



Shaily Engineering Plastics Ltd  
**Annual Report 2018 - 19**

Enriching Lives Through Plastics

**Shaily Engineering Plastics Ltd**  
**Annual Report 2018 - 19**

Contents

Corporate Information . . . . . 6

Five Year Highlights . . . . . 9

Board’s Report . . . . . 12

Management Discussion & Analysis. . . . . 21

Report on Conservation of Energy, Technology Absorption,  
Foreign Exchange Earnings and Outgo . . . . . 32

Annual Report on CSR Activities . . . . . 36

Form MGT-9 Extract of Annual Return . . . . . 40

Particulars of Employees . . . . . 53

Secretarial Audit Report . . . . . 56

Report on Corporate Governance . . . . . 60

Independent Auditor’s Report . . . . . 80

Financials. . . . . 90

Notes forming part of the financial statements. . . . . 98

## Corporate Information

### Board of Directors

Mr. Mahendra Sanghvi	Executive Chairman
Mr. Amit Sanghvi	Managing Director
Mr. Laxman Sanghvi	Executive Director
Ms. Tilottama Sanghvi	Whole Time Director
Mr. Sarup Chowdhary	Independent Director
Mr. P R Singhvi	Independent Director [Till 31.03.2019]
Mr. Milin Mehta	Independent Director
Mr. Dilip G. Shah	Independent Director [Till 22.02.2019]
Mr. Jiten Mathuria	Independent Director [WEF 18.05.2019]
Mr. Ranjit Singh	Independent Director [WEF 18.05.2019]

### Key Officials

#### Chief Strategy Officer

Mr. Sanjay Shah

#### Chief Financial Officer

Mr. Chintan Shah

#### Asst. Company Secretary & Compliance Officer

Ms. Preeti Sheth

#### Vice President - Projects

Mr. S.K. Dash

#### Vice President - Operations

Mr. Mahesh Katiyar

### Auditors

#### Statutory Auditors

M/s B S R & Associates, LLP Chartered Accountants

#### Internal Auditors

M/s Shah Jain & Hindocha Chartered Accountants

#### Secretarial Auditors

M/s Samdani Shah & Kabra Company Secretaries

#### Cost Auditors

M/s Y S Thakar & Co. Cost Accountants

### Bankers

State Bank of India  
Standard Chartered Bank  
HDFC Bank Limited

### Registrar & Share Transfer Agent

Bigshare Services Private Limited  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East, Mumbai 400 059  
Web: [www.bigshareonline.com](http://www.bigshareonline.com)  
Email: [investors@bigshareonline.com](mailto:investors@bigshareonline.com)

Registered Office

Survey No. 364/366, At. & Po. Rania – 391 780, Ta. Savli, Dist. Vadodara – 391 780, Gujarat, India

Plant Locations

EOU/Pharma Packaging/ Finishing Plants

Survey No. 363/364/366,  
At. & Po. Rania – 391 780,  
Ta. Savli, Dist. Vadodara  
Gujarat, India

Halol Plant

Plot No. 706/707/708 , G.I.D.C.,  
Halol - 389 350  
Dist. Panchmahal,  
Gujarat, India

Carbon Steel Plant

Village Chandrapura, Halol-Savli Road  
Halol, Dist. Panchmahal  
Gujarat, India

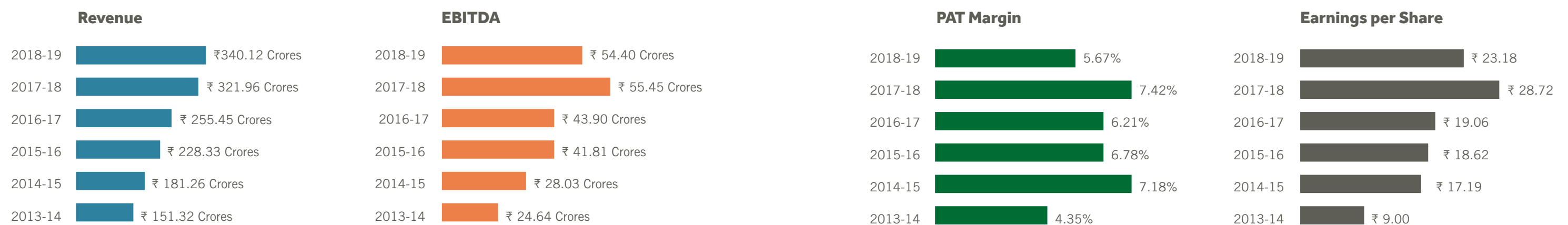
Five Year Highlights

₹ in lakhs

Particulars	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Sources of Funds					
Share Capital	831.84	831.84	831.84	831.84	831.84
Reserves & Surplus	12,781.93	11,598.78	9,713.15	8,143.78	6,995.05
Net-Worth	13,613.77	12,430.62	10,544.99	8,975.62	7,826.89
Borrowings – Long Term	4,715.67	2,096.17	1,596.79	3,085.59	3,274.74
Capital Employed	26,391.30	23,610.54	17,455.61	16,521.37	16,936.59
Income and Profits					
Revenue	34,012.14	32,195.90	25,545.36	22,833.44	18,125.88
EBIDTA	5,440.03	5,544.83	4,389.91	4,180.54	2,803.47
EBIDTA (%)	15.99%	17.22%	17.18%	18.31%	15.47%
Profit before Tax	2,995.45	3,422.75	2,316.66	2,141.50	1,489.67
Profit before Tax (%)	8.81%	10.63%	9.07%	9.38%	8.22%
Tax	1,067.38	1,033.60	731.10	592.30	188.79
Profit After Tax	1,928.08	2,389.15	1,585.56	1,549.20	1,300.88
Profit After Tax (%)	5.67%	7.42%	6.21%	6.78%	7.18%
Dividend Per Share	Nil	7.50	5.00	4.00	2.00
Retained Earnings	1928.07	2,389.15*	1,185.09	1,148.73	1,101.24
Earnings per Share	23.18	28.72	19.06	18.62	17.19
*Considering No Dividend					
Others					
Fixed Assets	14,995.72	11,328.51	9,774.48	9,765.87	7,763.26
Net worth per equity (‘)	163.66	149.43	126.77	107.90	94.09
Debt – Equity Ratio	0.88	0.86	0.63	0.75	1.06
Current Ratio	1.15	1.19	1.26	1.42	1.43
Shareholders (Nos.)#	4721	3023	3694	2430	435

# As on 31 March.





## Board's Report

Dear Members,

Your Directors have pleasure in presenting their 39th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2019.

### Financial Summary & Highlights

₹ in lakhs

	FY 2018-19	FY 2017-18
Net Total Income	34,012.14	32,195.90
Gross Operating Profit (Profit before Interest, Depreciation & Tax)	5,440.03	5,544.83
Finance Cost	952.94	672.73
Depreciation & amortization expense	1,491.64	1,449.35
Profit before Tax	2,995.45	3,422.75
Provision for Tax	1,067.38	1033.60
Profit after Tax	1,928.07	2,389.15
Other Comprehensive Income	-7.19	-3.93
<b>Total Comprehensive Income</b>	<b>1920.88</b>	<b>2,385.22</b>

The above figures are extracted from the financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as specified in the Companies (Indian Accounting Standard) Rules, 2015, as amended in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

### Appropriations

#### Transfer to Reserves

The Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation.

#### Dividend

The Company is looking at expansion of its facilities, for new business of carbon steel and existing line of business. Significant amount of capex will be required for funding of such expansion.

Hence, the Company will be utilizing the surplus funds available towards such expansion. In view of the same, your Directors do not recommend dividend for this financial year.

The Register of Members and Share Transfer Books will remain closed from Monday, August 05, 2019 to Thursday, August 08, 2019 (both days inclusive) for the purpose of 39th Annual General Meeting scheduled to be held on Thursday, August 08, 2019.



Operations & State of Affairs

The Company’s total revenue has been ₹ 340.12 cr in the current year, an increase of 5.64 % year on year.

- EBITDA for the year has been ₹ 54.40 cr.
- Profit before Tax (PBT) for the year is ₹ 29.95 cr.
- PAT for the year is ₹ 19.28 cr.

Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the SEBI Listing Regulations,2015 the *Management discussion and analysis* is set out in this Annual report at **Annexure A.**

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure B.**

Directors & Key Managerial Personnel

Demise of Independent Director

The Company sadly intimates the demise of Independent Director, Mr. Dilip G Shah, on 22nd February, 2019.

Company had benefitted from his valuable expertise and significant experience during his association with the Company. The Board takes on record the invaluable contributions made by Late Mr. Dilip G. Shah as an Independent Director of the Company during his association with Shaily.

Resignation of Independent Director

Mr. Pushp Raj Singhvi, Non-Executive Independent Director, has tendered his resignation from the Board of the Company & from various committees of the Board, in which he was a member, effective from close of business hours on March 31, 2019.

The resignation was made owing to change in the regulatory regime of SEBI Listing Regulations, 2015 of age criterion for non-executive directors.

Mr. Pushp Raj Singhvi was associated with the Company since the year 2012. He contributed immensely towards achievement of growth of the Company with his valuable expertise and experience, which added to Shaily’s success story. The Management places on record deep appreciation for his valuable association with the Company.

Retirement by Rotation

As per the provisions of the Companies Act, 2013, Mr. Amit Sanghvi, Managing Director, (DIN : 00022444), retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, seeks re-appointment. The Board recommends his re-appointment.

Change in Designation

Ms. Tilottama Sanghvi, had vide request letter dated 31st March, 2019, expressed her intention to retire from the post of Promoter & Whole Time Director of the Company, effective from 02nd April, 2019.

Pursuant to the same, upon recommendation of the Nomination & Remuneration Committee, the Board of Directors have in their meeting held on 18th May, 2019, re-designated Ms. Tilottama Sanghvi as Non-Executive Non-Independent Director, effective from 02nd April, 2019.

Re-appointment

The below directors, being eligible, seek re-appointment. The Board in its meeting held on 18th May, 2019, have accorded approval for re-appointment of below directors, subject to approval of shareholders in the context. The Board recommends re-appointment of below mentioned Directors at the ensuing Annual General Meeting (AGM) of the Company.

- 1

Re-appointment of Mr. Mahendra Sanghvi [DIN : 0084162] as an Executive Chairman for a term of 3(three) years, effective from 01.04.2019 to 31.03.2022.
- 2

Re-appointment of Mr. Laxman Sanghvi [DIN : 00022977] as an Executive Director for a term of 3(three) years, effective from 01.04.2019 to 31.03.2022.

