,309.01** |
| Other financial liabilities | 2,696.78 | - | - | **2,696.78** |
| **Total** | **27,567.04** | **26,679.02** | **27,898.18** | **82,144.24** |

(₹ in lacs)

| 31 March 2021 | Less than 1 year | 1 - 3 years | More than 3 years | Total |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Borrowings (including interest) | 11,906.58 | 8,227.82 | 3,052.45 | **23,186.85** |
| Trade payables | 3,766.67 | - | - | **3,766.67** |
| Other financial liabilities | 2,590.92 | - | - | **2,590.92** |
| **Total** | **18,264.17** | **8,227.82** | **3,052.45** | **29,544.44** |

**The Group had access to following funding facilities:**

**As at 31 March 2022** (₹ in lacs)

| Funding facilities | Total Facility | Drawn | Not drawn |
|---|---|---|---|
| Less than 1 year | 27,400.00 | 14,366.58 | 13,033.42 |
| More than 1 year | 3,000.00 | 2,000.00 | 1,000.00 |
| **Total** | **30,400.00** | **16,366.58** | **14,033.42** |

**As at 31 March 2021** (₹ in lacs)

| Funding facilities | Total Facility | Drawn | Not drawn |
|---|---|---|---|
| Less than 1 year | 27,400.00 | 10,428.22 | 16,971.78 |
| More than 1 year | 5,000.00 | 3,611.81 | 1,388.19 |
| **Total** | **32,400.00** | **14,040.03** | **18,359.97** |

**(C) Market risk**

**(i) Interest rate risk**

*Interest rate risk exposure*

The Group variable rate borrowing is subject to interest rate risk. Below is the overall exposure of the borrowing:

(₹ in lacs)

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Variable rate borrowing | 63,558.57 | 20,237.72 |
| Fixed rate borrowing | 309.66 | 541.89 |
| **Total borrowings** | **63,868.23** | **20,779.61** |

*Sensitivity*

Profit or loss and equity is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

**(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Interest sensitivity*** | | |
| Interest rates – decrease by 50 basis point (31 March 2021: 50 basis point) | 277.92 | 75.72 |
| Interest rates – increase by 50 basis point (31 March 2021: 50 basis point) | (277.92) | (75.72) |

** Holding all other variables constant*

**(ii) Foreign exchange risk**

The Group has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group functional currency.

*Foreign currency risk exposure*

| Particulars | Currency | Amount in Foreign Currency (In absolute figures) | | Amount (₹ in lacs) | |
|---|---|---|---|---|---|
| | | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| **Receivables** | | | | | |
| Trade receivable | USD | 10,602,320 | 8,024,428 | 8,004.75 | 5,897.95 |
| | GBP | 141,942 | 47,134 | 140.71 | 47.61 |
| | EURO | 1,357,468 | 773,632 | 1,140.82 | 666.10 |
| | | | | | |
| **Payables** | | | | | |
| Trade payables | GBP | - | 2,802 | - | 2.83 |
| | EURO | 5,882 | 37,085 | 4.95 | 31.93 |
| | USD | 2,925,230 | 1,222,494 | 2,210.27 | 898.53 |
| Acceptances | USD | 3,928,951 | 4,144,792 | 2,968.32 | 3,046.42 |
| Buyer's credit for raw material | USD | 781,450 | 728,270 | 590.07 | 535.28 |
| | EURO | 97,650 | - | 82.12 | - |
| Bills discounting | USD | 194,940 | 52,174 | 146.43 | 38.35 |
| | EURO | - | 38,494 | - | 33.14 |
| Foreign currency unsecured loan | USD | 135,000 | 785,000 | 101.99 | 576.97 |
| Foreign currency secured loan | EURO | 25,592,108 | - | 21,520.40 | - |

*Sensitivity*

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

**(₹ in lacs)**

| Particulars | Impact on profit after tax | |
|---|---|---|
| | 31 March 2022 | 31 March 2021 |
| **USD sensitivity** | | |
| INR/USD increase by 4.65% (31 March 2021- 4.69%) | 68.70 | 28.16 |
| INR/USD decrease by 4.65% (31 March 2021- 4.69%) | (68.70) | (28.16) |
| | | |
| **GBP sensitivity** | | |
| INR/GBP increase by 6.01% (31 March 2021- 8.31%) | 8.75 | 2.78 |
| INR/GBP decrease by 6.01% (31 March 2021- 8.31%) | (8.75) | (2.78) |
| | | |
| **EUR sensitivity** | | |
| INR/EUR increase by 5.80% (31 March 2021- 6.89%) | (1,202.45) | 30.99 |
| INR/EUR decrease by 5.80% (31 March 2021- 6.89%) | 1,202.45 | (30.99) |

**(iii) Price risk**

The Group exposure to price risk arises from investments held and classified as FVTPL. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

*Sensitivity analysis*

Profit or loss is sensitive to higher/lower prices of instruments on the Group profit for the year -

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **Investments in mutual funds** | | |
| Price increase by (5%) - FVTPL instrument | - | 4.98 |
| Price decrease by (5%) - FVTPL instrument | - | (4.98) |

**34. Segment reporting**

The Group operates in three segments manufacturing and sale of polyester film ,engineering plastics and speciality polymer. The Group has chosen business segments considering the dominant source of nature of risks and returns, internal organisation, management structure and the manner chief operating decision maker (CODM) review the financial performance of the business for allocating the economic resources. A brief description of the reportable segment is as follows:

**Polyester chips and film:** Polyester chips and films that are used in primarily flexible packaging and other industrial application. Polyester film is known for high tensile strength, chemical and dimensional stability, transparency, reflective, gas and aroma barrier properties and electrical insulation. PET chips is the main raw material used to manufacture the film.

**Engineering plastics:** Engineering plastics are group of plastic materials that exhibit superior mechanical and thermal properties over the more commonly used commodity plastics. Engineering plastics are equipped with certain electrical properties which enable it to be used in specific industries such as automotive, telecommunication, electrical, electronics and lighting, consumer durable etc.

