Shaily Engineering Plastics Ltd.

31st Annual report for the year ended 31st March 2011

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Board of Directors

Mr Hasmukh Shah	Chairman
Mr Mahendra Sanghvi	Managing Director
Mr Laxman Sanghvi	Executive Director
Mrs Tilottama Sanghvi	Whole time Director
Mr Jayessh Shah	Director
Mr Bharat Sanghvi	Director
Mr A S Anandkumar	Director
Mr. Michael B. Woodhall	Director
Mr Sarup Chowdhary	Director
Mr. William Sean Sovak	Director
Mr. Sachin Bhartiya	Director

Assistant Company Secretary

Ms. Kruti Parekh

Board Committees

Audit Committee	Shareholder's Grievance Committee	Remuneration Committee
Mr. A.S Anandkumar	Mr. A.S Anandkumar	Mr. Hasmukh Shah
Mr. Sarup Chowdhary	Mr. Laxman Sanghvi	Mr. Sarup Chowdhary
Mr. William Sean Sovak	Mr. William Sean Sovak	Mr. William Sean Sovak
Mr. Hasmukh Shah		

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
Bank of Baroda

Registrar & Share Transfer Agent

Big Share Services Pvt. Ltd.

Registered Office

Survey # 364/366
Post Rania, Taluka Savli,
Dist. Vadodara - 391 780 Gujarat

Website: www.shaily.com

Notice of Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of the Members of Shaily Engineering Plastics Limited will be held on **Saturday, the 6th August, 2011 at 4.00 p.m. at Survey # 364/366, Post Rania - 391 780, Taluka Savli, Dist. Vadodara** to transact the following businesses:

[A] Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 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. Jayessh Shah, who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Mr. Bharat Sanghvi, who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint a Director in place of Mr. Michael Woodhall, who retires by rotation and being eligible, offers himself for reappointment.

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

   "**RESOLVED THAT** M/s Deloitte Haskins & Sells, Chartered Accountants, Vadodara, the retiring Auditors of the Company, having registration number 117364W, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

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

[B] Special Business

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

   "**RESOLVED** that pursuant to the provisions of sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required, Mrs. Tilottama Sanghvi be and is hereby reappointed as a Whole-Time Director of the Company for a period of 3 (Three) year effective from 1st June, 2011, liable to retire by rotation.

   Resolved Further that Wholetime Director be paid such remuneration, perquisites etc. as under:

   Gross Remuneration

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

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

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

Perquisites
Perquisites together with utilities thereof such as gas, electricity, water, servants' allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursements, leave travel allowance for herself and her family, club fees, medical insurance, contribution towards superannuation scheme @ 10% of basic salary and the like in accordance with the rules of the company or as agreed by the Board of Directors, the total value thereof to be restricted to an amount not exceeding her monthly gross remuneration.

Superannuation Scheme
Contribution towards superannuation scheme @10% of basic salary, which would be within the monthly gross remuneration.

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

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

Leave
In accordance with the Rules and Regulations of the company

Resolved Further that in the event of absence or inadequacy of profits in any financial year during the tenure of Mrs. Tilottama Sanghvi as Wholetime Director, the remuneration as specified above, shall be paid and allowed to Mrs. Sanghvi as minimum remuneration for such financial year.

By order of the Board

Mahendra Sanghvi
Managing Director

Regd. Office
Survey # 364/366,
Post Rania - 391 780,
Taluka Savli, Dist. Vadodara

Date: 27th May, 2011

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 Monday, 1st August, 2011 to Saturday, 6th August, 2011 (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.

7. Ministry of Corporate Affairs has taken a "Green initiate in the Corporate Governance" by allowing paperless compliances by the companies through email. In view of the same Members are requested to notify their email id at investors@shaily.com or secretarial@shaily.com to enable your Company to send soft copy of the audited accounts etc. to you.

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

Item # 6

Mrs. Tilottama Sanghvi is a science graduate and has overseas working experience.

She is the whole time Director of the company and looks after Rania Plant, administrative functions & Stores operations. She had overseen the function of Finishing Division of the Company very successfully.

She was appointed as Whole time Director on 1st June 2006 for a period of 5 years. Therefore it is proposed to reappoint her for a further period of three years effective from 1st June, 2011.

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

Therefore, the resolution is proposed for your approval.

Regd. Office
Survey # 364/366,
Post Rania - 391 780,
Taluka Savli, Dist. Vadodara

Date: 27th May, 2011

By order of the Board

Mahendra Sanghvi
Managing Director

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

Particulars	Tilottama Sanghvi	Jayessh Shah	Bharat Sanghvi	Michael Woodhall
Date of Birth	18.10.1948	16.09.1956	08.10.1951	09.12.1936
Date of Appointment	09.03.1995	07.12.2002	07.12.2002	30.07.2008
Qualification	B.Sc.	B.Com	B.com	Bachelor of Art and design (Industrial)
Expertise in specific functional area	Administration	Business	Banking & Investment	Vacuum Products
Directorship held in other Public companies (excluding foreign and private companies)	-	-	-	-
Memberships/Chairmanships of committees in public companies	-	-	-	-
Shareholding in the Company	6,83,550 Equity Shares	6,82,838 Equity Shares	3,73,584 Equity Shares	-

STATEMENT AS PER SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. General Information

1. **Nature of Industry** – The Company is engaged in manufacture and sale of High Precision Injection Molded Plastic Components, Assemblies, Sub-assemblies, Finishing, etc. for various industries & OEM segment.

2. **Date or expected date of commencement of commercial production** - Commercial production of the Company commenced since August, 1987.

3. **In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus** – N.A.

4. **Financial performance based on given indicators –**

(₹ In lacs)

	Current Year (2010-11)	Previous Year (2009-10)
Gross Total Income	**12928.68**	9627.72
Profit before depreciation and tax	**837.81**	718.27
Less: Depreciation	**469.36**	492.94
Less: Provision for taxation	**-**	0.44
Less: Fringe benefit tax	**-**	-
Less / (Add) : Deferred tax liability / asset	**381.71**	13.26
Profit after tax		211.64

5. **Export performance and net foreign exchange collaborations** – The total earnings from exports for the year ended on 31st March 2011 were ₹ 979,216,161.

The total foreign exchange earnings for the year ended on 31st March, 2011 was ₹ 97,92,16,161 and the total foreign exchange expenditure for the year ended on 31st March, 2011 was ₹ 18,75,93,671..

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

II. **Information about the Appointee**

Mrs. Tilottama Sanghvi

1. **Background details** - Mrs. Tilottama Sanghvi, aged about 63 years, is a Science Graduate She is the whole time Director of the company and looks after Rania Plant, administrative functions & Stores operations.

2. **Past remuneration** – The total remuneration paid to Mrs. Tilottama Sanghvi for the year ended on 31st March 2011 is ₹ 16,40,076.

3. **Recognition or awards** – The Company has bagged Exporter of the year award for the years 2005.06, 2007.08 and 2008.09 due to the efforts of Mrs. Tilottama Sanghvi.

4. **Job profile and her suitability** – As stated above, Mrs. Tilottama Sanghvi is a Science Graduate and has practical experience of working in the Plastic Industry especially in this Company. She had overseen the function of Finishing Division of the Company.

5. **Remuneration proposed** – The details of remuneration proposed to be paid to Mrs. Tilottama Sanghvi are contained in the explanatory statement to Resolution No. 6 of the Notice of the 31st Annual General Meeting.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of her origin)** – In comparison with the industry norms in other organization in same industry and considering her vast experience the proposed remuneration is justified as compared to Industry in India as well as abroad.

7. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any** - Mrs. Tilottama Sanghvi is holding 683550 equity shares of the company. Apart from this, she does not have any other pecuniary transactions with the Company except by way of her contract of employment with the Company. She is relative of Mr. Mahendra Sanghvi, Mr. Laxman Sanghvi, Bharat Sanghvi and Mr. Jayessh Shah, Directors of the Company.

