

#### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of **Shaily Engineering Plastics Limited** will be held on Tuesday, the 28<sup>th</sup> September, 2010 at 1.00 p.m. at Indian Merchant Chambers, Churchgate, Mumbai to transact the following businesses:

# [A] Ordinary Business

- 1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and Profit and Loss Account along with schedules and notes appended thereto, for the year ended on that date along with the Reports of Directors and Auditors thereon.
- 2. To appoint a Director in place of Mr. Laxman Sanghvi, who retires by rotation and being eligible, offers himself for reappointment.
- 3. To appoint a Director in place of Mrs. Tilottama Sanghvi, who retires by rotation and being eligible, offers herself for reappointment.
- 4. To appoint a Director in place of Mr. Sarup Chowdhary, who retires by rotation and being eligible, offers himself for reappointment.
- 5. To consider and, if thought fit to pass, with or without modification, the following resolution as an ordinary Resolution:

"RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara, the retiring Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

**RESOLVED FURTHER THAT** the Managing Director be and is hereby authorized to fix the remuneration payable and reimbursement of out of pocket expenses, if any, to the said Auditors."

# [B] Special Business

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

"RESOLVED THAT Mr. Sachin Bhartiya who was appointed as an Additional Director of the company and who holds office upto ensuing Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Article 85 of the Articles of Association of the company and in respect of whom the Company has received notice in writing under section 257 of the Companies Act, 1956, from a member, proposing his candidature, be and is hereby appointed as a Director of the Company, who shall not be liable to retire by rotation."



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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any of the Companies Act

1956 (the said Act) (including any statutory modification or re-enactment thereof) and subject to the approval of Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any authority in granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Mahendra Sanghvi, as the Managing Director for a period of 3 years, as per the details herein provided in the explanatory statement to the notice for his reappointment as the Managing Director, w.e.f. 1st April 2010.

**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of Mr. Mahendra Sanghvi, the Company has no profit or its profit are inadequate as contemplated under the provisions of Schedule XIII to the Act, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in Schedule XIII to the Act or any re-enactment thereof.

**RESOLVED FURTHER THAT** for the purpose of giving effect to above said resolution, the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising powers conferred on the Board by this resolution) be and is hereby authorized to make necessary application to the Central Government for payment of enhanced remuneration to Mr. Mahendra Sanghvi and do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309,310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the said Act) (including any statutory modification or re-enactment thereof) and subject to the approval of Central Government and such other approvals, permissions and sanctions, as may be required, and subject to such terms, conditions and modifications, as may be prescribed or imposed by any authority in granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors the approval of the Company be and is hereby accorded to the re-appointment of Mr. Laxman Sanghvi, as the Executive Director for a period of 3 years, subject to retirement by rotation, as per the details herein provided in the explanatory statement to the notice for his reappointment as the Executive Director, w.e.f. 1st April 2010.

**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of Mr. Laxman Sanghvi, the Company has no profit or its profit are inadequate as contemplated under the provisions of Schedule XIII to the Act, unless otherwise approved by the Central Government, the remuneration shall



be paid as per the monetary ceiling prescribed in Schedule XIII to the Act or any re-enactment thereof.

**RESOLVED FURTHER THAT** for the purpose of giving effect to above said resolution, the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising powers conferred on the Board by this resolution) be and is hereby authorized to make necessary application to the Central Government for payment of enhanced remuneration to Mr. Laxman Sanghvi and do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard.."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the approval of shareholders be and is hereby accorded for payment of enhanced remuneration to Mrs. Tilottama Sanghvi, Whole time Director as per the details herein provided in explanatory statement to the notice, for residual period of her tenure as Whole Time Director i.e. from 1<sup>st</sup> April 2010 to 31<sup>st</sup> May 2011.

**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of Mrs. Tilottama Sanghvi, the Company has no profit or its profit are inadequate, the Company may pay to Mrs. Tilottama Sanghvi such remuneration as minimum remuneration as may be prescribed in Section II of the Part II of the Schedule XIII to the said Act from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to above said resolution, the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any duly authorized Committee thereof, for the time being exercising powers conferred on the Board by this resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard."

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

"RESOLVED that in supersession to earlier resolutions, the consent of the Company be and is hereby accorded under section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company (hereinafter referred to as the `Board' which expression shall also include a Committee thereof) of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct together with power to take over the management of the Company in certain events, to or in favour of all or of any the financial institutions/banks/any other investing agencies or any other person(s)/bodies corporate by way of private placement or otherwise to secure rupee/foreign currency loans,



debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 200 crores (Rupees Two hundred crores only) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreement/Arrangements entered into / to be entered in to by the Company in respect of the said loans/debentures/bonds or other instruments.

**RESOLVED FURTHER** that the Board be and is hereby authorized to finalise with the aforesaid parties or any of them the documents for creating the mortgages/ charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution".

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

"RESOLVED that in supersession to earlier resolution(s), the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow, from time to time on such terms and conditions as it may deem fit, any sum or sums of money which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed, at any time, the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided that the total amount so borrowed by the Board, shall not, at any time exceed Rs.200 crores (Rupees Two Hundred crores only) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit".

Regd. Office 51, Dariyasthan Street, Vadgadi, Mumbai – 3 Place: Mumbai

Date: 09.08.2010

By order of the Board

Mahendra Sanghvi Managing Director

# NOTES:

- 1. The relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 is attached hereto.
- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
- 3. Disclosure pursuant Clause 49 of the Listing Agreement with respect to Directors seeking appointment and re-appointment at forthcoming Annual General Meeting is given in the annexure.



- 4. The Register of Members and Share Transfer Books of the Company will be closed from 24<sup>th</sup> September, 2010 to 28<sup>th</sup> September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
- 5. Members are requested to bring the attendance slips along with their copies of the Annual Report to the meeting.
- 6. Members are requested to notify change in their address to the Company.

# EXPLANATORY STATEMENT Pursuant to Section 173 (2) of the Companies Act, 1956)

#### Item # 6

As per Share Subscription Agreement executed between the Company and Motika Limited, the Company was required to appoint Mr. Sachin Bhartiya as a nominee of Motika on its Board, whose office shall not be liable to retire by rotation.

In pursuance of the said clause Mr. Sachin Bhartiya was appointed as an additional director at Board meeting held on 31<sup>st</sup> October, 2009 and pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Sachin Bhartiya holds office upto the ensuing annual general meeting, and your directors recommends to regularize his appointment by re-appointing him.

Mr. Sachin Bhartiya is a commerce graduate and Chartered Accountant. He has working experience in wide range of industries, including: infrastructure, power, telecom, textiles, cement, sugar, paper, real estate, auto ancillary and logistics.

None of the Directors except Mr William Sean Sovak is interested in the resolution.

Your Directors recommend the passing of the resolution for your approval.

# <u>Item # 7</u>

Mr. Mahendra Sanghvi aged about 62 years, is a Chemical Engineer from Wayne State University USA, plastics technologist and has done Diploma MBA from Toronto University, Canada. He has 35 years of experience in the plastics industry in India as well as in North America. He has been the Managing Director of Shaily Engineering Plastics limited, for the past 21 years and is principally responsible for its stupendous growth and recognition globally.

The Company has achieved greater heights under his leadership, keeping in view the present trend of remuneration in the Industry it is proposed to enhance his salary as under:

# **Gross Remuneration**

Rs.5,00,000 per month in range of Rs. 5,00,000 to Rs. 7,50,000 per month.

#### Commission

Commission based on the net profits of the company as determined by the Board, subject to the ceiling prescribed in that behalf under the Companies Act, 1956 at the discretion of the Board of Directors.

#### Accommodation

House Rent Allowance and house maintenance expenses, society charges and the like relating thereto on actual basis within the ceiling of the gross remuneration.



# **Perquisites**

Perquisites together with utilities thereof such as gas, electricity, water, servants' allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursements, leave travel allowance for himself and his family, club fees, medical insurance, and the like in accordance with the rules of the company or as agreed by the Board of Directors, the total value thereof to be restricted to an amount not exceeding his monthly gross remuneration.

# **Superannuation Scheme**

Contribution towards superannuation scheme @ 12% of basic salary, which would be within the monthly gross remuneration as mentioned above.

#### **Retirement Benefits**

Company's contribution to Provident Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and Gratuity payable in accordance with the Rules of the Company and the value of such benefits shall not be included in the computation of the ceiling on remuneration or perguisites aforesaid.

# **Use of Car and Telephone**

Provision of one company owned car and driver for the company's business. The perquisite value for the car/driver will be determined as per prevailing Income Tax Rules, 1962 and telephone at residence (including payments for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

#### Leave

In accordance with the Rules and Regulations of the company.

The enhanced limit of remuneration to Mr. Mahendra Sanghvi requires the approval of Central Government, on approval of this resolution by shareholder the necessary application will be made to the Central Government.

The remuneration committee of the Board of Directors of the Company has approved this resolution, the Board of Directors recommend to pass this resolution as a special resolution.

None of the Directors except Mr. Mahendra Sanghvi, Mrs. Tilottama Sanghvi, Mr. Bharat Sanghvi, Mr Laxman Sanghvi and Mr. Jayesh Shah are interested in the above resolution.

Therefore, the resolution is proposed for your approval.

# Item # 8

Mr. Laxman Sanghvi age 53 years is a Chartered Accountant and a Law graduate He is the Executive Director of the company and looks after the projects, purchasing & commercial operations of the company. Prior to Shaily Engineering Plastics Limited he was an independent Chartered Accountant in practice.

It is proposed to re-appoint him for further period of three years w.e.f. 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2013, as per the following terms of remuneration:

#### **Gross Remuneration**

Rs. 3,12,500/- per month. In the range of Rs.3,00,000 to Rs.450,000 per month



#### Commission

Commission based on the net profits of the company as determined by the Board, subject to the ceiling prescribed in that behalf under the Companies Act, 1956 at the discretion of the Board of Directors.

#### Accommodation

House Rent Allowance and house maintenance expenses, society charges and the like relating thereto on actual basis within the ceiling of gross remuneration.

# **Perquisites**

Perquisites together with utilities thereof such as gas, electricity, water, servants allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursements, leave travel allowance for himself and his family, club fees, medical insurance, contribution towards superannuation scheme @ 12% of basic salary and the like in accordance with the rules of the company or as agreed by the Board of Directors, the total value thereof to be restricted to an amount not exceeding his monthly gross remuneration.

# **Superannuation Scheme**

Contribution towards superannuation scheme @ 12% of basic salary, which would be within the monthly gross remuneration.

### **Retirement Benefits**

Company's contribution to Provident Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and Gratuity payable in accordance with the Rules of the Company and the value of such benefits shall not be included in the computation of the ceiling on remuneration or perguisites aforesaid.

#### **Use of Car and Telephone**

Provision of one company owned car and driver for the company's business. The perquisite value for the car/driver will be determined as per prevailing Income Tax Rules, 1962 and telephone at residence (including payments for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

#### Leave

In accordance with the Rules and Regulations of the company.

The enhanced limit of remuneration to Mr. Laxman Sanghvi requires the approval of Central Government, on approval of this resolution by shareholder the necessary application will be made to the Central Government.

The remuneration committee of the Board of Directors of the Company has approved this resolution, the Board of Directors recommend to pass this resolution as a special resolution.

None of the Directors except Mr. Mahendra Sanghvi, Mrs. Tilottama Sanghvi, Mr. Bharat Sanghvi are interested in the above resolution.

Therefore, the resolution is proposed for your approval.



# Item # 9

Mrs. Tilottama Sanghvi is a science graduate and has work experience in Canada.

She is the whole time Director of the company and looks after the Finishing plant, administrative functions & Stores operations

She was appointed as Whole time Director on 1<sup>st</sup> June 2006 for a period of 5 years. Presently she is drawing gross remuneration of 125,000/- per month, keeping in view the industry structure it is proposed to increase her remuneration for remaining period of her tenure, as follows:

#### **Gross Remuneration**

Rs. 1,56,250/- per month within the range of Rs.150,000/- to Rs.250,000/-

#### Commission

Commission based on the net profits of the company as determined by the Board, subject to the ceiling prescribed in that behalf under the Companies Act, 1956 at the discretion of the Board of Directors.

#### **Accommodation**

House Rent Allowance and house maintenance expenses, society charges and the like relating thereto on actual basis within the ceiling of gross remuneration.