**Speciality Polymer:** Specialty Polymers are Polymers that are high performance material catering to the global needs of the industries / applications such as carpets, textiles, food and beverages, consumer electronics, industrial etc. which cannot be met by commodity PET grades.

**A. Segment Disclosure**

**Year ended 31 March 2022** **(₹ in lacs)**

| Particulars | Polyester film | Engineering plastics | Speciality Polymers | Total of segments | Unallocable | Net Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | 93,758.83 | 29,540.99 | 17,266.12 | 140,565.94 | - | **140,565.94** |
| **Total revenue** | **93,758.83** | **29,540.99** | **17,266.12** | **140,565.94** | - | **140,565.94** |
| **Income/expenses** | | | | | | |
| Other income | - | - | - | - | 880.42 | **880.42** |
| Cost of material consumed | 59,353.31 | 21,210.81 | 10,918.39 | 91,482.51 | - | **91,482.51** |
| Changes in inventories of finished goods and work-in-progress | (1,220.64) | (661.90) | (1,508.22) | (3,390.76) | - | **(3,390.76)** |
| Depreciation and amortisation | 3,148.54 | 185.22 | 95.09 | 3,428.85 | 438.54 | **3,867.39** |
| Finance costs | - | - | - | - | 2,487.53 | **2,487.53** |
| Other expenses | 17,431.87 | 1,985.40 | 2,194.23 | 21,611.50 | 6,767.83 | **28,379.33** |
| **Segment Profit** | **15,045.75** | **6,821.46** | **5,566.63** | **27,433.84** | **(8,813.48)** | **18,620.36** |
| **Segment assets** | 80,523.47 | 13,799.68 | 12,921.00 | 107,244.15 | 35,574.95 | **142,819.10** |
| **Segment liabilities** | 39,337.97 | 1,970.38 | 1,827.81 | 43,136.16 | 37,511.82 | **80,647.98** |
| **Other disclosures** | | | | | | |
| Capital expenditure | 37,956.72 | 279.77 | 752.12 | 38,988.61 | 1,011.79 | **40,000.40** |

**Year ended 31 March 2021** (₹ in lacs)

| Particulars | Polyester film | Engineering plastics | Speciality Polymers | Total of segments | Unallocable | Net Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | 72,742.40 | 20,499.53 | 5,933.95 | 99,175.88 | - | **99,175.88** |
| **Total revenue** | **72,742.40** | **20,499.53** | **5,933.95** | **99,175.88** | - | **99,175.88** |
| **Income/expenses** | | | | | | |
| Other income | - | - | - | - | 797.83 | **797.83** |
| Cost of material consumed | 34,798.09 | 13,885.41 | 2,913.84 | 51,597.34 | 115.03 | **51,712.37** |
| Changes in inventories of finished goods and work-in-progress | (874.40) | 378.06 | (165.13) | (661.47) | - | **(661.47)** |
| Depreciation and amortisation | 2,522.31 | 193.49 | 400.00 | 3,115.80 | 407.55 | **3,523.35** |
| Finance costs | - | - | - | - | 1,857.22 | **1,857.22** |
| Other expenses | 14,882.32 | 1,977.67 | 1,411.93 | 18,271.92 | 6,730.88 | **25,002.80** |
| **Segment Profit** | **21,414.09** | **4,064.90** | **1,373.31** | **26,852.29** | **(8,312.85)** | **18,539.44** |
| **Segment assets** | 40,364.95 | 12,159.23 | 8,490.53 | 61,014.71 | 25,155.19 | **86,169.90** |
| **Segment liabilities** | 5,646.07 | 1,502.28 | 448.01 | 7,596.36 | 27,371.63 | **34,967.99** |
| **Other disclosures** | | | | | | |
| Capital expenditure | 6,590.42 | 8.18 | 2,074.57 | 8,673.16 | 1,558.95 | **10,232.11** |

**Revenue as per geographical market** (₹ in lacs)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|---|---|
| **Revenue from external customers:** | | |
| India | 97,859.78 | 72,293.71 |
| Outside India | 42,706.16 | 26,882.17 |
| **Total revenue per statement of profit or loss** | **140,565.94** | **99,175.88** |
| | | |
| **Segment receivables** | | |
| India | 9,915.20 | 8,540.82 |
| Outside India | 9,430.84 | 6,575.38 |
| **Total** | **19,346.04** | **15,116.20** |

**Information about major customer**

During the year ended 31 March 2022 revenue of approximately 10.80% (31 March 2021: 6.33%) was derived from a single external customer in the polyester chips and film business, approximately 13.47% in 31 March 2022 (31 March 2021: 12.42%) was derived from a single external customer in the engineering plastics and approximately 41.30% in 31 March 2022 (31 March 2021: 47.70%) was derived from a single external customer in the speciality polymer.

**Non-current assets**

Non-current assets of the Group (property, plant and equipment, capital work-in-progress, intangible assets) are held in India.

**35. Capital management**

The Group objectives when managing capital are to:

- To ensure Group ability to continue as a going concern, and
- To provide adequate return to shareholders

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amounts managed as capital by the Group are summarised as follows:

(a) **Debt equity ratio** (₹ in lacs)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total borrowings* | 63,894.97 | 20,779.61 |
| Total equity | 62,846.35 | 51,660.32 |
| **Net debt to equity ratio** | **102%** | **40%** |

**Total borrowings include non-current borrowings, current borrowings and interest accrued.*

(b) **Dividends** **(₹ in lacs)**

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **1. Equity shares - Dividend Paid** | | |
| Final dividend for the year ended 31 March 2020 of ₹ 2.50 per share (excluding tax) | - | 2,084.84 |
| Final dividend for the year ended 31 March 2021 of ₹ 1.90 per share (including tax) | 1,584.48 | - |
| Interim dividend for the year ended 31 March 2021 of ₹ 1.50 per share (excluding tax) | - | 1,250.91 |
| Interim dividend for the year ended 31 March 2022 of ₹ 1.40 per share (excluding tax) | 1,167.51 | - |
| **2. Equity shares - Dividend Proposed** | | |
| Proposed final dividend for the year ended 31 March 2021 of ₹ 1.90 per share (excluding tax) | - | 1,584.48 |
| Proposed final dividend for the year ended 31 March 2022 of ₹ 1.90 per share (excluding tax) ^ | 1,584.48 | - |

^ The Board of Directors at its meeting held on 20 May 2022, has recommended final dividend of ₹ 1.90/- (Rs. One and ninety paise only) per equity share for the year ended on 31 March 2022, subject to the approval of the shareholders of the Holding Company in the forthcoming Annual General Meeting.