III. **Other Information**

1. **Reason of loss or inadequate profits** – The net profit of the Company is ₹ 381.71 lacs (P.Y. ₹ 211.64). The same has been increased by 80%.

2. **Step taken or proposed to be taken for improvements** - N.A.

3. **Expected increase in productivity and profits in measurable terms** - N.A.

IV. Disclosures

1. The 'Abstract' containing details of remuneration proposed to be paid to the Wholetime Director are being circulated among the Shareholders of the Company and is contained in the Notice convening the 31st Annual General Meeting.

2. All the relevant information pertaining to the Wholetime Director and other Directors required to be disclosed in the Directors' Report under the heading "Corporate Governance", are attached to the Annual Report.

Directors' Report

The Members
Shaily Engineering Plastics Limited

Your Directors are pleased to present the 31st Annual Report and Audited Accounts for the year ended on 31st March 2011.

Financial Results (₹ In lacs)

	Current Year (2010-11)	Previous Year (2009-10)
Gross Total Income	**12928.68**	9627.72
Profit before depreciation and tax	**837.81**	718.27
Less: Depreciation	**469.36**	492.94
Less: Provision for taxation	**-**	0.44
Less / (Add) : Deferred tax liability / asset	**-**	13.26
Profit after tax	**381.71**	211.64

Business Performance

Your Company's performance during the year review has improved substantially with the net income crossing ₹ 100 crores for the first time. Net income has increased by @ 32% from ₹ 9627.72 lacs. PAT increased by @ 80% % from ₹.211.64 lacs to ₹ 381.71 lacs.

Export have been a major factor in the Company's growth with exports increase from Rs. 6916.93 lacs to ₹. 9792.16 lacs (growth of 41.57%).

All significant accounting policies and material transactions have been disclosed in notes on accounts to the Balance Sheet as on 31st March 2011.

Dividend

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

Sale of Property

Your Company has sold out its land at Dehradun along with superstructure thereon during the year under as it was not advisable to commence manufacturing there.

Directors

Mr. Jayessh Shah, Mr. Bharat Sanghvi and Mr. Michael Woodhall, Directors will be retiring by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. Brief resumes of these directors are included in the notice for the annual general meeting.

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

Fixed Deposits

The Company has accepted deposits of Rs. 154.05 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.

Shifting of the Registered Office

Pursuant to the petition filed by your Company, the Hon'ble Company Law Board, Mumbai Bench vide its order # 109/14/CLB/MB/2011/1423 dated 29th April, 2011 passed an order for the alteration of Clause II of the Memorandum of Association of the Company for the shifting of the Registered Office from the State of Maharashtra to the State of Gujarat. In view of the same the Registered Office of the Company has been shifted at Rania Plant.

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 2011.

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. 1895.93 lacs and total foreign exchange earned Rs. 97.92 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 2011 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 2011

None of the employees of the Company is in receipt of remuneration in excess of the prescribed limits.

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.

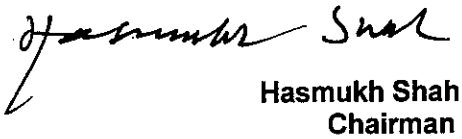
Auditors

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 2011.12. 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



Hasmukh Shah
Chairman

Place: Baroda
Date: 27.05.2011

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, 2011, SEPL Board consisted of 11 (Eleven) Directors, 3 (Three) of them are Executive Directors and 8 (Eight) are non-executive Directors among them 6 (six) are independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and expertise to the Board.

Composition

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

Name of the Directors	Category of Directorship in Shaily Engineering Plastics Ltd	Attendance at		Directorship in other Companies*	Membership in specified Committees**	Committee Chairman**
		Board Meeting	Last AGM			
Mr. Hasmukh Shah	Non-executive Independent Director	5	N	7	2	3
Mr. Mahendra Sanghvi	Managing Director	5	N	2	4	-
Mrs. Tilottama Sanghvi	Whole time Director	4	N	-	-	-
Mr. Laxman Sanghvi	Executive Director	4	N	-	1	-
Mr. Bharat Sanghvi	Non executive Director	0	N	-	-	-
Mr. Jayessh Shah	Non executive Director	2	Y	-	-	-
Mr. Sarup Chowdhary	Non-executive Independent Director	3	Y	5	-	-
Mr. A.S. Anand Kumar	Non-executive Independent Director	4	Y	2	1	2
Mr. Sean Sovak	Non-executive Independent Director	3	N	-	1	-
Mr. Michael Woodhall	Non-executive Independent Director	0	N	-	-	-
Mr. Sachin Bhartiya	Non-executive Independent Director	4	Y	-	-	-

* 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.

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

Meeting & Attendance

Given below is the consolidated list of meetings of the Board and Key Committees held during 2010.11 and attendance details of Directors.

Meeting details during April 2010 to March 2011

Name of the meeting	Dates on which meetings were held
Annual General Meeting	28th September 2010
Board Meeting	15/05/2010, 05/06/2010, 09/08/2010, 13/11/2010, 04/02/2011
Audit Committee Meeting	15/05/2010, 09/08/2010, 13/11/2010, 04/02/2011
Remuneration / Selection Committee	-
Shareholders / Investors Grievance Committee	-

Information supplied to the Board

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

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

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

Code of Conduct

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

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

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

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2010.11"

Laxman Sanghvi
Executive Director

Audit Committee

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

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

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

Mr. Hasmukh Shah has been appointed as a Member of the Committee on 9th August, 2010

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

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

Non-executive directors' compensation

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

DISCLOSURES

(A) Basis of related party transactions

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 Office premises from M/s. Jariwala Shah Kanji Raichand & Co., in which Mr. Jayessh Shah, is the Proprietor, 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 Director s	Business relationship with SEPL, if any	Remuneration for the year ended 31st March 2011 (Rs.)				
			Sitting fee	Basic	Perquisites/ allowances	Others	Total
Mr. Mahendra Sanghvi	Note 1	Promoter	Nil	28,80,000	1,83,60	21,20,544	51,84,144
Mr. Laxman Sanghvi i	Note 1	Promoter	Nil	18,00,000	1,10,756	13,25,340	32,36,096
Mrs. Tilottama Sanghvi	Note 1	Promoter	Nil	9,00,000	77,400	6,62,676	16,40,076
Mr. Bharat Sanghvi	Note 1	Promoter group	Nil	Nil	Nil	Nil	Nil
Mr. Jayessh Shah	Note 2	Promoter group	20,000	Nil	Nil	Nil	20,000
Mr. Hasmukh Shah	None	None	65,000	Nil	Nil	Nil	65,000
Mr. A.S. Anandkumar	None	None	60,000	Nil	Nil	Nil	60,000
Mr. Sarup Chowdhary	None	None	40,000	Nil	Nil	Nil	40,000
Mr. Sean Sovak	None	Note 3	Nil	Nil	Nil	Nil	Nil
Mr. Michael Woodhall	None	None	Nil	Nil	Nil	Nil	Nil
Mr. Sachin Bhartiya	None	None	40,000	Nil	Nil	Nil	40,000

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

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

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

The Board of Directors of the Company at its meeting held on 15th May, 2010 have reappointed Mr. Mahendra Sanghvi as Managing Director and Mr. Laxman Sanghvi as Executive Director for a period of three years effective from 1.4.2010. The shareholders of the Company at their meeting held on 28th September, 2010 had endorsed the said appointment and Government of India, Ministry of Corporate Affairs vide its approval letter dated 22.12.2010 and 11.02.2011 approved the appointment of Mr. Laxman Sanghvi as Executive Director and Mahendra Sanghvi as Managing Director respectively. Mrs. Tilottama Sanghvi has been appointed as Wholetime Director of the Company for a period of five years

effective from 1st June, 2006 till 31st May, 2011. The Board has approved her reappointment for a further period of five years subject to the approval of the shareholders at their ensuing meeting.