#### **Perquisites**

Perquisites together with utilities thereof such as gas, electricity, water, servants' allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursements, leave travel allowance for himself and his family, club fees, medical insurance, contribution towards superannuation scheme @ 12% of basic salary and the like in accordance with the rules of the company or as agreed by the Board of Directors, the total value thereof to be restricted to an amount not exceeding his monthly gross remuneration.

# **Superannuation Scheme**

Contribution towards superannuation scheme @12% of basic salary, which would be within the monthly gross remuneration.

# **Retirement Benefits**

Company's contribution to Provident Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and Gratuity payable in accordance with the Rules of the Company and the value of such benefits shall not be included in the computation of the ceiling on remuneration or perquisites aforesaid.

# **Use of Car and Telephone**

Provision of one company owned car and driver for the company's business. The perquisite value for the car/driver will be determined as per prevailing Income Tax Rules, 1962 and telephone at residence (including payments for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

#### Leave

In accordance with the Rules and Regulations of the Company.



#### **Minimum Remuneration**

Notwithstanding anything herein, where in the financial years, during the currency of the tenure of office of Mrs. Tilottama Sanghvi, the Company has inadequate profit, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approval being obtained.

None of the Directors except Mr. Mahendra Sanghvi, Mr. Laxman Sanghvi, Mr. Bharat Sanghvi and Mr. Jayesh Shah are interested in the above resolution.

Therefore, the resolution is proposed for your approval.

# Item # 10 & 11

Your Company may require more funds for its expansion and therefore, it is necessary to increase the current limit of Rs.100 crores to Rs. 200 crores for mortgaging the assets of the Company and borrow moneys from the Banks/Financial Institutions. Therefore it is recommended to increase the limits upto Rs. 200 crores and authorize the Company (a) to secure by way of mortgage / hypothecation of the Company's assets in favour of the Banks / Institutions / other lenders towards borrowings of the Company and (b) to borrow to the extent of Rs. 200 crores which exceeds the paid up capital and free reserves of the Company. Pursuant to clause 293(1(a) and (d) of the Companies Act, 1956, your directors recommend resolutions at item # 10 and 11 for your approval.

None of the Directors of the Company are interested in the resolutions.

Therefore, the resolution is proposed for your approval.

51, Dariyasthan Street,

Vadgadi, Mumbai – 3 Place: Mumbai

Date: 09.08.201

Regd. Office

By order of the Board

Mahendra Sanghvi Managing Director

# Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting

Particulars	Sachin	Sarup	Mahendra	Laxman	Tilottama
	Bhartiya	iya Chowdhary Sanghvi		Sanghvi	Sanghvi
Date of Birth	01.03.1978	03.09.1945	22.02.1948	02.07.1956	18.10.1948
Date of	01.11.2009	27.04.2006	09.03.1995	09.03.1995	09.03.1995
Appointment					
Qualification	- B.Com.	Chemical	- Chemical	- M.Com	B.Sc.
	<ul> <li>Chartered</li> </ul>	Engineering	Engineering	- LL.B	
	Accountant	from IIT, Delhi	- Diploma in	<ul> <li>Chartered</li> </ul>	
			Plastics Engg.	Accountant	
			- Diploma in		
			Business		
			Management		
			- B.Sc. with		
			Chemistry		
Expertise in	Finance &	High	Eminent	Administration	Administration
specific	Investment	Polymers,	industrialist with	& Finance	
functional area		Manufacturing,	wide business		
		Project	experience in		
		Management,	plastic industries		





	Sales and			
	Marketing			
Directorship -	1. Inference	Munjal Auto		
held in other	Systems	Industries Ltd.	-	-
Public	Ltd.			
companies	2. Internet			
(excluding	Exchange			
foreign and	Next.Com			
private	Ltd.			
companies)	3. Internet			
	Papernext.			
	Com India			
	Ltd			
	4. Internet			
	Petrochem			
	Next.com			
	Ltd.			
	5. Reliance			
	Webstore			
	Ltd.			
Memberships/C -	-	Munjal Auto	-	=
hairmanships of		Industries Ltd		
committees in		-Audit Committee		
public		-Shareholders		
companies		/Investors		
		Grievance		
		Committee		
Shareholding in Nil	Nil	815175	488924	683550
the Company		equity shares	equity shares	Equity shares

# STATEMENT AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956

# I. General Information

- 1. **Nature of Industry** The Company is engaged in manufacture and sale of High Precision Injection Molded Plastic Components, Assemblies, Sub-assemblies, Finishing, etc. for various industries & OEM segment.
- 2. Date or expected date of commencement of commercial production Commercial production of the Company commenced since August, 1987
- 3. In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus N.A.
- 4. Financial performance based on given indicators -

(Rs. In lacs)

	Current Year (2009-10)	Previous Year (2008-09)
Gross Total Income	9827.72	6755.13
Profit before depreciation and tax	718.27	17.16
Less: Depreciation	492.94	378.21
Less: Provision for taxation	0.44	-
Less: Fringe benefit tax	-	4.55
Less / (Add) : Deferred tax liability / asset	13.26	(129.58)
Profit after tax	211.64	(239.10)



5. **Export performance and net foreign exchange collaborations** – The total earnings from exports for the year ended on 31<sup>st</sup> March 2010 were Rs. 691,693,403.

The total foreign exchange earnings for the year ended on 31<sup>st</sup> March, 2010 was Rs. 691,393,403 and the total foreign exchange expenditure for the year ended on 31<sup>st</sup> March, 2010 was Rs. 8,898,865.

6. Foreign investments or collaborators, if any – There is no foreign investments / collaborations.

#### II. Information About the Appointee

# (A) Mr. Mahendra Sanghvi

- Background details Mr. Mahendra Sanghvi, aged about 61 years, is a Chemical Engineer from Wayne State University USA, plastics technologist and has done Diploma MBA from Toronto University, Canada. He has 36 years of experience in the plastics industry in India as well as in North America. He has been the Managing Director of Shaily Engineering Plastics limited, for the past 21 years and is principally responsible for its stupendous growth and recognition globally.
- 2. **Past remuneration** The total remuneration paid to Mr. Mahendra Sanghvi for the year ended on 31<sup>st</sup> March 2010 is Rs. 49,28,806/-.
- 3. **Recognition or awards** The Company has bagged Exporter of the year award for the years 2005.06, 2007.08 and 2008.09 due to the efforts of Mr. Mahendra Sanghvi.
- 4. **Job profile and his suitability** As stated above, Mr. Mahendra Sanghvi is Chemical Engineer from Wayne State University USA, plastics technologist and has done Diploma MBA from Toronto University, Canada. He has 35 years of experience in the plastics industry in India as well as in North America. He has been the Managing Director of Shaily Engineering Plastics limited, for the past 21 years. He is vested with substantial powers of management of the Company and is principally responsible for its stupendous growth and recognition of the company globally. As is evident from his qualifications, Mr. Mahendra Sanghvi is ideally suited to the nature of our Industry, the benefits of which, the Company has reaped over the years.
- Remuneration proposed The details of remuneration proposed to be paid to Mr. Mahendra Sanghvi are contained in the explanatory statement to Resolution No. 7 of the Notice of the 30<sup>th</sup> Annual General Meeting.
- 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) In comparison with the industry norms in other organization in same industry and looking at the profile of Mr. Mahendra Sanghvi, the current remuneration is not justifiable. Hence, the company is applying for approval of the Central Government for increase in his remuneration.
- 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any Mr. Mahendra Sanghvi is holding 815175 equity share of the company. Apart from this, he does not have any other pecuniary transactions with the Company except by way of his contract of employment with the Company. He is the relative of Mr. Laxman Sanghvi, Mrs. Tillottama Sanghvi Mr. Bharat Sanghvi and Mr. Jayesh Shah, Directors of the Company.



# (B) Mr. Laxman Sanghvi

- 1. **Background details** Mr. Laxman Sanghvi, aged 54 years, is a Chartered Accountant and a Law graduate. He is the Executive Director of the company. Prior to Shaily Engineering Plastics Limited he was an independent Chartered Accountant in practice.
- 2. **Past remuneration** The total remuneration paid to Mr. Laxman Sanghvi for the year ended on 31st March 2010 is Rs. 31,56,701/-.
- 3. **Recognition or awards** The Company has bagged Exporter of the year award for the years 2005.06, 2007.08 and 2008.09 due to the efforts of Mr. Laxman Sanghvi.
- 4. **Job profile and his suitability** As stated above, Mr. Laxman Sanghvi is a Chartered Accountant and a Law graduate. He is the Executive Director of the company and looks after the projects, purchasing & commercial operations of the company. Prior to Shaily Engineering Plastics Limited he was an independent Chartered Accountant in practice. As is evident from his qualifications, Mr. Laxman Sanghvi is ideally suited for the position of the Executive Director of the company, which is evident from the benefits gained by company through his expertise.
- 5. **Remuneration proposed** The details of remuneration proposed to be paid to Mr. Laxman Sanghvi are contained in the explanatory statement to Resolution No. 8 of the Notice of the 30<sup>th</sup> Annual General Meeting.
- 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) In comparison with the industry norms in other organization in same industry and looking at the profile of Mr. Laxman Sanghvi, the current remuneration is not justifiable. Hence, the company is applying for approval of the Central Government for increase in his remuneration.
- 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any Mr. Laxman Sanghvi is holding 488924 equity share of the company. Apart from this, he does not have any other pecuniary transactions with the Company except by way of his contract of employment with the Company. He is the relative of Mr. Mahendra Sanghvi, Managing Director, Mrs. Tillottama Sanghvi and Mr. Bharat Sanghvi, Directors of the Company.

# III. Other Information

- 1. **Reason of loss or inadequate profits** The Company had suffered a loss in F.Y. 2008-09 due to the effect of the global recession; which lead to the Company's exports going down.
- 2. Steps taken or proposed to be taken for improvements The Company has been able to correct the loss F.Y. 2008-09 and has seen sales growth @46% in F.Y. 2009-10. This has been possible by
  - increase in business from existing customers
  - control of cost / reduction in expenses
- 3. **Expected increase in productivity and profits in measurable terms** The Company expects to increase its productivity and profits substantially in future.

# IV. <u>Disclosures</u>

- 1. The 'Abstract' containing details of remuneration proposed to be paid to the Managing Director are being circulated among the Shareholders of the Company and is contained in the explanatory statement to the Notice convening the 30<sup>th</sup> Annual General Meeting.
- 2. All the relevant information pertaining to the Managing Director and other Directors required to be disclosed in the Directors' Report under the heading "Corporate Governance", are attached to the Annual Report.



# SHAILY ENGINEERING PLASTICS LIMITED Registered Office: 51, Dariyasthan Street, Vadgadi, Mumbai – 400 003

# **ATTENDANCE SLIP**

30th Annual General Meeting on 28<sup>th</sup> September, 2010

DP.ld*			
Client Id*			
Reg. Folio No.			
Name and address of the Sharehold	der:		
No. of Share(s) held :			
I certify that I am a member/proxy Annual General Meeting of the Churchgate, Mumbai.	for a member of the Company on 28 <sup>th</sup> Sep	ompany. I hereby record m stember, 2010 at India M	ny presence at 30 <sup>th</sup> erchant Chamber,
** Member's/Proxy's name in Block	Letters	** Member's	s/Proxy's Signature
Note: Member/Proxy must bring the registration counter.	e Attendance Slip to the	Meeting and hand it over	duly signed at the
* Applicable for Investors holding sh ** Strike out whichever is not applic			
	LY ENGINEERING PLA : 51, Dariyasthan street,	STICS LIMITED Vadgadi, Mumbai – 400 00	3
3	PROXY FORM	•	
30th <sup>h</sup> Anni	ual General Meeting on	<del></del>	
DP.ld*	zar Goriorar Mooting or r	20 Coptombor, 2010	
Client Id*			
Reg. Folio No.			
I/We	of		
being member/members of	M/s. Shaily E	ngineering Plastics	Limited, hereby
appointof	or.		failing him
proxy to vote for me/us on my/our 28 <sup>th</sup> September, 2010 and at every	behalf at 30 <sup>th</sup> Annual G		
		Please	
		Affix Rs.	
Signed this day of,	, 2010.	1/- Revenue	
Note:			

- Proxy need not be a member.
   Proxy Form, complete in all respects, should reach the Registered Office of the Company on or not later than 48 hours before the time for holding Signature of the Meeting.
- \* Applicable for Investors holding shares in electronic form.