- 3

Re-appointment of Mr. Sarup Chowdhary [DIN : 00004439] as a Non-Executive Independent Director for a second term of one year effective from closure of ensuing 39th AGM of the Company till the conclusion of 40th AGM of the Company for the financial year 2019-20 to be held in the calendar year 2020.
- 4

Re-appointment of Mr. Milin Mehta [DIN : 01297508] as a Non-Executive Independent Director for a second term of five (5) consecutive years effective from 08th November, 2019 till 07th November 2024.

Appointments

The Board in its meeting held on 18th May, 2019, appointed below Directors as Non-Executive Independent Director, subject to approval of members in the context. It recommends appointment of below Directors at the ensuing 39th AGM of the Company :

- 1

Appointment of Mr. Jiten Mathuria [DIN : 00297090] as a Non-Executive Independent Director of the Company for a period of 5(five) consecutive years to hold office from 18/05/2019 till 17/05/2024.
- 2

Appointment of Mr. Ranjit Singh- [DIN : 01651357] as a Non-Executive Independent Director of the Company for a period of 5(five) consecutive years to hold office from 18/05/2019 till 17/05/2024.

Detailed profile of the Directors alongwith other details, as required under prevailing law, forms part of the Explanatory statement to the notice of 39th AGM of the Company.

Key Managerial Personnel

Mr. Mahendra Sanghvi, Executive Chairman, Mr. Laxman Sanghvi, Executive Director, Ms. Tilottama Sanghvi, Whole Time Director, Mr. Amit Sanghvi, Managing Director, Mr. Chintan Shah, Chief Financial Officer and Ms. Preeti Sheth, Asst. Company Secretary & Compliance Officer are Key Managerial Personnel of the Company as on 31st March, 2019, in accordance with Companies Act, 2013.

Note : Ms. Tilottama Sanghvi is designated as Non-Executive Non – Independent Director effective from 02nd April, 2019, hence, she ceases to be Key Managerial Personnel, effective from 02.04.2019, pursuant to applicable provisions of the Companies Act, 2013.

Meetings of Board

The Board met four times during the financial year. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Policy on Directors’ Appointment and Remuneration

The existing policy is to have an appropriate mix of executive and independent directors to maintain independence of the Board and separate its functions of governance and management. As of 31st March, 2019, the Board had 7 members, 4 of whom are executive directors and 3 are independent directors. One of the Director is a Woman Director. The constitution of the Board reduced from 8 Directors to 7 Directors, as on 31st March, 2019, due to sad demise of Mr. D G Shah, Independent Director on 22nd February, 2019.

The Company, however, has appointed new directors on the Board of the Company as on the date of this report.

The policy of the Company on Directors’ appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, as revised in accordance with SEBI Listing Regulations, 2015, is available on our website at <https://shaily.com/investors/corporate-governance>

The policy was amended, effective from 01st April, 2019, pursuant to changes in the regulatory regime of SEBI Listing Regulations, 2015.



We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration policy of the Company.

Declaration by Independent Directors

The Independent Directors of the Company have given the declaration to the Company that they meet the criteria of independence as required under the Act and the Listing Regulations.

Familiarization Programme

All new Independent Directors inducted into the Board attend an orientation program. At the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The format of the letter of appointment is available at <https://shaily.com/investors/corporate-governance>

The Board members are provided with necessary reports, internal policies, periodical plant visits to enable them to familiarize with the Company’s procedures and practices.

Periodic presentations are made at the meetings of the Board and the committees, on business and performance updates, global business environment, business strategy and risks involved.

The details of familiarization programme for Independent Directors are available at <https://shaily.com/investors/corporate-governance>

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of the

Board, its Committees and of individual directors on an evaluation framework as adopted by the Board.

The framework includes evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision – making
- Company performance and strategy
- Tracking board and committee’s effectiveness
- Peer evaluation

The outcome of the Board Evaluation for F.Y. 2018-19 was discussed by the Nomination and Remuneration committee and the Board meeting held on 18th May, 2019.

Committees of the Board

Currently, the Board has four committees, namely;

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

A detailed note on the composition of the Board, its committees is provided in the Corporate Governance Report.

Corporate Governance

The Company believes in adopting best practices of corporate governance. Corporate governance principles are enshrined in the spirit of the Company, forming its core values. These guiding principles are also articulated through the Company’s code of business conduct, corporate governance guidelines, charter of various sub-committees and disclosure policy.

Our *Corporate Governance* Report for F.Y. 2018-19 forms part of this Annual Report.

Audit Reports and Auditors

Audit Reports

- The Independent Auditors’ Report for F.Y. 2018-19 does not contain any qualification, reservation or adverse remark. The Independent Auditors’ Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors’ Report for the F.Y. 2018-19 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors’ Report is enclosed as Annexure F to the Board’s Report in this Annual Report.
- As required by the SEBI Listing Regulations, 2015 the auditors’ certificate on corporate governance is enclosed with the Corporate Governance Report in this Annual Report. The auditors’ certification for F.Y. 2018-19 does not contain any qualification, reservation or adverse remark.

Reporting of fraud by auditors

During the financial year 2018-19, neither of the auditors viz., Statutory Auditors, Secretarial Auditors, Corporate Governance Auditors, have reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board’s Report.

Auditors

Statutory Auditors

M/s B S R & Associates LLP, Chartered Accountants (Firm Registration number 116231W/W-100024 are the Statutory Auditors of the Company till the conclusion of the 43rd AGM of the Company to be held in the year 2023.

Details of fees paid to the Statutory Auditors for all service provided by the Statutory Auditor for the F.Y. 2018-19, forms part of the Corporate Governance Report and financials of the Company, included in this Annual Report.

Secretarial & Corporate Governance Auditors

The Board has appointed M/s Samdani Shah & Kabra, Company Secretaries, as Secretarial & Corporate Governance Auditors of the Company for the F.Y. 2019-20, in terms with Section 204 of the Companies Act, 2013 with rules thereunder.

Cost Auditors

M/s Y.S. Thakar & Co., Cost Accountants, Vadodara are appointed as Cost Auditors of the Company to conduct audit of cost records of the Company for F.Y. 2019-20.

Based upon the declaration on their eligibility, consent and terms of engagement, the Board has appointed them and recommend the ratification of remuneration to be paid to the Cost Auditors for F.Y. 2019-20.

Internal Auditors

The Board has appointed M/s Shah Jain & Hindocha, Chartered Accountants, based at Vadodara, Gujarat as Internal Auditors of the Company for F.Y. 2019-20.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

Vigil Mechanism

The Company has a well-defined “Whistle Blower Policy” and has established a robust Vigil Mechanism for reporting of concerns raised by employees and to provide for adequate safeguards against victimisation of Directors and employees who follow such mechanism and has also made provision for direct access to the Chairman of Audit Committee in appropriate cases.

The Vigil Mechanism Policy of the Company is available on the Company’s website at <https://shaily.com/investors/corporate-governance>

Internal Financial Control & its Adequacy

The Company’s internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes and keeping in view the organisation’s pace of growth and increasing complexity of operations. The internal auditors team carries out extensive audits throughout the year across all plants and functional areas and submits its reports to the Audit Committee of the Board of Directors.

Contracts & Arrangements with Related Parties

All contracts/arrangements entered by the Company during the financial year with related parties were in ordinary course of business and on arm’s length basis. During the year, the Company did not enter into any contracts/arrangements/transaction with related parties which could be considered material.

The Directors draw attention to the members to Note no. 33 to the financial statement in this Annual Report, which sets out related party disclosures.

The Board has approved a policy for related party transactions which is available on the company’s website at <https://shaily.com/investors/corporate-governance>.

Particulars of Loans, Guarantees or Investments

Loan, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

Deposits

The Company has not accepted deposits from the public falling within the ambit of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the financial year 2018-19.

Corporate Social Responsibility (CSR)

Being an Indian company, we are motivated by the Indian ethos of Dharma as a key plank for organisational self-realisation. The Company recognizes that its operations impact a wide community of stakeholders, including investors, employees, customers, business associates and local communities and that appropriate attention to the fulfillment of its corporate responsibilities can enhance overall performance. The Company continues its spend to support to local initiatives health/ medical, education and sanitation/ cleanliness, promotion of traditional art as Corporate Social Responsibility initiatives.

Guided by the prevailing regulatory requirements, the Company has constituted a ‘Corporate Social Responsibility (CSR) Committee’ and framed a Policy on CSR, summary of which together with details of CSR activities undertaken by the Company during the financial year 2018-19, have been covered in separate report on CSR, annexed as **Annexure C**.

The Policy on Corporate Social Responsibility is available on the Company’s website at <https://shaily.com/investors/corporate-governance>.

Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as **Annexure D**.

Copy of Annual Return as prescribed under Section 92(3) for the F.Y. 2018-19 will be placed on the website of the Company at <https://shaily.com/investors/corporate-governance>.

Secretarial Standards

The Company complies with all the applicable secretarial standards.

Particulars of Employees and Related Disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure E**.

Obligation of Company under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company. The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

No Complaint has been received by the Committee during the year.

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

Listing of Shares

The Equity shares of the Company are listed on the BSE Ltd. (BSE) with Scrip code 501423 and Scrip ID - SHAILY. The Company confirms that the annual listing fees to the stock exchange for the F.Y. 2019-20 has been paid.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31st March, 2019. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Significant/material orders passed by Regulators/courts/tribunal

There are no significant and material orders passed by the Regulators or Courts or Tribunals that may impact the going concern status of the Company’s operations in future.

Green Initiative

Electronic copies of the Annual Report 2018-19 and the Notice of the 39th Annual General Meeting are sent to all members whose email addresses are registered with the Company/depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.



Directors’ Responsibility Statement

- In terms of the provisions of Companies Act, 2013, the Directors confirm that ;
- i. in preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed;
  - ii. They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss of the Company for that period;
  - iii. They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - iv. They have prepared the annual accounts on a going concern basis;
  - v. They have laid down internal financial controls, which are adequate and are operating effectively; and
  - vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Acknowledgements

We thank our customers, vendors, investors, bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth is made possible by their hard work, solidarity, cooperation and support.