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. Jayessh 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 directors 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. Jayessh Shah, Mr. Bharat Sanghvi and Mr. Michael Woodhall are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for reappointment. Brief resumes of them are attached with the notice convening Annual General Meeting.

Shareholders'/ investors Grievance Committee

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

The committee consisted of the following directors:

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

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
2008	19.09.2008	3.30 P.M.	No Special Resolution was passed.
2009	19.09.2009	3.00 P.M.	Special resolution passed for the appointment of Mr. Amit Sanghvi as General Manager in terms of the provisions of section 314(1)(b) of the Companies Act, 1956
2010	28.09.2010	1.00 P.M.	Special resolutions passed for the reappointment of Mr. Mahendra Sanghvi as Managing Director and Mr. Laxman Sanghvi as Executive Director

Special resolution was passed through Postal Ballot by the Members of the Company on Tuesday, 28th September, 2010 for the shifting of the Registered Office of the Company from Mumbai to the State of Gujarat.

SEPL will hold next Annual General Meeting on Saturday, 6th August, 2011at 4.00 P.M. at Survey # 364/366, Post Rania - 391 780, Taluka Savli, Dist. Baroda, Gujarat

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 Monday, 1st August, 2011 to Saturday, 6th August, 2011 (Both days inclusive).

Registrar and Share Transfer Agent

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

BIGSHARE SERVICES PVT. LTD
E-2, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (East)
MUMBAI: 400 072.
Tel: +91 – 22 – 28470744
Fax: +91 – 22 – 28475207
Website: www.bigshare online.com
Email: bigshare@bom7.vsnl.net.in

Listing

Bombay Stock Exchange Limited

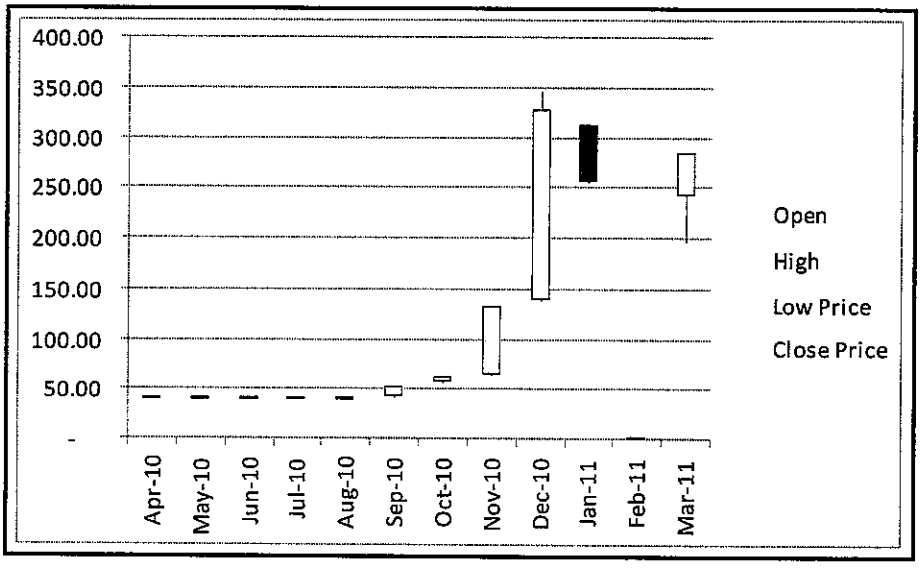
Stock Code: 501423

Market Price Data

The shares of the Company traded during the year ended on 31st March 2011 are as under:

Month	Open Price	High Price	Low Price	Close Price
Apr-10	39.30	39.30	39.30	39.30
May-10	39.30	39.30	39.30	39.30
Jun-10	39.30	39.30	39.30	39.30
Jul-10	39.30	39.30	39.30	39.30
Aug-10	39.30	39.30	39.30	39.30
Sep-10	41.25	52.55	41.25	52.55
Oct-10	55.15	60.75	55.15	60.75
Nov-10	63.75	131.95	63.75	131.95
Dec-10	138.50	345.00	138.50	327.80
Jan-11	311.45	311.45	253.75	253.75
Feb-11	0	0	0	0
Mar-11	241.10	284.00	196.45	284.00

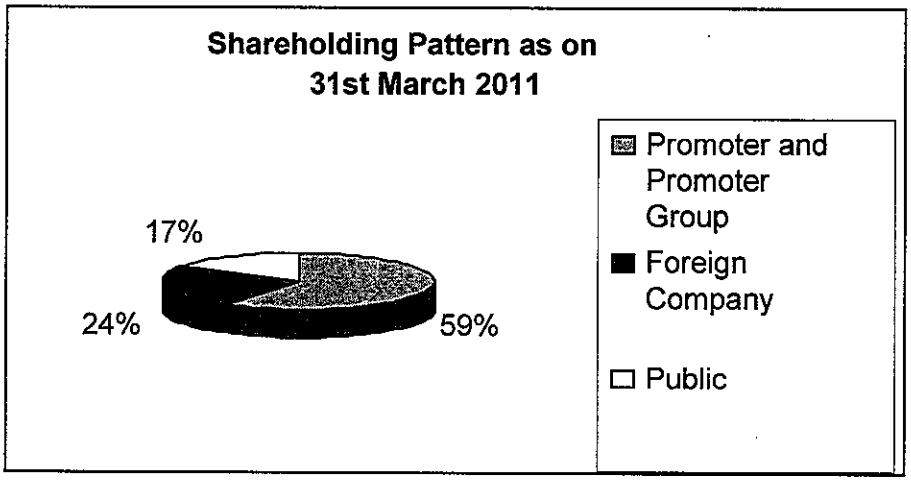
Chart showing movement of stock price



Distribution of shareholding as on 31st March 2011

No. of Shares	No. of Shareholders	% of total no. of shareholders	No. of Shares	% of total shares
1 – 5000	155	82.01%	52800	0.72%
5001 – 10000	3	1.59%	25600	0.35%
10001 – 20000	5	2.65%	79255	1.08%
20001 – 30000	1	0.53%	22100	0.30%
30001 – 40000	3	1.59%	107000	1.46%
40001 – 50000	1	0.53%	50000	0.68%
50001 – 100000	7	3.70%	490652	6.71%
100001 - *****	14	7.41%	6491023	88.70%
Total	189	100.00%	7318430	100.00%

Shareholding pattern as on 31st March 2011

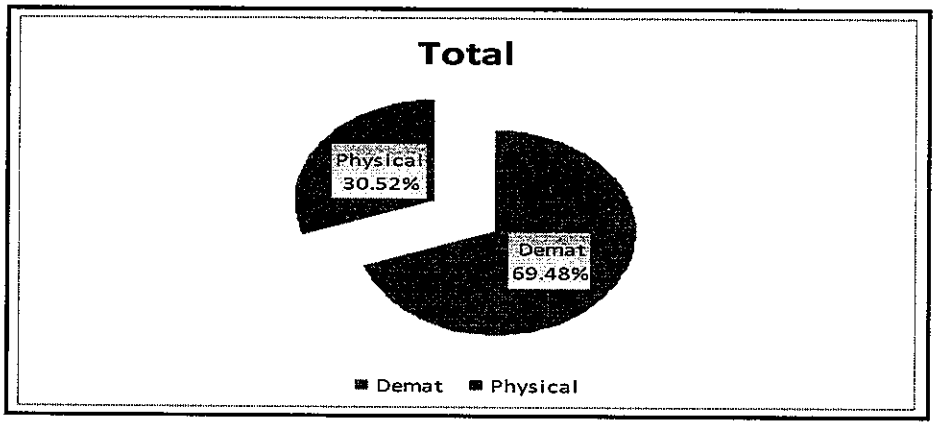


The authorized and paid-up capital of your Company is Rs. 16,00,00,000 and Rs. 7,31,84,300 respectively.