**36. Related party transactions**

In accordance with the requirements of Ind AS 24 the names of the related parties where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

| i) Parties where control exists: | Nature of related party | |
|---|---|---|
| **Name of the related parties** | **31 March 2022** | **31 March 2021** |
| Goldring Investments Corporation | Ultimate Holding Company | Ultimate Holding Company |
| Wilemina Finance Corporation | Holding Company | Holding Company |
| Mr. Arvind Singhania (Chairman and CEO) | Key managerial personnel | Key managerial personnel |
| Mr. Pradeep Kumar Rustagi (Executive Director - Corporate Affairs) | Key managerial personnel (w.e.f. 04 February 2022) | - |
| Mr. Pradeep Kumar Rustagi (CFO) | Key managerial personnel (Till 03 February 2022) | Key managerial personnel |
| Mr. Manish Gupta (CFO) | Key managerial personnel (joined w.e.f. 04 February 2022) | - |
| Mrs. Archana Singhania (Director) | Director | Director |
| Mr. Ashok Kumar Newatia (Independent Director) | Director | Director |
| Dr. Anand Chand Burman (Independent Director) | Director | Director |
| Mr. M S Ramachandran (Independent Director) | Director | Director |
| Mr. Sandeep Dinodia (Independent Director) | Director | Director |
| Mr. P S Dasgupta (Independent Director) | Director | Director |
| Mrs. Padmaja Shailen Ruparel (Independent Director) | Director | Director |
| Mr. Ayush Vardhan Singhania (WTD) | Key managerial personnel (w.e.f. 01 June 2021) | Relatives of Key managerial personnel |
| Mr. Arvind Kumar Goyal (Independent Director) | Director (w.e.f. 07 January 2022) | - |
| Mr. Girish Behal(Director) | Director (Ester Filmtech Limited) | Director (Ester Filmtech Limited) |

(a) Transactions with key managerial personnel and their relatives carried out in the ordinary course of business:

(₹ in lacs)

| Sr. No. | Particulars | Key managerial personnel | | Relative of key managerial personnel | | Wholly owned Subsidiary Company | | Total | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
| 1 | **Managerial remuneration** | | | | | | | | |
| | Arvind Singhania | 318.40 | 318.40 | - | - | - | - | **318.40** | **318.40** |
| | Pradeep Kumar Rustagi | 130.99 | 108.82 | - | - | - | - | **130.99** | **108.82** |
| | Manish Gupta | 12.07 | - | - | - | - | - | **12.07** | - |
| | Ayush Vardhan Singhania | 141.29 | - | - | 97.93 | - | - | **141.29** | **97.93** |
| 2 | **Commission to Directors** | | | | | | | | |
| | Arvind Singhania | 1,200.00 | 1,200.00 | - | - | - | - | **1,200.00** | **1,200.00** |
| | Anand Chand Burman | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Ashok Kumar Newatia | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | M S Ramachandran | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Sandeep Dinodia | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Padmaja Shailen Ruparel | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | P S Dasgupta | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| | Archana Singhaia | 10.00 | 10.00 | - | - | - | - | **10.00** | **10.00** |
| 3 | **Sitting Fees** | | | | | | | | |
| | Archana Singhania | 0.80 | 0.70 | - | - | - | - | **0.80** | **0.70** |
| | Anand Chand Burman | 0.30 | 0.40 | - | - | - | - | **0.30** | **0.40** |
| | Ashok Kumar Newatia | 1.80 | 1.50 | - | - | - | - | **1.80** | **1.50** |
| | M S Ramachandran | 2.20 | 1.80 | - | - | - | - | **2.20** | **1.80** |
| | Sandeep Dinodia | 1.80 | 1.40 | - | - | - | - | **1.80** | **1.40** |
| | Padmaja Shailen Ruparel | 0.70 | 0.40 | - | - | - | - | **0.70** | **0.40** |
| | P S Dasgupta | 0.70 | 0.90 | - | - | - | - | **0.70** | **0.90** |
| 4 | **Corporate Guarantees given to Lender (banks) of -** | | | | | | | | |
| | Ester Filmtech Limited | - | - | - | - | 33,078.45 | - | **33,078.45** | - |
| 5 | **Personal Guarantees given by KMP/ Directors -** | | | | | | | | |
| | Arvind Singhania | 14,243.44 | - | - | - | - | - | **14,243.44** | - |

(b) Closing balance with subsidiary in the ordinary course of business:

| | Corporate Guarantees given to Lender (banks) of - | Year | Amount |
|---|---|---|---|
| 1 | Ester Filmtech Limited | 31 March 2022 | 33,078.45 |
| | | 31 March 2021 | - |

(c) **Closing balance with key managerial personnel and their relatives in the ordinary course of business:**

(₹ in lacs)

| Particulars | | Year | Amount |
|---|---|---|---|
| | **Guarantees given against loans taken (jointly and severally) by the Company** | | |
| 1 | Arvind Singhania | 31 March 2022 | 31,631.45 |
| | | 31 March 2021 | 19,871.21 |
| | **Personal Guarantees given by KMP/ Directors** | | |
| 1 | Arvind Singhania | 31 March 2022 | 14,243.44 |
| | | 31 March 2021 | - |

(d) **Closing balance with related parties in the ordinary course of business:** (₹ in lacs)

| Sr. No. | Particulars | Year | Amount |
|---|---|---|---|
| 1 | **Unsecured loan** | | |
| | Wilemina Finance Corporation | 31 March 2022* | 101.94 |
| | | 31 March 2021* | 576.97 |
| 2 | **Guarantees given against loans taken (jointly and severally) by the Company** | | |
| | Wilemina Finance Corporation | 31 March 2022 | 21,259.99 |
| | | 31 March 2021 | 14,928.61 |

