

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the Members of **Shaily Engineering Plastics Limited** will be held on Saturday, 19th September 2009 at 3.00 P.M at Indian Merchant Chambers, Mumbai to transact the following businesses:

[A] Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 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. Hasmukh Shah, who retires by rotation being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A.S Anandkumar, who retires by rotation and being eligible, offers himself for reappointment.
4. 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

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

"RESOLVED THAT pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act 1956 the authorized share capital of the Company be and is hereby re-classified as Rs. 16,00,00,000 (Rupees Sixteen Crores only) comprising of 1,60,00,000 (One Crore Sixty lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 16,00,00,000 (Rupees Sixteen Crores only) and consequently, the existing Clause V of the Memorandum of Association of the Company relating to Share Capital be and is hereby altered by deleting the same and substituting in place thereof, the following as new Clause V:

V. *The Authorized Share Capital of the Company is Rs. 16,00,00,000 (Rupees Sixteen Crores only) comprising of 1,60,00,000 (One Crore Sixty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 16,00,00,000 (Rupees Sixteen Crores only)*

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard."

6. 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 314 of the Companies Act 1956, Director's relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government, the Company be and is hereby authorized to appoint Mr. Amit Sanghvi, a relative of the Directors of the Company, rendering managerial services to the Company for special projects and be paid consolidated salary of Rs. 1,00,000/- per month (Rupees One Lac only)

RESOLVED FURTHER THAT for the purpose of giving effect to above said resolution, Mr. Mahendra Sanghvi, Managing Director or Mr. Laxman Sanghvi, Executive Director or Mrs. Tilottama Sanghvi, Whole time Director, be and is hereby severally authorized to make necessary application to the Central Government and 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."

**By order of the Board
For Shaily Engineering Plastics Limited**



[Signature]
Company Secretary

Registered Office:
51, Dariyasthan Street,
Vadgadi Masjid,
Mumbai - 400 003

Place : Rania
Date : 13/08/2009

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 17th September 2009 to 19th September 2009 (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
(Under Section 173 (2) of the Companies Act, 1956)**

Item # 5

On 6th July 2007 the Company had issued 1499820 7% Participatory Cumulative Convertible Preference Shares (PCCPs) of Rs. 56/- each which were due for conversion on 5th January 2009. Pursuant to that, all PCCPs of the Company have been converted into equivalent number of Equity Shares of Rs. 10/- each at a premium of Rs. 46/- per share. On conversion of the Preference Share Capital, the Authorized Share Capital of the Company be re-classified to consist of Equity Share Capital only.

Therefore, the resolution is proposed for your approval.

None of the Directors is interested in the resolution.

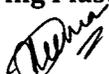
Item # 6

Mr. Amit Sanghvi, has completed his M.Sc in Supply Chain and Manufacturing from Penn State University and Electrical Engineering from University of Ottawa. He has previously worked with Arete Inc. (USA) as a Business process consultant for Pepsi and Coke and has made a remarkable contribution thereat. His appointment as General Manager - Special Projects in the company requires approval of the shareholders and Central Government, as he is a relative as per the Companies Act, 1956.

Therefore, the resolution is proposed for your approval.

None of the Directors, except Mr. Mahendra Sanghvi, Managing Director and Mrs. Tilottama Sanghvi, Whole time Director, is interested in the resolution.

By order of the Board
For Shaily Engineering Plastics Limited


Company Secretary

Regd. Office
51, Dariyasthan Street,
Vadgadi Masjid,
Mumbai - 400 003

Place : Rania
Date : 13/08/2009

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

Particulars	Mr. A.S Anandkumar	Mr. Hasmukh Shah
Date of Birth	10.07.1947	07.12.1934
Date of Appointment	7.12.2002	07.12.2002
Qualification	CAIIB, Master degree in Mathematics.	M.A.
Expertise in specific functional area	An ex-banker with 37 years of experience in Banking, financial advisory and related activities.	Vast administrative experience in industrial organization
Directorship held in other Public companies (excluding foreign and private companies)	1. Sujana Capital Services Limited 2. Sujana Towers Limited.	1. Gujarat Gas Co. Ltd. 2. Cosmo Films Ltd. 3. Supreme Petrochem Ltd. 4. Micro Inks Ltd. 5. Dinesh Remedies Ltd. 6. Sun Pharmaceutical Industries Ltd. 7. Atul Ltd. 8. Deepak Nitrite Ltd.
Memberships/Chairmanships of committees in public companies	Chairmanship: 1 Membership : 1	Chairmanship: 5 Membership : 3
Shareholding in the Company	Nil	1,05,015 Equity Shares of Rs. 10/- each.

SHAILY ENGINEERING PLASTICS LIMITED

Registered Office : 51, Dariyasthan street, Vadgadi, Mumbai - 400 003

ATTENDANCE SLIP

29th Annual General Meeting on Saturday, 19th September 2009

DP.Id*
Client Id*
Reg. Folio No.

Name and address of the Shareholder: _____

No. of Share(s) held : _____

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at 29th Annual General Meeting of the Company, on Saturday, 19th September 2009 at 3.00 P.M at India Merchant Chamber, Mumbai.

** Member's/Proxy's name in Block Letters

** Member's/Proxy's Signature

Note : Member/Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable

SHAILY ENGINEERING PLASTICS LIMITED

Registered Office : 51, Dariyasthan street, Vadgadi, Mumbai - 400 003

PROXY FORM

29th Annual General Meeting on Saturday, 19th September 2009

DP.Id*
Client Id*
Reg. Folio No.

I/Weof..... being member/members of M/s. Shaily Engineering Plastics Limited, hereby appoint

.....of.....or failing him ofas my / our proxy to vote for me/us on my/our behalf at 29th Annual General Meeting of the Company to be held on Saturday, 19th September 2009, at 3.00 P.M at Indian Merchant Chamber, Mumbai and at every adjournment thereof.

Please Affix Rs. 1/- Revenue

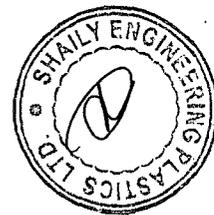
Signed this day of, 2009.

Note : 1. Proxy need not be a member.
2. 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.

Shaily Engineering Plastics Ltd.

29th Annual report for the year ended 31st March 2009



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Profit & loss account for the year ended 31st March 2009
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Cash flow for the year ended 31st March 2009

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

Company Secretary

Ms. Reema Mehta

Board Committees

Audit Committee

Mr. A.S Anandkumar
Mr. Sarup Chowdhary
Mr. Nilesh Mehta
Mr. William Sean Sovak

Shareholder's Grievance Committee

Mr. A.S Anandkumar
Mr. Laxman Sanghvi
Mr. William Sean Sovak

Remuneration Committee

Mr. Michael Woodhall
Mr. Nilesh Mehta
Mr. William Sean Sovak

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

Bankers

State Bank of India
Standard Chartered Bank

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' present Twenty-ninth Annual report and the audited statements of accounts for the year ended on 31st March 2009.