30<sup>th</sup> Annual report for the year ended 31<sup>st</sup> March 2010



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Management Analysis and Discussions
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Balance sheet as at 31<sup>st</sup> March 2010
Profit & loss account for the year ended 31<sup>st</sup> March 2010
Schedules to balance sheet and profit & loss account
Cash flow for the year ended 31<sup>st</sup> March 2010

# **Board of Directors**

Mr Hasmukh Shah Chairman

Mr Mahendra Sanghvi Managing Director
Mr Laxman Sanghvi Executive Director
Mrs Tilottama Sanghvi Whole time Director

Mr Jayesh Shah Director

Mr. Nilesh Mehta Director - up to 15.05.2010

Mr Bharat Sanghvi Director
Mr A S Anandkumar Director
Mr. Michael B. Woodhall Director
Mr Sarup Chowdhary Director
Mr. William Sean Sovak Director

Mr. Sachin Bhartiya Additional Director w,e,f, 01.11.2009

# **Assistant Company Secretary**

Ms. Kruti Parekh

# **Board Committees**

#### Audit Committee Shareholder's Grievance Committee Remuneration Committee

Mr. A.S Anandkumar Mr. A.S Anandkumar Mr. Hasmukh Shah
Mr. Sarup Chowdhary Mr. Laxman Sanghvi Mr. Sarup Chowdhary
Mr. William Sean Sovak Mr. William Sean Sovak

Mr. Hasmukh Shah

Statutory Auditors	Internal Auditors	Secretarial Auditors
M/s Deloitte Haskins & Sells	M/s Shah Jain & Hindocha	M/s Samdani Associates
Chartered Accountants	Chartered Accountants	Company Secretaries

#### **Bankers**

State Bank of India Standard Chartered Bank Bank of Baroda

#### **Registrar & Share Transfer Agent**

Big Share Services Pvt. Ltd.

#### **Registered Office**

51, Dariyasthan Street, Vadgadi Masjid, Mumbai – 400 003.

Website: www.shaily.com

# **Directors' Report**

# The Members Shaily Engineering Plastics Limited

Your Directors have pleasure in presenting their 30<sup>th</sup> Annual Report for the year ended on 31<sup>st</sup> March 2010.

Financial Results (Rs. In lacs)

	Current Year (2009-10)	Previous Year (2008-09)
Gross Total Income	9827.72	6755.13
Profit before depreciation and tax	718.27	17.16
Less: Depreciation	492.94	378.21
Less: Provision for taxation	0.44	-
Less: Fringe benefit tax	-	4.55
Less / (Add) : Deferred tax liability / asset	13.26	(129.58)
Profit after tax	211.64	(239.10)

#### **Business Performance**

The current year has been a year of consolidation for the company. Your company's performance in terms of sales and profit has shown remarkable improvement over the F.Y. 2009.

The total income increased by Rs. 30.73 Crore or 45% over the F.Y. 2009. The Company's Profit Before Tax was Rs. 2.25 Crore for the F.Y. 2009. Export sales increased substantially during the F.Y. 2010 with export increasing by Rs. 41.25 Crore or 141.46% in the F.Y. 2010.

All significant accounting policies and material transactions have been disclosed in notes on accounts to the Balance Sheet as on 31<sup>st</sup> March 2010.

# **Dividend**

In view of conserving the resources for business needs, your Directors do not recommend payment of dividend during the year under review.

#### **Directors**

Mr. Laxman Sanghvi, Mrs. Tilottama Sanghvi and Mr. Sarup Chowdhary, Directors will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Brief resumes of these directors are included in the notice for the annual general meeting.

Mr. Sachin Bhartiya has been appointed as Additional Director w.e.f. 1.11.2009 representing Motika Limited. Mr. Nilesh Mehta has resigned as a Director effective from 15 05.2010. The Board wishes to place on record its deep appreciation of the contribution by Mr. Nilesh Mehta during his tenure as member of the Board.

Your directors have pleasure in recommending reappointment of the Directors retiring by rotation.

# **Fixed Deposits**

The Company has accepted deposits of Rs. 116.35 lacs during the year in compliance with provisions of section 58A of Companies Act 1956 read with Companies (Acceptance of Deposits) Rules 1975, as amended.

#### Conservation of energy, Technology absorption and Foreign Exchange earnings and outgo

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31<sup>st</sup> March 2010..

# Conservation of Energy

The Company has installed in-built energy mechanism to conserve energy.

#### **Technology Absorption**

Research and Development: The Company has developed several dies and moulds, which were earlier imported. The Company has also developed several plastic components, which were earlier imported. The activities in development are carried out by the technicians, and the expenditure thereon is debited to the respective heads.

Technology absorption, adaptation and innovation: The Company has manufactured many plastic components of international standard/quality, which are import substitutes for diverse applications.

Foreign exchange earnings and outgo

Total foreign exchange used is Rs. 1632.30 lacs and total foreign exchange earned Rs. 6916.93 lacs.

# Directors' responsibility statement

As required by sub-section (2AA) of section 217 of the Companies Act, 1956, Directors' state:

- i. That in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2010 and of the profits of the company for that period.
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the annual accounts have been prepared on a going concern basis.

#### **Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, a separate section titled 'Corporate Governance' has been included in this annual report, along with the report of Management discussion and Analysis and additional shareholder information.

Statement pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2010

S N	Name	Designatio n	Gross Earnings Rs. (in lacs)	Age	Qualification	E x p	Date of Joining	Last Employ- ment
1	Mahendra Sanghvi	Managing Director	49.29	62 years	B.Sc.(Chem) B.S. Chem Engg	36	30th Dec 1985	GB Book Plastic Co., Canada
2	Laxman Sanghvi	Executive Director	31.57	53 years	Chartered Accountant, Law graduate	31	30th Dec 1985	Practicing Chartered Accountant

#### **NOTES:**

- 1. The appointment of the Managing Director and Executive Director is contractual.
- 2. Remuneration includes Basic, HRA, all other allowances and perquisites, Company's contribution to Provident Fund etc.

# Auditors' report

The observation made in the Auditors' report read together with relevant notes thereon, are self-explanatory and hence do not call for any comments under section 217 of the Companies Act 1956.

#### **Auditors**

The present Auditors of the Company, M/s Deloitte Haskin & Sells, have expressed their willingness to act as Auditors of the Company, on their retirement at the ensuing Annual General Meeting, for the year 2010.11. They have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

### Acknowledgement

Your directors wish to place their sincere thanks to the Government authorities, banks, customers, suppliers, shareholders and employees, who extended support and co-operation, and helped, in your company's progress.

For and on behalf of Board of Directors

Place: Mumbai Hasmukh Shah Date: 09.08.2010 Chairman

#### **Corporate Governance**

#### Company's philosophy on Corporate Governance

Shaily Engineering Plastics Limited ("SEPL" or "the Company") believes in adopting and adhering to the best recognised corporate governance practices and continuously benchmarking itself against each such practice. The Company understands and respects its fiduciary role and responsibility to the shareholders and strives hard to meet their expectations. The Company believes that best Board practices; transparent disclosures and shareholder empowerment are necessary for creating shareholder value.

# **Board of Directors**

As on March 31, 2010, SEPL Board consisted of 12 (Twelve) Directors, 3 (Three) of them are Executive Directors and 9 (Nine) are non-executive Directors among them 5 (Five) are independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and expertise to the Board.

# Composition

The Board composition is in conformity with the provisions of the Companies Act, 1956 and the Listing Agreement. The composition of the Board and details of directorship in other companies are as follows:

Name of the Directors	Category of Directorship in Shaily	Attendance at		Chairm	orship in Com anship/ Memb ecified Commi	ership in
	Engineering Plastics Ltd	Board Meeting	Last AGM	Director*	Committee Member**	Committee Chairman**
Mr. Hasmukh Shah	Non-executive Independent Director	5	Y	10	5	2
Mr. Mahendra Sanghvi	Managing Director	5	Y	1	3	-
Mrs. Tilottama Sanghvi	Whole time Director	2	N	-	-	-
Mr. Laxman Sanghvi	Executive Director	5	N	-	-	-
Mr. Bharat Sanghvi	Non executive Director	-	N	-	-	-
Mr. Jayesh Shah	Non executive Director	3	Y	-	-	-
Mr. Sarup Chowdhary	Non-executive Independent Director	3	Y	5	-	-
Mr. A.S. Anand Kumar	Non-executive Independent Director	4	Y	2	1	1
Mr. Sean Sovak	Non-executive Independent Director	2	Y	-	-	-
Mr. Michael Woodhall	Non-executive Independent Director	-	N	-	-	-
Mr. Nilesh Mehta	Non-executive Independent Director	2	N	5	3	1
Mr. Sachin Bhartiya	Non-executive Independent Director	-	-	-	-	-

- \* Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.
- \*\* Does not include Chairmanship/Membership in Board Committees other than the Audit Committee and the Shareholders' Grievance Committee and Chairmanship/Membership in Board Committees in Companies other than Public Limited Companies registered in India.
- \*\*\*\* Mr. Sachin Bhartiya joined w.e.f. 1<sup>st</sup> November, 2009 and Mr. Nilesh Mehta ceased to be a Director effective from 15<sup>th</sup> May, 2010.

None of the directors was a member in more than 10 committees, or a chairman in more than 5 committees across all companies in which he was a director.

#### **Meeting & Attendance**

Given below is the consolidated list of meetings of the Board and Key Committees held during 2009.10 and attendance details of Directors.

#### Meeting details during April 2009 to March 2010

Name of the meeting	Dates on which meetings were held
Annual General Meeting	19 September 2009
Board Meeting	14th May, 2009, 30th June, 2009, 27th July, 2009, 31st October, 2009 and 30th January, 2010.
Audit Committee Meeting	30th June. 2009, 27th July, .2009, 31st October, 2009 and 30th January,.2010.
Remuneration / Selection Committee	31st October, 2009, 30th January, 2010 and 25th March, 2010
Shareholders / Investors Grievance Committee	30th June 2009

#### Information supplied to the Board

Agenda and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful and focussed discussion at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted with the approval of the Chairman.

The information placed before the Board includes, Business plans, capital budgets and any updates, quarterly financial statement and status of project implementation and expected date of commissioning of the project, quarterly status of unutilised money received in Preferential allotment of shares, minutes of previous board meeting and meetings of audit committee and other committees of the Board, General notices of interest of directors, terms of reference of board committees etc.

The Company receives certificate from all the departments certifying the compliance of statutory law, Rules and Regulations applicable to the respective department on quarterly basis. On the basis of the certificate from all the departments, the Managing Director certifies to the Board the status of compliance of all statutory laws, Rules and Regulations, as they are applicable to the Company.

#### **Code of Conduct**

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

The Board of Directors laid down a Code of Conduct for all the Board members and senior officers of the Company. A copy of the said code has been posted on the web site of the Company at www.shaily.com

The code has been circulated to all the members of the Board and Senior Management and the compliance of same has been affirmed by them. A declaration signed by Executive Director is given below:

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2009.10"

> Laxman Sanghvi Executive Director

# **Audit Committee**

The composition, role, terms of reference as well as power of the Audit Committee are in accordance with the provisions of clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. Apart from overseeing and monitoring the financial reporting system within the company and considering un-audited and audited financial results for the relevant period, before being adopted by the Board of Directors, Audit Committee focused its attention on several important topics and continued to advise the management on areas where greater internal audit focus was needed, and on new areas to be taken up for audit purposes.

The constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Designation	Executive/Independent	Committee Meetings Attended
Mr. A.S. Anand Kumar	Chairman	Non-executive Independent Director	4
Mr. Sarup Chowdhary	Member	Non-executive Independent Director	3
Mr. William Sean Sovak	Member	Non-executive Independent Director	2
Mr. Hasmukh Shah*	Member	Non-executive Independent Director	0

<sup>\*</sup>The committee was reconstituted on 9<sup>th</sup> August, 2010 and Mr. Hasmukh Shah was inducted as a member of the Audit Committee.

Company Secretary of the Company also acted as the Secretary of this committee.

The Minutes of the Audit Committee are being circulated to the Board of Directors.

#### Non-executive directors' compensation

A sitting fee of Rs. 10,000/- per meeting is paid to non-executive directors, for every meeting of the board and Rs. 5,000/- per meeting for every meeting of the committees of the Board attended by them.