* includes foreign exchange fluctuation of ₹ 2.71 lacs (31 March 2021 ₹ 72.90 Lacs)

(e) **Key managerial personnel compensation:** (₹ in lacs)

| Nature of transactions | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Short-term employee benefits | 1,802.74 | 1,627.22 |
| Post-employment benefits | 24.39 | 9.25 |
| Other long-term benefits | 7.19 | 2.18 |
| | **1,834.33** | **1,638.65** |

**37. Contingent liabilities and commitments**

(₹ in lacs)

| Particulars | | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **A. Contingent liabilities*** | | | |
| **1** | Claims against the Group not acknowledged as debts^ | 38.93 | 25.43 |
| **2** | Additional bonus for financial year 2014-15 due to Payment of Bonus (Amendment) Act, 2015 # | 22.87 | 22.87 |
| **3** | There is a contingent liability of: | | |
| **i)** | Excise duty/custom duty/service tax demands not acknowledged as liability | 967.03 | 968.46 |
| **ii)** | Demand raised by Income Tax department, disputed by the Group and pending in appeal | 33.88 | 33.88 |

* The amounts indicated as contingent liability or claims against the Group only reflect the basic value. Interest, penalty if any or legal costs, being indeterminable are not considered.

^ These claims represents various civil cases filed against the Group by various vendors and ex-employees of the Group.

# In view of the amendment in The Payment of Bonus Act, 1965 notified on 1 January 2016, the Group has made a provision for incremental bonus for the financial year i.e. for 2015-16. Though the amendment was effective retrospectively from 1 April 2014, the Group on the legal advice has decided not to consider it on account of interim order of various Hon'ble High Courts allowing stay on the amendment with retrospective effect till the time its constitutional validity is established.

(₹ in lacs)

| **B. Commitments** | | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **1** | Estimated amount of contracts remaining to be executed on capital account and not provided for | 8,309.21 | 1,721.32 |
| **2** | Estimated amounts of contracts remaining to be executed on other then capital account and not provided for | 10,614.84 | 8,990.48 |
| **3** | Corporate Gurantees given to lender (banks) of Ester Filmtech Limited (Subsidiary) (refer note 36) | 33,078.45 | - |

## 38. Leases disclosure as lessee

**Lease liabilities are presented in the statement of financial position as follows:** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Current liabilities (amount due within one year) | 46.88 | 107.51 |
| Non current liabilities (amount due over one year) | 1.25 | 48.19 |

The Group leased asset classes primarily consist of leases for land, certain equipments and building, including warehouses and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security.

For some of the leases, the lessee may terminate the lease by giving 3 months notice period to lessor, subject to other terms and conditions. At the end of the tenor under certain leases, lessee can avail to buy the asset at the agreed value as per buyback agreement between the lessor and lessee.

Right of use asset as at 31 March 2022 amounting to ₹ 835.36 lacs (31 March 2021 amounting to ₹ 209.21 lacs) are for the leases of equipments and lease of land.

### A Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Group does not have any liability to make variable lease payments for the right of use the underlying asset recognised in the financial statement.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹127.01 lacs (31 March 2021 amounting to ₹ 113.19 lacs).

**B** Total cash outflow for leases for the year ended 31 March 2022 was ₹ 120.24 lacs (year ended 31 March 21 was ₹ 140.48 lacs).

### C Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows: **(₹ in lacs)**

| Particulars | Minimum lease payments due as on 31 March 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 Years | Total |
| Lease payments | 48.62 | 0.15 | 0.15 | 0.15 | 0.15 | 10.97 | **60.19** |
| Interest expense | (1.74) | (0.15) | (0.15) | (0.15) | (0.15) | (9.57) | **(11.91)** |
| **Net present values** | **46.88** | **-** | **0.00** | **0.00** | **0.00** | **1.40** | **48.28** |

### D Information about extension and termination options

| Leases entered into | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Equipments | 7 | 1 to 8 Months | 5 Months | 4 | 4 | 4 |
| Building, including warehouses and related facilities (short term) | 5 | 0 to 11 Months | 6 Months | 5 | None | 5 |
| Land for sitarganj manufacturing facility | 1 | 77 years | 77 years | - | None | - |
| Land at Halol | 1 | 93 years | 93 years | 1 | None | - |

**E** Expected future cash outflow on account of variable lease payments as at 31 March 2022 is of ₹ Nil.

**F** The total future cash outflows as at 31 March 2022 for leases that had not yet commenced is of ₹ Nil.

## 39. Employee benefits obligations

### I Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on departure at fifteen day salary (last drawn salary) for each completed year of service in terms of the provisions of the Payments of Gratuity Act, 1972. The Group provides for liability in its books of accounts based on actuarial valuation.

The following table summaries the components of net benefit expense recognised in statement of profit and loss and the amount recognised in the balance sheet for gratuity benefit:

**(i) Amounts recognised in the balance sheet** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Current liability | 235.86 | 174.99 |
| Non-current Liability | 796.65 | 811.65 |
| **Total** | **1,032.51** | **986.64** |

**(ii) Movement in the liability recognised in the balance sheet is as under:** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the year | 986.64 | 929.11 |
| Acquisition adjustment | 8.55 | - |
| Current service cost | 73.05 | 68.88 |
| Interest cost | 66.72 | 61.32 |
| Actuarial loss (net) | 16.83 | 33.51 |
| Benefits paid | (119.28) | (106.18) |
| **Present value of defined benefit obligation at the end of the year** | **1,032.51** | **986.64** |

**(iii) Expenses recognised in statement of profit and loss** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Current service cost | 73.05 | 68.88 |
| Interest cost | 66.72 | 61.32 |
| **Cost recognised during the year** | **139.77** | **130.20** |