Financial Results

(Rs. In lacs)

	Current Year (2008-09)	Previous Year (2007-08)
Gross Sales and other income	6788.23	6665.31
Profit before depreciation and tax	17.16	530.59
Less: Depreciation	378.21	329.33
Less: Provision for taxation	-	38.00
Less: Fringe benefit tax	4.55	4.40
Less / (Add) : Deferred tax liability / asset	(129.58)	32.94
Profit after tax	(239.10)	125.92

Review of operations

2008-09 was an unusual year for the world as well as for your company. The overall business climate and scenario changed and the Companies / Governments were looking at remaining afloat. The overall business climate had turned quite negative by the 3rd Quarter of the year.

The Company had substantially expanded its facilities in 2008-09 and all of this expanded capacity came on stream by 3rd Quarter of 2008-09, by which time the business climate had changed. This led to drop/ delays in orders from customers and the Company's Sales in 3rd and 4th Quarter took a huge dip against its own projections.

This along with losses on foreign exchange on account of mark-to-market (MTM) provisions on foreign exchange loans impacted the performance of the Company substantially. The MTM provisions at the end of the year was Rs. 79.24 lacs.

During the year under review Company achieved a turnover of Rs.6788.23 lacs as compared to Rs 6665.31 lacs registering a modest growth of 1.35%.

In terms of Net profit the Company had a loss of Rs. 239.10 lacs this year as compared to profit of Rs 125.92 lacs of last year.

All significant accounting policies and material transactions have been disclosed in notes on accounts to the Balance Sheet as on 31st March 2009.

Directors

Mr. Hasmukh Shah and Mr. A.S Anandkumar are the Directors retiring by rotation at this annual general meeting, Mr. Hasmukh Shah and Mr. A.S Anandkumar being eligible, have shown their willingness for reappointment.

Your directors have pleasure in recommending their reappointment.

New Projects

During the year under review your company established manufacturing facility for "Shellpak" for Meadwestvaco USA. In addition, the Company substantially expanded its facilities at Rania.

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 31st March 2009.

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. 1913.61 lacs and total foreign exchange earned Rs.1470.29 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 31st March 2009 and of the profits of the company for that period.
- iii. 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 31st March 2009

S N	Name	Designation	Gross Earnings Rs. (in lacs)	Age	Qualification	Exp	Date of Joining	Last Employment
1	Mahendra Sanghvi	Managing Director	45.92	61 years	B.Sc.(Chem) B.S. Chem Engg	35	30th Dec 1985	GB Book Plastic Co., Canada

2	Laxman Sanghvi	Executive Director	28.74	52 years	Chartered Accountant, Law graduate	30	30th Dec 1985	Practicing Chartered Accountant
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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.
3. Company has obtained approval from Central Government for payment of remuneration to Mr. Mahendra Sanghvi in excess of remuneration limit specified in Schedule XIII.

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 2008-09. 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
Date : 30 June 2009

Hasmukh Shah
Chairman

Management Discussion and Analysis Report

Shaily Engineering Plastics Limited (SEPL) has been at the forefront of bringing about major changes in its technologies and processes and is certainly on the move now, with quality standards as the prime mover and shaker of growth, at SEPL, we are under obligation to create more efficiency and quality in products for customer satisfaction. SEPL's initiatives over the years have led to undergoing a transformation process and sustained growth in the past 5 years, which has entailed

- > Consolidation of business
- > Setting up of new capacities
- > Improving efficiencies and utilisation

Global Industry Scenario

" The global plastics industry might be reeling under the pressures of the slowdown, but India is projected to be the silver lining in these dark clouds. With industry experts exuding optimism in these tough times, India looks all set to emerge out of this downturn faster than a majority of economies globally."

The **Asian** plastic industry has seen a drastic change in the recent times, with a lot of ups and downs to its credit. Asia as a market has always been growing, but the recent shift in economic trends is a sign of worry for injection moulding companies.

The **European** plastics industry has been adversely affected by the financial turmoil. The EU plastics converting production index shows that the production plummets in early 2008 have hit the lowest production index since 1998. In the last few months, the production has started stabilizing, bringing hopes for a recovery beginning 2010.

The global economy is in the midst of its biggest recession since World War II. The EU economy too has not been spared. The global GDP is expected to contract by about 1.5 per cent in 2009. The GDP is projected to fall by about 3 per cent in the US, by 5 per cent in Japan and By 4 per cent in both the EU as well as the Euro area in 2009.

Indian Industry Scenario

The injection moulding industry has undoubtedly witnessed a slowdown from frantic production to steady production. But the impact has been not as bad as was originally feared in India.

The Indian Plastics industry is at a nascent stage, and has been impacted by the economic slowdown. There was a period in the last year when resin prices arose to its peak and then suddenly dropped by half. This had caused disturbance. A number of companies felt a pinch and got affected around the last half of the year.

India has one of the lowest per capita consumption of plastics in the world i.e. 6 kgs as against the global average of 27 kgs. Plastic has today found easy acceptance as a replacement material due to its inherent benefits. This acceptance has and will lead to growth in the days to come.

Outlook

A more serious impact seems to be acute cash flow problems. It is also a paradox that the mould-making sector has not seen any drop in orders and most good tool rooms are running with full capacity. This is a good indication of companies still investing for the future. In the machinery sector, there are continuing serious discussions of new projects for most machinery suppliers. What seems to be really happening is a postponement of projects and conclusion of contracts. Hence, the current scenario seems that of 'hope' and not exuberant production. This has definitely affected the high-end products. But this perhaps also explains why consumer durables that have mass appeal have not seen any drastic slowdown.

People need many essentials and they continue to buy mass-produced products. In general, the industry is being cautious not to create over-capacity in uncertain times.

In these uncertain times, the following action plan would help the companies survive:

- Consolidation of capacities
- Review of manufacturing practices.

SEPL strengths

SEPL's 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 SEPL's 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

Lean manufacturing and improved productivity will become essential for sustaining operations and growing.

There are several companies across the world that are available for either outright sale or looking to sell off their machinery. This is an opportunity for well-managed companies to pick up capacities. This could be for shifting the production to India or even creating capacities outside to cater to demand in those countries, as and when they pick up.

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.

Experts have predicted that India's market for finished plastic goods will reach US \$300 billion by 2012, while exports are expected to top US \$200 billion in the same period.

The Electronics, Packaging, Healthcare, Consumer Durables and Telecommunication are fast growing sectors of Indian economy offering growth for plastic consumption, 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 FOREX 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.

Financial performance

During the year under review Company achieved net turnover of Rs 6788.23 lacs as compared to Rs. 6665.31 lacs registering a modest growth of 1.35%.

In terms of Net profit the Company had a loss of Rs. 239.10 lacs this year as compared to profit of Rs 125.92 lacs of last year.

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 31st March 2009 totaled at 634 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
Date : 30 June 2009

**Hasmukh Shah
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, 2009, SEPL Board consisted of 11 (Eleven) Directors, 3 (Three) of them are Executive Directors and 8 (Eight) 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.

Board Procedure

Further during the year 2008-09, the Board of Directors, met 6 (six) times i.e. on 7th April 2008, 28th June 2008, 30th July 2008, 18th October 2008, 5th January 2009 and 31st January 2009.

The gap between two meetings had been less than four months. The dates of meetings were decided well in advance.