We also thank our suppliers, customers, business partners and others associated with the Company. We look upon them as partners in its progress. It will be Company’s endeavor to build and nurture strong links with the trade based on mutuality of benefits, respect to and co-operation with each other, consistent with consumer interests and looks upon all the stakeholders for their continued support in future.

For and on behalf of the Board of Directors

Mahendra Sanghvi	Amit Sanghvi
Executive Chairman	Managing Director

Vadodara  
18 May, 2019

Annexure A

Management Discussion & Analysis





Overview

Shaily Engineering Plastics Limited (SEPL) is a pioneer in engineering plastics. We have an expertise of manufacturing complex precision components & assemblies and have an experience of decades to our credit. Over the years, we have not only strengthened our area of expertise but have also integrated all post molding services such as pad printing, vacuum metalizing, hot stamping, hot foiling, ultrasonic welding, vibration welding and assemblies. We have been offering total solutions in plastics i.e. development, manufacturing and validation. We cater to fortune 100 companies in the space of Consumer & FMCG, Pharmaceutical and Retail. We have five facilities with over 120 injection molding machines ranging from 35 tons to 1000 tons with sophisticated high speed automated and robotic production lines including a dedicated ISO Class 8 clean room manufacturing facility.

Global Economy

Global growth in 2018 is estimated to be 3.7%, but signs of a slowdown in the second half of 2018 have led to downward revisions for several economies. The global economy is projected to grow at 3.5% in 2019 and 3.6% in 2020. The global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases enacted in the United States and China earlier that year. The emerging markets are expected to grow at 4.5% in 2019 and at 4.9% in 2020. Growth in emerging and developing Asia will dip from 6.5% in 2018 to 6.3% in 2019 and 6.4% in 2020. Despite fiscal stimulus that offsets some of the impact of higher US tariffs, China's economy will slow due to the combined influence of needed financial regulatory tightening and trade tensions with the United States.

Indian Economy

India's economy is poised to pick up in 2019, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease. India is expected to grow at 7.5% in 2019 and 7.7% in 2020. Growth rate for India in 2018 was 7.3%. Thus, India is one of the fastest growing nations in the world. Further, India's Central Statistics Office expects gross domestic product to grow 7.2% in FY19, up from 6.7% last year, while the Reserve Bank of India has pegged it at 7.4%.

**Sources:**  
<https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>  
<https://economictimes.indiatimes.com/news/economy/indicators/indian-economy-poised-to-pick-up-in-2019-says-imf/articleshow/67627483.cms>

Inflation

The Reserve Bank of India (RBI), in its recent policy announcement in June, has revised upwards the Consumer Price Inflation (CPI) forecast for the first half of financial year 2020 to 3% - 3.1% from 2.9% - 3% earlier. While the projection for the second half stands revised downwards to 3.4% - 3.7% from 3.5% - 3.8% earlier. The RBI further said that the CPI inflation, excluding food and fuel, in February was lower than expected, which has imparted some downward bias to headline inflation.

Interest Rate

The Reserve Bank of India's Monetary Policy Committee (MPC) cut all monetary policy rates by 0.25% at its recent policy announcement, reducing the repo rate to 5.75%, the marginal standing facility to 6.00% and the reverse repurchase rate to 5.50%. This decision was unanimous among MPC members. The MPC also voted unanimously to change the official monetary policy stance from "neutral" to "accommodative". Low inflation, slower growth and the uncertain global environment are the factors that led to the rate cut. As per RBI, risks to an increase in inflation arise due to uncertainties relating to monsoon, unseasonal spikes in vegetable prices, international fuel prices and their pass-through to domestic prices, geo-political tensions, financial market volatility and the fiscal scenario.

**Sources:**  
<https://economictimes.indiatimes.com/news/economy/indicators/rbi-cuts-inflation-forecast-to-2-9-3-per-cent-for-h1-fy20/articleshow/68718588.cms?from=mdr>  
<https://www.livemint.com/industry/banking/rbi-monetary-policy-live-updates-1559792726329.html>  
[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=47225](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225)

Crude

The U.S. Energy Information Administration (EIA) forecasts the Brent Crude oil prices to be at approximately \$65 per barrel in 2019 and \$62 per barrel in 2020. EIA's higher Brent crude oil price forecast reflects tighter expected global oil market balances in mid-2019 and increasing supply disruption risks globally.

The IMF expects the Brent Crude oil prices to be at a \$53.5 & WTI Crude to be at \$50.36 per barrel by 2020. Further, the World Bank anticipates the WTI, Brent & Dubai oil prices to increase post 2020 and reach \$70 per barrel on an average by 2030.

**Sources:**  
<https://www.eia.gov/outlooks/steo/report/prices.php>  
<https://knoema.com/lyxptab/crude-oil-price-forecast-2019-2020-and-long-term-to-2030>

Effect of GST reforms on EOUs, Plastics Industry:

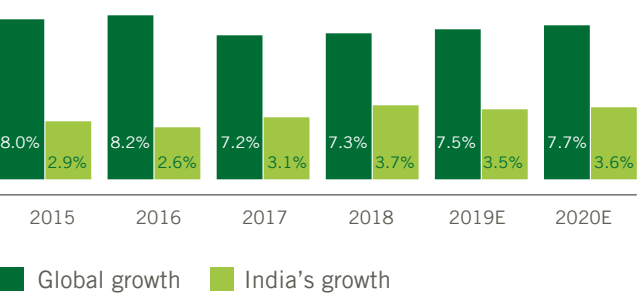
The Indian Plastics industry is highly fragmented with the unorganized segment constituting about 44%. However, the Organized players have gained market share and they now constitute ~56% in FY17 as compared to ~45% FY12. Increasing brand consciousness, better quality, increase in purchasing power, and growth of organized retail are the primary reasons for the growth of Organized segment.

Demonetization of high-value currency notes adversely impacted the unorganized sector, as transactions in this space were mostly cash-based and unaccounted. Further, the implementation of GST and E-way bill augurs well for the Plastics industry. It will plug loopholes that existed in the preceding regime. Interstate e-way bill was introduced from April 1, 2018 to track the movement of goods on a technology platform. This will help curb unrecorded sales, using an invoice multiple time, etc. Geography-based exemptions are no more available.

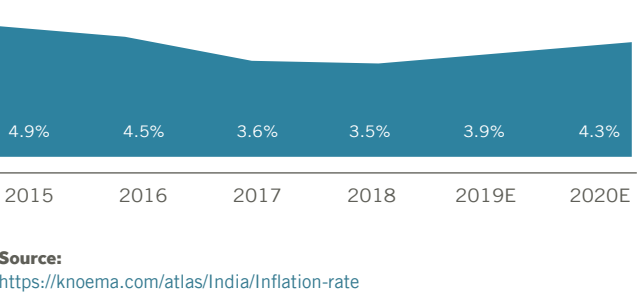
All these measures will help formalize the industry and bring the industry participants at a level playing field.

**Source:**  
Motilal Oswal Report

Global growth vis-à-vis India's growth

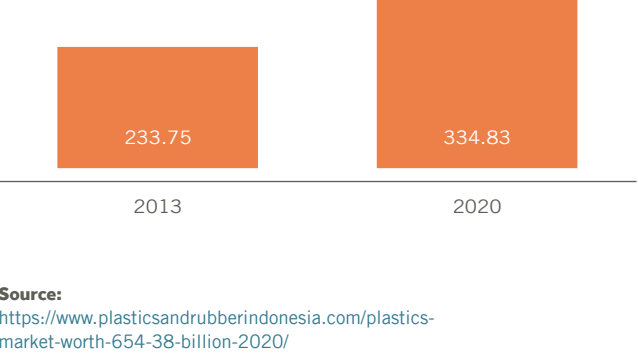


India's inflation rate



Global Plastic Processing Industry

Global plastics demand is expected to reach 334.83 Million Tons in volume (\$ 654.38 Billion in Value) by 2020 from 233.75 Million Tons in 2013, growing at a CAGR of 5.3%, as depicted in the graph below:

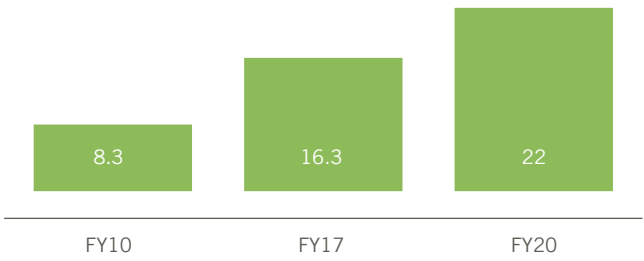


Indian Plastics Processing Industry

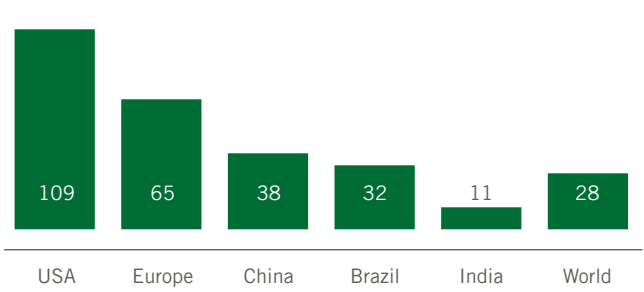
As per a report, the plastics processing industry in India is expected to grow at 10.5% CAGR from FY15 to FY20 to reach 22 MMPTA. India is emerging as a leading hub for plastics manufacturing and processing. The plastics processing capacity in India has been growing at a 13% CAGR, which is unparalleled, and further investments worth Rs. 5 to 10 Billion dollars are expected in the next 5 years. India is ready to have 18 plastic parks and Government will be investing Rs 40 crore to increase the domestic production of plastics. Indian plastic industry has the highest growth rate in the world. India is currently under the process of urbanisation; the next five decades will see 700 million people move towards urbanisation and the demand of plastics will grow from 12 kg per capita to 50-kg per capita. The annual import of plastics is 3.5-billion and the country exports 7.5 billion, which shows the competency of the processing sector.

In volume terms, the industry has grown at a CAGR of 10% over FY10-17 and is expected to grow at a CAGR of 10.5% to 22 MMTPA by FY20 as shown in the following graph:

Plastic Processing in India (MMTPA)



Per Capita Consumption of Plastic Products as on FY15 (kg)



Plastics are gradually becoming the material of choice for extensive usage due to their unique and diverse set of properties. With the government policies and initiatives stressing on manufacturing in the country, competitive rivalry in the sector is bound to grow considerably.