Dematerialization of shares

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

As on 31st March 2011, 5084662 Equity shares have been dematerialised and the balance of issued capital is in physical form.



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

Remuneration Committee

The constitution of the Committee is given below:

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

Remuneration Committee did not meet during the year under review.

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 2010.11, and will be sent to the stock exchanges along with this annual report to be filed by the Company.

Plant Locations

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

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

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 2011, 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 2011, 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.

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

Date: 27.05.2011
Place: Baroda

S. SAMDANI & ASSO. C.P. No. 2863 COMPANY SECRETARIES

Management Discussion and Analysis

Shaily Engineering Plastics Limited (SEPL) has expanded its manufacturing facilities to meet with its domestic and overseas customers demand. SEPL has separate 100% EOU Plant and has been exporting 70% of its total sales over the last two years. Company has seen remarkable progress during the year under review. Your Company's sales turnover has been increased by 33.63% The export has been raised by 41.57%. It would be the endeavour of SEPL to stick to is quality standard as the prime mover and shaker of growth. Your Company has received '100% Quality Achievement Award' from its one of the overseas customers MWV for the supply of Shellpak since January 2009. SEPL is under obligation to create more efficiency and quality in products for customer satisfaction.

Indian Plastic Scenario

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

The plastic processing sector comprises of over 30,000 units involved in producing a variety of items through injection moulding, blow moulding, extrusion and calendaring. The capacities built in most segments of this industry coupled with inherent capabilities has made us capable of servicing the overseas markets.

SEPL strengths

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 –. 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 positioned itself as an independent and "Total Solution Provider" to its clients, which help in lowering response time . This helps in eliminating competition, which does not have the integrated capabilities possessed by SEPL.

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 every year.

Corporate Goal

Shaily's corporate goal is to provide total plastics solutions incorporating principles of

- Product Design
- Mould Design
- Optimum Material Selection
- Mould Procurement
- Product Testing.

Outlook on Opportunities

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

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

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

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

Outlook on Threats, Risk and Concerns

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

Segment-wise Performance

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

Internal control System

The Company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations for the smooth conduct of its business. Internal audit is regularly conducted at regular intervals at all the plants and covers the key areas of operations. It is an independent, objective and assurance function responsible for evaluating and improving the effectiveness of the risk management, control and governance process. An Audit Committee consisting of four independent, non-executive directors is in place. The Audit Committee monitor the performance of the Internal Audit.

Human Resources:

Your Company's industrial relations continued to be harmonious during the year under review. Your Company conducts regular in-house training programs for employees at all level, which continuously improves peoples, machines and systems.

The employee strength of your Company is currently 866, which includes permanent workers and contract labour.

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. To meet with its Corporate Social Responsibilities your Company has organized education awareness training events in rural areas and strengthen the events while distributing inspirational books to the rural students.

Deloitte
Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
31, Nutan Bharat Society,
Alkapuri,
Baroda - 390 007
Gujarat, India
Tel.: +91 (265) 233 3776
Fax: +91 (265) 233 9729

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 2011, the Profit and Loss account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order

4. Further to our comments in the Annexure referred to in paragraph 3, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;

(v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;

b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

DELOITTE HASKINS & SELLS • VADODARA • CHARTERED ACCOUNTANTS

Gaurav J. Shah
Partner
Membership No.35701

Baroda, May 27, 2011

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 six companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7,825,190/- and the year-end balance of loans granted to such parties was Rs. 7,666,019/-.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company.

(c) The Company has not stipulated any terms as to interest and repayment of the loans.

(d) There is no overdue amount in excess of Rs. 1 lakh in respect of loans granted to companies / firms / parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company has taken loan from the directors (including Managing Director), one firm and eight other parties covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs.7,017,651/- (including Rs.2,520,647/- from

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Managing Director), Rs.1,268,250/- and Rs.1,242,317/- respectively and the year-end balance of loans taken from all such parties was Rs. 8,845,000/-.

(f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from all such parties listed in the register maintained under section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.

(g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

(v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956:

(a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules,1975 with regard to the deposits accepted from the public. We are informed that no order has been passed by the Company Law Board and National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect thereof.

(vii) In our opinion, the scope of the internal audit is commensurate with the size and nature of the business

(viii) Maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 for the products manufactured by the Company.

(ix) Statutory and other dues:

(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March 2011 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:

Nature of statute	Nature of Dues	Period	Amount (Rs.)	Forum where dispute is pending
Central Excise	Excise duty	FY 07-08 and FY 08-09	11,453,006	Order received from Commissioner of excise and Appeal is to be filed by the Company with CESTAT
Central Excise	Excise duty	FY 07-08, 08-09 and 09-10	98,056	Commissioner Appeals
Central Excise	Excise duty	FY 07-08	473,070	Commissioner Appeals
Central Excise	Excise duty	FY 07-08	94,778	Commissioner Appeals
Central Excise	Service Tax	FY05-06 to 08-09	194,468	Commissioner Appeals
Customs	Custom duty	FY 97-98	10,866,350	Additional DGFT Delhi

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(x) The company does not have any accumulated losses as at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.

(xii) Based on our examination of records and the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xvi) Based on the records examined by us and the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short-term basis have, prima facie, not been used for long-term investment.

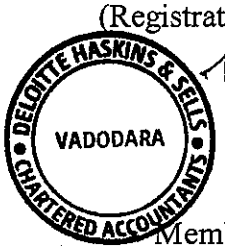
(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures. Therefore, the provisions of clause (xix) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xx) As informed to us, during the period covered by our audit report, the Company has not raised any money by way of public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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



Gaurav J. Shah
Partner
Membership No.35701

Baroda, May 27, 2011

SHAILY ENGINEERING PLASTICS LIMITED

BALANCE SHEET AS AT 31st MARCH 2011

	Schedule	As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SOURCES OF FUNDS			
1 SHARE HOLDERS' FUNDS			
a Capital	01	73,184,300	73,184,300
b Reserves and Surplus	02	196,876,511	158,705,478
2 LOAN FUNDS			
a Secured Loans	03	565,735,271	506,098,130
b Unsecured Loans	04	17,508,988	14,860,286
3 Deferred tax liability		-	1,325,819
TOTAL Rs.		**853,305,070**	**754,174,013**
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block	05	841,307,833	859,412,847
Less: Depreciation		444,891,369	399,809,592
NET BLOCK		**396,416,464**	**459,603,255**
2 INVESTMENTS	06	**8,041,626**	**8,041,626**
3 CURRENT ASSETS, LOANS AND ADVANCES			
a Inventories	07	121,629,618	100,859,705
b Sundry Debtors	08	372,843,913	243,946,096
c Cash and Bank Balances	09	53,792,753	30,806,759
d Loans and Advances	10	113,244,696	90,751,278
		661,510,980	**466,363,838**
4 LESS : CURRENT LIABILITIES AND PROVISIONS	11		
a Liabilities		203,691,601	175,349,831
b Provisions		12,017,746	8,086,296
		215,709,347	**183,436,127**
Net Current Assets		**445,801,633**	**282,927,711**
5 Miscellaneous Expenditure to the extent not written off or adjusted	12	**3,045,347**	**3,601,421**
TOTAL Rs.		**853,305,070**	**754,174,013**
Significant Accounting Policies and Notes on Accounts	19		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner
M. No: 35701

Baroda
27th May 2011

For And On Behalf Of The Board of Directors

Managing Director **Executive Director**

Company Secretary

Baroda
27th May 2011

SHAILY ENGINEERING PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31st MARCH 2011