Name of the Director	Category	Attendance at		Directorship in Companies, Chairmanship/ Membership in Board Committees		
		Board Meeting	Last AGM	Director*	Committee Member**	Committee Chairman**
Mr. Hasmukh Shah	Non-executive Independent Director	6	N	10	3	2
Mr. Mahendra Sanghvi	Managing Director	6	Y	5	1	-
Mrs. Tillotama Sanghvi	Whole time Director	5	N	4	-	-
Mr. Laxman Sanghvi	Executive Director	5	Y	4	1	-
Mr. Bharat Sanghvi	Non executive Director	1	N	-	-	-
Mr. Jayesh Shah	Non executive Director	3	Y	1	-	-
Mr. Nilesh Mehta	Non-executive Independent Director	2	N	6	3	1
Mr. Sarup Chowdhry	Non-executive Independent	1	N	6	1	-

	Director					
Mr. A.S. Anand Kumar	Non-executive Independent Director	4	N	3	2	2
Mr. V.B Buch***	Non-executive Independent Director	1	N	3	-	1
Mr. Sean Sovak	Non-executive Director	4	N	1	1	1
Mr. Michael Woodhall	Non-executive Independent Director	1	N	3	2	2

* 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. V.B Buch retired from the Board of Directors w.e.f 19th September 2008.

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.

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.shally.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 2008-09."

**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.

During the year 4 meetings were held of the Audit committee, the said meetings were held on 28.06.2008, 30.07.2008, 18.10.2008 and 31.01.2009.

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. V.B Buch*	Member	Non-executive independent Director	-
Mr. Sarup Chowdhary	Member	Non-executive independent Director	3
Mr. Nilesh Mehta	Member	Non-executive independent Director	2
Mr. William Sean Sovak	Member	Non-executive Director	4

* The committee was re-constituted on 18th October.2008 on retirement of Mr. V.B Buch from the Board of Directors. Mr. Sarup Chowdhary was inducted in place of Mr. V.B Buch.

Company Secretary of the Company also acted as the Company 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

1. 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. Jayesh Shah, is one of the partner, who is the Non executive Director of the Company.
2. 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 Directors	Business relationship with SEPL, if any	Remuneration for the year ended 31 st March 2008				
			Sitting fee	Basic	Perquisites/ allowances	Others	Total
Mr. Mahendra Sanghvi	Note 1	Promoter	Nil	25,92,000	13,87,898	6,12,360	45,92,258
Mrs. Tilottama Sanghvi	Note 1	Promoter	Nil	8,10,000	4,05,000	1,91,364	14,06,364
Mr. Laxman Sanghvi	Note 1	Promoter	Nil	16,20,000	8,71,216	3,82,732	28,73,348
Mr. Bharat Sanghvi	Note 1	Promoter group	10,000	Nil	Nil	Nil	10,000
Mr. Jayesh Shah	Note 2	Promoter group	30,000	Nil	Nil	Nil	30,000
Mr. Hasmukh	None	None	60,000	Nil	Nil	Nil	60,000

Shah							
Mr. V.B. Buch	None	None	10,000	Nil	Nil	Nil	10,000
Mr. Nilesh Mehta	None	None	30,000	Nil	Nil	Nil	30,000
Mr. A.S. Anandkumar	None	None	65,000	Nil	Nil	Nil	65,000
Mr. Sarup Chowdhary	None	None	25,000	Nil	Nil	Nil	25,000
Mr. Sean Sovak	None	Note 3	70,000	Nil	Nil	Nil	70,000
Mr. Michael Woodhall	None	None	10,000	Nil	Nil	Nil	10,000

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

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

Note 3: Mr. Sean Sovak been appointed by Motika Limited, a company incorporated under the law of Cyprus and have invested in the company by way of allotment of Preference shares which were converted into Equity Shares on 05.01.2009.

Mr. Mahendra Sanghvi have been appointed for three years w.e.f. 1st April 2007 Mrs. Tilottama Sanghvi have been appointed for 5 years w.e.f. 1st June 2006 and Mr. Laxman Sanghvi have been for 3 years w.e.f. 1st April 2007.

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. Hasmukh Shah and Mr. A.S Anandkumar are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for reappointment.

Shareholders'/ investors Grievance and Share Transfer 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 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 28th June 2008 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
2006	29.05.2006	11.30 A.M	Special resolution for <ul style="list-style-type: none">Further issue of shares.Reappointment of Managing Director
2007	18.08.2007	3.00 P.M.	No Special resolution was passed
Extra-ordinary General Meeting			
2007	02.06.2007	3.00 p.m.	Special resolution for <ul style="list-style-type: none">Further issue of sharesReappointment of Managing DirectorChange in terms of appointment of Executive Director.

2008	19.10.2008	3.30 p.m	No Special Resolution was passed.

No resolution was passed through Postal Ballot.

SEPL will hold next Annual General Meeting on 19th September 2009 at 3.00 p.m. at Indian Merchant Chambers, Mumbai no special resolution is proposed to be conducted through Postal Ballot.

Communication to Shareholders

Quarterly Report sent to each household of shareholders	The results of the Company are published in the newspapers.
Quarterly results and in which newspaper normally published	The results of the Company are generally 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 made to the institutional investors and to the analysts.	No such requirement arose.

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 17th September to 19th September 2009. (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.bigshareonline.com

Email: bigshare@bom7.vsnl.net.in

Listing

Bombay Stock Exchange Limited

Stock Code: 501423

Market Price Data

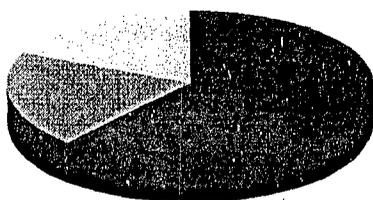
The shares of the Company were not traded during the year ended on 31st March 2009 therefore the Price data of last financial year is not available.

Distribution of shareholding as on 31st March 2009

No. of Shares	No. of Shareholders	No. of Shares	% of total shares
1 – 5000	143	68200	0.93
5001 – 10000	3	23300	0.31
10001 – 20000	6	97855	1.33
20001 – 30000	1	22100	0.30
30001 – 40000	3	107000	1.47
40001 – 50000	1	50000	0.69
50001 – 100000	8	600652	8.21
100001 - *****	14	6349323	86.76

Shareholding pattern as on 31st March 2009

Shareholding pattern as on 31st March 2009



- Promoter and Promoter Group
- Bodies Corporate
- Foreign Company
- Public

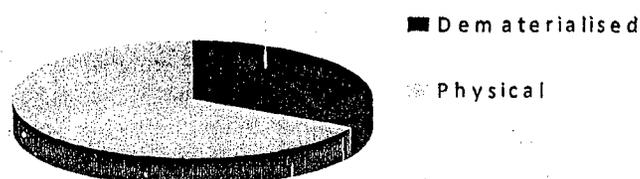
The authorized and paid-up capital of your Company is Rs. 16,00,00,000 and Rs. 7,31,84,300, respectively. Due to conversion of 1499820 7% Participatory Cumulative Convertible Preference Shares of Rs. 56/- each into 1499820 Equity shares of Rs. 10/- each at a premium of Rs. 46/- each on 5th January 2009, the Paid-up Equity Share Capital rose from Rs. 5,31,86,100 to Rs. 7,31,84,300.

Dematerialization of shares

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

As on 31st March 2009, 24,12,175 Equity shares have been dematerialised and rest issued capital is in physical form.