Due to increasing domestic consumption and high potential, India is emerging as one of the focus destinations for plastics and downstream players worldwide.

**Sources:**  
<http://www.printweek.in/News/indiaplast-2019-showcases-the-best-of-plastics-industry-41315>  
<http://ficci.in/PressRelease/2681/press-release-ficci-Sustainable-Infrastructure-with-Plastics.pdf>

Infrastructure:

The Government of India is taking every possible initiative to boost the infrastructure sector with investments of Rs. 25 Lakh Crores over the next 3 years in roads, railways and shipping infrastructure. Investments in water and sanitation management, irrigation, building & construction, power, transport and retail have been encouraged. Plastics play an important role in these sectors through various products like pipes, wires & cables, water proofing membranes, wood PVC composites and other products. Consequently, higher investments in these sectors will drive the demand for plastics. With India’s population similar to China’s, but polymer demand at only one-fifth of China’s, the Indian subcontinent’s plastics industry has a good potential for growth. Improving standards of living have led to an increase in consumption of a wide range of consumer goods from packaged foods to automobiles. Investments in infrastructure and agriculture are also further fueling the demand of plastics and related products in India.

**Source:**  
FICCI Report on 3rd National Conference on Sustainable Infrastructure with Plastics

Automotive Industry

Automotive plastics market size is likely to exceed 18 million tons by 2022, growing at a CAGR of over 9.5% from 2015 to 2022. Plastics provides considerable weight reduction for the automobiles resulting in low fuel consumption and emission thereby increasing the overall vehicle efficiency. The Indian auto industry is one the largest in the world and has grown impressively. The automobile industry accounts for 7.1% of the country’s gross domestic product (GDP). An expanding middle class, a young population, an increasing interest of companies in exploring rural markets, increasing per capita income and aspirations to own a vehicle, various auto segments have experienced aggressive growth in the recent years. Given the positive outlook for the automobile industry, there is high potential for plastic usage to rise in the auto segment. Also, the implementation of the BS VI norms augurs well for the automotive plastics components industry.

**Sources:**  
<http://ficci.in/events/23002/ISP/Sustainable-Infrastructure-with-Plastics.pdf>

Electronics

The Global consumer electronics market was valued at around USD 1,172 billion in 2017 and is expected to reach approximately USD 1,787 billion in 2024, growing at a CAGR of ~6%. Recovering economy in certain nations will provide a positive outlook to the consumer electronics market in near future. New products and concepts are the preliminary drivers coupled with recovery of mature economies. Consumers are spending heavily for specialized appliances. Replacement of existing electronic appliances due to technologically advanced versions of the product will fuel consumer electronics market till 2024. The Asia Pacific is projected to have a significant share in revenue generation of global consumer electronics market during the forecast period. The Indian electronics market is one of the largest in the world. The growing customer base and the increasing penetration of electronic products in consumer durables segment have provided enough scope for the growth of plastics in the Indian electronics sector.

**Source:**  
<https://www.globenewswire.com/news-release/2018/06/29/1531798/0/en/Global-Consumer-Electronics-Market-Will-Reach-USD-1-787-Billion-by-2024-Zion-Market-Research.html>

<http://ficci.in/events/23002/ISP/Sustainable-Infrastructure-with-Plastics.pdf>

Packaging

The Indian packaging industry is expected to touch \$ 73 Bn by FY20 as per the Assocham-EY. The industry was \$ 32 Bn in 2015. Rising population, increase in income levels, changing lifestyles, boom in e-commerce and organised retail are the factors propelling the growth of this industry. FMCG is one of the primary growing segments in the retail sector and is also one of the biggest end users of the packaging industry. The spending on packaged foods is increasing due to increase in per capita income, urbanization and growing numbers of working women. Pharmaceutical industry is yet another major user of the packaging industry. Pharmaceutical packaging has now become a foremost part of the drug delivery system.

There is great growth potential since India’s per capita consumption of packaging is only 4.3 kg whereas neighbouring Asian countries such as China and Taiwan are about 6 kg and 19 kg respectively. This clearly indicates that the market is under penetrated and offers a great business opportunity for the Indian plastics packaging industry.

**Sources:**  
<https://economictimes.indiatimes.com/industry/indl-goods/svs/packaging/indias-packaging-industry-to-touch-72-6-billion-by-fy20-assochem-ey-study/articleshow/68032848.cms?from=mdr>  
<http://ficci.in/events/23002/ISP/Sustainable-Infrastructure-with-Plastics.pdf>

Pharma Medical Devices

The global pharmaceutical drug delivery market is projected to grow at a CAGR of 6.4% and reach \$ 1,694.7 Bn by 2023 from \$ 1,244.4 Bn in 2018. The factors supporting market growth include the rising prevalence of chronic diseases, growth in the biologics market, and technological advancements & new product launches.

Indian Healthcare Industry is expected to reach \$ 280 Bn by 2025. Furthermore, the health care expenditure is likely to witness a rise due to rising awareness, increasing disposable income as well as growing population. The Indian medical devices market is expected to become a \$ 50 Bn by 2025.

**Source:**

<https://www.marketsandmarkets.com/PressReleases/drug-delivery-technologies.asp>  
<http://www.makeinindia.com/article/-/v/sector-survey-medical-devices>  
<https://www.technavio.com/research/medical-device-market-size>

Outlook for the sectors, we operate in

Pharma packaging

The Global Pharmaceutical Packaging Market is expected to reach \$149.25 billion by 2026 growing at a CAGR of 8.75%. Growing environmental concerns are promoting the demand for sustainable packaging among pharmaceutical manufacturers. There has been a steady increase in the number of new FDA-approved drugs, which has increased the demand for pharmaceutical packaging. Growing pharmaceutical industry in emerging economies has also led to an increase in demand for drug delivery devices and blister packaging. Growth is expected to be highest in the emerging economies of India and China, primarily on account of increasing generics and contract manufacturing activities in these countries.

**Source:**  
<https://www.prnewswire.com/news-releases/149-billion-pharmaceutical-packaging-market---global-outlook-and-forecasts-2017-2026-300785137.html>  
<https://www.businesswire.com/news/home/20190130005579/en/Global-Pharmaceutical-Packaging-Market-Grow-CAGR-7>

Indian Plastics Furniture Market

The size of the Indian plastic furniture segment is estimated at ~Rs. 32 Bn. Products in this category are typically B2C, sold to customers such as households, offices and institutions. Besides primary demand arising from new establishments (residential and commercial), the category also gets replacement demand due to the short lives of these products. The unorganized sector comprises of 70% of the market share. Post the implementation of GST there is a huge scope for the organized players to further increase their market share.

Domestic home furniture comprises of 65% of the Indian furniture demand, followed by office furniture comprising of 20% and contract furniture comprising of 15% demand. Moreover, the demand for modular and elegant furniture is growing in urban cities of India. The development in housing

sector and rapid growth of metro cities is changing the living standards and lifestyle of the population. The rising trend of home décor and home furnishing with modular and stylish furniture is the major reason behind the growth of furniture industry in India. Further, the rising trend of online and mobile shopping in India is envisioned to bolster the demand for furniture through online channels. Growth of small and medium businesses on the back of Ease of Doing Business policy, further boosts the demand for low cost plastic furniture products. Further, growth of real estate sector in India is anticipated to boost the demand for modular furniture. Apart from this, rising investment in retail sector by various national and international entities is anticipated to foster the growth of furniture market in India.

**Source:**  
<https://retail.economictimes.indiatimes.com/news/home-and-decor/furniture-and-decor/indian-furniture-market-huge-opportunity-for-asia-hktdc/61126528>  
<https://www.researchandmarkets.com/reports/4326520/india-furniture-market-size-demand-opportunity>  
[https://www.ibef.org/download/Furniture\\_170708.pdf](https://www.ibef.org/download/Furniture_170708.pdf)

Beauty and Wellness Industry

India's cosmetics and cosmeceutical market is expected to register annual growth of 25 per cent touching \$ 20 Bn by 2025. The rising awareness of beauty products, increasing premium on personal grooming, changes in consumption patterns and lifestyles and improved purchasing power among women are expected to boost the industry. The market will maintain healthy growth due to rising preference for specialised cosmetic products such as organic, herbal and ayurvedic products. Principal areas that are expected to grow include colour cosmetics, fragrances, specialised skin care and make-up cosmetics, he said. Further, Rural demand is also expected to accelerate on the basis of the following factors: Growing consciousness about grooming, with 50% of rural population aged below 25 years, the rural lifestyle and habits have started mirroring urban aspirations and lifestyle this has brought about a shift from homemade solutions to branded product.

**Source:**  
<https://economictimes.indiatimes.com/industry/cons-products/fmcg/cosmetics-market-to-grow-by-25-to-20-billion-by-2025/articleshow/62838360.cms?from=mdr>  
<https://www.export.gov.il/files/cosmetics/ReportonIndianCosmeticsIndustry.pdf>

Performance of the Company for FY19

- The company reported revenue of ₹ 340.12 cr in FY19, up from ₹ 321.95 cr in the last year, i.e. a growth of 5.64 % YoY.
- The company reported EBITDA of ₹ 54.40 cr in FY19, as compared to ₹ 55.45 cr in the last year, i.e. a decline of 1.89% YoY.
- Profit before tax (PBT) came in at ₹ 29.95 cr during the year, as compared to ₹ 34.23 cr in the last year, i.e. a decline of12.50% YoY.
- The company reported Profit after Tax (PAT) of ₹ 19.28 cr in FY19, as compared to ₹ 23.89 cr in the last year, i.e. a decline of19.30% YoY.
- The revenue mix for exports to domestic stands at 73.33%. The revenue mix continue to skew towards exports.
- The volumes of polymers processed during the year was 13,258 tonnes.
- Our Debt to Equity ratio stands at 0.88x times.
- Total Capex spend during FY19 is Rs. 52.40 Crs (including cost of land acquired for expansion)
- The capex has been towards the Carbon steel project, land acquisition and ongoing capex in the plastics business.
- The company also arranged for Rs. 100 crs of Debt finance at attractive terms.
- Our performance for FY19 remained subdued on account of various factors as enumerated below:
  - One of our top global clients has faced some challenges with their own growth as

- compared to their forecast along with the change in the inventory policy which has resulted in lower growth for SEPL. This resulted in lower frequency in ordering, coupled with lower quantity of orders.
- We expected to have some more design and development income. Unfortunately, the same has been pushed to next financial year.
- During the first half of the year, we had significant labour and power issues which streamlined in third quarter of the year.
- During first quarter of the year, Appreciation of Raw material prices impacting performance in some quarters, however the same have been passed onto the customers with some time lag.
- Finance cost has increased on account of higher debt taken for land purchase and capex for multiple divisions.
- We have done significant investment by increasing management bandwidth to support the growth for coming years. The cost of the same has come this year, but the benefits are expected to follow in future.
- We believe the operating leverage would benefit us going forward as utilization levels pickup.