INCOME	Schedule	For the year ended 31st March 2011 Rupees	For the year ended 31st March 2010 Rupees
Sales and Services		1,291,346,778	968,123,746
Excise		24,742,156	20,299,815
Net sales		1,266,604,622	947,823,931
Other Income	13	10,601,781	8,732,094
Increase/(Decrease) In Stock of FG & WIP	14	(4,304,367)	9,217,611
		1,272,902,036	**965,773,636**
EXPENDITURE			
Raw Material Consumed	15	763,375,895	553,599,760
Manufacturing and Other Expenses	16	239,821,245	186,933,736
Remuneration and Benefits to Employees	17	115,856,803	95,992,947
Interest and Finance Charges	18	70,066,831	57,419,422
Depreciation and Amortisation		46,936,048	49,294,453
		1,236,056,822	**943,240,318**
Profit before tax		**36,845,214**	**22,533,318**
Provision for Taxation		-	
Current		**7,342,435**	**3,968,429**
Mat Credit Entitlement		**(7,342,435)**	**(3,968,429)**
Deferred		**(1,325,819)**	**1,325,819**
Short Provision of Income Tax Of Earlier Years		-	**44,000**
Net Profit after Tax		**38,171,033**	**21,163,500**
Add : Balance Brought Forward		**46,513,757**	**25,350,257**
Balance Amount Carried to Balance Sheet		**84,684,790**	**46,513,757**
Earnings per Share			
BASIC[FACE VALUE PER EQUITY SHARE RS 10(PREVIOUS YEAR Rs 10] (Rs)		**3.81**	**1.48**
DILUTED [FACE VALUE PER EQUITY SHARE RS 10(PREVIOUS YEAR Rs 10] (Rs)		**3.81**	**1.48**
Significant Accounting Policies and Notes on Accounts	**19**		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner
M. No: 35701

DELOITTE HASKINS & SELLS • VADODARA • CHARTERED ACCOUNTANTS

Baroda
27th May 2011

For And On Behalf Of The Board of Directors

Managing Director **Executive Director**

Company Secretary

Baroda
27th May 2011

SHIALY ENGINEERING PLASTICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH '2011

	Particulars	2010-2011 Amt. (Rs.)	2009-2010 Amt. (Rs.)
A	**Cash flow from Operating Activities**		
	Net Profit before taxation	36,845,214	22,533,319
	Adjustment for:		
	Depreciation	46,936,048	49,294,454
	(Profit) / Loss on sale of Fixed Asset	1,727,156	-
	Dividend received	(5,025)	(134,101)
	Prior Period expense	-	(44,000)
	Investment/ Interest income	(4,404,367)	(3,006,187)
	Interest expenses	70,066,831	57,419,422
	Amortisation of expenses	556,073	556,073
	Bad debts/Advamces written off	2,249,314	-
	Unrealised Exchange (Gain) / Loss	(813,959)	(538,665)
	Operating Profit before working capital changes	**153,157,285**	**126,080,315**
	Adjustment for:		
	(Increase)/Decrease in Trade receivables	(132,771,239)	(90,372,667)
	(Increase)/Decrease in Other receivables other than advance tax	(21,935,393)	(21,922,601)
	(Increase)/Decrease in Inventories	(20,769,913)	(32,810,347)
	Increase/(Decrease) in Trade Payables	25,984,615	49,878,276
	Increase/(Decrease) in Other Current Liabilities	11,319,929	10,639,635
	Cash generated from operation	**14,985,284**	**41,492,611**
	Taxes paid (Net of refunds)	558,024	-
	Cash flow before Exceptional items	14,427,260	41,492,611
	Net Cash from Operating Activities	**14,427,260**	**41,492,611**
B	Cash Flow from Investing Activities		
	Purchases of Fixed Assets	(23,969,256)	(36,856,546)
	(after adjustment of increase/decrease in creditors-capital goods)		
	Interest received	4,404,367	3,006,187
	Dividend received	5,025	134,101
	Sale of investments	-	10,193,802
	Sale of Fixed Asset	34,861,729	
	Net Cash from Investing Activities	**15,301,865**	**(23,522,456)**
C	Cash flow from Financing Activities		
	Proceeds from long term borrowings	40,296,600	102,623,783
	Repayment of long term borrowings	(117,003,018)	(34,814,929)
	Change in working capital loan	140,030,118	(13,783,462)
	Interest paid	(70,066,831)	(57,419,422)
	Net Cash from financing Activities	**(6,743,131)**	**(3,394,030)**
D	**Net Cash Inflow/(Outflow)**	**22,985,994**	**14,576,126**
	Cash & Cash Equivalents as at beginning of the year	30,806,759	16,230,633
	Cash & Cash equivalents as at end of the year	53,792,753	30,806,759
	(including restricted balance of Dividend accounts Rs.0.19 lacs (PY Rs.0.19 lacs)		
	Net Cash Inflow/ (Outflow)	22,985,994	14,576,126

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner
M. No: 35701

DELOITTE HASKINS & SELLS VADODARA CHARTERED ACCOUNTANTS

Baroda
27th May 2011

For And On Behalf Of The Board of Directors

Managing Director **Executive Director**

Company Secretary

Baroda
27th May 2011

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Balance Sheet As At 31st MARCH 2011

		As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
1,60,00,000 Equity Shares of Rs.10/- each		160,000,000	160,000,000
		160,000,000	**160,000,000**
Issued, Subscribed and Paid up			
73,18,430 Equity Shares of Rs. 10/- each fully paid up.		73,184,300	73,184,300
	TOTAL RS.	**73,184,300**	**73,184,300**
SCHEDULE 2			
RESERVES AND SURPLUS			
A) Capital Reserve			
As per last Balance Sheet		9,291,156	9,291,156
B) Security Premium Reserve			
As per last Balance Sheet		81,865,540	81,865,540
C) General Reserve			
As per last Balance Sheet		21,035,025	21,035,025
D) Profit and Loss Account		**84,684,790**	**46,513,757**
	TOTAL RS.	**196,876,511**	**158,705,478**

DELOITTE HASKINS & SELLS VADODARA CHARTERED ACCOUNTANTS

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Balance Sheet As At 31st MARCH 2011

	As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 3		
SECURED LOANS		
FROM BANKS		
1) Term Loans:		
in Rupee Currency	211,791,255	282,141,463
in Foreign Currency	22,352,255	33,595,981
2) Working Capital Loans	327,538,709	188,508,841
3) Hire Purchase Facilities	4,053,052	1,851,845
TOTAL Rs.	**565,735,271**	**506,098,130**

- Term loan from banks are secured by a pari passu charge over entire fixed assets of the Company including mortgage over factory land, building and plants of the Company situated at
  a) Plot # 706, 707 and 708 at GIDC ,Halol.
  b) Survey # 366,364/1, 364 /1(A) and 364/2 at Rania.

=- These are further secured by personal guarantee of some of the directors of the Company

- 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.