**(iv) Expenses recognised in other comprehensive income** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Actuarial loss net on account of: | | |
| - Changes in financial assumptions | (29.44) | (5.69) |
| - Changes in experience adjustment | 46.27 | 39.20 |
| **Cost recognised during the year** | **16.83** | **33.51** |

| | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 | 31 March 2018 |
|---|---|---|---|---|---|
| - Changes in experience adjustment loss/ (gain) | 46.27 | 39.20 | 49.94 | (11.18) | 0.39 |

**(v(a)) For determination of the liability of the Group the following actuarial assumptions were used:**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Discount rate | 7.22% | 6.70% |
| Salary escalation rate | 5.00% | 5.00% |
| Retirement age (years) | 58 Years | 58 Years |
| Average past service (years) | 12.58 Years | 14.86 Years |
| Average age | 41.78 Years | 43.70 Years |
| Average remaining working life | 16.22 Years | 14.30 Years |
| Weighted average duration | 12.96 Years | 11.68 Years |

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Withdrawal rate | | |
| Up to 30 years | 3.00% | 3.00% |
| From 31 to 44 years | 2.00% | 2.00% |
| Above 44 years | 1.00% | 1.00% |

Mortality rates inclusive of provision for disability-100% of IALM (2012 – 14)

**(v(b)) Maturity profile of defined benefit obligation** **(₹ in lacs)**

| Year 31 March 2022 | Year 31 March 2021 | Amount 31 March 2022 | Amount 31 March 2021 |
|---|---|---|---|
| April 2022- March 2023 | April 2021- March 2022 | 236.45 | 174.99 |
| April 2023- March 2024 | April 2022- March 2023 | 67.38 | 125.99 |
| April 2024- March 2025 | April 2023- March 2024 | 112.34 | 57.90 |
| April 2025- March 2026 | April 2024- March 2025 | 87.54 | 99.51 |
| April 2026- March 2027 | April 2025- March 2026 | 91.19 | 74.54 |
| April 2027- March 2028 | April 2026- March 2027 | 84.49 | 80.02 |
| April 2028 onwards | April 2027 onwards | 353.71 | 373.69 |

**(vi) *Sensitivity analysis*** **(₹ in lacs)**

| Particulars | 31 March 2022 | 31 March 2021 |
|---|---|---|
| **a) Impact of the change in discount rate** | | |
| Present value of obligation at the end of the year | **1,032.51** | **986.64** |
| Impact due to increase of 0.50% | (27.74) | (27.47) |
| Impact due to decrease of 0.50% | 29.55 | 29.25 |
| **b) Impact of the change in salary increase** | | |
| Present value of obligation at the end of the year | **1,032.51** | **986.64** |
| Impact due to increase of 0.50% | 30.05 | 29.60 |
| Impact due to decrease of 0.50% | (28.44) | (28.03) |

*Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.*

*Sensitivities as to rate of inflation and life expectancy are not applicable being a lump sum benefit on retirement.*

***Risk***

| | |
|---|---|
| Salary increases | Actual salary increases will increase the defined benefit liability. Increase in salary increment rate assumption in future valuations will also increase the liability. |
| Discount rate | Reduction in discount rate in subsequent valuations can increase the liability. |
| Mortality and disability | Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities. |
| Withdrawals | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact defined benefit liability. |

**II Provident fund**

Provident fund for certain eligible employees is managed by the Group through trust "Ester Industries Limited Employee's Provident Trust" in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the rate as notified by the Provident Fund authority. The contribution by the employer and employee together with the interest thereon are payable to the employee at the time of separation from the Group or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. In this regard, actuarial valuation as at 31 March 2022 was carried out by actuary to find out value of projected defined benefit obligation arising due to interest rate guarantee by the Group towards provident fund.

(₹ in lacs)

| (i) | Projected benefit obligation | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | Projected benefit obligation at beginning of year | 1,658.82 | 1,487.88 |
| | Current service cost | 108.06 | 95.88 |
| | Interest cost | 146.91 | 126.65 |
| | Contributions by plan participants/employees | 140.87 | 125.47 |
| | Actuarial loss / (gain) due to interest guarantee | 93.62 | (87.75) |
| | Benefits paid | (104.53) | (194.01) |
| | Settlements/transfer In | - | 104.70 |
| | Projected benefit obligation at end of year | 2,043.75 | 1,658.82 |

(₹ in lacs)

| (ii) | Reconciliation of plan assets | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | Fair value of plan asset at beginning of year | 1,841.51 | 1,588.12 |
| | Actual return on plan asset | 141.42 | 121.35 |
| | Employer contribution | 108.06 | 95.88 |
| | Plan participants/employee contribution | 140.87 | 125.47 |
| | Benefit paid | (104.53) | (194.01) |
| | Settlements/transfer in | - | 104.70 |
| | Fair value of plan asset at the end of the year | 2,127.33 | 1,841.51 |

The principal assumptions used in determining liability towards shortfall in provident liability are shown below:

| (iii) | Economic assumptions | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | i) Interest rate | 8.10% | 8.50% |
| | ii) Discount rate | 7.22% | 6.70% |
| | iii) Expected shortfall in Interest earning on the fund | 0.05% | 0.05% |

| (iv) | Demographic assumptions | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | i) Mortality | IALM (2012-14) | IALM (2012-14) |
| | ii) Normal Retirement Age | 58 | 58 |

(₹ in lacs)

| (v) | Actuarial (Gain)/Loss on Obligation | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | i) Actuarial loss/ (gain) on arising from change in financial assumption | (0.76) | (0.04) |
| | ii) Actuarial loss/ (gain) on arising from experience adjustment | 94.38 | (87.71) |

(₹ in lacs)

| | 31 March 2022 | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| - Changes in experience adjustment loss/ (gain) | 94.38 | (87.71) | 4.51 |

| (vi) | Major categories of plan assets (as percentage of total plan assets) | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| | i) Funds managed by insurer | 100% | 100% |

**III** The Group has made contribution to certain defined contribution plans as captured in the table below. The obligations of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