Significant Changes in Key financial ratios during FY19

The key financial ratios has not witnessed a significant change i.e. a change of 25% or more as compared to FY18.

The key financial ratios during FY19 vis-à-vis FY18 are as below:

Key Financial Ratios	FY19	FY18
Debtors Turnover Ratio	63.97	77.28
Inventory Turnover Ratio	46.24	46.16
Interest Coverage Ratio	4.14	6.09
Current Ratio	1.15	1.19
Debt Equity Ratio	0.88	0.86
Operating Profit Margin (%)	15.99%	17.22%
Return on Net Worth	14.16%	19.22%

Key developments during the year

Home Furnishings:

- Swedish Home Furnishings Major:
- New Product line: SEPL received order for Manufacture & Supply of products under a Carbon Steel Project.
- This is the first project of SEPL outside of plastics.
- Estimated Sales value of the order is Rs. 100 crs.
- Start with 6 new products which will increase in future.
- Commercialization by September 2019.
- Further received business confirmation for Manufacture & Supply of 3 new products in the plastics segment.

Large Departmental Store:

- Received Business confirmation for a new product from a Large Department store in home segment.
- Commercialization expected by Q3FY19.

Pharma:

- Confirmation for 2 new devices received from domestic pharma company.
- Confirmation from a new client from South Korea for supply of medical device.

Auto:

- Received Business confirmation for 3 new products from Honeywell.

Participation at Global Events

The Company, in this year, participated at Global Events namely;

- CpHI Worldwide at Abu Dhabi & Spain, one of the largest global pharmaceutical trade fairs.
- CpHI India at Noida, one of the India’s leading pharmaceutical fair
- InnoPack Pharma Confex 2018 at Mumbai, a key trade fair for optimizing smart pharma packaging through latest innovations and technologies

The Company garnered a good response at the events.

Awards & Accolades:

- Award for BPC – Piramal All India Kaizen Competition for automation of Kaizen.

Analyst & Investor Meets / Conference Calls

The Company, hosts Earnings Call to discuss the financial, operational and business performance with Investors/ Analysts, every quarter, after declaration of the results. Result presentations and transcripts of the earnings call held till date is available on the website of the Company at <https://shaily.com/investors/investor-presentation-updates>.

The Company also participated in various Institutional Investor/Analyst meets during the year. The details of the participation(s) are available on the website of the Company [www.shaily.com](http://www.shaily.com).

Quality Accreditations

The Company continues its focus on quality and strives to exceed customer expectations at all times. SEPL is certified under various standards to meet client demands and enhance value delivery.

SEPL is accredited with the following certifications:

TUV Rheinland – ISO 9001:2015

Scope : Design, Development and manufacturing of plastic molded components and assemblies.

Automotive – TUV Rheinland – IATF 16949:2016

Scope : Manufacture of Plastic Molded components for interiors, seating systems, lightning systems, radiator tanks and guide bush for the automotive industry without product design and development.

Medical Devices – TUV Rheinland – ISO 13485 -2016

Scope : Manufacturing of Plastic molded components and assemblies used in Medical Devices.

Primary Packaging – TUV SUD - ISO 15378:2015 certification

Scope : Design, Development and Manufacturing of Plastic Moulded Components and assemblies used as Primary packaging material for medicinal products.

Certification on Social Accountability Management System

The Company continues to be responsible for its social accountability policies. After due process of audit, SEPL has been accorded with Social Accountability certification as below

**SA 8000:2014** - Certification for organization’s Social Accountability Management System.

Business Responsibility Audits

SEPL’s business being a customer driven business is audited periodically based on internationally accepted standards. The Company continues to be accorded with high satisfactory global audits certifications. Below are few global audits conducted across the company’s various facilities

Responsible Business Alliance (RBA)

Audit in respect of compliance under Electronic Industries Code of Conduct (EICC/RBA version 6.0) and compliance with state, regional, national and international laws.

URSA – Understanding Responsible Sourcing Audit

Independent Assessment of a supplier’s compliance against all applicable laws, regulations and additional requirements of Unilever Responsible Social Policy.

Intertek – Global Security Verification

Audit in respect of international supply chain security standards to secure trade, protection against terrorist acts and to combat illegal trafficking.

Recognitions

The Company is also recognized by the Government with the following recognitions :

Authorised Economic Operator

Recognition & appreciation of company’s commitment to secure the international supply chain and in compliance with the WOC’s SAFE framework Authorized Economic Operator (AEO) programme under CBIC Circular Number 33/2016 dtd 22.07.2016.

Recognition of In-house R& D Unit

Government recognized R & D Unit, recognized by Department of Scientific Research and Industrial Research Technology Bhavan, New Delhi established under Ministry of Science and Technology.

Two Star Export House

The Company’s 100% EOU Plant has been accorded with

the status of two -Star Export House under provisions of Foreign Trade Policy 2015-20 by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry.

Credit Rating

CARE continues to accord the ratings on the bank facilities of the Company as under:

Long term facilities – CARE A-; Stable  
Short term facilities – CARE A2+

On long term bank facilities of ₹ 106.40 cr and short-term bank facilities of ₹ 30 cr.

The above ratings were re-affirmed by CARE during the year.

Employee Stock Option Plan (ESOP)

The Board has approved Shaily Employee Stock Option Plan 2019 and has placed it for approval of the shareholders at the ensuing General Meeting of the Company. Details of the ESOP Plan forms part of the Notice to the forthcoming AGM of the Company.

Highlights of the Shaily ESOP Plan 2019:

**Quantum** – 131, 570 shares offered at a discount at Market Price.  
**Vesting Period** – 4 years.  
**Offered to** – Senior & Middle Management Team  
**Rationale** – Retain talent & creating employees as long term partners in the company’s growth story.

Threats, Risks and Concerns

The Company operates in contract manufacturing segment as an OEM supplier, hence, business depends on customer requirements. Any fluctuation in the customer’s demand can affect the Company’s performance. We are also exposed to project risks due to delay in project implementation/cost escalation, risks on account of fluctuation in FX rates.

Company has adopted sufficient risk management mechanism in terms with the nature of business, segments and sectors it operates in. Risk management systems are periodically reviewed by the Board and optimum steps have been taken to mitigate the risk factors.

Human Resources

With a total workforce of 1200+ employees, which includes staff, permanent employees and contract workers, the prime objective of Human Resource function is employee development. To achieve success and profitability, Company relies on its greatest assets – its intellectual capital.

SEPL’s culture fosters continuous learning. In-house trainings programmes for employees at all levels are conducted on a regular basis.

New employees are educated about the Company with “Induction training”. Under this programme, new recruits undergo an induction training by departmental heads, which offer a broad overview of the Company’s varied functions, processes, strategy and growth objectives. This allows the new incumbent to fit seamlessly within the organization structure, culture and environment.

Employee engagement initiatives

The Company periodically carries out various employee motivation and engagement activities which include various festival celebrations, birthday celebrations, sports and competition events.

Internal Control System

The Company has a system of Internal Controls over financial reporting ensuring the accuracy of the accounting system and related financial reporting. The Internal Control System adheres to local statutory requirements for orderly and efficient conduct of business. The efficacy of the internal checks and control systems are validated by Internal as well as Statutory Auditors.

The Audit Committee reviews the adequacy and effectiveness of the Internal control systems, significant audit observations and monitors the sustainability of remedial measures.

Outlook on opportunities

Home Furnishing:

With the Swedish home furnishing major marking its presence in India by opening its first store at Hyderabad and further plans to open stores at various other cities in the country, SEPL stands to gain as it has been a trusted supplier to the Home Furnishings major from more than a decade. Also, its stated policy to procure more and more raw materials domestically augurs well for your company. During the year SEPL was able to garner increased business from the client.

Carbon Steel project:

Receipt of the Carbon Steel project from the Home furnishings major signifies the trust placed by them on the execution capabilities of SEPL. The Estimated Sales value of the order received is Rs. 100 Crs and it will entail an investment of Rs. 40 Crs. To start with, we shall manufacture few products but with the scope to increase products in future.

We are setting up a new plant at Halol for this project and expect to commercialize the order by September 2019. We have built the requisite capabilities for the

new project and remain confident of delivering as per the expected standards and within the stated timeframe.

Pharma Packaging & Devices:

SEPL is witnessing a lot of traction in the pharmaceutical packaging & medical devices segment. With a number of products in the pipeline, this segment can be the fastest growing segment for the company. By engaging with the client right from the designing stage up to assisting them in the approval process SEPL has carved a niche for itself.

In the automotive segment also SEPL is receiving incremental business from existing clients like Honeywell.

With the healthy pipeline and focus on execution SEPL is geared to deliver a healthy performance in the upcoming fiscal.

Your company is on an expansion path with numerous growth opportunities in hand. To fuel this growth the company decided to retain and utilize the internal accruals which shall bear fruits in the times to come.

For and on behalf of the Board

Mahendra Sanghvi  
Executive Chairman

Vadodara  
18 May, 2019

# Report on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts), Rules, 2014 pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo:

## a Conservation of Energy

Shaily is committed to transform energy conservation into a strategic business goal alongwith technological sustainable development of Energy Management System. The Company constantly endeavours to reduce energy consumption in all its operations.

Shaily has in its credit an in-house Research & Development accreditation recognized by the Department of Scientific & Industrial Research Technology, New Delhi, Ministry of Science & Technology.

### i Steps taken or impact on conservation of energy

The Company has installed a number of devices in its plants for conservation/reducing the energy requirements. In this year, we were able to use more than 50% of our energy requirement from renewable sources.

Monitoring of energy parameters viz., maximum demand, power factor, load factor, TOD tariff utilization on regular basis.

Use of higher cavitation moulds which can provide same output with lesser energy consumption.

Use of "Stack moulds" which produces different components of the same product at a single time in a single machine, which were earlier manufactured in different machines. This resulted into higher machine utilization rate, reduction in cycle time, enhanced production and better efficient usage of energy.