Mode of Shareholding



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

Remuneration Committee

The constitution of the Committee are given below:

Name	Designation	Executive/Independent
Mr. Michael Woodhall	Chairman	Non-executive independent Director
Mr. Nilesch Mehta	Member	Non-executive independent Director
Mr. Sean Sovak*	Member	Non-executive

* The committee was reconstituted on 18th October 2008 and Mr. Michael Woodhall was inducted in place of Mr. V.E Buch.

During the year a Committee meeting was held on 28th June 2008.

Additional Disclosures

1. 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 non-compliance.
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 2008-09, 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
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

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 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges, 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 complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and as otherwise stated in the corporate governance report of aforesaid financial year.

We state that in respect of investor grievances received during the year ended 31st March 2009, no investor grievances 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.

Date : 30.06.2009
Place : Mumbai

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

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 31st March 2009, the Profit and Loss account and also the Cash Flow Statement of the Company for the year ended on that date 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 Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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 sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) 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 31st March 2009;
 - b) in the case of the Profit and Loss Account, of the loss 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.

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Membership No.35701

Place : Mumbai

Date : 30th June '2009

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) No 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 seven companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7,932,740/- and the year-end balance of loans granted to such parties was Rs.7,254,125/-.
- (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 nine 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.6,948,804/- (including Rs.2,498,392/- from

Managing Director), Rs.1,267,241/- and Rs.1,936,502/- respectively and the year-end balance of loans taken from all such parties was Rs. 8,725,000/-.

- (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 not, prima facie, 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) In our opinion, the scope of the internal audit is commensurate with the size and nature of the business.
- (vii) 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.

(viii) 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 31st March 2009 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 except as stated below.

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	12.62 lacs	98-99	Asst. Commissioner Sales Tax (Appeals)

- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) 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.

- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) As informed to us, during the period covered by our audit report, the Company has not raised any money by way of public issues.
- (xx) 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

Gaurav J. Shah
Partner

Place: Mumbai
Date: 30th June '2009

Membership No. 35701

**SHAILY ENGINEERING PLASTICS LIMITED,
BALANCE SHEET AS AT 31st MARCH' 2009**



	Schedule	As At 31st March'2009 Rupees	As At 31st March'2008 Rupees
SOURCES OF FUNDS			
1 SHAREHOLDERS' FUNDS			
a Share Capital	1	73,184,300	142,176,020
b Reserves and Surplus	2	137,541,977	84,124,504
2 LOAN FUNDS			
a Secured Loans	3	445,772,378	335,032,204
b Unsecured Loans	4	23,728,863	32,066,911
3 Deferred tax liability (Net)		-	12,957,906
TOTAL Rs.		680,227,518	606,357,545
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block	5	798,532,722	621,669,964
Less: Accumulated Depreciation		350,515,138	313,375,531
NET BLOCK		448,017,583	308,294,433
Capital Work-in-Progress		24,023,579	3,053,389
2 INVESTMENTS	6	18,235,428	80,825,056
3 CURRENT ASSETS, LOANS AND ADVANCES			
a Inventories	7	68,049,357	78,900,184
b Sundry Debtors	8	157,162,637	140,870,482
c Cash and Bank Balances	9	18,409,959	35,653,652
d Loans and Advances	10	62,979,728	68,429,235
		306,601,681	323,853,553
4 LESS : CURRENT LIABILITIES AND PROVISIONS	11		
a Current Liabilities		116,711,377	91,287,462
b Provisions		4,096,869	23,094,989
		120,808,246	114,382,451
Net Current Assets		185,793,435	209,471,102
5 Miscellaneous Expenditure to the extent not written off or adjusted	12	4,157,493	4,713,566
TOTAL Rs.		680,227,518	606,357,545

Significant Accounting Policies and Notes on Accounts

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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
30th June '2009

Mumbai
30th June '2009

SHAILY ENGINEERING PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH'2009



INCOME	Schedule	For the year Ended 31st March, 2009 Rupees	For the year Ended 31st March, 2008 Rupees
Sales and Services		678,822,921	652,414,910
Excise		45,109,379	57,376,645
Net sales		633,713,542	595,038,265
Interest and Other Income	13	8,144,773	7,100,007
Increase/Decrease In Stocks	14	(11,454,020)	6,428,045
		630,404,295	608,566,317
EXPENDITURE			
Raw Material Consumed	15	360,046,534	338,452,863
Manufacturing and Other Expenses	16	153,709,836	124,266,547
Remuneration and Benefits to Employees	17	74,390,506	64,514,285
Interest and Finance Charges	18	40,541,603	28,274,294
Depreciation		37,820,595	32,932,551
		666,509,075	588,440,540
Profit before tax and prior period items		(36,104,779)	20,125,777
Provision for Taxation:			
Current		-	3,800,000
Deferred		(12,957,906)	3,294,071
Fringe Benefit Tax		455,000	440,000
Short provision of Income Tax of earlier period		307,961	-
Prior years Items		-	107,172
Profit after tax and prior period items		(23,909,834)	12,484,534
Add : Balance of Profit & Loss Account Brought Forward		40,787,003	36,775,557
Profit Available for Appropriations		16,877,169	49,260,091

Appropriations:

Dividend on Preference Shares	-	4,332,959
Corporate Dividend Tax on Preference Shares	-	736,387
Proposed Dividend on Equity Shares	-	2,909,305
Corporate Dividend Tax on Equity Shares	-	494,437
Reversal of appropriation of proposed dividends of previous year (Refer Note no. 2 of Schedule 19)	8,473,088	-
Surplus carried to Balance Sheet	25,350,257	40,787,003
Earnings per Share		
- Basic [Face Value per Equity Share Rs. 10 (Previous Year Rs. 10)] (Rs.)	(5.54)	1.27
- Diluted [Face Value per Equity Share Rs. 10 (Previous Year Rs. 10)] (Rs.)	(5.54)	1.71

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

Mumbai
30th June '2009

Mumbai
30th June '2009

Company Secretary

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2009



	As At March 31,2009 Rupees	As At March 31,2008 Rupees
SCHEDULE 1		
SHARE CAPITAL		
Authorised 76,00,000 Equity Shares of Rs.10/- each	76,000,000	76,000,000
15,00,000 7 % Participatory Cumulative Convertible Preference shares of Rs. 56/- each	84,000,000	84,000,000
	<u>160,000,000</u>	<u>160,000,000</u>
Issued, Subscribed and Paid up		
73,18,430 (Previous year 58,18,610) Equity Shares of Rs. 10/- each fully paid up	73,184,300	58,186,100
Nil (Previous year 14,99,820) 7% Participatory Cumulative Convertible Preference shares of Rs 56/- each fully paid up	-	83,989,920
TOTAL Rs.	<u>73,184,300</u>	<u>142,176,020</u>

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	12,873,820	12,873,820
Add : Addition during the year (Refer note no. 1 of Schedule 19)	68,991,720	-
	<u>81,865,540</u>	<u>12,873,820</u>
C) General Reserve As per last Balance Sheet	11,752,525	11,752,525
Transfer from Preference Share Redemption Reserve	9,420,000	-
Less: Amount capitalised per amendment to AS 11. (Refer Note 15 of Schedule 19)	137,500	-
	<u>21,035,025</u>	<u>11,752,525</u>
D) Preference Share Redemption Reserve As per last Balance Sheet	9,420,000	9,420,000
Transfer to General Reserve	9,420,000	-
	<u>-</u>	<u>9,420,000</u>
E) Profit and Loss Account	25,350,257	40,787,003
TOTAL Rs.	<u>137,541,977</u>	<u>84,124,504</u>

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2009



	As At March 31, 2009 Rupees	As At March 31, 2008 Rupees
SCHEDULE 3		
SECURED LOANS		
FROM BANKS		
1) Term Loans:		
In Rupee Currency	191,010,006	143,272,306
In Foreign Currency	50,747,829	50,379,246
2) Working Capital Loans	202,292,303	138,526,475
3) Hire Purchase Facilities	1,722,239	2,854,177
TOTAL Rs.	<u>445,772,378</u>	<u>335,032,204</u>

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 advances, 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 further secured by personal guarantees of the Directors of the Company.