**(₹ in lacs)**

| **Particulars** | **31 March 2022** | **31 March 2021** |
|---|---|---|
| Employer's contribution to Ester Industries Limited Employee's Provident Trust | 108.93 | 95.88 |
| Employer's contribution to other Provident Fund | 147.14 | 123.72 |
| Employer's contribution to Superannuation Fund | 50.30 | 54.34 |
| Employer's contribution to labour welfare fund and employee state insurance | 11.35 | 8.08 |

**40. Revenue from Contracts with Customers**

Indian Accounting Standard 115 Revenue from Contracts with Customers ("Ind AS 115"), establishes a framework for determining whether, how much and when revenue is recognised and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. Under Ind AS 115, revenue is recognised through a 5-step approach:

(i) Identify the contracts with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

**(a) Disaggregation of revenue**

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

For the year 31 March 2022 **(₹ in lacs)**

| **Revenue from operations** | **Goods** | **Other operating revenue*** | **Total** |
|---|---|---|---|
| **Revenue by geography** | | | |
| Domestic | 96,519.20 | 196.35 | 96,715.55 |
| Export | 42,706.16 | - | 42,706.16 |
| **Total** | **139,225.36** | **196.35** | **139,421.71** |

For the year 31 March 2021 **(₹ in lacs)**

| **Revenue from operations** | **Goods** | **Other operating revenue*** | **Total** |
|---|---|---|---|
| **Revenue by geography** | | | |
| Domestic | 71,603.36 | 114.70 | 71,718.06 |
| Export | 26,882.17 | - | 26,882.17 |
| **Total** | **98,485.53** | **114.70** | **98,600.23** |

*Other operating revenue amounting to ₹1,144.23 lacs (31 March 2021:₹ 575.65 lacs) in the nature of export incentives are not covered under the scope of Ind AS 115.

**(b) Assets and liabilities related to contracts with customers** **(₹ in lacs)**

| **Description** | **31 March 2022** | | **31 March 2021** | |
|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** |
| **Contract liabilities** | | | | |
| Revenue received in advance | - | 431.45 | - | 376.81 |

**(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price** **(₹ in lacs)**

| **Description** | **31 March 2022** | **31 March 2021** |
|---|---|---|
| Contract price | 139,471.56 | 98,666.55 |
| Less: Discount, rebates, credits etc. | 49.85 | 66.32 |
| **Revenue from operations as per Statement of Profit and Loss** | **139,421.71** | **98,600.23** |

Other operating revenue amounting to ₹1,144.23 lacs (31 March 2021:₹ 575.65 lacs) in the nature of export incentives are not covered under the scope of Ind AS 115.

**(d) Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of 'revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period' and 'revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods. Same has been disclosed as below:

| Description | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period | 376.81 | 135.00 |
| Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods | - | - |

## 41. Employee Stock Option Plans (ESOP)

The Nomination and Remuneration Committee of the Holding Company had at its meeting held on 01 April 2021, approved grant of 2,48,179 (face value of ₹ 5/- per share) to the eligible employees of the Holding Company under the of ESTER EMPLOYEES STOCK OPTION PLAN-2021, at an exercise price of ₹ 105 per option (being 10% less that the closing price at NSE on 31 March 2021 i.e. immediately preceding the grant date), each option being convertible in to one Equity Share of the Holding Company upon vesting subject to the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the terms and conditions of the ESTER EMPLOYEES STOCK OPTION PLAN-2021.

The terms and conditions of the grant as per the Ester Employee Stock Option Plan-2021 are as under:

**A. Vesting period**

Vesting of the options shall take place as per the following schedule:

- 10% of options shall vest at the end of a period of 1 (one) year from date of grant
- 20% of options shall vest at the end of a period of 2 (two) years from date of grant
- 30% of options shall vest at the end of a period of 3 (three) years from date of grant
- 40% of options shall vest at the end of a period of 4 (four) years from date of grant

**B. Exercise period**

8 (Eight) years from the date of grant. The employee shall have a right to exercise all the option vested in him at one time or various points of time within the exercise period.

**Particulars of Options outstanding as on 31 March 22 is as follows:**

| Particulars | Grant 1 | | | |
|---|---|---|---|---|
| | Vesting period-1 | Vesting period-2 | Vesting period-3 | Vesting period-4 |
| Outstanding stock options (numbers) at the beginning of the year | - | - | - | - |
| Options (numbers) granted during the year | 24,818 | 49,636 | 74,454 | 99,272 |
| Outstanding Options (numbers) at the end of the year | 24,818 | 49,636 | 74,454 | 99,272 |
| Exercise price (₹) | 105.00 | 105.00 | 105.00 | 105.00 |
| Vesting date | 01-Apr-22 | 01-Apr-23 | 01-Apr-24 | 01-Apr-25 |

**Fair value of Options granted during the financial year 2021-22, has been determined using Black-Scholes model with following inputs:**

| Particulars | Grant 1 | | | |
|---|---|---|---|---|
| | Vesting period-1 | Vesting period-2 | Vesting period-3 | Vesting period-4 |
| Date of Grant | 01-Apr-21 | 01-Apr-21 | 01-Apr-21 | 01-Apr-21 |
| Stock price on the grant date (₹) | 116.75 | 116.75 | 116.75 | 116.75 |

| | | | | |
|---|---|---|---|---|
| Exercise price (₹) | 105.00 | 105.00 | 105.00 | 105.00 |
| Expected term (years) | 8 years | 8 years | 8 years | 8 years |
| Weighted average fair value as on grant date (₹) | 57.97 | 60.08 | 64.91 | 67.29 |
| Expected price volatility | 55.72% | 55.64% | 60.05% | 61.03% |
| Risk free interest rate | 5.49% | 5.64% | 5.77% | 5.90% |
| Expected dividend yield | 1.79% | 1.79% | 1.79% | 1.79% |

**Summary of the expenses recognised in the statement of profit and loss:** **(₹ in lacs)**

| **Particulars** | **For the year ended 31 March 2022** | **For the year ended 31 March 2021** |
|---|---|---|
| Employee stock option expense | 62.11 | - |