Installation of pneumatic auto shut-off valves in in-let pipes at moulding area, thereby achieving reduction in idle time power losses.

Replacement of individual portable chillers with Centralized chilling plant for moulding shop floors, thereby achieving reduction in overall power consumption.

Periodical conduct of safety audits to ensure efficiency of safety measures adopted across all facilities.

### ii Steps taken for utilizing alternate sources of energy

Company is using renewable power from a biomass power producer for part of its power requirements. Our goal is to constantly improve our processes in a way that results in reduction of power, water and other natural resources.

Company has also adopted "rain water harvesting system". This system provide valuable assistance in collection & storage of rain water for varied end application requirements.

### iii Capital investment on energy conservation equipments

The Company continuously endeavors to discover usages on new technologies and tools to save the energy and reduce consumption. The Company has installed such energy efficient machinery and devices to improve the power factor.

## b Technology Absorption

### i Efforts made towards technology absorption

#### Research and Development:

- The Company has developed and manufactured several dies and moulds and has also developed several plastic components, which were earlier imported. The activities in development are carried out by technicians and the expenditure thereon, is debited to the respective heads.
- Development of new design, processes and products from conceptualization to manufacture, for some customers
- Development of complex designs for



- components of medical devices.
- Successful in conversion of products manufactured from virgin material to recycled and bioplastics material.
- Development and set up of assembly machine and assembly line for injector pens to detect manual errors, thereby increase in productivity.
- Installation of “Harmonic Arresters” in electrical circuits, which reduces damages due to electricity fluctuations, thereby reduction in repairs & maintenance and overall power consumption.

**Technology absorption, adaption and innovation:**

- The Company has manufactured varied plastic components of international standard/quality, which are import substitutes for diverse applications. Kaizen and Lean Sigma forms a significant part of our strategy, resulting in improvement across business landscape.
- Use of Robotics in the production process, yielding into reduced cycle time, improvement in productivity and process efficiencies.

**ii Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Continuous upgradation and adoption of new technology for better productivity and yield.
- Company has through its own research and development activities, developed several dies and moulds; which serves as an import substitution.
- Such varied plastic components of international standard/quality, are import substitutes for diverse applications.
- Improved performance of machines and its utilization.
- Enhanced global presence/visibility.

**iii Information regarding technology imported, during last 3 years:**

- Nil

**iv Expenditure incurred on Research & Development:**

- During the year, the expenditure incurred on R&D had been Rs. 257.58 lacs.

**c Foreign Exchange Earnings and Outgo**

The Company continues to keep its focus on widening of new geographical area to augment its exports. We are participating in major overseas exhibitions, which are very helpful in improving visibility of the services/ products, we offer, in the International Market.

The details of foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows are as under:

₹ in crores	
Foreign Exchange	FY 2018-19
Earnings	233.30
Expenditure	115.21

For and on behalf of the Board

Mahendra Sanghvi  
Executive Chairman

Vadodara  
18 May, 2019





## Annual Report on CSR Activities

### A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs :

CSR is not a mere philanthropic activity but also comprises of activities that require a company to integrate social, environmental and ethical concerns into the company's vision and mission through such activities. Shaily's vision is to create value for the nation, enhance quality of life across the entire socio-economic spectrum and build an inclusive India. We constantly strive to contribute in humble ways to the motto "May Everyone be Happy" and take up the cause of welfare amongst communities in which we operate.

The Company's CSR Policy provides for carrying out CSR activities in the area of education, healthcare, empowerment of women, development of under privileged children, through various "Not for profit" organizations (NGO's) as well as through direct channel.

Identification of deployment of fund for the CSR Projects and program is decided based on :

- The level of support & involvement of the local villagers and their representatives and the Company workers.
- In consultation with NGO/Trust
- Based on independent survey.

The CSR policy of the Company can be viewed on our website at [www.shaily.com](http://www.shaily.com) at weblink <https://shaily.com/investors/corporate-governance>.

### Composition of CSR Committee

Name of Director	Acting in committee as	Category
Mr. P R Singhvi	Chairman	Independent Director
Mr. Laxman Sanghvi	Member	Executive Director
Ms. Tilottama Sanghvi	Member	Whole Time Director

### Average Net Profit of the Company for the last three financial years

The average net profit of the Company for the last three financial years is ₹ 26,25,81,945/-

### Prescribed CSR Expenditure

(two percent of the amount as in item 3 above)  
₹ 52,51,639/-

### Details of CSR spent during the financial year

Total amount to be spent for the financial year:  
₹ 52,51,639 /-

Amount unspent, if any:  
₹ 45,35,086 /-



Summary of Projects during the Financial Year:

Sr. No.	CSR Project	Sector in which the project is covered	Location of project / program	Amount outlay (Budget)		Amount spent on projects/ programs	Cumulative expenditure upto the reporting period	Direct or through Implementing Agency (IA)
1	Free Medical check-up & awareness camp	Preventive Health Care	Rania (Local)	Single Program	24,703	24,703	24,703	Direct
2	Sponsor of 50% of TRAX cruiser vehicle to Arpan Charitable Trust for transportation use of handicapped children	Special Education	Vadodara	Single Program	467,500	467,500	467,500	Direct
3	Construction material provided to Rania Gram Panchayat School for development of school's infrastructure	Rural development	Rania (Local)	Single Program	124,350	124,350	124,350	Direct
4	Donation to IND Samajik Sanskrutik Welfare, Godhra, for Panch Mahotsav 2018	Promotion and development of traditional art and handicrafts	Godhra (Local)	Single Program	100,000	100,000	100,000	Direct
Total						Total	716,553/-	

Amount unspent

₹ 45.35 lakhs.

Explanation:  
The Company's CSR initiatives involve setting of various programmes in project form at a medium/ small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community.

The Company was in a process of identifying and evaluating projects which were in line with the CSR Policy. Projects were still under evaluation.

Due to non-identification of appropriate projects and agencies which may guide the Company towards such philanthropic activities to serve and match the needs of the society, the CSR budget could not be utilized in full in the F.Y. 2018-19.

The Company has identified various projects and budget has been earmarked for respective Projects and the allocated amount will be spent on those Projects to ensure effective implementation and sustenance thereof.

Our CSR Responsibility

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Tilottama Sanghvi  
Member - CSR Committee

Amit Sanghvi  
Managing Director

Vadodara  
18 May, 2019

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# Form MGT-9 Extract of Annual Return

As on financial year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## Registration and other Details

i)	CIN	L51900GJ1980PLC065554
ii)	Registration Date	18/04/1980
iii)	Name of the Company	Shaily Engineering Plastics Limited
iv)	Category/Sub-Category of the Company	Public Company/Limited by Shares
v)	Address of Registered Office and Contact Details	Survey No. 364/366, At & Po. Rania, Ta. Savli, Dist.- Vadodara-391780, Gujarat, India <b>T</b> +91-2667-244307 <b>F</b> +91-2667-244372 www.shaily.com
vi)	Whether Listed Company	Yes
vii)	Name, address and contact details of Registrar & Share Transfer agent, if any	Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai 400 059 <b>T</b> +91-2262-638200 www.bigshareonline.com

## Principal Business Activity of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and description of main product/services	NIC Code of the Product/Service	% to total turnover of the Company
Manufacture of Plastic products	22209	100%

## Particulars of Holding, Subsidiary and Associate Companies

The Company has no holding, subsidiary or associate company.

Shareholding Pattern (Equity Share Capital break up as percentage of total equity)

Category – wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual HUF	3121148	1800	3122948	37.54%	3122948	0	3122948	37.54%	0.00%
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A)(1):	3121148	1800	3122948	37.54%	3122948	0	3122948	37.54%	0.00%
(2) Foreign									
a) NRIs - Individuals	1125203	0	1125203	13.53%	1125203	0	1125203	13.53%	0.00%
b) Others - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A)(2):	1125203	0	1125203	13.53%	1125203	0	1125203	13.53%	0.00%
Total Shareholding of Promoter (A) = (A)(1) +(A)(2)	4246351	1800	4248151	51.07%	4248151	0	4248151	51.07%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	922593	0	922593	11.09%	1085046	0	1085046	13.04%	1.95%
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs/FPI	1806	0	1806	0.02%	0	0	0	0	0.02%
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Alternate Investment Fund	26000	0	26000	0.31%	0	0	0	0.00%	-0.31%
Sub Total (B)(1):	950399	0	950399	11.43%	1085046	0	1085046	13.04%	1.66%
2. Non-Institutions									
a) Bodies corp.									
i) Indian	687820	0	687820	8.27%	670161	0	670161	8.06%	-0.21%
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals/HUF									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lac	590022	18900	608922	7.32%	633110	14702	647812	7.79%	0.47%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	1625614	0	1625614	19.54%	1565752	0	1565752	18.82%	-0.72%
c) Others (specify)									
c-i) Clearing Member	152164	0	152164	1.83%	8519	0	8519	0.10%	-1.73%
c-ii) Non-Resident Indian (NRI)	2293	0	2293	0.03%	5916	0	5916	0.07%	0.04%
c-iii) Non-Resident Indian - Repat	34027	0	34027	0.41%	40691	0	40691	0.49%	0.08%
c-iv) Non-Resident Indian - Non-Repat	7718	0	7718	0.09%	44951	0	44951	0.54%	0.45%
c-iv) NBFC	1322	0	1322	0.02%	1431	0	1431	0.02%	0.00%

Category of Shareholders	No. of shares held at the beginning of the year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Sub total (B)(2):	3100980	18900	3119880	37.51%	2970531	14702	2985233	35.89%	-1.62%
Total Public Shareholding (B) = (B)(1) +(B)(2)	4051379	18900	4070279	48.93%	4055577	14702	4070279	48.93%	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0		0	0
<b>Grand Total (A + B + C)</b>	<b>8297730</b>	<b>20700</b>	<b>8318430</b>	<b>100.00%</b>	<b>8303728</b>	<b>14702</b>	<b>8318430</b>	<b>100.00%</b>	<b>0.00%</b>

Shareholding of Promoters

Details of shareholding of promoters

Sr. No.	Shareholder's Name	Shareholding at beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% shares pledged/encumbered to total shares	
1	Mahendra Sanghvi	811335	9.75%	0	811335	9.75%	0	0.00%
2	Laxman Sanghvi	476424	5.73%	0	476424	5.73%	0	0.00%
3	Tilottama Sanghvi	914150	10.99%	0	914150	10.99%	0	0.00%