#### **DISCLOSURES**

#### (A) Basis of related party transactions

 Apart from relation as specified herein above, the non-executive and/or independent directors on the Company's Board, apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transaction with the Company, its promoters, its management, which in the judgement of the Board affect the independence of judgement of the Directors, except that the

- Company has taken on lease the Registered Office premises from Kanji Raichand & Co., in which Mr. Jayessh Shah, is one of the partner, who is the Non executive Director of the Company.
- The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related party are disclosed in the schedules to the Annual Accounts in the annual report.
- 3. None of the transactions with any of the related parties were in conflict with the interest of the Company. There has not been any non compliance, penalties and strictures were imposed on the Company by Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets, during the year under review.

# (B) Remuneration of Directors

Name of Director	Relation ship with other Director s	Business relationship with SEPL, if any	Remuneration for the year ended 31 <sup>st</sup> March 2010 (Rs.)				
			Sitting fee	Basic	Perquisites/ allowances	Others	Total
Mr. Mahendra Sanghvi	Note 1	Promoter	Nil	28,08,000	19,25,688	1,95,118	49,28,806
Mrs. Tilottama Sanghvi	Note 1	Promoter	Nil	8,77,500	5,75,964	1,05,300	15,58,764
Mr. Laxman Sanghvi	Note 1	Promoter	Nil	17,55,000	11,91,101	2,10,600	31,56,701
Mr. Bharat Sanghvi	Note 1	Promoter group	Nil	Nil	Nil	Nil	Nil
Mr. Jayessh Shah	Note 2	Promoter group	20,000	Nil	Nil	Nil	20,000
Mr. Hasmukh Shah	None	None	50,000	Nil	Nil	Nil	50,000
Mr. Nilesh Mehta	None	None	40,000	Nil	Nil	Nil	40,000
Mr. A.S. Anandkumar	None	None	60000	Nil	Nil	Nil	60,000
Mr. Sarup Chowdhary	None	None	30,000	Nil	Nil	Nil	30,000
Mr. Sean Sovak	None	Note 3	Nil	Nil	Nil	Nil	Nil
Mr. Michael Woodhall	None	None	Nil	Nil	Nil	Nil	Nil

Note 1: Mr. Mahendra Sanghvi, Mr. Bharat Sanghvi and Mr. Laxman Sanghvi are brothers and Mrs. Tilottama Sanghvi is spouse of Mr. Mahendra Sanghvi.

Note 2: Mr. Jayessh Shah is the brother of Mrs. Tilottama Sanghvi

Note 3: Mr. Sean Sovak and Mr. Sachin Bhartiya have been appointed by Motika Limited, a company incorporated under the law of Cyprus holding 1746420 equity shares of Rs.10/- of the Company

The Board of Directors of the Company at its meeting held on 15<sup>th</sup> May, 2010 have reappointed Mr. Mahendra Sanghvi as Managing Director and Mr. Laxman Sanghvi as Executive Director for a period of

three years effective from 1.4.2010 subject to the approval of the shareholders of the Company at the ensuing general meeting and Government of India, Ministry of Corporate Affairs. Mrs. Tilottama Sanghvi has been appointed as Wholetime Director of the Company for a period of five years effective from 1<sup>st</sup> June, 2006.

The following Non-executive Directors are holding shares in the Company:

- 1. Mr. Hasmukh Shah is holding 1,05,015 Equity shares of Rs. 10/- each in the Company aggregating to 1.43% of total paid up capital of the Company.
- 2. Mr. Jayesh Shah is holding 6,82,838 Equity shares of Rs. 10/- each in the Company aggregating to 9.33% of total paid up capital of the Company; he belongs to the Promoter Group.
- 3. Mr. Bharat Sanghvi is holding 3,73,584 Equity shares of Rs. 10/- each in the Company aggregating to 5.10% of total paid up capital of the Company

Apart from the above, none of the non-executive director of the Company held any shares in the Company.

SEPL has no stock option plans and hence it does not form a part of the remuneration package payable to any executive and/or non-executive director.

# (C) Management Discussion and Analysis

The Management Discussion & Analysis Report has been included separately in the Annual report to the Shareholders.

# (D) SHAREHOLDERS

#### Disclosure regarding appointment and / or re-appointment of directors

Mr. Laxman Sanghvi, Mrs. Tilottama Sanghvi and Mr. Sarup Chowdhary are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for reappointment.

#### Shareholders'/ investors Grievance Committee

The committee specifically looks into the redressal of shareholder and investors complaints.

The committee consisted of the following directors:

Name	Designation	Executive/Independent
Mr. William Sean Sovak	Chairman	Non-executive independent Director
Mr. A.S Anandkumar	Member	Non-executive independent Director
Mr. Laxman Sanghvi	Member	Executive Director

# Meeting attendance and Topic discussed

During the year Committee met on 30<sup>th</sup> June 2009 and all the members of the committee including compliance officer attended the said meeting.

During the year company did not receive any complaints.

# (E) REPORT ON CORPORATE GOVERNANCE

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer.

The other information on Corporate Governance for the benefits of Shareholders is as under:

# **General Body Meetings**

The detail of last three Annual General Meetings of the Company are as follows, which were held in Indian Merchant Chambers, Mumbai:

Year	Date	Time	Transaction
2007	18.08.2007	3.00 P.M.	No Special resolution was passed
2008	19.09.2008	3.30 P.M.	No Special Resolution was passed.
2009	19.09.2009	3.00 P.M.	Special resolution passed for the appointment of Mr. Amit Sanghvi as General Manager in terms of the provisions of section 314(1)(b) of the Companies Act, 1956

No resolution was passed through Postal Ballot.

SEPL will hold next Annual General Meeting on Tuesday, the 28<sup>th</sup> September, 2010 at 1.00 p.m. at Indian Merchant Chambers, Mumbai. Special resolution is proposed for the shifting of the Registered Office of the Company through Postal Ballot in terms of Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

#### Communication to Shareholders

Quarterly Report sent to each household of	The results of the Company are published in the	
shareholders	newspapers.	
Quarterly results and in which newspaper normally	The results of the Company are generally published	
published	in Free Press Journal (English) nation wide and	
	Navshakti (Marathi) in Mumbai editions.	
Website where displayed	The results are displayed on the Company's	
	website www.shaily.com	
Whether the website displays the presentation	No such requirement arose.	
made to the institutional investors and to the		
analysts.		

#### **Additional Shareholder Information**

#### **Financial Calendar**

Financial Year: April 1 to March 31

#### **Date of Book Closure**

The register of members and share transfer books of the company will remain closed from 24<sup>th</sup> September, 2010 to 28<sup>th</sup> September, 2010 (Both days inclusive)

# **Registrar and Share Transfer Agent**

The Members are requested to correspond with the Company's Registrar & Share Transfer Agent – Bigshare Services Pvt. Ltd quoting their folio number at the following address:

# **BIGSHARE SERVICES PVT. LTD**

E-2, Ansa Industrial Estate, Saki Vihar Road,

Saki Naka, Andheri (East)

MUMBAI: 400 072.

Tel: +91 - 22 - 28470744 Fax: +91 - 22 - 28475207

Website: www.bigshare online.com Email: bigshare@bom7.vsnl.net.in

# Listing

Bombay Stock Exchange Limited

**Stock Code:** 501423

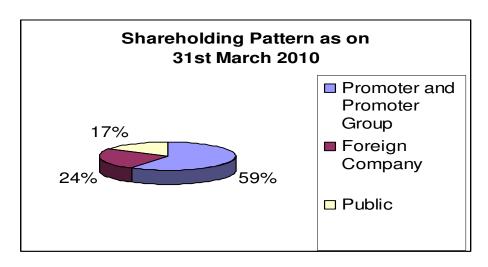
#### **Market Price Data**

The shares of the Company were not traded during the year ended on 31<sup>st</sup> March 2010 therefore the Price data of last financial year is not available.

# Distribution of shareholding as on 31st March 2010

No. of Shares	No. of Shareholders	No. of Shares	% of total shares
1 – 5000	127	47500	0.65
5001 – 10000	3	25600	0.35
10001 – 20000	5	79255	1.08
20001 – 30000	1	22100	0.30
30001 – 40000	3	107000	1.47
40001 – 50000	1	50000	0.69
50001 – 100000	6	410652	5.61
100001 - *****	15	6576323	89.85

# Shareholding pattern as on 31st March 2010

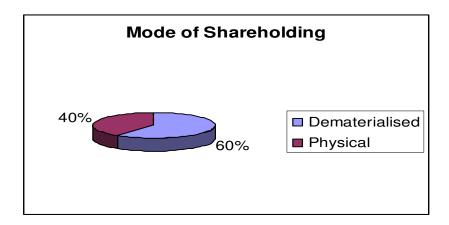


The authorized and paid-up capital of your Company is Rs. 16,00,00,000 and Rs. 7,31,84,300 respectively.

#### **Dematerialization of shares**

The Company has already been assigned ISIN INE151G01010 by NSDL and CDSL.

As on 31<sup>st</sup> March 2010, 4400424 Equity shares have been dematerialised and rest issued capital is in physical form.



# **Adoption of Non-Mandatory Requirements of Code of Corporate Governance:**

#### **Remuneration Committee**

The constitution of the Committee is given below:

Name	Designation	Executive/Independent
Mr. Hasmukh Shah	Chairman	Non-executive independent Director
Mr. Sarup Chowdhary	Member	Non-executive independent Director
Mr. Sean Sovak*	Member	Non-executive Independent Director

<sup>\*</sup> The committee was reconstituted on 15<sup>th</sup> May, 2010 and Mr. Hasmukh Shah and Mr. Sarup Chowdhary were inducted in place of Mr. Michael Woodhall and Mr. Nilesh Mehta.

During the year Committee meeting was held on 31.10.2009, 30.01.2010 and 25.03.2010.

#### **Additional Disclosures**

- The Company has established procedures to enable its Board to periodically review compliance of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of noncompliance.
- 2. The Managing Director and Executive Director have certified to the Board with regard to the Financial Statements and other matters as required in clause 49 of the Listing Agreement.
- 3. The Company has defined and adopted a Risk Management Policy, and has also set up a core group, which assesses the risks and lays down the procedure for minimization of the risks. The above will facilitate not only in risk assessment and timely rectification but also help in minimization of risk associated with any strategic, operational, financial and compliance risk across all business operations. These control procedures and systems ensure that the Board is periodically informed on the material risks faced by the Company and the steps taken by the Company to alleviate those risk.

4. The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report existing/probable violation of laws, rules, regulations or unethical conduct to their immediate supervisor/notified person. The Directors and Senior Management are obliged to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

# Certificate on Corporate Governance from Practising Company Secretary

The Company has obtained certificate from M/s S. Samdani & Associates, Practicing Company Secretary regarding compliance with the provisions relating to the Corporate Governance laid down in Clause 49 of the Listing Agreement with the stock exchanges. This report is annexed to the directors' report for the year 2009-10, and will be sent to the stock exchanges along with this annual report to be filed by the Company.

#### **Plant Locations**

Rania Plant
Finishing Division
EOU Division
Survey # 364/366
Po. Rania – 391 780,
Taluka Savli, Dist. Baroda

Halol Plant
Plot # 706,707,708
GIDC,
Halol,
Dist. Panchmahals

Uttrakhand Khasara # 265,122 Mauza Central Hope Town Pargana Pachhwa Doon Tehsil Vikasnagar Dist. Dehradun

# Address for correspondence

The Compliance Officer
Shaily Engineering Plastics Limited
8, J.P. Nagar, Old Padra Road,
Opp Aviskar Complex
Baroda – 390 015 Gujarat
Email:
investors@shaily.com
secretarial@shaily.com

# **Management Discussion and Analysis**

Shaily Engineering Plastics Limited (SEPL) was in the process of expansion of its manufacturing facilities to meet with its domestic and overseas customers demand. SEPL has separate 100% EOU Plant and has been exporting 70% of its total sales over the last two years. It would be the endeavour of SEPL to stick to is quality standard as the prime mover and shaker of growth. SEPL is under obligation to create more efficiency and quality in products for customer satisfaction.

#### **Indian Plastic Scenario**

The Plastics Industry in India has made significant achievements ever since it made a modest but promising beginning by commencing production of injection moulded plastic components for various industries such as Pharma, Automobiles, Textile, Electrical appliances, kitchen ware items, etc. The potential Indian market has motivated Indian entrepreneurs to acquire technical expertise, achieve high quality standards and build capacities in various facets of the booming plastic industry. Phenomenal developments in the plastic machinery sector coupled with matching developments in the petrochemical sector, both of which support the plastic processing sector, have facilitated the plastic processors to build capacities to service both the domestic market and the markets in the overseas.