**42. Ratios**

The ratios for the years ended 31 March 2022 and 31 March 2021 are as follows:

| **Particulars** | **Numerator** | **Denominator** | **As at 31 March 2022** | **As at 31 March 2021** | **Variance (in %)** |
|---|---|---|---|---|---|
| Current ratio | Current assets | Current liabilities | 1.95 | 1.91 | 2.05 |
| Debt-Equity ratio | Total debt[1] | Shareholder's equity | 1.02 | 0.40 | 152.76* |
| Debt service coverage ratio | Earnings available for debt service[2] | Debt service[3] | 2.46 | 4.71 | (47.66) ** |
| Return on equity | Net profit after taxes | Average shareholder's equity | 24.12% | 29.88% | (19.30) |
| Inventory turnover ratio | Cost of goods sold | Average inventory | 5.18 | 4.13 | 25.32*** |
| Trade receivables turnover ratio | Net sales | Average accounts receivable | 8.08 | 7.23 | 11.74 |
| Trade payables turnover ratio | Net purchases [5] | Average trade payables | 21.87 | 18.29 | 19.53 |
| Net capital turnover ratio | Net sales | Working capital | 5.40 | 5.84 | (7.40) |
| Net profit ratio | Net profit after taxes | Net sales | 9.82% | 13.96% | (29.66) **** |
| Return on capital employed (ROCE) | Earning before interest and taxes | Capital employed[4] | 16.35% | 27.18% | (39.82) ***** |

[1] Total debt represents total borrowings and total lease liabilities

[2] Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest on term loans and lease liabilities + other adjustments like loss on sale of Fixed assets etc

[3] Interest on term loan and Lease liabilities + Lease Payments during the year+ Principal Repayments during the year

[4] Tangible net worth (Total equity - other intangible assests) + Total debt + DTL

[5] Cost of material consumed + Consumption of stores and spares + Consumption of packing material + Power and fuel + (Closing inventories of raw materials and Store and spares -opening inventories of raw materials and Store and spares)

* Due to increase in term loan and working capital loan

** Due to higher repayments of term loans compared to last financial year

*** Due to increase in input raw material cost

**** Due to higher sales value. Increase in sales value is both on account of higher per unit selling price and higher quantity of sales

***** Due to inclusive of Ester Filmtech and opertaions has not been started yet.

**43. Additional regulatory information not disclosed elsewhere in the consolidated financials statements**

**(a) Benami property**

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**(b) Willful defaulter**

The group has not been declared willful defaulter by any bank or financial institution or other lender.

**(c) Compliance with number of layers of companies**

The group has complied with the number of layers prescribed under the Companies Act, 2013.

**(d) Compliance with approved scheme(s) of arrangements**

The group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(e) Registration of charges or satisfaction with Registrar of Companies**

The group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**(f) Utilisation of Borrowed funds and share premium**

The group has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**(g) Undisclosed income**

The group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**(h) Details of Crypto Currency or Virtual Currency**

The group has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(i) Valuation of PPE and intangible asset**

The group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**44.** On 04 May 2022, an inquiry under the Customs Act 1962 was conducted at the Holding Company's plant located at Khatima and Head office located at Gurgaon. Enquiry pertained to import of certain raw materials by the Holding Company. During the inquiry, it was found that the Holding Company was required to pay differential Custom duty and taxes on the imports in few instances where calculation of custom duty and taxes paid at the time of import did not include actual freight charges in the purchase price due to inadvertent error.

The differential custom duty and taxes including interest was computed and provided for in the books of account under head "Raw Material Consumed" in the financial year 2021-22. Holding Company has subsequently deposited the differential duty and taxes. The management believes that no additional liability or penalty will arise in the matter.

**45. Subsequent event**

On 06 May 2022, Board of Directors of the Holding Company had approved transfer of Engineering Plastics Business by way of Slump Sale as a 'Going Concern' to M/s. Radici Plastics India Private Limited (Buyer) subject to the approval of the Shareholders. The Holding Company has signed and entered into a Business Transfer Agreement with the Buyer on the same date i.e. on 06 May 2022 to transfer Engineering Plastic business (consisting of two product lines viz Compounded Products and Products related to Optical Fiber Cable (OFC)) on a slump sale basis.

**46.** The figures for the previous year have been regrouped wherever necessary to comply with amendments in Schedule III of the Companies Act, 2013.

**For Walker Chandiok & Co LLP** **For and on behalf of the Board of Directors**
**Chartered Accountants**
**Firm Registration No. 001076N/N500013**

| | | | | |
|---|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **Nitin Toshniwal** | **Arvind Singhania** | **Pradeep Kumar Rustagi** | **Manish Gupta** | **Diwaker Dinesh** |
| **Partner** | **Chairman & CEO** | **Executive Director - Corporate Affairs** | **CFO** | **Head-Legal & Company Secretary** |
| **Membership no.507568** | **DIN: 00934017** | **DIN: 00879345** | | **M.No: A22282** |
| Place: Kolkata | Place: Gurugram | Place: Gurugram | Place: Gurugram | Place: Gurugram |
| Date:20 May 2022 | Date:20 May 2022 | Date:20 May 2022 | Date:20 May 2022 | Date:20 May 2022 |

# FORM AOC - 1

**Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures**
**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

## Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

| | | | |
|---|---|---|---|
| 1. | Sl. No. | : | 1 |
| 2. | Name of the subsidiary | : | Ester Filmtech Limited (Company incorporated in India) |
| 3. | The date since when subsidiary was acquired | : | 21st July, 2020 |
| 4. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | : | 1st April, 2021 – 31st March, 2022 |
| 5. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | : | Reporting Currency is INR |
| 6. | Share capital | : | 180684390 Equity Shares of Rs. 10 each |
| 7. | Reserves & surplus (in Rs.) | : | (6,75,22,001.57) |
| 8. | Total assets (in Rs.) | : | 5,07,49,38,742.43 |
| 9. | Total Liabilities (in Rs.) | : | 3,33,56,16,844.00 |
| 10. | Investments | : | - |
| 11. | Turnover | : | - |
| 12. | Profit before taxation (in Rs.) | : | (21,471,450.57) |
| 13. | Provision for taxation | : | - |
| 14. | Profit after taxation (in Rs.) | : | (21,471,450.57) |
| 15. | Proposed Dividend | : | - |
| 16. | % of shareholding | : | 100% |

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations - Ester Filmtech Limited
2. Names of subsidiaries which have been liquidated or sold during the year. - None

## Part "B": Associates and Joint Ventures

There is no Associate or Joint Venture with any Company.