Details of shareholding of persons and entities of promoter group

Sr. No.	Shareholder's Name	Shareholding at beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			
		No. of shares	% of total shares of the Company	% shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% shares pledged/encumbered to total shares	% change in shareholding during the year
1	Sanghvi Amit Mahendra	60000	0.72%	0	60000	0.72%	0	-
2	Jayessh Mohanlal Shah	759838	9.13%	0	759838	9.13%	0	-
3	Lax Nagda	408702	4.91%	0	408702	4.91%	0	-
4	Bharat Bhogilal Sanghvi	308084	3.70%	0	308084	3.70%	0	-
5	Shaily Mahendra Sanghvi	90000	1.08%	0	90000	1.08%	0	-
6	Vanita L Nagda	173565	2.09%	0	173565	2.09%	0	-
7	Rajen Bharat Sanghvi	75426	0.91%	0	75426	0.91%	0	-
8	Kalpana Sanghvi	75300	0.91%	0	75300	0.91%	0	-
9	Rashmi Sanghvi	69426	0.83%	0	69426	0.83%	0	-
10	Purnima Mohanlal Shah	10008	0.12%	0	10008	0.12%	0	-
11	Ramesh H Shah	13500	0.16%	0	13500	0.16%	0	-
12	Sonal Jayesh Shah	2393	0.03%	0	2393	0.03%	0	-

Change in Promoter's holding

	Shareholding at beginning of the year (01.04.2018)		Shareholding at the end of the year (31.03.2019)	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning/ end of the year	4248151	51.07%	4248151	51.07%



Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	Name	Shareholding at the beginning (01.04.2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	HDFC Trustee Co. Ltd A/c HDFC Retirement Savings Fund - Hybrid Equity Plan	372,756	4.48%	During the financial year	316,950	Purchase	689,706	8.29%
2	Ashish Kacholia	460,785	5.54%	During the financial year	138,911	Purchase	599,696	7.21%
3	DSP Emerging Stars Fund	549,837	6.61%	During the financial year	(212,497)	Sale	337,340	4.06%
4	Ashish Kacholia	0	0.00%	During the financial year	460,387	Purchase	460,387	5.53%
5	Mukul Mahavir Prasad Agrawal	400,000	4.81%	During the financial year	(51,000)	Sale	349,000	4.20%
6	Suryavanshi Commotrade Pvt. Ltd.	400000	4.81%	-	-	-	400,000	4.81%
7	Suresh Kumar Agrawal	400,000	4.81%	-	-	-	400,000	4.81%
8	Mukul Mahavir Agrawal	100,000	1.20%	During the financial year	(100,000)	Sale	100,000	0.00%
9	Bang Securities Pvt. Ltd	96,538	1.16%	During the financial year	(9,511)	Sale	87,027	1.05%
10	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.	59,664	0.72%	During the financial year	23,575	Purchase	83,239	1.00%
11	Motilal Oswal Financial Services LTD	58,911	0.71%	During the financial year	(58,891)	Purchase/Sale	20	0.00%
12	Aniruddha Narayan Malpani	48,146	0.58%	During the financial year	3,687	Purchase/Sale	51,833	0.62%
13	Anjali Aniruddha Malpani	32,535	0.39%	During the financial year	12,275	Purchase	44,810	0.54%

Note: The date wise increase/decrease in shareholding of the top ten shareholders is available on the website of the Company [www.shaily.com](http://www.shaily.com) at weblink <https://shaily.com/investors/corporate-governance>.

Shareholding of Directors and Key Managerial Personnel

Sr. No	Name	Designation	Shareholding at the beginning of the year (01.04.2018)		Change during the year		Shareholding at the end of the year (31.03.2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mahendra Sanghvi	Executive Chairman	811335	9.75%	0	0.00%	811335	9.75%
2	Laxman Sanghvi	Executive Director	476424	5.73%	0	0.00%	476424	5.73%
3	Tilottama Sanghvi	Whole Time Director	914150	10.99%	-	-	914150	10.99%
4	Amit Sanghvi	Managing Director	60000	0.72%	-	-	60000	0.72%
5	Sarup Chowdhary	Independent Director	-	0.00%	-	-	0	-
6	Pushp Raj Singhvi	Independent Director	-	0.00%	-	-	0	-
7	Milin Mehta	Independent Director	-	0.00%	-	-	0	-
8	Dilip Shah	Independent Director	-	0.00%	-	-	0	-
9	Chintan Shah	Chief Financial Officer	-	0.00%	-	-	0	-
10	Preeti Sheth	Asst. Company Secretary & Compliance Officer	1	0.00%	-	0.00%	1	0.00%

Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment. ₹ in lakhs

	Secured Loan excluding deposits	Unsecured Loan	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10658.53	18.85	0	10677.38
ii) Interest due but not paid	-	-	-	0.00
iii) Interest accrued but not due	24.53	-	-	24.53
Total (i+ii+iii)	10683.06	18.85	0	10701.91
Change in indebteness during the financial year				
Addition	3547.58	-	-	3547.58
Reduction	2249.01	5.00	-	2254.01
Net Change	1298.57	-5.00	0	1293.57
Indebtedness at the end of the financial year				
i) Principal Amount	11960.00	13.85	-	11973.85
ii) Interest due but not paid	0.00	-	-	-
iii) Interest accrued but not due	21.63	0.00	-	21.63
Total (i+ii+iii)	11981.63	13.85	0	11995.48

Remuneration of Directors and Key Managerial Personnel

Remuneration to Managing Director, Whole Time Directors and/or Manager

		Name of MD/WTD/Manager				Total Amount
Sr. No	Particulars of Remuneration	Mahendra Sanghvi	Amit Sanghvi	Laxman Sanghvi	Tilottama Sanghvi	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	115.10	115.10	65.55	27.65	323.40
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	3.79	3.79	2.35	1.25	11.18
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961					
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
5	Others	-	-	-	-	-
Total		118.90	118.90	67.90	28.89	334.58

Note: Approval of shareholders has been obtained for payment of higher remuneration to Mr. Amit Sanghvi, Mr. Mahendra Sanghvi and Mr. Laxman Sanghvi.

Ceiling as per the Act - Rs. 229.24

Remuneration to other Directors

		Name of Director				Total Amount
Sr. No	Particulars of Remuneration	Sarup Chowdhary	Pushp Raj Singhvi	Milin Mehta	Dilip G Shah	
1	Independent Directors					
	Fees for attending meetings of Board/Committee	3.38	4.13	3.88	3.38	14.75
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (1)	3.38	4.13	3.88	3.38	14.75
2	Other Non-Executive Directors (2)	-	-	-	-	-
Total Remuneration = (1+2)		3.38	4.13	3.88	3.38	14.75

Note: Payment of sitting fees is not considered as a part of “remuneration” as per the Companies Act, 2013.

Ceiling as per the Act - Rs. 229.24

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

		Key Managerial Personnel As on 31.03.2019		Total Amount
Sr. No	Particulars of Remuneration	Chintan Shah CFO & VP - Chief Financial Officer	Preeti Sheth Asst. Company Secretary & Compliance Officer	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	29.94	4.26	34.20
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-
	(c ) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
5	Others	-	-	-
Total		29.94	4.26	34.20

Note: The above stated figures for remuneration are extracted from Form 16 of the individual Managerial Personnel and Key Managerial Personnel for the FY 2018-19, whereas figures for the managerial remuneration in Corporate Governance Report are prepared on the basis of accrual accounting principle and hence not comparable.



Penalties/Punishment/Compounding of Offences:

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority RD/NCLT/Court	Appeal made, if any (give details)
A. Company					
Penalty			None		
Punishment					
Compounding					
B. Directors					
Penalty			None		
Punishment					
Compounding					
C. Other Officers in default					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board

Mahendra Sanghvi  
Executive Chairman

Vadodara  
18 May, 2019



Annexure E

Particulars of Employees

As per the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to disclose following information in the Board's Report.

**1** Ratio of Remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19

Name of Director	Designation	Ratio to Employees
Mahendra Sanghvi	Executive Chairman	64.02:1
Laxman Sanghvi	Executive Director	36.81:1
Tilottama Sanghvi	Whole Time Director	16.00:1
Amit Sanghvi	Managing Director	64:02:1

**2** Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year 2018-19

Name	Designation	% Increase
Mahendra Sanghvi	Executive Chairman	0
Laxman Sanghvi	Executive Director	0
Tilottama Sanghvi	Whole Time Director	0
Amit Sanghvi	Managing Director	0
Chintan Shah	Chief Financial Officer	0
Preeti Sheth	Asst. Company Secretary	11%

**3** Percentage increase in median remuneration of employees in the financial year 2018-19.

The median remuneration of employees was increased by 1.65 % during the Financial Year 2018-19.

Number of permanent employees on the roll of the Company:

Staff	421
Permanent Workers	181

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

Non - Managerial Personnel	5.22%
Managerial Personnel (excluding Directors)	13.45%

There are no exceptional circumstances for increase in the managerial remuneration.

**5** Affirmation

We affirm that the remuneration paid to the Managerial and Non-Managerial personnel is as per the remuneration policy of the Company.

**For and on behalf of the Board**

Mahendra Sanghvi  
Executive Chairman

Vadodara  
18 May, 2019

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## Secretarial Audit Report

### Form MR-3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
Shaily Engineering Plastics Limited  
Survey No. 364/366,  
At. & Po. Rania, Tal. Savli,  
Vadodara – 391 780,  
Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shaily Engineering Plastics Limited (hereinafter referred to as 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

**We report that, there were no actions / events in pursuance of the following regulations requiring compliance thereof by the company during the period of this report:**

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;
- ii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- iv. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998/2018;



- vi. Other sector specific laws as follows:

a. Foreign Trade Policy;

b. Foreign Trade (Development & Regulation) Act, 1992 and Rules made thereunder.

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India; and
- ii. The Listing Agreements entered into by the Company with BSE Ltd read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, the Company has spent Rs. 7,16,553/- out of Rs. 52,51,639/- (as calculated in accordance with the Companies Act, 2013) towards Corporate Social Responsibility during the financial year 2018-19.