- Working capital loans are further secured by second pari passu charge over entire fixed assets of the Company including factory land ,building and plants of the Company as stated above. These are further secured by personal guarantees of some 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 some of the directors of the Company

SCHEDULE 4

UNSECURED LOANS		
Fixed Deposits: from Directors	6,640,000	6,640,000
from Others	8,765,000	4,995,000
(Repayable within 12 months Rs. 25.25 lacs (Previous Year Rs. 20.20 lacs)		
Under Sales Tax deferment Scheme	2,103,988	3,225,286
(Repayable within 12 months Nil (Previous Year Rs. 11.21 lacs)		
TOTAL Rs.	**17,508,988**	**14,860,286**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS VADODARA

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Balance Sheet As At 31st March 2011

SCHEDULE 5
FIXED ASSETS

Sr No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1-Apr-10	Addition during the year	Deduction during the year	As at 31-Mar-11	As at 1-Apr-10	For the year	Deduction/ Adjustment during the year	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
1	Land / Site Development										
	Free hold	24,556,092	0	12,173,060	12,383,033	-	-	-	-	12,383,033	24,556,092
	Lease hold	920,324	-	-	920,324	-	-	-	-	920,324	920,324
2	Building	166,587,865	6,243,158	23,014,036	149,816,987	24,253,129	4,623,710	-	28,876,839	120,940,147	142,334,736
3	Plant and Machinery	518,186,280	4,605,292	-	522,791,572	282,129,156	34,434,263	-	316,563,419	206,228,152	236,057,124
4	Electrical Installation	27,165,287	515,019	251,103	27,429,204	8,099,370	1,256,462	-	9,355,832	18,073,372	19,065,917
5	Tools and Equipments	73,253,771	3,989,363	730,453	76,512,681	66,570,695	2,487,479	-	69,058,174	7,454,507	6,683,076
6	Furniture and Fixtures	19,067,523	259,697	-	19,327,220	6,416,448	1,211,591	-	7,628,039	11,699,181	12,651,075
7	Vehicles	12,429,492	4,080,048	2,212,399	14,297,141	4,709,470	1,035,070	1,818,910	3,925,630	10,371,511	7,720,022
8	Office Equipment	5,641,360	480,591	-	6,121,951	1,954,284	277,050	-	2,231,334	3,890,618	3,687,076
9	Computer Hardwares	9,188,063	164,973	62,104	9,290,932	4,501,351	1,218,660	35,359	5,684,652	3,606,280	4,686,712
10	Computer Softwares	2,416,788	-	-	2,416,788	1,175,687	391,761	-	1,567,448	849,340	1,241,101
	TOTAL	**859,412,845**	**20,338,142**	**38,443,154**	**841,307,833**	**399,809,590**	**46,936,048**	**1,854,269**	**444,891,369**	**396,416,464**	**459,603,255**
	PREVIOUS YEAR	**798,532,722**	**61,875,246**	**995,121**	**859,412,847**	**350,515,138**	**49,294,454**	**-**	**399,809,592**	**459,603,255**	**448,017,585**

Note: Deduction during the year includes sale of assets at Dehradun unit. No operations had been commenced at this location.

		As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 6			
INVESTMENTS			
LONG TERM (Unquoted at cost)			
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 IQMS ERP India Pvt Ltd fully paid		4,900	4,900
4) 676000 6 % Cummulative Redeemable Preference Share of Rs. 10/- each of Panax Appliances Pvt Ltd fully paid up		6,760,000	6,760,000
5) 124000 Equity Shares of Rs.10/ each of Panax Appliances Pvt Ltd 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
		8,056,326	**8,056,326**
Less : Provision for Diminution in the value of Investment		14,700	14,700
	TOTAL RS.	**8,041,626**	**8,041,626**
SCHEDULE 7			
INVENTORIES			
Raw Materials		88,634,432	64,936,624
Work in Progress		17,854,401	20,855,396
Finished Goods		9,066,202	10,427,640
Packing Materials		3,215,792	2,917,865
Stores and Spares		2,858,791	1,722,180
	TOTAL RS.	**121,629,618**	**100,859,705**
SCHEDULE 8			
SUNDRY DEBTORS			
(Unsecured considered good)			
Outstanding for period exceeding six months		5,084,257	19,414,745
Others		367,759,656	224,531,351
	TOTAL RS.	**372,843,913**	**243,946,096**

DELOITTE HASKINS & SELLS • VADODARA • CHARTERED ACCOUNTANTS

	As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	1,456,441	390,922
Balances with Scheduled Banks in:		
a) current accounts	6,274,573	6,520,265
b) Fixed Deposits	46,061,739	23,895,572
(including deposits placed as margin/security for borrowing Rs.1,33,11,739 (Previous year Rs.2,28,95,572))		
TOTAL Rs.	**53,792,753**	**30,806,759**
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	47,016,225	45,516,722
Security Deposits	7,310,807	6,205,010
Advance tax and tax deducted at source	9,420,534	8,862,509
MAT Credit Entitlement	11,310,864	3,968,429
Balance with indirect tax authorities	38,186,266	26,198,608
TOTAL RS.	**113,244,696**	**90,751,278**

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Balance Sheet As At 31st MARCH 2011

	As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
1. Current Liabilities		
Sundry Creditors (Ref Note No.9 of Schedule 19)	182,553,933	161,600,642
Advances received from customers	14,540,110	6,866,080
Other Liabilities	6,595,058	6,880,609
Unclaimed Dividend	2,500	2,500
Sub Total Rs.	**203,691,601**	**175,349,831**
2. Provisions		
Leave Encashment	4,675,311	4,117,867
Income Tax	7,342,435	3,968,429
Sub Total Rs.	**12,017,746**	**8,086,296**
TOTAL RS.	**215,709,347**	**183,436,127**
SCHEDULE 12		
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenditure	177,047	255,069
Equity /Preference shares issue expenses	2,868,300	3,346,352
TOTAL Rs.	**3,045,347**	**3,601,421**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS VADODARA

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Profit And Loss Account For The Year Ended 31st March 2011

		As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 13			
OTHER INCOME			
Interest Income (TDS Rs.398909/- Previous Year Rs.5,27,088/-)		4,404,367	3,006,187
Dividend Income		5,025	134,101
Profit on Sale of Fixed Assets (Net)		-	1,323,157
Miscellaneous Income		735,957	966,806
Exchange Rate Difference (Net)		5,456,432	3,301,843
	TOTAL RS.	**10,601,781**	**8,732,094**
SCHEDULE 14			
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND WORK IN PROGRESS			
Stocks at End		26,920,603	31,283,035
Less : Stocks at beginning		31,283,035	22,227,110
Less: Excise duty on Finished Goods		(58,065)	(161,686)
	TOTAL RS.	**(4,304,367)**	**9,217,611**
SCHEDULE 15			
RAW MATERIAL CONSUMED			
Stocks of Raw Material at beginning		64,936,624	42,395,103
Add : Purchases during the year		787,073,703	576,141,281
		852,010,327	**618,536,384**
Less : Stocks of Raw Materials at End		88,634,432	64,936,624
	TOTAL RS.	**763,375,895**	**553,599,760**

DELOITTE HASKINS & SELLS
VADODARA
CHARTERED ACCOUNTANTS

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Profit And Loss Account For The Year Ended 31st March 2011

	As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 16		
MANUFACTURING AND OTHER EXPENSES		
Power and Fuel	64,443,945	56,841,062
Packing Expense	69,771,159	47,930,082
Repairs and Maintenance		
Plant & Machinery	8,288,094	5,358,668
Building	1,004,514	938,531
Electricals, Moulds & Others	1,690,093	3,224,884
Mould usage charges	1,009,145	1,513,240
Consumable Stores	12,177,093	6,578,276
Conveyance Expense	1,191,751	676,375
Postage and Telephone Expense	1,862,410	1,720,133
Printing and Stationery	1,343,722	1,268,435
Vehicle Expense	3,597,679	2,933,127
Legal and Professional Fees	6,608,287	5,380,696
Rent	6,682,676	4,446,772
Sitting Fees to Directors	235,000	235,000
Auditors' Remuneration	850,000	850,000
Travelling Expense	9,231,528	5,970,836
Advertisement Expense	93,953	229,005
Carriage Outwards	21,993,935	17,549,461
Miscellaneous Expense	3,974,059	4,406,173
Insurance	4,603,664	4,130,566
Labour Charges	9,994,670	9,222,973
Sales commission ,discount and Fees	4,641,327	4,973,368
Misc.expense & Pre Operative Exp. written off	556,073	556,073
Loss on Sale of Fixed Assets (Net)	1,727,156	-
Bad Debts Written Off	2,249,314	-
TOTAL RS.	**239,821,245**	**186,933,736**
SCHEDULE 17		
REMUNERATION AND BENEFITS TO EMPLOYEES		
(Refer Note No.4 of Schedule 19)		
Salaries , Wages and Bonus	104,637,636	87,061,762
Contribution to Provident and other Funds	5,350,979	4,649,615
Staff Welfare	5,868,188	4,281,570
TOTAL RS.	**115,856,803**	**95,992,947**