**For and on behalf of the Board of Directors**

| | | | |
|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **Arvind Singhania** | **Pradeep Kumar Rustagi** | **Manish Gupta** | **Diwaker Dinesh** |
| **Chairman & CEO** | **Executive Director – Corporate Affairs** | **Chief Financial Officer** | **Head-Legal & Company Secretary** |
| **DIN: 00934017** | **DIN: 00879345** | | **M No: A22282** |
| Place: Gurugram | Place: Gurugram | Place: Gurugram | Place: Gurugram |
| Date: 20 May, 2022 | Date: 20 May, 2022 | Date: 20 May, 2022 | Date: 20 May, 2022 |

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**ESTER**
**INDUSTRIES LTD.**
**CIN:** L24111UR1985PLC015063
**Registered Office:** Sohan Nagar, P. O. Charubeta, Khatima-262308, Distt. Udham Singh Nagar, Uttarakhand
**Phone :** (05943) 250153-57, **Fax No.:** (05943) 250158
**Website :** www.esterindustries.com, **Email :** investor@ester.in

Dear Shareholders,

**Green Initiative : Go Paperless**

You are aware that the provisions of Companies Act, 2013 have been made effective . Pursuant to Section 20, 101, 136 and other applicable provisions of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Notice of Shareholders meeting, Annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with the Depository.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment . This is a golden opportunity for every shareholder to contribute to the cause of Green Initiative .

We therefore request you to register your Email Id by sending this form duly filled in and signed to the Company's Registrar & Share Transfer Agent "M/s MAS Services Limited" or your concerned Depository Participant

Regards

For **Ester Industries Limited**

Sd/-
**Diwaker Dinesh**
**Head-Legal & Company Secretary**

## E-COMMUNICATION REGISTRATION FORM

| **IF SHARE(S) IS/ARE HELD IN PHYSICAL MODE** | **IF SHARE(S) IS/ARE HELD IN DEMAT (ELECTRONIC) MODE** |
|---|---|
| Please send the form to the Registrar at following address-<br>**MAS Services Limited**<br>**Unit – Ester Industries Limited**<br>**T - 34, Okhla Industrial Area, Phase - II, New Delhi – 110 020** | Please send the form to your concerned Depository Participant where you maintain your Demat Account. |

E-mail ID to be registered

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | | | | | | | | |

I agree to receive all communication from the Company in electronic mode. Please register my above-mentioned e-mail id in your records for sending communication through e-mail .

| Name of Sole/Joint Holder(s) | Folio No./DP ID and Client ID | Signature |
|---|---|---|
| | | |

Date …………………..……………

**Important Notes:**

- The form is also available on the website of the Company viz **www.esterindustries.com**
- Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email Id given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID

ESTER
INDUSTRIES LTD.

**CIN:** L24111UR1985PLC015063
**Registered Office:** Sohan Nagar, P. O. Charubeta, Khatima-262308, Distt. Udham Singh Nagar, Uttarakhand
**Phone :** (05943) 250153-57, **Fax No.:** (05943) 250158
**Website :** www.esterindustries.com, **Email :** investor@ester.in

Dear Shareholder

Securities Exchange Board of India (SEBI) has made it mandatory that the dividend of the shareholders will be credited into their account through NECS in case completed Bank details as required for electronic payment is available with the Company/Depository. In case such details are not available, the company is required to print Bank details on dividend warrants.

By availing National Electronic Clearing Service (NECS), you can receive your dividend electronically by way of direct credit to your bank account. This avoids a lot of hassles like loss/fraudulent use of dividend warrants during postal transit. There are no charges to avail this facility. This also expedites payment through credit to your account compared to dividend warrants in physical form.

Regards
For **Ester Industries Limited**

Sd/-
**Diwaker Dinesh**
**Head-Legal & Company Secretary**

# NECS MANDATE FORM FOR DIVIDEND PAYMENT

| IF SHARE(S) IS/ARE HELD IN PHYSICAL MODE | IF SHARE(S) IS/ARE HELD IN DEMAT (ELECTRONIC) MODE |
|---|---|
| Please send the form to the Registrar at following address-<br>**MAS Services Limited**<br>**Unit – Ester Industries Limited**<br>**T - 34, Okhla Industrial Area, Phase - II, New Delhi –110 020** | Please send the form to your concerned Depository Participant where you maintain your Demat Account. |

Dear Sir

I hereby give my mandate to credit my Dividend on the shares held by me directly to my account through National Electronic Clearing Service (NECS). The details are given below

1 Folio No./DP ID & Client ID ______________________________

2 Shareholder's Name : Mr. / Mrs. / Ms. / M/s. ______________________________

3 Shareholder's Address : ______________________________

______________________________ Pin Code : ______________________________

4 Particulars of bank :

| | | | |
|---|---|---|---|
| Bank Name | | | |
| Branch Name & Address | | | |
| Branch Code | | | |
| (9 digits code number appearing on the MICR band of the cheque supplied by the Bank. | | | |
| Account Type (Tick the appropriate Box) | Saving | Current | Cash Credit |
| Account no. (as appearing in the cheque book) | | | |
| IFSC Code | | | |

5. Date from which the mandate should be effective: ______________________________

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I shall not hold Ester Industries Limited or MAS Services Limited responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS.

Signature of Shareholder

Date : ..............................

Place : ..............................

***Note: Please attach a cancelled cheque leaf and self-attested PAN copy along with this form.***

**ESTER**

**INDUSTRIES LTD.**

CIN: L24111UR1985PLC015063

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Distt. Udham Singh Nagar, Uttarakhand
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**Corporate Office:**
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Phone No.: +91-124-4572100, Fax No.: +91-124-4572199
Email: investor@ester.in, Website: www.esterindustries.com