The historical growth of the plastics industry over the last few decades is at an impressive 12-14%, which is twice the GDP growth. The major driver of this growth is the increased standard of living of people in India (housing the second largest population in the world). The GDP could increase further with support from the Indian Government in the form of increased investments in infrastructure.

The Indian plastics industry is quite upbeat about the future potential of plastics in India, believing that the Plastics industry will grow between 10% to 12%, if not higher, in this decade. The present per capita consumption is @ 7 Kgs and like to reach more and more in future. The department of petrochemicals of the Government of India has projected a level of 12 million tons by 2011/2012.

# SEPL strengths

SEPL has consolidated technology platform, allows to develop new products and improving existing products with new technology and support them by providing total solution for customer's need(s) and problems. SEPL believes that its strength lies in the product portfolio, which are innovative and cater to growing segments of global economy allowing improving and maintaining its presence in the market in which it is established.

SEPL focuses on maintaining and establishing long-term relationships with the customers and believes that we have the ability to address the varied and expanding requirements of our customers.

SEPL has quality certificates like ISO 9001: 2001, ISO TS 16949.

**Our sourcing ability** – Polymers comprise the major part of our product costs and polymers experience volatility in pricing. Over the years we have developed understanding of polymer price and market trends and have built relationships with polymer suppliers in India and overseas. Our size of operation and experience in polymer business enables us in sourcing our inputs at appropriate times and at competitive prices

**Positioned as Total Solution Provider** – SEPL has a long-term strategy of developing long-term relationships instead of being mere suppliers. Hence SEPL associates itself with the client at all the stages i.e. product design, development, cost reduction, value addition, production etc. SEPL has positioned itself to be a "Total Solution Provider" to its clients. This helps in eliminating competition, which does not have the integrated capabilities possessed by SEPL.

**Integrated facilities help in lowering response time -** SEPL is able to design moulds for better life due to its in-house expertise in intricate designs and knowledge of materials. It has competitive advantage in terms of time required to develop the moulds and to manufacture these mould in house as well as source it overseas from South East Asia. SEPL has helped many customers with its ability to crash time frame for development of new components.

# Focus of SEPL:

- Sophisticated and world-class higher capacity machines;
- > Enhanced design capabilities, moulds, tools and dies and technological know-how;
- Increasing use of intelligent manufacturing to improve productivity and asset utilization;
- > Global practices in manufacturing excellence, quality management and design; and
- Development of new products and applications.

Overall we at SEPL look forward for a substantial growth of the Company in near future.

# **Outlook on Opportunities**

SEPL's domestic as well as overseas business is developing very fast and we are getting more and more enquiring for our capability to manufacture parts for them due to its commitment of standard quality of goods to its present customers and therefore sustaining operations and growing in even tough time.

If production capacities are added now, companies will be ready when the good times roll in, which they are bound to. Continuous improvement in productivity should become a standard practice and these tough times should make companies learn to do this on a regular basis. This will have regular monetary benefits on a continuous basis, rather than thinking short or long term.

The Electronics, Automobile, Packaging, Healthcare, Consumer Durables and Telecommunication are fast growing sectors of Indian economy offering growth for plastic utilization; SEPL also provides services for these sectors.

There is enormous scope for expansion and development in the Indian Plastics Industry. The processing industry in fact offers a huge potential for up gradation in terms of innovative technological advances.

# **Outlook on Threats, Risk and Concerns**

The Company's business depends on customer requirements as the Company is an OEM supplier and any fluctuation in the customers demand can affect the Company's performance. The Company is also exposed to project risks due to delays in project implementation/cost escalation, risks on account of fluctuation and in FX rates and fluctuation in raw material prices.

# Segment-wise Performance

The Company is exclusively into manufacturing moulded plastics components & moulds etc.

# Internal control System

The company's internal control system assures effectiveness and efficiency of operations in all material respects, protection against significant misuse or loss of company assets, and compliance with applicable laws and regulations.

The internal control system is properly documented with clearly defined authority limits. These systems are designed to ensure accuracy and reliability of accounting data, promotion of operation efficiency and adherence to the prescribed management policies. These policies are periodically updated to meet current business requirements.

The audit committee reviews the internal control systems at regular intervals and adequate steps are taken to strengthen our control systems. The Audit Committee met four times during the year under review.

# Financial performance

The total income increased by Rs. 30.73 Crore or 45% over the F.Y. 2009. The Company's Profit Before Tax was Rs. 2.25 Crore for the F.Y. 2009. Export sales increased substantially during the F.Y. 2010 with export increasing by Rs. 41.25 Crore or 141.46% in the F.Y. 2010.

# Foreign Exchange Risk

SEPL is exposed to Currency Risk on account of its substantial exposure to International Trade -import and export. Last year the Company's FX losses were quite unusual. In fact the same was unusual for the whole world due to global recession, economic slowdown and deleveraging in the whole world. SEPL is working on reducing its exposure to FX fluctuation.

# Liquidity & working capital

SEPL's utilization of its bank limits during the year under review have been within the limits sanctioned by its bankers.

# **Human Resources:**

During the year company has maintained harmonious and cordial industrial relations. The company's Human Resource development initiatives provide employees with training and career development opportunities and address organizational development aspects like performance management and development and succession planning.

The company has focused on building capacity and capability of human resources, which, on 31<sup>st</sup> March 2010 totaled at 810 Employees, including workers and contract labors.

The Human Resource Policy of the Company is based on the premise that success of the Company is primarily dependent upon its people and that the development of potential of the employee is good both for the employee as well as the business and therefore the Company.

The company had organized various employee welfare programmes during the year to foster a culture of engagement amongst employees. Some programmes were arranged specially for the children of the employees.

The company believes that its HR initiatives and programs will enhance the organization's culture and thus resulting patterns of employee behavior would help integrate people, processes and technologies to promote a culture of excellence and innovation.

# For and on behalf of Board of Directors

Place : Mumbai Hasmukh Shah
Date : 09.08.2010 Chairman

# CERTIFICATE

# to the Members of Shaily Engineering Plastics Limited

We have examined the compliance of the conditions of Corporate Governance by Shaily Engineering Plastics Limited for the year ended 31<sup>st</sup> March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has compiled with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and as otherwise stated in corporate governance report of aforesaid financial year.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2010, no investor grievance are pending against the Company, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

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

S. Samdani Practicing Company Secretary S. Samdani & Asso. Company Secretaries CP NO.2863

Date: 09.08.2010 Place:Mumbai

# **AUDITORS' REPORT**

To

The Members of Shaily Engineering Plastics Limited

- 1. We have audited the attached Balance Sheet of Shaily Engineering Plastics Limited, as at 31<sup>st</sup> March 2010, the Profit and Loss account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
- 4. Further to our comments in the Annexure referred to in paragraph 3, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
  - (v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010;
    - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells Chartered Accountants (Registration No. 117364W)

> Gaurav J. Shah Partner Membership No.35701

Mumbai, 9th August, 2010

# ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified during the year by the management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) substantial part of the fixed assets have been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and the discrepancies noticed on such verification between the physical stocks and the book records were not material and have been adequately dealt with in the books of account.
- (iii) (a) The Company has granted interest free loans to six companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.8,369,623/- and the year-end balance of loans granted to such parties was Rs.7,505930/-.
  - (b) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
  - (c) The Company has not stipulated any terms as to interest and repayment of the loans.
  - (d) There is no overdue amount in excess of Rs. 1 lakh in respect of loans granted to companies / firms / parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (e) The Company has taken loan from the directors (including Managing Director), one firm and eight other parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs.7,017,651/- (including Rs.2,520,647/- from Managing Director), Rs.1,268,250/- and Rs.1,036,631/- respectively and the year-end balance of loans taken from all such parties was Rs. 8,825,000/-.
  - (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from all such parties listed in the register maintained under section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.
  - (g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956:
  - (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules,1975 with regard to the deposits accepted from the public. We are informed that no order has been passed by the Company Law Board and National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect thereof.
- (vii) In our opinion, the scope of the internal audit is commensurate with the size and nature of the business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 for the products manufactured by the Company.
- (ix) Statutory and other dues:
  - (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute
- (x) The company does not have any accumulated losses as at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) Based on our examination of records and the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xvi) Based on the records examined by us and the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures. Therefore, the provisions of

- clause (xix) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) As informed to us, during the period covered by our audit report, the Company has not raised any money by way of public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells Chartered Accountants (Registration No. 117364W)

Mumbai, 9<sup>th</sup> August, 2010

Gaurav J. Shah Partner Membership No.35701

# SHAILY ENGINEERING PLASTICS LIMITED BALANCE SHEET AS AT 31st MARCH' 2010



	Schedule	As At 31st March'2010 Rupees	As At 31st March'2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a Share Capital	1	73,184,300	73,184,300
b Reserves and Surplus	2	158,705,477	137,541,977
LOAN FUNDS			
a Secured Loans	3	506,098,130	445,772,378
b Unsecured Loans	4	14,860,286	23,728,863
Deferred tax liability (Net)		1,325,819	-
TOTAL Rs.		754,174,011	680,227,518
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	859,412,847	798,532,722
Less: Accumulated Depreciation		399,809,591	350,515,138
NET BLOCK		459,603,255	448,017,584
Capital Work-in-Progress		-	24,023,579
INVESTMENTS	6	8,041,626	18,235,428
CURRENT ASSETS, LOANS AND ADVANCES			
a Inventories	7	100,859,704	68,049,357
b Sundry Debtors	8	243,946,096	157,162,637
c Cash and Bank Balances	9	30,806,759	18,409,959
d Loans and Advances	10	90,751,278	62,979,728
		466,363,836	306,601,681
LESS : CURRENT LIABILITIES AND PROVISIONS	11		
a Current Liabilities		175,349,831	116,711,377
b Provisions		8,086,296	4,096,869
		183,436,127	120,808,246
Net Current Assets		282,927,709	185,793,435
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	12	3,601,421	4,157,492
TOTAL Rs.		754,174,011	680,227,518
Significant Accounting Policies and Notes on Accounts	19		
As per our Report of even date			

As per our Report of even date For Deloitte Haskins & Sells Chartered Accountants

For And On Behalf Of The Board

Gaurav J Shah Partner M. No: 35701 Managing Director Executive Director

**Company Secretary** 

Mumbai 9th August 2010 Mumbai 9th August 2010



#### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH'2010

INCOME	Schedule	For the year Ended 31st March, 2010 Rupees	For the year Ended 31st March, 2009 Rupees
INCOME	Scriedule	nupees	nupees
Sales and Services		968,123,746	678,822,921
Less: Excise		20,299,815	45,109,379
Net sales		947,823,931	633,713,542
Interest and Other Income	13	5,430,251	8,144,773
Increase/Decrease In Stocks	14	9,217,612	(11,454,020)
		962,471,794	630,404,295
EXPENDITURE			
Raw Material Consumed	15	553,599,760	360,046,534
Manufacturing and Other Expenses	16	183,631,893	153,709,836
Remuneration and Benefits to Employees	17	95,992,947	74,390,506
Interest and Finance Chargees	18	57,419,422	40,541,603
Depreciation		49,294,453	37,820,595
		939,938,475	666,509,075
Profit before tax Provision for Taxation:		22,533,319	(36,104,780)
Current		3,968,429	-
MAT Credit Entitlement		(3,968,429)	
Deferred		1,325,819	(12,957,906)
Fringe Benefit Tax		-	455,000
Short provision of Income Tax of earlier year		44,000	307,961
Profit after tax		21,163,500	(23,909,835)
Add : Balance Brought Forward		25,350,256	40,787,003
•		46,513,757	16,877,168
Reversal of appropriation of proposed dividends of previous year		-	8,473,088
Balance carried to Balance Sheet		46,513,757	25,350,256
Earnings per Share			
- Basic [Face Value per Equity Share Rs. 10 (Previous Year Rs. 1		1.48	(5.54)
- Diluted [Face Value per Equity Share Rs. 10 (Previous Year Rs.	10)] (Rs.)	1.48	(5.54)
Significant Accounting Policies and Notes on Accounts	19		

As per our report of even date For Deloitte Haskins & Sells Chartered Accountants