DELOITTE HASKINS & SELLS VADODARA CHARTERED ACCOUNTANTS

SHAILY ENGINEERING PLASTICS LIMITED
Schedules Forming Part Of The Profit And Loss Account For The Year Ended 31st March 2011

	As at 31 st March 2011 Rupees	As at 31st March 2010 Rupees
SCHEDULE 18		
INTEREST AND FINANCE CHARGES		
Interest to		
a) Bank (including interest on fixed loans Rs.323.96 lacs (PY Rs.311.41 lacs))	58,517,377	49,686,446
b) Others (including interest to Managing director Rs.3.02 lacs (PY Rs.3.02 lacs))	4,764,544	3,376,964
Bank Charges	6,784,910	4,356,012
TOTAL RS.	**70,066,831**	**57,419,422**

DELOITTE HASKINS & SELLS
VADODARA
CHARTERED ACCOUNTANTS

SHAILY ENGINEERING PLASTICS LIMITED
Schedules forming part of the Balance sheet as at 31st March, 2011

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 as given in Companies Accounting Standards Rules, 2006 and the relevant provisions of Companies Act, 1956 except as regards certain fixed assets as indicated bellow shown at fair value.

b) System of Accounting:
The Company has adopted accrual system of accounting.

c) Use of Estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amounts as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.Such difference is recognized in the periods in which the results are known / materialized.

d) 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.

e) 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.

f) Depreciation and Amortisation:
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.

g) 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.

h) 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.

i) **Employee Benefits:**

Defined Contribution Plan

Company's contribution to Provident fund and other funds are determined under the relevant schemes and/or statute and charged to revenue.

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.

j) **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,.

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

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

l) **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.

m) **Provisions, Contingent Liabilities and Contigent Assets:**
Provisions involving substantial degree of estimation in measurements are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

DELOITTE HASKINS & SELLS
VADODARA
CHARTERED ACCOUNTANTS

SHAILY ENGINEERING PLASTICS LIMITED
Schedules forming part of the Balance Sheet as at 31st March '2011

II. NOTES ON ACCOUNTS

1. Contingent Liabilities:

- Outstanding amount of Bank Guarantees Rs.1,33,00,000(Previous year Rs. 43,50,000)
- The Capital commitment (Net of Advances) in respect of order placed for new fixed assets is Rs.12,94.590 (Previous year Rs.26,246)
- The Company has obtained advance licenses for the import of raw materials, the export obligation pending are Rs.1,51,27,125(Previous year Rs.10,04,163). The Obligation is to be Completed by March 2013.
- Arrears of dividend on Participatory Cumulative Convertible Preference Shares- Rs.8,810,888 (Previous year Rs. 8,810,888)

2. Auditors' Remuneration (Excluding Service Tax):

	For the year ended 31.03.2011	For the year ended 31.03.2010
As Auditor	675,000	675,000
Tax Audit	175,000	175,000
Total Rs.	**850,000**	**850,000**

3. Managerial Remuneration to Directors:

	For the year ended 31.03.2011	For the year ended 31.03.2010
Salary and Bonus	9,018,960	8,793,483
Perquisites and Reimbursement of Expenses	371,756	339,770
Contribution to Provident Fund	669,600	652,860
Total Rs.	**10,060,316**	**9,786,113**

4. Retirement Benefits:
Defined Contribution Plans

The company has recognised, in the profit and loss account for the year ended 31st March, 2011, following amounts as expenses under defined contribution plan under the head 'Contribution to Provident Fund & Other Funds' in schedule 17 - Remuneration and Benefits to Employees.

Sr.	Benefit (Contribution to)	For the year ended 31.03.2011	For the year ended 31.03.2010
1	Provident Fund	2,811,662	2,413,911
2	Superannuation Fund	587,134	572,393
3	Employee Pension Scheme	1,947,623	1,709,753
	TOTAL	**5,346,419**	**4,696,057**

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Defined Benefit Plans		For the year ended 31.03.2011		For the year ended 31.03.2010	
Sr. No.	Defined Benefit Plans	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I	**Expense recognized in Profit & Loss Account for the year ended 31st March,**				
a.	Current Service Cost	625,626	1,664,857	499,555	1,006,932
b.	Interest cost	433,695	320,920	348,016	341,988
c.	Expected return on plan assets	(545,787)	-	(589,085)	-
d.	Actuarial (Gain)/Loss on obligation	2,074,326	855,079	559,417	(634,885)
E	Net expense recognised in Profit & Loss Account (in schedule 14 – Employee Costs)	**2,587,860**	**2,840,856**	**817,903**	**714,035**
II	**Changes in Obligation during the year ended 31st March**				
a.	Obligation as on 1st April	5,256,914	3,889,934	4,218,382	4,145,306
b.	Current service cost	625,626	1,664,857	499,555	1,006,932
c.	Interest cost	433,695	320,920	348,016	341,988
d.	Actuarial (Gain)/Loss on obligation	1,899,205	855,079	190,961	(634,885)
e.	Benefits Paid	(1,403,430)	(1,996,000)	0	(622,516)
f.	PV of Obligation as on 31st March	**6,812,010**	**4,734,790**	**5,256,914**	**4,236,825**
g.	Less: Transaction Liability of Rs.237,916/- (Rs.297,395/- Less Rs.59,479/-Charged at one fifth in the profit & loss account)		59,479		118,958
h.	PV of Obligation as on 31st March	**6,812,010**	**4,675,311**	**5,256,914**	**4,117,867**
III	**Changes in Plan Assets during the year ended 31st March,**				
a.	Fair Value of Plan Assets as on 1st April	6,766,014	-	6,545,385	-
b.	Expected return on Plan assets	545,787	-	589,085	-
c.	Actuarial Gain/(Loss)	(175,121)	-	(368,456)	-
d.	Contributions	1,085,000	-	-	-
e.	Benefits Paid	(1,403,430)	-	-	-
F	Actual return on plan assets		-	-	-
G	Fair Value of Plan Assets as on 31st March	**6,818,250**	-	**6,766,014**	-
IV	**Net Assets / Liabilities recognized in the Balance Sheet as at 31st March**				
a.	PV of Obligation as on 31st March	6,812,010	4,675,311	5,256,914	4,117,867
b.	Fair Value of Plan Assets as on 31st March	6,818,250		6,766,014	-
c.	Net Liabilities / (Assets) recognised in the Balance Sheet as at 31st March	**(6,240)**		**(1,509,100)**	**4,117,867**
V	**Principal Actuarial Assumptions**				
a.	Discount rate as on 31st-March (per annum) (Refer Note-1)	8.5%	8.5%	8.25%	8.25%
b.	Rate of return on Plan Assets as at 31st-March(per annum) (Refer Note-3)	9%	-	9%	-
c.	Expected increase in salary costs (per annum) (Refer Note-2)	2%	2%	2%	2%

Notes

1 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.

2 The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

3 100% of Plan Assets are invested in group gratuity scheme offered by HDFC Standard Life Insurance Company Limited.

5. **Segment Reporting:**

Business Segment: The Company is engaged in the business of manufacturing of injection molded plastics components, moulds 2etc, which as per the Accounting Standard (AS 17) 'Segment Reporting' is considered the only reportable segment.

6. **Deferred Taxation**

Deferred tax liability as on 31.3.2011 is NIL, major component of Deferred tax balance is set out below:

(Rs in lacs)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Deferred Tax Liability: (A)		
i) Difference between Accounting and Tax WDV (Cumulative)	253.86	291.69
ii) Other timing differences	-	-
Deferred Tax Assets: (B)		
i) Other timing differences	21.66	19.64
ii) Unabsorbed depreciation/ business loss	232.20	258.79
Net Deferred Tax Liability / (Asset) A - B	NIL	13.26

Note: Deferred Tax asset recognistion has been restricted to the extent of Deferred Tax liability.