SCHEDULE 4

UNSECURED LOANS

1) Fixed Deposits: from Directors	6,640,000	3,345,000
from Others	4,995,000	5,260,000
2) Under Sales Tax deferment Scheme	12,093,863	21,131,834
3) Supplier Bill Discounting Facility	-	2,330,077
TOTAL Rs.	<u>23,728,863</u>	<u>32,066,911</u>

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2009



	As At March 31,2009 Rupees	As At March 31,2008 Rupees
SCHEDULE 6		
INVESTMENTS (AT COST)		
LONG TERM (Unquoted)		
In Shares		
1) 49 Equity Shares of Rs.100/- each of Sunido Textiles Ltd. fully paid up.	4,900	4,900
2) 49 Equity Shares of Rs.100/- each of Stallion Textiles Ltd. fully paid up.	4,900	4,900
3) 49 Equity Shares of Rs.100/- each of Stanford Leasing & Fin. Ltd. fully paid up.	4,900	4,900
4) 676000 6 % Cumulative Redeamable Preference Share of Rs. 10/- each of Panax Appliances Private Limited fully paid up.	6,760,000	6,760,000
5) 124000 Equity Shares of Rs.10/ each of Panax Appliances Private Limited fully paid up.	1,240,000	1,240,000
6) 325 Shares of Rs.25 each of The Citizen Co-Operative Credit Society Ltd	8,125	8,125
7) 1340 shares of Rs. 10/- of Co-Operative Bank Of Baroda	33,501	33,501
CURRENT		
In Units of Mutual Fund		
No. of Units	Name of the Mutual Fund	
10182.231	Reliance Money Manager Fund	10,193,802
10,42,938.570	ABN Amro Money Plus Fund	10,429,366
10,438.050	Reliance Liquid Plus Fund	10,449,914
10,21,653.400	DWS Money Plus Fund	10,445,589
10,42,597.780	Lotus India Liquid Plus Fund	10,442,348
10,41,154.270	HDFC Cash Management Fund	10,444,339
20,39,784.556	SBI SDFC 90 Days	20,557,154
(During the year 6990922.22 units are sold at Rs. 84,698,240.85)		
1068381.737	ABN Amro Money Plus Fund	10,678,866.43
11096.615	Reliance Liquid Plus Fund	11,109,228.08
1021653.40	DWS Money Plus Fund	10,453,251.10
1077215.227	Lotus India Liquid Plus Fund	10,789,064.56
1041154.270	HDFC Cash Management Fund	10,448,816.52
2110532.066	SBI SDFC 90 Days	21,115,873.31
660888.904	Reliance Liquid Plus Fund	10,103,140.85
		<hr/> 18,250,128 <hr/>
		80,825,056
Provision for Diminution in the value of Investments		14700
TOTAL Rs.	<hr/> 18,235,428 <hr/>	<hr/> 80,825,056 <hr/>

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2009



	As At March 31,2009 Rupees	As At March 31,2008 Rupees
SCHEDULE 7		
INVENTORIES		
1) Raw Materials	42,395,103	39,781,975
2) Work in Progress	12,113,104	13,494,595
3) Finished Goods	10,114,005	21,757,405
4) Packing Materials	2,261,017	2,661,261
5) Stores and Spares	1,166,128	1,204,949
TOTAL Rs.	68,049,357	78,900,184

SCHEDULE 8		
SUNDRY DEBTORS (Unsecured, considered good)		
1) Outstanding for a period exceeding six months	21,324,446	17,700,093
2) Others	135,838,191	123,170,389
TOTAL Rs.	157,162,637	140,870,482

SCHEDULE 9		
CASH AND BANK BALANCES		
1) Cash on hand	598,910	1,867,427
2) Cheques on hand	2,179,325	6,260,616
3) Balances with Scheduled Banks in:		
a) Current accounts	9,698,144	1,610,871
b) Fixed Deposits	5,933,579	25,914,738
(including deposits placed as margin Rs. 55,33,579 (Previous year Rs. 58,49,850))		
TOTAL Rs.	18,409,959	35,653,652

SCHEDULE 10		
LOANS AND ADVANCES (Unsecured, considered good)		
1) Advances recoverable in cash or kind or for value to be received	41,835,800	40,371,710
2) Security Deposits	4,780,747	4,755,580
3) Advance tax and tax deducted at source	5,782,209	16,890,363
4) Balance with Excise and other indirect tax authorities	10,580,972	6,611,583
TOTAL Rs.	62,979,728	68,429,236



As At
March 31,2009
Rupees

As At
March 31,2008
Rupees

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

1. Current Liabilities

a) Sundry Creditors (Ref Note No.11 of Schedule 19)	109,974,314	85,861,674
b) Advances received from customers	4,626,036	966,186
c) Other Liabilities	2,111,027	4,459,602

Sub Total Rs. 116,711,377 91,287,462

2. Provisions

a) Leave Encashment	3,966,869	2,966,901
b) Income Tax	-	11,600,000
c) Fringe Benefit Tax	130,000	55,000
d) Proposed Dividend on Equity Shares	-	2,909,305
e) Corporate Dividend Tax on Equity Shares	-	494,437
f) Proposed Dividend on Preference Shares	-	4,332,959
g) Corporate Dividend Tax on Preference Shares	-	736,387

Sub Total Rs. 4,096,869 23,094,989

TOTAL Rs. 120,808,246 114,382,451

SCHEDULE 12

**MISCELLANEOUS EXPENDITURE TO THE
EXTENT NOT WRITTEN OFF OR ADJUSTED**

Deferred Revenue Expenditure	4,157,493	4,713,566
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TOTAL Rs. 4,157,493 4,713,566

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31st MARCH '2009



	For the year Ended 31st March, 2009 Rupees	For the year Ended 31st March, 2008 Rupees
SCHEDULE 13		
OTHER INCOME		
1. Interest Income (TDS Rs. 5,51,497/- Previous Year Rs. 5,16,855/-)	2,381,531	3,526,649
2. Dividend Income	1,925,194	2,773,755
3. Profit on sale of assets	3,083,493	34,314
4. Excess provision of expenses in earlier year written back	50,230	-
5. Miscellaneous Income	704,325	765,289
TOTAL RS.	8,144,773	7,100,007

SCHEDULE 14		
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND WORK IN PROGRESS		
Stocks at End	22,227,110	35,251,999
Less : Stocks at begining	35,251,999	28,235,512
Less : Excise duty on Finished goods	(1,570,869)	588,442
TOTAL RS.	(11,454,020)	6,428,045