For And On Behalf Of The Board

Gaurav J Shah Partner

M. No: 35701 Managing Director Executive Director

**Company Secretary** 

Mumbai Mumbai 9th August 2010 9th August 2010

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#### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	For the year ended 31st March 2010	For the year ended 31st March 2009
A Cash flow from Operating Activities	Amt. (Rs.)	Amt. (Rs.)
A Cash flow from Operating Activities a. Net Profit/(Loss) before taxation	22,533,319	(36,104,779)
,	22,000,019	(36,104,779)
Adjustments for:	40 204 454	27 220 505
Depreciation	49,294,454	37,820,595
Excess provision of depreciation written back	-	(50,230)
(Profit) / Loss on sale of Fixed Asset		(3,083,493)
Dividend received	(134,101)	(1,925,194
Prior Period expense	(44,000)	-
Investment/ Interest income	(3,006,187)	(2,381,531
Interest expenses	57,419,422	40,541,603
Amortisation of expenses	556,073	556,073
Bad debts written off	-	1,397,769
Provision for dimunition in value of investment	-	14,700
	126,618,980	36,785,513
b. Operating Profit before working capital changes		
Adjustment for:		
(Increase)/Decrease in Trade receivables	(86,783,459)	(12,210,864
(Increase)/Decrease in Other receivables other than advance tax		(5,458,647
(Increase)/Decrease in Inventories	(32,810,347)	10,850,827
Increase/(Decrease) in Trade Payables	48,318,622	25,423,915
Increase/(Decrease) in Other Current Liabilities		
increase/(Decrease) in Other Current Liabilities	10,639,635	999,968
c. Cash generated from operation	(82,558,150)	19,605,199
Taxes paid (Net of refunds)	- 1	1,379,807
Net Cash from Operating Activities	44,060,830	55,010,905
B Cash Flow from Investing Activities		
Purchases of Fixed Assets	(36,856,546)	(198,513,936
Interest received	3,006,187	2,381,531
Dividend received	134,101	1,925,194
Increase in Investment		(20,203,141
Sale of investments	10,193,802	81,211,758
Sale of Fixed Asset	. 0, . 00, 00	3,164,763
Net Cash from Investing Activities	(23,522,456)	(130,033,831)
Cook flow from Financing Activities		
C Cash flow from Financing Activities	54 457 474	100 100 100
Proceeds from Borrowings	51,457,174	102,402,126
Interest paid	(57,419,422)	(40,541,603)
Net Cash from financing Activities	(5,962,248)	61,860,523
D Net Cash Inflow/( Outflow )	14,576,126	(13,162,403)
E Cash & Cash Equivalents as at March 31, 2009	16,230,633	29,393,036
F Cash & Cash equivalents as at March 31, 2010	30,806,759	16,230,633
Notes	no Accounting Standard as Cook Fly	w Statement (A.C. 2)
The above statement has been prepared under Indirect Method as per them.	ie Accounting Standard on Cash Flov	v Statement (AS-3)
2 Cash and Cash Equivalent comprises of		
Cash on Hand	390,922	598,910
Balance with banks in:		
-Current accounts	6,520,265	9,698,144
-Fixed Deposits (including margin money)	23,895,572	5,933,579
•	30,806,759	16,230,633
Net Cash Inflow/ (Outflow)	14,576,126	(13,162,403
For And On Behalf Of The Board	,,	(10,100,

For And On Behalf Of The Board

**Chartered Accountants** 

Gaurav J Shah

Partner

M. No: 35701 Managing Director Executive Director

**Company Secretary** 

Mumbai 9th August 2010 Mumbai 9th August 2010

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2010



SCHEDULE 1  SHARE CAPITAL  Authorised  1,60,00,000 Equity Shares of Rs.10/- each (Previous year 76,00,000 Equity Shares of Rs.10/- each)  15,00,000 7 % Participatory Cumulative Convertible Preference shares of Rs. 56/- each	160,000,000 -	<b>Rupees</b> 76,000,000
Authorised 1,60,00,000 Equity Shares of Rs.10/- each (Previous year 76,00,000 Equity Shares of Rs.10/- each) 15,00,000 7 % Participatory Cumulative Convertible Preference	-	
1,60,00,000 Equity Shares of Rs.10/- each (Previous year 76,00,000 Equity Shares of Rs.10/- each) 15,00,000 7 % Participatory Cumulative Convertible Preference	-	
year 76,00,000 Equity Shares of Rs.10/- each) 15,00,000 7 % Participatory Cumulative Convertible Preference	-	
shares of Rs. 56/- each	400 000 000	84,000,000
<del></del>	160,000,000	160,000,000
Issued, Subscribed and Paid up	, ,	<u> </u>
73,18,430 (Previous year 73,18,430) Equity Shares of Rs. 10/- each fully paid up	73,184,300	73,184,300
TOTAL Do	73,184,300	72 104 200
TOTAL Rs.	73,164,300	73,184,300
COUEDINE O		
SCHEDULE 2		
RESERVES AND SURPLUS		
A) Capital Reserve As per last Balance Sheet	9,291,156	9,291,156
B) Security Premium Reserve		
As per last Balance Sheet	81,865,540	12,873,820
Add : Addition during the year on conversion of Participatory Cummulative		00 004 700
Convertible Preference Shares	81,865,540	68,991,720 <b>81,865,540</b>
C) Conoral Pagarya		
C) General Reserve As per last Balance Sheet	21,035,025	11,752,525
Transfer from Preference Share Redemption Reserve	-	9,420,000
Less: Amount capitalised per amendment to AS 11	-	137,500
<del>-</del>	21,035,025	21,035,025
D) Preference Share Redemption Reserve		
As per last Balance Sheet	-	9,420,000
Transfer to General Reserve	<del>-</del>	9,420,000
E) Profit and Loss Account	46,513,757	25,350,256
TOTAL Rs.	158,705,477	137,541,977

#### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2010



		As At March 31,2010 Rupees	As At March 31,2009 Rupees
SCHEDULE 3		nupees	nupees
SECURED LOANS			
FROM BANKS			
1) Term Loans:			
in Rupee Currency		282,141,463	191,010,006
in Foreign Currency		33,595,981	50,747,829
2) Working Capital Loans		188,508,841	202,292,303
3) Hire Purchase Facilities		1,851,845	1,722,239
	TOTAL Rs.	506,098,130	445,772,378

- Term loans from banks are secured by a pari passu charge over entire fixed assets of the Company including mortgage over factory land, buildings and plants of the Company situated at
  - a) Plot # 706, 707 and 708 at GIDC, Halol.
  - b) Survey # 366,364/1, 364 /2, and 364/3 at Rania.
  - c) Khata No. 149, 853, 711 at Mauza Central Hope Town, Paragna: Pachhwa, Doon, Tal: Vikasnagar, Dist: Dehradun
- Working Capital Loans from banks are secured by hypothecation of all current assets of the Company, present and future, such as inventories, receivables, loans and adayances, etc.
- Term loans and working capital loans are further secured by second pari passu charge over entire fixed assets of the Company including factory land, buildings and plants of the Company as stated above. These are further secured by personal guarantees of the Directors of the Company.
- Hire Purchase Facilities are secured by hypothecation of respective vehicles financed and are futher secured by personal guarantees of the Directors of the Company.

#### **SCHEDULE 4**

UNSECURED L	OANS
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	TOTAL Rs.	14,860,286	23,728,863
Under Sales Tax deferment Scheme		3,225,286	12,093,863
from Others		4,995,000	4,995,000
Fixed Deposits: from Directors		6,640,000	6,640,000

# SHAILY ENGINEERING PLASTICS LIMITED SCHEDULES FORMING PART OF THE UNAUDITED BALANCE SHEET AS AT 31st MARCH '2010



#### SCHEDULE 5 FIXED ASSETS

			GRO	SS BLOCK			DEPI	RECIATION		NET E	BLOCK
Sr No	Description	As at 01-Apr-09	Addition during year	Deduction/ Adjustment during the year	As at 31-Mar-10	As at 01-Apr-09	For the year	Deduction/ Adjustment during the year	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
1	Land / Site Development Free hold Lease hold	22,710,546 920,324	1,845,546 -		24,556,092 920,324	<u>.</u>	- -			24,556,092 920,324	22,710,546 920,324
2	Building	142,087,368	25,495,618	995,121	166,587,865	19,678,848	4,574,281	-	24,253,129	142,334,737	122,408,520
3	Plant and Machinery	495,543,573	22,642,707	-	518,186,280	245,146,427	36,982,729	-	282,129,156	236,057,124	250,397,146
4	Electrical Installation	24,797,526	2,367,761	-	27,165,287	6,889,612	1,209,758	-	8,099,370	19,065,916	17,907,914
5	Tools and Equipments	72,774,634	479,137	-	73,253,771	63,998,956	2,571,739	-	66,570,695	6,683,076	8,775,678
6	Furniture and Fixtures	13,356,148	5,711,375	-	19,067,523	5,290,144	1,126,304	-	6,416,448	12,651,075	8,066,004
7	Vehicles	10,895,942	1,533,550	-	12,429,492	3,661,272	1,048,198	-	4,709,470	7,720,022	7,234,670
8	Office Equipment	5,242,714	398,646	-	5,641,360	1,696,492	257,792	-	1,954,284	3,687,077	3,546,222
9	Computers Hardwares	7,787,159	1,168,906	-	9,188,063	2,986,524	1,514,827	-	4,501,351	4,686,712	4,800,636
10	Computer Softwares	2,416,788	231,998	-	2,416,788	1,166,863	8,824	-	1,175,687	1,241,101	1,249,925
	TOTAL	798,532,722	61,875,246	995,121	859,412,847	350,515,138	49,294,453	-	399,809,591	459,603,255	448,017,585
	PREVIOUS YEAR	621,669,964	177,543,746	762,258	798,532,722	313,375,531	37.820.595	680.988	350.515.138	448.017.583	311,347,823

#### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2010



	As At March 31,2010 Rupees	As At March 31,2009 Rupees
SCHEDULE 6		
INVESTMENTS (AT COST) LONG TERM ( Unquoted) In Shares 1) 49 Equity Shares of Rs.100/- each of (Previous year 49 Equity Shares	4,900	4,900
of Rs. 100/- each )Sunido Textiles Ltd. fully paid up.		
2) 49 Equity Shares of Rs.100/- each of ( Previous year 49 Equity Shares of Rs. 100/- each ) Stallion Textiles Ltd. fully paid up.	4,900	4,900
3) 49 Equity Shares of Rs.100/- each of (Previous year 49 Equity Shares of Rs. 100/- each ) IQMS ERP India Pvt Ltd (Stanford Leasing & Fin. Ltd.). Fully Paid up.	4,900	4,900
4) 676000 6 % Cumulative Redeamable Preferance Share (Previous year 6,76,000) of Rs. 10/- each of Panax Appliances Private Limited fully paid up.	6,760,000	6,760,000
5) 124000 Equity Shares ( Previous year 124000 )of Rs.10/ each of of Panax Appliances Private Limited fully paid up.	1,240,000	1,240,000
6) 325 Shares (Previous Year 325 Shares ) of Rs.25 each of The Citizen Co-Operative Credit Society Ltd	8,125	8,125
7) 1340 shares ( Previous Year 1340 shares ) of Rs. 10/- of Co-Operative Bank Of Baroda CURRENT	33,501	33,501
In Units of Mutual Fund NIL (Previous Year 10182231) units of Reliance Money Manager Fund		
	-	10,193,802
<del>-</del>	8,056,326	18,250,128
Provision for Diminution in the value of Investments	14,700	14,700
TOTAL Rs.	8,041,626	18,235,428

# SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2010



		As At March 31,2010 Rupees	As At March 31,2009 Rupees
SCHEDULE 7			
INVENTORIES			
Raw Materials Work in Progress Finished Goods Packing Materials Stores and Spares	TOTAL Rs.	64,936,624 20,855,396 10,427,640 2,917,865 1,722,180 100,859,704	42,395,103 12,113,104 10,114,005 2,261,017 1,166,128 68,049,357
SCHEDULE 8			
SUNDRY DEBTORS (Unsecured, considered good)			
Outstanding for a period exceeding six months Others		19,414,745 224,531,351	21,324,446 135,838,191
	TOTAL Rs.	243,946,096	157,162,637
SCHEDULE 9			
CASH AND BANK BALANCES			
Cash on hand Cheques on hand Balances with Scheduled Banks in:		390,922 -	598,910 2,179,325
<ul><li>a) Current accounts</li><li>b) Fixed Deposits</li></ul>		6,520,265 23,895,572	9,698,144 5,933,579
(inlcuding deposits placed as margin/security for borrowing Rs.2, (Previous year Rs. 55,33,579))	28,95,572		
	TOTAL Rs.	30,806,759	18,409,959
SCHEDULE 10			
LOANS AND ADVANCES (Unsecured, considered good)			
Advances recoverable in cash or kind or for value to be received Security Deposits Advance tax and tax deducted at source		45,516,722 6,205,010 8,862,509	41,835,800 4,780,747 5,782,209
MAT Credit Entitlement Balance with Excise and other indirect tax authorities		3,968,429 26,198,608	- 10,580,972
	TOTAL Rs.	90,751,278	62,979,728

#### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2010



As At March 31,2010 Rupees

183,436,127

As At March 31,2009 Rupees

120,808,246

SCHEDULE 11
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2.