7. **Earnings Per Share**

	For the year ended 31.03.2011	For the year ended 31.03.2010
Number of Equity Shares at the beginning of the year	7,318,430	7,318,430
Number of Equity Shares at the end of the year	7,318,430	7,318,430
Weighted average number of Equity Shares Outstanding during the year.	7,318,430	7,318,430
Face Value of each Equity Share (Rs.)	10	10
Profit after Tax Available for the Equity Shareholders		
Profit after Taxation	38,171,034	21,163,500
Less: Preference Dividend and tax thereon	10,308,298	10,308,298
	27,862,736	10,855,202
Basic Earning Per Share (Rs.	3.81	1.48
Diluted Earning Per Share (Rs.)	3.81	1.48

8. **Related Party Disclosure:**

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

a.Key Management Personnel

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

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

Panax Appliances Pvt. Ltd.	Significant influence
Shaily-IDC India Pvt. Ltd.	Significant influence
Sunido Textiles Pvt. Ltd.	Significant influence
Stallion Textiles Pvt. Ltd.	Significant influence
IQMS ERP (India) Pvt 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

	For the year ended 31.03.2011	**For the year ended 31.03.2010**
Remuneration	**10,060,316**	9,786,113
Rent paid	840,000	840,000
Interest Paid	735,070	735,070
Sale of Assets	220,600	-

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

	For the year ended 31.03.2011	For the year ended 31.03.2010
Sale of Goods	-	1,178,054
Purchase of Goods	590,05	-
Job Work Charges paid	102,210	3,758,783
Interest paid	231,891	218,622
Rent paid	600,000	600,000
Sitting fees paid	200,00	20,000
Salary Paid	595,670	572,960
Purchase of Assets	-	369,500

c. Balances with related parties:

	For the year ended 31.03.2011	For the year ended 31.03.2010
Loans and Advances:		
Panax Apliances Pvt Ltd	4,028,616	3,888,321
Shaily-IDC India Pvt Ltd	2,1523,73	2,151,337
Stallion Textiles Pvt Ltd	2,638,01	262,801
IQMS ERP India Pvt Ltd.,FormalyStanford Leasing & Fin.Pvt Ltd	826,16	688,22
Sunido Textile Pvt Ltd	815,637	814,637
Innovative Polyplast Pvt. Ltd	322,975	319,975
Investment:		
Panax Appliances Pvt Ltd.	8,000,000	8,000,000
Stallion Textiles Pvt Ltd	4,900	4,900
IQMS ERP India Pvt Ltd.formally Stanford Leasing & Finance Pvt Ltd.	4,900	4,900
Sunido Textile Pvt Ltd	4,900	4,900

9. Sundry creditors include Rs.6.94lacs (Previous Rs.9.16 lacs) outstanding to Micro and Small Enterprises(on the basis of information available with the Company) Interest if any payable on delayed payment to Micro and Small Enterprises under Micro, and Small and medium enterprises development Act.,2006 is not ascertainable.

10. Figures for the previous year have been regrouped, wherever considered necessary to make them comparable with those of the current year.

11. Balances to the Debit and Credit of Customers, Suppliers and other parties are subject to confirmation.

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12. Foreign currency exposure that is not hedged by derivative instruments is as follows:-

	Currency	Amount in Foreign currency	Amount in Rs.	Amount in Foreign currency	Amount in Rs.
		As on 31.03.11		As on 31.03.10	
Sundry Creditors	USD	1,213,711	53,650,076	263,019	11,749,080
	EUR	14,299	906,307	18,419	1,098,316
	GBP	3,538	253,975	4,254	285,529
Sundry Debtors	USD	5,530358	247,225,742	2,889,210	125,932,462
	EUR	2270	143,878	14,830	884,313
Advances paid	USD	332,266	15,680,340	171,805	7,863,090
	JPY	-	-	3,358	165,608
	GBP	2,175	182,820	2,175	182,820
Loans taken	USD	2,026,427	90,368,532	752,260	33,595,981
Bank Balance	USD	137,970	6,152,765	139,093	6,213,278

Foreign currency exposure that is hedged by derivative instruments and open as on year end is as follows:-

	Currency	Amount in Foreign currency	Amount in Rs.	Amount in Rs.	Amount in Rs.
		As on 31.03.11		As on 31.03.10	
Sundry Creditors	USD	NIL	NIL	1,000,346	46,850,901
Loans taken	USD	NIL	NIL	2,264,514	101,155,849

13. Additional information pursuant to the provisions of 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956:

1.Licensed & Installed Capacity, Production, stocks and Turnover:

a. Licensed Capacity N.A.

b. Installed Capacity Can not be specified since it varies depending upon the specification of components to be moulded out of plastics granules.

2. Opening stock of Finished goods

	For the year ended 31.03.2011		**For the year ended 31.03.2010**	
	Qty	Value	Qty	Value
1.Components and Articles of plastics	1,350,409	1,042,7640	2,537,895	1,01,14,005
2.Moulds			-	-
Total	**1,350,409**	**1,042,7640**	**2,537,895**	**1,01,14,005**

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3. Production

	For the year ended 31.03.2011	For the year ended 31.03.2010
	Qty	Qty
1.Components and Articles of plastics	157,924,492	1,30,760,118
2.Moulds	19	12
Total	**157,924,511**	**130,760,130**

4. Closing stock of Finished goods

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Qty	Value	Qty	Value
1.Components and Articles of plastics	1,547,600	9,066,202	1,350,409	1,042,7640
2.Moulds	-	-	-	-
Total	**1,547,600**	**9,066,202**	**1,350,409**	**1,042,7640**

5. Sales

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Qty	Value	Qty	Value
1.Components and Articles of plastics	157,727,301	1,257,161,894	131,947,604	955,028,515
2.Moulds	19	21,815,371	12	4,379,350
3.Jobwork	-	12.369.513	-	8,797,333
Total	**157,727,320**	**1,291,346,778**	**131,947,604**	**968,123,746**

6. Raw Material and Components Consumed

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	Qty	Value	Qty	Value
Plastic Granules (in Kgs)	6,310,480	610,642,096	5,208,938	481,364,117
Other Materials and Components	6,957,248	133,576,283	-	70,663,396
Moulds Materials	-	1,9157,516	-	1,572,247
Total	**13,267,728**	**763,375,895**	**5,208,938**	**553,599,760**

7. Break up of Consumption

	For the year ended 31.03.2011		For the year ended 31.03.2010	
Imported material	26.59%	202,997,808	27.83%	154,107,571
Indigenous material	73.41%	560,378,087	72.17%	399,492,189
Total	**100%**	**763,375,895**	**100%**	**553,599,760**

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8. **CIF Value of Imports**

	For the year ended 31.03.2011	For the year ended 31.03.2010
For Purchase of Plant, Machinery	4,070,100	15,277,863
For Purchase of Raw Materials	163,013,571	121,638,426
For Purchase of moulds	8,558,719	17,414,660
Total Rs.	**175,642,390**	**154,330,949**

9. **Expenditure in Foreign Currency**:

	For the year ended 31.03.2011	For the year ended 31.03.2010
Foreign Tour	2,426,462	1,258,532
Professional fees	4,119,975	4,215,975
Godown rent	5,008,229	2,794,981
Testing Charges	240,585	629,377
Membership Fees	297.23	-
Total Rs.	**11,951,281**	**8,898,865**

10. **Earnings In Foreign Exchange**

	For the year ended 31.03.2011	For the year ended 31.03.2010
F.O.B value of exports	979,216,161	691,693,403
Total Rs.	**979,216,161**	**691,693,403**

Schedules 1 to 19 form an integral part of accounts

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