SCHEDULE 15		
RAW MATERIALS CONSUMED		
Stocks of Raw Materials at Beginning	39,781,975	33,891,797
Add : Purchases during the year	362,659,662	344,343,042
	402,441,637	378,234,838
Less : Stocks of Raw Materials at End	42,395,103	39,781,975
TOTAL RS.	360,046,534	338,452,863

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31st MARCH '2009



	For the year Ended 31st March, 2009 Rupees	For the year Ended 31st March, 2008 Rupees
SCHEDULE 16		
MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
1) Power and Fuel	39,682,722	30,766,072
2) Packing Expense	29,264,092	22,984,000
3) Repairs and Maintenance		
Plant & Machinery	3,079,087	3,888,772
Building	158,932	172,107
Electricals, Moulds & Others	2,446,861	3,975,350
4) Mould usage charges	1,275,263	2,283,698
5) Consumable Stores	4,911,247	4,248,491
6) Conveyance Expense	786,737	768,701
7) Postage and Telephone Expense	1,819,771	1,843,400
8) Printing and Stationery	1,337,891	887,283
9) Vehicle Expense	2,516,658	2,183,385
10) Legal and Professional Fees	4,755,519	4,018,724
11) Rental, Rates and Taxes	3,967,814	3,949,648
12) Sitting Fees to Directors	230,000	420,000
13) Auditors' Remuneration	850,000	300,000
14) Travelling Expense	5,247,531	5,317,493
15) Advertisement Expense	118,219	131,058
16) Carriage Outwards	12,661,415	8,899,553
17) Miscellaneous Expense	3,793,079	3,520,062
18) Insurance	3,290,140	2,861,547
19) Labour Charges	8,197,289	11,934,055
20) Sales commission and discount	3,510,341	2,078,451
21) Miscellaneous expenditure written off	556,073	556,073
22) Exchange Rate Difference (Net)	17,840,687	6,237,652
23) Bad Debts Written Off	1,397,769	40,973
24) Provision for Diminution in the value of investments	14,700	-
TOTAL RS.	153,709,836	124,266,547

SCHEDULE 17

REMUNERATION AND BENEFITS TO EMPLOYEES

(Refer Note No.5 of Schedule 19)

1) Salaries, Wages and Bonus	68,073,699	60,367,468
2) Contribution to Provident and other Funds	4,010,007	2,746,342
3) Staff Welfare	2,306,801	1,400,475
TOTAL RS.	74,390,506	64,514,285

SCHEDULE 18

INTEREST AND FINANCE CHARGES

Interest to		
a) Bank	34,734,585	24,450,865
b) Others	3,144,666	1,869,520
Bank Charges	2,662,353	1,953,910
TOTAL RS.	40,541,603	28,274,294

SHAILY ENGINEERING PLASTICS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH '2009



SCHEDULE 5
FIXED ASSETS

Sr No	Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01-Apr-08	Additions during the Year * & **	Deductions during the year	As at 31-Mar-09	As at 01-Apr-08	For The year	Deductions during the year	As at 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
1	Land (including Site Development)										
	Free hold	21,365,346	1,345,200	-	22,710,546	-	-	-	-	22,710,546	21,365,346
	Lease hold	920,324	-	-	920,324	-	-	-	-	920,324	920,324
2	Building	112,848,101	29,239,267	-	142,087,368	15,970,355	3,708,493	-	19,678,848	122,408,519	96,877,746
3	Plant and Machinery	368,093,373	127,450,200	-	495,543,573	217,228,492	27,917,935	-	245,146,427	250,397,145	150,864,881
4	Electrical Installation	19,412,802	5,384,724	-	24,797,526	5,948,817	940,795	-	6,889,612	17,907,915	13,463,985
5	Tools and Equipments	70,870,129	1,904,505	81,270	72,774,634	61,511,448	2,487,508	-	63,998,956	8,775,678	9,358,681
6	Furniture and Fixtures	7,610,655	5,745,493	-	13,356,148	4,711,122	579,022	-	5,290,144	8,066,003	2,899,533
7	Vehicles	10,463,802	1,113,128	680,988	10,895,942	3,344,642	997,618	680,988	3,661,272	7,234,670	7,119,160
8	Office Equipment	3,383,474	1,859,240	-	5,242,714	1,498,048	198,444	-	1,696,492	3,546,223	1,885,426
9	Computers Hardwares	5,416,520	2,370,639	-	7,787,159	2,073,417	913,107	-	2,986,524	4,800,635	3,343,104
10	Computer Softwares	1,285,438	1,131,350	-	2,416,788	1,089,190	77,673	-	1,166,863	1,249,925	198,248
	TOTAL	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	308,294,434
	PREVIOUS YEAR	485,123,266	140,071,645	471,558	624,723,353	280,914,538	32,932,651	471,558	313,375,531	311,347,823	204,208,727
	Net Capital Work In Progress including incidental expenditure during construction**									24,023,579	3,053,389

* Includes Rs. 9,108,772 (Previous year Nil) being adjustment on account of foreign exchange rate fluctuations (Refer note no 15 of Schedule 19)

** Includes borrowing cost of Rs. 8,492,403 capitalised during the year in respect of the qualifying assets

SHAILY ENGINEERING PLASTICS LIMITED

Schedules forming part of the Balance sheet as at 31st March, 2009

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 below 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 1st 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 31st March '2009

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, except in relation to long term foreign currency monetary items for which the Company has availed the option of accounting for the effects of changes in foreign exchange rates per Notification dated 31 March 2009 – Companies (Accounting Standards) Amendment Rules, 2009 and hence all exchange rate differences on account of long term foreign currency monetary items, in so far as they relate to depreciable capital assets are adjusted in the carrying value of such assets otherwise accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' to be amortised by 31st March 2011. This is done with retrospective effect from 1st April 2007.

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.

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income Tax Act, 1961.

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 31st March, 2009

II. NOTES ON ACCOUNTS

1. During the previous year the Company had issued participatory Cumulative Convertible Preference Share of Rs. 56/- each which are convertible into equity share of Rs. 10/- each at security premium of Rs. 46/- per share, the same has been converted during the current year.
2. The Board of Directors in the prior year had proposed dividend (including tax thereon) of Rs. 3,403,742/- on equity shares and Rs. 5,069,346/- on preference shares for the financial year ended 31st March 2008, to be approved at the AGM held in September 2008 and accordingly provided the same in the financial statements presented to the shareholders. However in the annual general meeting the shareholders decided not to appropriate any amount towards dividends. Accordingly the appropriation proposed to be made in previous year stands reversed in the current financial year.
3. Contingent Liabilities:
 - Outstanding amount of Bank Guarantee, includes Guarantee of Rs. 6,802,428/- (Previous year Rs. 50,000/-)
 - The Capital commitment (Net of Advances) in respect of order placed for new fixed assets is Rs. 1,961,325/- (Previous year Rs. 8,826,455/-).
 - 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. If the appeal is decided against the Company, the Company will be liable to pay Rs. 12.62 lacs towards Sales Tax. (Previous year Rs. 12.62 lacs)
 - The Company has obtained advance licenses for the import of raw materials, the export obligation pending are Rs. 50,24,818/- (previous year Rs. 22,312,516/-)
 - Arrears of dividend on preference shares Rs. 8,810,888/- previous year Rs. 4,332,959/-
4. Auditors' Remuneration (Excluding Service Tax):