#### **CURRENT LIABILITIES AND PROVISIONS**

#### 1. Current Liabilities

Sundry Creditors (Ref Note No.9 of Schedule 19) Advances received from customers Other Liabilities		161,600,642 6,866,080 6,883,109	109,974,314 4,626,036 2,111,027
Provisions	Sub Total Rs.	175,349,831	116,711,377
Leave Encashment Income Tax Fringe Benefit Tax		4,117,867 3,968,429 -	3,966,869 - 130,000
	Sub Total Rs.	8,086,296	4,096,869

TOTAL Rs.

#### SCHEDULE 12

# MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

	TOTAL Rs.	3,601,421	4,157,492
Equity /Preference shares issue expenses		3,346,352	3,824,399
Preliminary Expenditure		255,069	333,093

# SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH '2010



Interest Income (TDS Rs. 5,27,088/- Previous Year Rs. 5,51,497/-)   3,006,187   2,381,531     Dividend Income (TDS Rs. 5,27,088/- Previous Year Rs. 5,51,497/-)   3,006,187   2,381,531     Dividend Income (TDS Rs. 5,27,088/- Previous Year Rs. 5,51,497/-)   3,006,187   2,381,531     Dividend Income (TDS Rs. 5,27,088/- Previous Year Rs. 5,51,497/-)   1,323,157   3,083,493     Excess provision of expenses in earlier year written back			For the year Ended 31st March, 2010 Rupees	For the year Ended 31st March, 2009 Rupees
Interest Income ( TDS Rs. 5,27,088/- Previous Year Rs. 5,51,497/-)   3,006,187   2,381,531	SCHEDULE 13			
Dividend Income	OTHER INCOME			
SCHEDULE 14   INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS   AND WORK IN PROGRESS   Stocks at End   31,283,035   22,227,110   35,251,999   Less: Excise duty on Finished goods   (161,686)   (1,570,869)   TOTAL RS.   9,217,612   (11,454,020)   SCHEDULE 15   RAW MATERIALS CONSUMED   Stocks of Raw Materials at Beginning   42,395,103   39,781,975   Add: Purchases during the year   576,141,281   362,659,662   618,536,384   402,441,637   Less: Stocks of Raw Materials at End   64,936,624   42,395,103   42,39	Dividend Income Profit on sale of fixed assets Excess provision of expenses in earlier year written back	1,497/-)	134,101 1,323,157	1,925,194 3,083,493 50,230
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS		TOTAL RS.	5,430,251	8,144,773
AND WORK IN PROGRESS         Stocks at End       31,283,035       22,227,110       35,251,999         Less: Excise duty on Finished goods       (161,686) (1,570,869)         TOTAL RS.       9,217,612 (11,454,020)         SCHEDULE 15         RAW MATERIALS CONSUMED         Stocks of Raw Materials at Beginning       42,395,103       39,781,975         Add: Purchases during the year       576,141,281       362,659,662         618,536,384       402,441,637         Less: Stocks of Raw Materials at End       64,936,624       42,395,103	SCHEDULE 14			
Less: Stocks at begining       22,227,110       35,251,999         Less: Excise duty on Finished goods       (161,686)       (1,570,869)         TOTAL RS. 9,217,612       (11,454,020)         SCHEDULE 15         RAW MATERIALS CONSUMED         Stocks of Raw Materials at Beginning Add: Purchases during the year       42,395,103       39,781,975         Add: Purchases during the year       576,141,281       362,659,662         618,536,384       402,441,637         Less: Stocks of Raw Materials at End       64,936,624       42,395,103	` ,	GOODS		
TOTAL RS. 9,217,612 (11,454,020)  SCHEDULE 15  RAW MATERIALS CONSUMED  Stocks of Raw Materials at Beginning 42,395,103 39,781,975 Add: Purchases during the year 576,141,281 362,659,662 618,536,384 402,441,637 Less: Stocks of Raw Materials at End 64,936,624 42,395,103				
RAW MATERIALS CONSUMED         Stocks of Raw Materials at Beginning       42,395,103       39,781,975         Add: Purchases during the year       576,141,281       362,659,662         618,536,384       402,441,637         Less: Stocks of Raw Materials at End       64,936,624       42,395,103	Less: Excise duty on Finished goods	TOTAL RS.	. , , , , , , , , , , , , , , , , , , ,	
Stocks of Raw Materials at Beginning       42,395,103       39,781,975         Add: Purchases during the year       576,141,281       362,659,662         618,536,384       402,441,637         Less: Stocks of Raw Materials at End       64,936,624       42,395,103	SCHEDULE 15			
Add : Purchases during the year 576,141,281 362,659,662  Less : Stocks of Raw Materials at End 64,936,624 42,395,103	RAW MATERIALS CONSUMED			
	Add : Purchases during the year		576,141,281 <b>618,536,384</b>	362,659,662 <b>402,441,637</b>
	Less: Stocks of Haw Materials at End	TOTAL RS.		

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH '2010



SCHEDULE 16		For the year Ended 31st March, 2010 Rupees	For the year Ended 31st March, 2009 Rupees
MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES			
Power and Fuel Packing Expense Repairs and Maintainence		56,841,062 47,930,082	39,682,722 29,264,092
Plant & Machinery Building Electricals, Moulds & Others		5,358,668 938,531 3,224,884	3,079,087 158,932 2,446,861
Mould usage charges Consumable Stores Conveyance Expense		1,513,240 6,578,276 676,375	1,275,263 4,911,247 786,737
Postage and Telephone Expense Printing and Stationery Vehicle Expense		1,720,133 1,268,435 2,933,127	1,819,771 1,337,891 2,516,658
Legal and Professional Fees Rental, Rates and Taxes Sitting Fees to Directors Auditors' Remuneration		5,380,696 4,446,772 235,000 850,000	4,755,519 3,967,814 230,000 850,000
Travelling Expense Advertisement Expense Carriage Outwards		5,970,836 229,005 17,549,461	5,247,531 118,219 12,661,415
Miscellaneous Expense Insurance Labour Charges		5,163,567 4,130,566 9,222,973	3,793,079 3,290,140 8,197,289
Sales commission and discount Miscellaneous expenditure written off Exchange Rate Difference (Net)		4,215,974 556,073 (3,301,843)	3,510,341 556,073 17,840,687
Bad Debts Written Off Provision for Diminution in the value of investments	_	- -	1,397,769 14,700
	TOTAL RS.	183,631,893	153,709,836
SCHEDULE 17			
(Refer Note No.4 of Schedule 19)		07.004.700	00.070.000
Salaries , Wages and Bonus Contribution to Provident and other Funds Staff Welfare		87,061,762 4,649,615 4,281,570	68,073,699 4,010,007 2,306,801
	TOTAL RS.	95,992,947	74,390,506
SCHEDULE 18			
INTEREST AND FINANCE CHARGES			
Interest to a) Bank b) Others		49,686,446 3,376,964	34,734,585 3,144,666
Bank Charges		4,356,012	2,662,353

TOTAL RS. 57,419,422

40,541,603

# SHAILY ENGINEERING PLASTICS LIMITED Schedules forming part of the Balance sheet as at 31<sup>st</sup> March, 2010

#### **SCHEDULE 19**

Significant accounting policies, Notes on accounts and information pursuant to provisions of Schedule VI of the Companies Act, 1956

#### I. Significant accounting policies

#### a) Framework of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956 except as regards certain fixed assets as indicated bellow shown at fair value.

#### b) System of Accounting:

The Company has adopted accrual system of accounting.

#### c) Revenue:

Sales and services are accounted inclusive of excise duty but excluding Sales Tax, and are net of returns / discounts / debit notes / reversals.

Revenue from sales of product is recognised on the transfer of substantial risk and rewards of ownership.

#### d) Fixed Assets:

Fixed Assets acquired on amalgamation on 1<sup>st</sup> April 2001 are stated at fair value determined at the time of amalgamation. Assets acquired thereafter are shown at cost. Cost includes all incidental expenditure, net of Cenvat, wherever applicable. Expenditure on software is capitalised in accordance with the applicable Accounting Standard.

#### e) Depreciation:

Depreciation on fixed assets is calculated on straight-line method in the manner and at the rates as prescribed in schedule XIV of the Companies Act, 1956. Depreciation on additions / deletions to fixed assets during the year is provided on a pro-rata basis.

#### f) Investments:

Investments are either classified as Current or Long term based on management's intention at the time of purchase. Current Investments are carried at lower of Cost and Fair Value. Long term Investments are stated at cost. Provision is made for any diminution in value, if other than temporary.

# g) Inventories:

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises cost of purchase, cost of conversion and other cost incurred in bringing them to their present location and conditions. The cost of inventories is determined based on the First in First out method.

# SHAILY ENGINEERING PLASTICS LIMITED Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March '2010

#### h) Employee Benefits:

#### **Defined Contribution Plan**

The disclosure required under Accounting Standard 15"Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

#### **Defined Benefit Plan**

The employees' gratuity fund scheme managed by HDFC Standard Life Insurance is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

#### i) Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items which are covered by forward exchange contracts, the premium on such forward contracts is recognised over the life of the forward contract. The exchange difference arising on settlement /translation are recognised in the revenue accounts,.

#### j) Taxation:

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax asset on account of unabsorbed loss/depreciation is recognised only if virtual certainty as regards absorption thereof exists.

# k) Miscellaneous Expenditure:

Preliminary expenses deferred over the period of 10 years.

Expenditure for raising equity/preference shares are deferred over the period of 10 years.

# SHAILY ENGINEERING PLASTICS LIMITED Schedules forming part of the Balance sheet as at 31<sup>st</sup> March, 2010

#### II. NOTES ON ACCOUNTS

- 1. Contingent Liabilities:
  - Outstanding amount of Bank Guarantees Rs.4,350,000 (Previous year Rs. 6,802,428)
  - The Capital commitment (Net of Advances) in respect of order placed for new fixed assets is Rs. 26246 (Previous year Rs.1,961,325)
  - The Company has filed an appeal against the Sales Tax Department for various disallowances under the Sales Tax Act. The Company is advised that it has fair chances of success in appeal. Same appeal order received in favour of the Company, (Previous year Rs. 12.62 lacs)
  - The Company has obtained advance licenses for the import of raw materials, the export obligation pending are Rs.10,04,163 (Previous year Rs.50,24,818)
  - Arrears of dividend on Participatory Cummulative Convertible Preference Shares-Rs.8,810,888 (Previous year Rs. 8,810,888)

### 2. Auditors' Remuneration (Excluding Service Tax):

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
As Auditor	675,000	675,000
Tax Audit	175,000	175,000
Total Rs.	850,000	850,000

#### 3. Managerial Remuneration to Directors:

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
Salary and Bonus	8,793,483	8,116,816
Perquisites and	339,770	153,114
Reimbursement of		
Expenses		
Contribution to Provident	652,860	602,640
Fund		
Total Rs.	9,786,113	8,872,570

#### 4. Retirement Benefits:

# **Defined Contribution Plans**

The company has recognised, in the profit and loss account for the year ended 31st March, 2010, following amounts as expenses under defined contribution plan under the head 'Contribution to Provident Fund & Other Funds' in schedule 17 - Remuneration and Benefits to Employees.

Sr.	Benefit ( Contribution to )	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
1	Provident Fund	2,413,911	2,097,776
2	Superannuation Fund	572,393	445,496
3	Employee Pension Scheme	1,709,753	1,448,701
	TOTAL	4,696,057	3,991,973

Defir	ned Benefit Plans		ear ended ch, 2010		ear ended ch, 2009
Sr. No.	Defined Benefit Plans	Gratuity	Leave Encashment	Gratuity	Leave Encashment
ı	Expense recognized in Profit & Loss Account for the year ended 31st March,				
a.	Current Service Cost	499,555	1,006,932	331,999	706,480
b.	Interest cost	348,016	341,988	456,876	256,385
C.	Expected return on plan assets	(589,085)	-	(555,134)	-
d.	Actuarial (Gain)/Loss on obligation	559,417	(634,885)	(2,044,835)	1,126,044
Е	Net expense recognised in Profit & Loss Account (in schedule 14 – Employee Costs)	817,903	714,035	(1,811,094)	2,088,909
II	Changes in Obligation during the year ended 31st March,				
a.	Obligation as on 1st April,	4,218,382	4,145,306	5,710,952	3,204,817
b.	Current service cost	499,555	1,006,932	331,999	706,480
C.	Interest cost	348,016	341,988	456,876	256,385
d.	Actuarial (Gain)/Loss on obligation	190,961	(634,885)	(1,990,250)	1,126,044
e.	Benefits Paid PV of Obligation as on 31st March,		(622,516)	(291,195)	(1,148,420)
f.		5,256,914	4,236,825	4,218,382	4,145,306
g.	Less: Transaction Liability of Rs.237,916/- (Rs.297,395/- Less Rs.59,479/-Charged at one fifth in the profit & loss account)		118,958		178,437

	PV of Obligation as on 31st March,				
h.		5,256,914	4,117,867	4,218,382	3,966,869
III	Changes in Plan Assets during the year ended 31st March,				
a.	Fair Value of Plan Assets as on 1st April,	6,545,385	-	5,167,007	-
b.	Expected return on Plan assets	589,085	-	555,134	-
C.	Actuarial Gain/(Loss)	(368456)	-	54,585	-
d.	Contributions	-	-	1,059,854	<u>-</u>
e.	Benefits Paid	-	-	(291,195)	-
F	Actual return on plan assets	-	-	-	-
G	Fair Value of Plan Assets as on 31st March,	6,766,014	-	6,545,385	-
IV	Net Assets / Liabilities recognized in the Balance Sheet as at 31st March, 2009				
a.	PV of Obligation as on 31st March, 2009	5,256,914	4,117,867	4,218,382	4,145,306
b.	Fair Value of Plan Assets as on 31st March,	6,766,014		6,545,385	-
C.	Net Liabilities / (Assets) recognised in the Balance Sheet as at 31st March, 2009	(1,509,100)	4,117,867	(2,327,003)	4,145,306
					<u>-</u>
٧	Principal Actuarial Assumptions				
a.	Discount rate as on 31-March-2009 (per annum) (Refer Note-1)	8.25%	8.25%	8.00%	8.00%
b.	Rate of return on Plan Assets as at 31-March-2009 (per annum) (Refer Note-3)	9%	-	10.00%	
C.	Expected increase in salary costs (per annum) (Refer Note-2)	2.00%	2.00%	5.00%	5.00%

#### **Notes**

- Discount rate is determined by reference to market yields at the Balance Sheet date on Govt. Bonds, where the currency and terms of the Govt. Bonds are consistent with the currency and estimated terms for the benefit obligation.
- The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- 3 100% of Plan Assets are invested in group gratuity scheme offered by HDFC Standard Life Insurance Company Limited.

#### 5. Segment Reporting:

**Business Segment:** The Company is engaged in the business of manufacturing of injection moulded plastics components, moulds etc, which as per the Accounting Standard (AS 17) 'Segment Reporting' is considered the only reportable segment.

#### 6. Deferred Taxation

(Rs in lacs)

		(1.10.11.10100)
	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability: (A)		
i) Difference between Accounting and	291.69	184.55
Tax WDV (Cumulative)		
ii) Other timing differences		1.89
Deferred Tax Assets: (B)		

i) Other timing differences	19.64	(8.00)
ii) Unabsorbed depreciation/ business	258.79	178.44
loss		
Net Deferred Tax Liability / (Asset)	13.26	-
A - B		

7. Earnings Per Share

Per Snare		
	As at 31.03.2010	As at 31.03.2009
Number of Equity Shares at the beginning of the year	7,318,430	5,818,610
Number of Equity Shares at the end of the year	7,318,430	7,318,430
Weighted average number of Equity Shares Outstanding during the year.	7,318,430	6,167,883
Face Value of each Equity Share (Rs.)	10	10
Profit after Tax Available for the Equity Shareholders		
Profit after Taxation	21,163,500	(23,909,834)
Less: Preference Dividend and tax thereon	10,308,298	10,308,298
	10,855,202	34,218,132
Basic Earning Per Share (Rs.	1.48	(5.54)
Diluted Earning Per Share (Rs.)	1.48	(5.54)

# 8. Related Party Disclosure:

Related party Disclosures as required by AS-18," Related Party Disclosures", are given below:

#### a. Key Management Personnel

Mr. Mahendra B. Sanghvi Managing Director
Mr. Laxman B. Sanghvi Executive Director
Mrs.Tilottama M Sanghvi Whole-time Director

b. Relatives of key management personnel and Enterprises over which key management personnel and their relatives are able to exercise significant influence are as follows:

Panax Appliances Pvt. Ltd.
Shaily-IDC India Pvt. Ltd.
Sunido Textiles Ltd.
Stallion Textiles Ltd.
Stanford Leasingand FinanceLtd.
Significant influence
Significant influence
Significant influence
Significant influence

Innovative Polyplast Pvt. Ltd. Company in which relative of key management personnel is Director

Mr. Jayesh Shah

Relative of key management personnel

Relative of key management personnel

Relative of key management personnel

Mrs. Sushila M Shah Relative of key management personnel Mr. Navin M Shah Relative of key management personnel Mr. Deep Sanghvi Relative of key management personnel Ms. Priyanka L Sanghvi Relative of key management personnel Mr. Rajen Sanghvi Relative of key management personnel Mr. Bharat Sanghvi Relative of key management personnel Mrs. Kalpana L Sanghvi Relative of key management personnel Mrs. Rashmi B Sanghvi Relative of key management personnel Shah Kanji Raichand & Co. owned by relative of Firm management M M Shah - HUF Relative of key management personnel Mrs. Shaily Sanghvi Relative of key management personnel Mr. Amit Sanghvi Relative of key management personnel Mr. Bhogilal V Sanghvi Relative of key management personnel

Relative of key management personnel

The Company has identified all the related parties having transactions during the year as per details given below. During the year, there were no amounts written off or written back from such parties.

#### Nature of Transactions:

#### a. Key Management Personnel

Mrs. Gunvantiben Sanghvi

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
Remuneration	9,786,113	8,872,570
Rent paid	840,000	840,000
Interest Paid	735,070	469,097

b. Enterprises over which key management personnel and their relatives are able to exercise significant influence

	For the year ended 31 <sup>st</sup>	For the year ended 31 <sup>st</sup>
	March, 2010	March, 2009
Sale of Goods	1,178,054	2,716,263
Job Work Charges paid	3,758,783	4,565,481
Interest paid	218,622	236,887
Rent paid	600,000	600,000
Sitting fees paid	20,000	40,000
Salary Paid	572,960	-
Purchase of Assets	369,500	

#### c. Balances with related parties:

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
Loans and Advances:		
Panax Apliances Pvt Ltd	3,888,321	3,663,917

Shaily-IDC India Pvt Ltd	2,151,337	2,147,373
Stallion Textiles Pvt Ltd	262,801	258,801
IQMS ERP India Pvt	688,22	53,422
Ltd.,FormalyStanford		
Leasing & Fin.Pvt Ltd		
Sunido Textile Pvt Ltd	814,637	810,637
Innovative Polyplast Pvt. Ltd	319,975	319,975
Investment:		
Panax Appliances Pvt Ltd.	8,000,000	8,000,000
Stallion Textiles Pvt Ltd	4,900	4,900
IQMS ERP India Pvt Ltd.formally Stanford Leasing & Finance Pvt Ltd.	4,900	4,900
Sunido Textile Pvt Ltd	4,900	4,900

- 9. Sundry creditors include Rs.9.16 lacs outstanding to Micro and Small Enterprises(on the basis of information available with the Company) Interest if any payable on delayed payment to Micro and Small Enterprises under Micro, and Small and medium enterprises development Act.,2006 is not ascertainable.
- 10. Figures for the previous year have been regrouped, wherever considered necessary to make them comparable with those of the current year.
- 11. Balances to the Debit and Credit of Customers, Suppliers and other parties are subject to confirmation.
- 12. Foreign currency exposure that is not hedged by derivative instruments as on 31<sup>st</sup> March 2010, is as follows:-

	Currency	Amount in	Amount
		Foreign	in Rs.
		currency	
Sundry	USD	263,019	11,749,080
Creditors	EUR	18,419	1,098,316
	GBP	4,254	285,529
Sundry Debtors	USD	2,889,210	125,932,462
	EUR	14,830	884,313
Advances paid	USD	171,805	7,863,090
	JPY	3,358	165,608
	GBP	2,175	182,820
Loans taken	USD	752,260	33,595,981
Bank Balance	USD	139,093	6,213,278

Foreign currency exposure that is hedged by derivative instruments and open as on 31<sup>st</sup> March 2010, is as follows:-

	Currency	Amount in	Amount
	-	Foreign	in Rs.
		currency	
Sundry	USD	1,000,346	46,850,901
Creditors			
Loans taken	USD	2,264,514	101,155,849

- 13. Additional information pursuant to the provisions of 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956:
  - 1. Licensed & Installed Capacity, Production, stocks and Turnover:

a. Licensed Capacity N.A.

b. Installed Capacity Can not be specified since it varies

depending upon the specification of components to be moulded out of

plastics granuals.

# 2. Opening stock of Finished goods

	For the year ended 31 <sup>st</sup> March, 2010			r ended 31 <sup>st</sup> ı, 2009
	Qty	Value	Qty	Value
1.Components and Articles of plastics	2,537,895	1,01,14,005	6,425,929	21,757,404
2.Moulds	-	-	-	-
Total	2,537,895	1,01,14,005	6,425,929	21,757,404

#### 3. Production

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
	Qty	Qty
1.Components and Articles of plastics	1,30,760,118	166,190,366
2.Moulds	12	22
Total	130,760,130	166,190,388

# 4. Closing stock of Finished goods

	For the year ended 31 <sup>st</sup> March, 2010			ar ended 31 <sup>st</sup> h, 2009
	Qty	Value	Qty	Value
1.Components and Articles of plastics	1,350,409	1,042,7640	2,537,895	1,01,14,005
2.Moulds	-	-	-	-
Total	1,350,409	1,042,7640	2,537,895	1,01,14,005

# 5. Sales

	For the year ended 31 <sup>st</sup> March, 2010		For the year March,	
	Qty	Value	Qty	Value
1.Components and Articles of plastics	131,947,604	955,028,515	170,078,400	6,569,42,433
2.Moulds	12	4,379,350	22	12,856,161
3.Jobwork	-	8,797,333	-	9,024,327
Total	131,947,604	968,123,746	170,078,422	678,822,921

# 6. Raw Material and Components Consumed

	For the year ended 31 <sup>st</sup> March, 2010		For the year March	
	Qty	Value	Qty	Value
Plastic Granules (in Kgs)	5,208,938	481,364,117	2,950,963	274,764,286
Other Materials and Components	-	70,663,396	-	75,062,677
Moulds Materials		1,572,247		10,219,572
Total	5,208,938	553,599,760	2,950,963	360,046,535

# 7. Break up of Consumption

	For the year ended 31 <sup>st</sup> March, 2010		For the year March	
Imported material	27.83%	154,107,571	26.93%	96,971,867
Indigenous material	72.17%	399,492,189	73.07%	263,074,668
Total	100%	553,599,760	100%	360,046,535

# 8. CIF Value of Imports

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
For Purchase of Plant, Machinery and Moulds	32,692,523	105,825,212
For Purchase of Raw Materials	121,638,426	78,145,716
Total Rs.	154,330,949	183,039,982

# 9. Expenditure in Foreign Currency:

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
Foreign Tour	1,258,532	1,665,329
Professional fees	4,215,975	3,510,341
Godown rent	2,794,981	2,321,289
Testing Charges	629,377	823,742
Total Rs.	8,898,865	8,320,701

# 10. Earnings In Foreign Exchange

	For the year ended 31 <sup>st</sup> March, 2010	For the year ended 31 <sup>st</sup> March, 2009
F.O.B value of exports	691,693,403	141,347,276
Export sales compensation		5681,418
Total Rs.	691,693,403	147,028,694

Schedules 1 to 19 form an integral part of accounts

As per our report of even date

For Deloitte Haskins & Sells

**Chartered Accountants** 

For And On Behalf Of The Board

Gaurav J Shah Managing Director Executive Director

Partner

M. No: 35701

**Company Secretary** 

Mumbai Mumbai

9<sup>th</sup> August 2010 9<sup>th</sup> August 2010