	CURRENT YEAR	PREVIOUS YEAR
As Auditor	675,000	200,000
Taxation Matters		25,000
Certification Work		50,000
Tax Audit	175,000	25,000
Total Rs.	850,000	300,000

5. Managerial Remuneration to Directors:

	CURRENT YEAR	PREVIOUS YEAR
Salary and Bonus	8,116,816	9,018,684
Perquisites and Reimbursement of Expenses	153,114	156,815
Contribution to Provident Fund	602,640	669,600
Total Rs.	8,872,570	9,845,099

6. Retirement Benefits:

Defined Contribution Plans

The company has recognised, in the profit and loss account for the year ended 31st March, 2009, 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)	CURRENT YEAR	PREVIOUS YEAR
1	Provident Fund	3,546,477	3,225,588
2	Superannuation Fund	445,496	338,855
	TOTAL	3,991,973	3,564,443

Defined Benefit Plans

Sr. No.	Defined Benefit Plans	CURRENT YEAR		PREVIOUS YEAR	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	Expense recognized in Profit & Loss Account for the year ended 31st March,				
a.	Current Service Cost	331,999	706,480	662,240	700,849
b.	Interest cost	456,876	256,385	402,572	237,685
c.	Expected return on plan assets	(555,134)	-	(389,218)	-
d.	Actuarial (Gain)/Loss on obligation	(2,044,835)	1,126,044	(191,671)	782,845
e.	Net expense recognised in Profit & Loss Account (in schedule 14 – Employee Costs)	(1,811,094)	2,088,909	483,923	1,721,379
II	Changes in Obligation during the year ended 31st March,				
a.	Obligation as on 1st April	5,710,952	3,204,817	4,456,657	2,796,295
b.	Current service cost	331,999	706,480	662,240	700,849

c.	Interest cost	456,876	256,385	402,572	237,685
d.	Actuarial (Gain)/Loss on obligation	(1,990,250)	1,126,044	(192,357)	78,445
e.	Benefits Paid	(291,195)	(1,148,420)	(173,506)	(1,312,857)
f.	PV of Obligation as on 31st March,		4,145,306		3,204,817
g.	Less : Transaction Liability of Rs 178,437/- (Rs. 297,395/- Less Rs 118,958/- Charged at one fifth in the profit & loss account)		178,437		237,916
h.	PV of Obligation as on 31st March,	4,218,382	3,966,869	5,155,606	2,966,901
III Changes in Plan Assets during the year ended 31st March,					
a.	Fair Value of Plan Assets as on 1st April,	5,167,007	-	4,004,810	-
b.	Expected return on Plan assets	555,134	-	389,218	-
c.	Actuarial Gain/(Loss)	54,585	-	(686)	-
d.	Contributions	1,059,854	-	947,171	-
e.	Benefits Paid	(291,195)	-	(173,506)	-
f.	Actual return on plan assets				
g.	Fair Value of Plan Assets as on 31st March,	6,545,385	-	5,167,007	-
IV Net Assets / Liabilities recognized in the Balance Sheet as at 31st March, 2009					
a.	PV of Obligation as on 31st March, 2009	4,218,382	4,145,306	5,155,606	4,145
b.	Fair Value of Plan Assets as on 31st March, 2009	6,545,385	-	5,167,007	-
c.	Net Liabilities / (Assets) recognised in the Balance Sheet as at 31st March, 2009	(2,327,003)	4,145,306	(11,401)	4,145
V Principal Actuarial Assumptions					
a.	Discount rate as on 31-March-2009 (per annum) (Refer Note-1)	8.00%	8.00%	8.00%	8.50%
b.	Rate of return on Plan Assets as at 31- March-2009 (per annum) (Refer Note-3)	10.00%	-	8.00%	8.00%
c.	Expected increase in salary costs (per annum) (Refer Note-2)	5.00%	5.00%	5.00%	6.00%

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.

100% of Plan Assets are invested in group gratuity scheme offered by HDFC Standard Life Insurance Company Limited.

7. Segment Reporting:

Business Segment: The company is engaged in the business of manufacturing of injection moulded plastics components, mould etc, which as per the accounting standard (AS 17), segment reporting, is considered the only reportable segment.

8. Deferred Taxation:

The Company has unabsorbed depreciation during the year under the tax laws, on which recognition of deferred tax asset has been restricted to the extent of deferred tax liability on depreciation on account of virtual certainty and hence the Deferred tax liability as at 31st March, 2009 is NIL, the major components of deferred tax balance is set out below:

	As at 31.03.2009	As at 31.03.2008
Deferred Tax Liability: (A)		
i) Difference between Accounting and Tax WDV (Cumulative)	184.55	131.47
ii) Other timing differences	1.89	1.24
Deferred Tax Assets: (B)		
i) Other timing differences	(8.00)	(3.13)
ii) Unabsorbed depreciation (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	178.44	---
Net Deferred Tax Liability / (Asset) A - B	---	129.58

9. Earnings Per Share

	As at 31.03.2009	As at 31.03.2008
Number of Equity Shares at the beginning of the year	5,818,610	5,818,610
Number of Equity Shares at the end of the year	7,318,430	5,818,610
Weighted average number of Equity Shares Outstanding during the year.	6,167,883	5,818,610
Face Value of each Equity Share (Rs.)	10	10
Profit after Tax Available for the Equity Shareholders		
Profit after Taxation and prior period adj.	(23,909,834)	1,24,84,534
Less: Preference Dividend and tax thereon	10,308,298	5,069,346
	34,218,132	7,415,188
Basic Earning Per Share (Rs.)	(5.55)	1.27
Diluted Earning Per Share (Rs.)	(5.55)	1.71

9. 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.	Significant influence
Shaily-IDC India Pvt. Ltd.	Significant influence
Sunido Textiles Ltd.	Significant influence
Stallion Textiles Ltd.	Significant influence
Stanford Leasing and Finance Ltd.	Significant influence
Innovative Polyplast Pvt. Ltd.	Company in which relative of key management personnel is Director
Mr. Jayesh Shah	Relative of key management personnel
Ms. Purnima Shah	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.	Firm owned by relative of key 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
Mrs. Gunvantiben Sanghvi	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

	CURRENT YEAR	PREVIOUS YEAR
Remuneration	8,872,570	9,845,099
Rent paid	840,000	840,000

Interest Paid	469,097	355,834
Dividend Paid	-	1,966,649

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

	CURRENT YEAR	PREVIOUS YEAR
Sale of Goods	2,716,263	3,524,789
Job Work Charges paid	4,565,481	8,946,060
Interest paid	272,304	342,492
Rent paid	600,000	525,000
Consultancy fees paid	-	720,000
Sitting fees paid	40,000	40,000
Investment in shares	8,014,700	8,014,700
Dividend Paid	-	1,641,514

- c. Balances with related parties:

	CURRENT YEAR	PREVIOUS YEAR
Loans and Advances:		
Panax Appliances Pvt Ltd	3,663,917	3,042,532
Shaily-IDC India Pvt Ltd	2,147,373	2,145,873
Stallion Textiles Ltd	258,801	241,801
Stanford Leasing & Fin.Ltd	53,422	52,522
Sunido Textile Ltd	810,637	795,137
Innovative Polyplast Pvt. Ltd	319,975	3,09,975
Debtors:		
Panax Appliances Pvt Ltd.	-	41,483
Investment:		
Panax Appliances Pvt Ltd.	8,000,000	8,000,000
Stallion Textiles Ltd	4,900	4,900
Standford Leasing & Fin. Ltd	4,900	4,900
Sunido Textile Ltd	4,900	4,900

11. Sundry creditors include Rs. 279.61 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.
12. Figures for the previous year have been regrouped, wherever considered necessary to make them comparable with those of the current year.
13. Balances to the Debit and Credit of Customers, Suppliers and other parties are subject to confirmation.
14. Foreign currency exposure that is not hedged by derivative instruments as on 31st March 2009, is as follows:-

	Currency	Amount Foreign currency in	Amount in Rs.
Sundry Creditors	USD	350,849	17,728,398
	EUR	10,235	682,675

	GBP	420	30,244
Sundry Debtors	USD	1,480,890	74,829,361
	EUR	31,250	2,084,375
Advances paid	USD	128,761	5,948,071
	GBP	14,341	1,245,585
Loans taken	USD	3,271,555	165,311,695

15. In the current year, the Company has adjusted loss of Rs. 9,108,772 after netting off gain of Rs. 137,500 relating to financial year ended 31st March 2008 in pursuance to option as available under the Companies (Accounting Standards) Amendment Rules, 2009.

16. 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

	CURRENT YEAR		PREVIOUS YEAR	
	Qty	Value	Qty	Value
1.Components and Articles of plastics	6,425,929	21,757,404	27,90,415	14,019,870
2.Moulds	-	-	-	-
Total	6,425,929	21,757,404	27,90,415	14,019,870

3. Production

	CURRENT YEAR	PREVIOUS YEAR
	Qty	Qty
1.Components and Articles of plastics	166,190,366	170,054,042
2.Moulds	22	1
Total	166,190,388	170,054,043

4. Closing stock of Finished goods

	CURRENT YEAR		PREVIOUS YEAR	
	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

5. Sales

	CURRENT YEAR		PREVIOUS YEAR	
	Qty	Value	Qty	Value
1.Components and Articles of plastics	170,078,400	6,569,42,433	166,418,528	646,609,397
2.Moulds	22	12,856,161	1	261,000
3.Jobwork		9,024,327		5,544,514
Total	170,078,422	678,822,921	166,418,529	652,414,910

6. Raw Material and Components Consumed

	CURRENT YEAR		PREVIOUS YEAR	
	Qty	Value	Qty	Value
Plastic Granules (in Kgs)	2,950,963	274,764,286	2,760,301	267,279,039
Other Materials and Components		75,062,677		71,152,562
Moulds Materials		10,219,572		21,263
Total	2,950,963	360,046,535	2,760,301	338,452,863

7. Break up of Consumption

	CURRENT YEAR		PREVIOUS YEAR	
Imported material	26.93%	96,971,867	31.40 %	106,279,587
Indigenous material	73.07%	263,074,668	68.60%	232,173,276
Total	100%	360,046,535	100%	338,452,863

8. CIF Value of Imports

	CURRENT YEAR	PREVIOUS YEAR
For Purchase of Plant, Machinery and Moulds	105,825,212	41,897,354
For Purchase of Raw Materials	78,145,716	89,588,335
Total Rs.	183,039,982	131,485,689

9. Expenditure in Foreign Currency:

	CURRENT YEAR	PREVIOUS YEAR
Foreign Tour	1,665,329	1,968,915
Professional fees	3,510,341	1,213,125
Godown rent	2,321,289	2,482,853
Testing Charges	823,742	464,799
Total Rs.	8,320,701	6,129,692

10. Earnings In Foreign Exchange

	CURRENT YEAR	PREVIOUS YEAR
F.O.B value of exports	141,347,276	66,367,979
Export sales compensation	5681,418	-
Total Rs.	147,028,694	66,367,979

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
Partner
M. No: 35701

Managing Director

Executive Director

Mumbai
30th June '2009

Mumbai
30th June '2009

Company Secretary

SHAILY ENGINEERING PLASTICS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

A Cash flow from Operating Activities		2008-2009 Amt. (Rs.)	2007-2008 Amt. (Rs.)
a.	Profit before tax and prior period Items	(36,104,779)	20,125,777
	Adjustments for:		
	Depreciation	37,820,595	32,932,551
	Excess Provision written back	(50,230)	-
	(Profit) / Loss on sale of assets	(3,083,493)	(34,314)
	Dividend received	(1,925,194)	(2,773,755)
	Prior period Expenses	-	107,172
	Interest Income	(2,381,531)	(3,528,849)
	Interest expenses	40,541,603	28,274,294
	Bad debts written off	1,397,769	40,973
	Provision for Diminution in the value of Investments	14,700	-
	Amortisation of Expenses	556,073	556,073
b.	Operating Profit before working capital changes	36,785,512	75,702,121
	Adjustments for:		
	(Increase)/Decrease in Trade receivables	(12,210,864)	34,062,039
	(Increase)/Decrease in Other receivables	(5,458,647)	(13,621,479)
	(Increase)/Decrease in Inventories	10,850,827	(13,811,940)
	Increase/(Decrease) in Trade Payables	25,423,915	15,270,134
	Increase/(Decrease) in Other Current Liabilities	999,968	468,001
c.	Cash generated from operation	56,390,711	98,068,876
	Taxes paid (Net of refunds)	1,379,807	11,101,311
	Net Cash from Operating Activities	55,010,904	86,967,565
B Cash Flow from Investing Activities			
	Purchase of Fixed Assets	(198,513,936)	(140,071,645)
	Interest received	2,381,531	3,526,649
	Dividend received	1,925,194	2,773,755
	Purchase of Investments	(20,203,141)	(83,112,698)
	Sale/Redemption of Investments	81,211,758	10,088,652
	Proceeds from sale of Fixed Assets	3,164,763	34,314
	Net Cash used in Investing Activities	(130,033,830)	(206,760,973)
C Cash flow from Financing Activities			
	Net Proceeds from Borrowings	102,402,126	100,233,579
	Interest paid	(40,541,603)	(28,274,294)
	Increase in Preference Share Capital	-	83,989,920
	Dividend Paid	-	(6,807,483)
	Misc. Exp. to the extent not written off	-	(4,780,500)
	Net Cash from financing Activities	61,860,523	144,361,222
D	Net Increase / (Decrease) in Cash & Cash Equivalents	(13,162,403)	24,567,814
E	Cash & Cash Equivalents as at March 31, 2008	29,393,036	4,825,222
F	Cash & Cash equivalents as at March 31, 2009	16,230,633	29,393,036
Notes			
1	The above statement has been prepared under Indirect Method as per the Accounting Standard on Cash Flow Statement (AS-3).		
2	Cash and Cash Equivalents comprises of		
	Cash on Hand	598,910	1,867,427
	Balance with banks in :		
	- Current accounts	9,698,144	1,610,871
	- Fixed deposits (including margining money)	5,933,579	25,914,738
		16,230,634	29,393,036
	Net Cash Inflow/ (Outflow)	(13,162,403)	24,567,814

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
30th June '2009

Mumbai
30th June '2009