We further report that;

- a. The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors except the required compliance of Regulation 17(1)(a)&(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of appointment of Non-executive Director and Independent Director, as one of the Independent Directors was not associated with the Company with effect from 22.02.2019 due to death. However, as on the date of the report, above requirement has been complied with, in the Board Meeting held on 18 May, 2019. The changes in the composition of the Board of Directors that took

- place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice is given to all the Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting.
- c. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable laws, rules, regulations and guidelines.
- d. During the audit period, there were no specific instances/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on Company's affairs

Sd/-  
S.Samdani  
Partner

Samdani Shah & Kabra  
Company Secretaries  
FCS No. 3677  
CP No. 2863

Vadodara  
18 May, 2019

This Report is to be read with our letter of even date annexed as Appendix A and forms part of this report.

Appendix A

To,  
The Members  
Shaily Engineering Plastics Limited  
Survey No.364/366  
AT & PO. Rania, Tal. Savli  
Vadodara-391780  
Gujarat.

Our Secretarial Audit report of even date is to be read along with this letter, that:

- 1 Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these secretarial records and compliances based on such verification and audit.
- 2 We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records and we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- 3 Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 4 The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-  
S.Samdani  
Partner

Samdani Shah & Kabra  
Company Secretaries  
FCS No. 3677  
CP No. 2863

Vadodara  
18 May, 2019

# Report on Corporate Governance

## Company's philosophy

Corporate governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' expectations. Good governance practices stem from the culture and mindset of the organization and at Shaily, we are committed to meet the aspirations of all our stakeholders as we believe in adopting best corporate practices for ethical conduct of business. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board and Committees thereof are formed as per the prevailing regulatory requirements, which oversees how the Management serves and protects the long-term interests of all our stakeholders.

Corporate Governance is more than a set of processes and compliances at Shaily. It underlines the role that we see for ourselves for today, tomorrow and beyond. The Company has laid out strict guiding principles and communicated through its code of conduct, which is subject to regular audits to ensure controls and compliances are maintained at a high standard. Shaily's philosophy is thus concerned with the ethics, values and morals of the Company and its directors, who act in the best interests of the Company and remain accountable to the stakeholders at large.

## Board of Directors

The Board of Directors, closely monitors the performance of the Company and Management, approves the plans, reviews the strategy and strives to achieve organizational growth. The Board ensures statutory and ethical conduct with high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term well-being of the Company.

### a Composition of Board

- The Company's Board comprise of eight Directors, four of them are Executive Directors and four are Independent non-executive Directors. As on 31st March, 2019, there are only seven directors, four of whom are executive directors and 3 are Independent Directors, due to sad demise of an Independent Director, Mr. Dilip G Shah on 22nd February, 2019. The Directors are professionals, having expertise in their respective functional areas and bring a wide range of skills and expertise to the Board.
- The Chairman of the Board is an Executive Director. The management of the Company is entrusted to the Managing Director, Mr. Amit Sanghvi, who is assisted by a Management Core Team and Senior Executives having rich experience and expertise in their respective fields.
- As on date of this report, the Board meets the requirement of having minimum one-woman director and not less than 50% of the Board strength comprise of non-executive directors being Independent Directors.
- Pursuant to the provisions of Section 165(1) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Director hold directorships in more than 20 companies (public or private), 10 public companies, membership of Board & Committees [Audit & Stakeholder Relationship Committee(s)] in excess of 10 and Chairmanship of Board Committee in excess of 5. None of the Directors serve as Independent Director in more than 7 listed companies. None of the Director who serves as a Whole Time Director in any listed entity serve as an Independent Director in more than three listed Companies.

**b Number of Board meetings held and the dates of the Board Meeting**

Four (4) Board Meetings were held during the year ended 31<sup>st</sup> March 2019 as under:

Sr. No.	Date	Time (IST)
1	14 May 2018	05:30 p.m.
2	13 August 2018	01:00 p.m.
3	14 November 2018	01:30 p.m.
4	14 February 2019	01:30 p.m.

Requisite quorum was present in all the meetings. The time gap between two meetings did not exceed one hundred and twenty days, as per the prevailing regulatory requirements.

**c Details of composition and category of Directors, attendance at the Board Meetings, Annual General Meeting and shareholding of each director**

Name of Director	Category	No. of Directorships [Note a]	No. of membership in committees (Chairmanship) [Note b]	Attendance in Board Meetings held in FY 2018-19	Attendance at last AGM	No. of Equity Shares held in the Company as on March 31, 2019
As on March 31, 2019						
Mr. Mahendra Sanghvi Executive Chairman	Promoter Executive	3	4(1)	3/4	Yes	811,335
Mr. Laxman Sanghvi Executive Director	Promoter Executive	1	0	4/4	No	476,424
Ms. Tilottama Sanghvi Whole-Time Director	Promoter Executive	1	0	3/4	Yes	914,150
Mr. Amit Sanghvi Managing Director	Promoter Group 1 - Executive	1	1	4/4	Yes	60,000
Mr. Sarup Chowdhary	NED (Independent)	1	1	3/4	Yes	Nil
Mr. Pushp Raj Singhvi	NED (Independent)	5	4(1)	3/4	No	Nil
Mr. Milin Mehta	NED (Independent)	2	2(2)	3/4	No	Nil
Mr. Dilip G. Shah (Till 22.02.2019)	NED (Independent)	2	4(1)	3/4	Yes	Nil

**Notes:** **a.** Includes directorship in public companies and private companies, which are subsidiaries of public companies. **b.** Membership/Chairmanship are considered only for Audit Committee and Stakeholders Relationship Committee. **c.** Bracket indicates Chairmanship. **d.** NED refers to Non-Executive Director. **e.** The Company has not issued any convertible instruments.

**d Details of directorship in other listed entities of each Director**

Name of Director	Category	Name of other listed Companies where Directorship held	Category of Directorship held	Remarks, if any
Mr. Mahendra Sanghvi Executive Chairman	Promoter Executive	Munjal Auto Industries Ltd	Independent Director	-
		Integra Engineering Ltd	Independent Director	-
Mr. Laxman Sanghvi Executive Director	Promoter Executive	No Directorship in other listed entries	Not Applicable	-
Ms. Tilottama Sanghvi Whole-Time Director	Promoter Executive	No Directorship in other listed entries	Not Applicable	-
Mr. Amit Sanghvi Managing Director	Promoter Group - Executive	No Directorship in other listed entries	Not Applicable	-
Mr. Sarup Chowdhary	NED (Independent)	No Directorship in other listed entries	Not Applicable	-
Mr. Pushp Raj Singhvi	NED (Independent)	Wimplast Limited	Independent Director	-
		Plastibends India Ltd	Independent Director	-
		Windsor Machines Ltd	Independent Director	Resigned w.e.f. 01.04.2019
Mr. Milin Mehta	NED (Independent)	Alembic Limited	Independent Director	Resigned w.e.f. 31.03.2019
		Alembic Pharmaceuticals Limited	Independent Director	Resigned w.e.f. 23.01.2019
Mr. Dilip G. Shah	NED (Independent)	-	-	Demise on 22.02.2019

**e Core skills and competencies available with the Board**

Since Board of Directors closely monitors performance of the company and provide strategic guideline, it becomes important to assess and address combination of required skill and competencies with the board.

The company's board comprises of eight directors, as on date of report, which has right blend of deep understanding of various areas of SEPL business, manufacturing process. The board has right combination of Directors on board with impeccable business acumen, strategy and project management experience.



**f Confirmation with regards to Independent Directors**

In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI Listing Regulations 2015 and are independent of the management.

**g Resignation of Independent Directors, if any**

None of the Independent Directors have placed their resignation during the year and/ or before the expiry of their tenure.

However, Mr. Dilip G Shah, Non-Executive Independent Director, ceased to be a Director, on account of his sad demise on 22nd February, 2019.

Mr. Pushp Raj Singhvi, Non Executive Independent Director has owing to changes in SEBI regulatory regime, tendered his resignation effective from close of business hours on March 31, 2019.

**h Relationship between director inter-se**

Mr. Mahendra Sanghvi, Executive Chairman is brother of Mr. Laxman Sanghvi, Executive Director, spouse of Ms. Tilottama Sanghvi, Whole Time Director and father of Mr. Amit Sanghvi, Managing Director. None of the other Directors are related to each other.

**i Familiarization programme for Independent Directors**

Guided by the principles of Corporate Governance of the prevailing regulatory regime, the Company conducts familiarization programme for Independent Directors from time to time in accordance with business & regulatory requirements. Details for the same have been disclosed on our website at <https://shaily.com/investors/corporate-governance>

**j Board Meeting Procedures**

Annual Calendar of Board Meetings of the year is usually considered in the Board Meeting of the last quarter of the previous financial year. The notice convening Board Meeting is sent to each of the Directors along with relevant papers well in advance of the meeting date. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. All significant developments and material events are brought to the notice of the Board; either as a part of the agenda papers in advance of the meeting or by way of presentations or circulation of relevant documents during the meeting. The Managing Director, the Chief Financial Officer and the Chief Strategy Officer, briefs the Board on the financial and business performance of the Company during the previous quarter and trend analysis as compared to the budgets, operational performance and market scenario.

The Company receives reports from various departmental heads, certifying the compliance of applicable statutory laws, rules and regulations every quarter. The Managing Director, on basis of the reports certifies the Board, the compliance with various applicable statutory laws, rules and regulations.

**k Code of Conduct**

The Company has laid down a Code of Conduct, for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest. The declarations with regard to its compliance have been received for the financial year 2018-19 from all the Board Members and Senior Management Personnel. There were no material financial and commercial transactions, in which Board Members or Senior Management Personnel had personal interest, which could lead to potential conflict of interest with the Company during the year. The Code of Conduct can be viewed at the weblink; <https://shaily.com/investors/corporate-governance>

**l Committee meetings**

The Company’s guidelines relating to Board Meetings are applicable to Committee meetings. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Committee members and placed before the Board meetings for noting.

**Audit Committee**

The Company has an Audit Committee at the Board level, with the powers and roles in accordance with the prevailing regulatory requirements. The Committee acts as a link amongst the Management, Auditors and the Board of Directors.

**a Composition of Audit Committee**

The Audit Committee comprises of four (4) Independent Directors viz., Mr. Milin Mehta, Mr. Sarup Chowdhary, Mr. Pushp Raj Singhvi and Mr. Dilip G. Shah (till 22.02.2019).

Mr. Milin Mehta is the Chairman of the Audit Committee.

**b Terms of Reference**

The terms of reference of the Audit Committee are comprehensive and covers the matters specified for Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

The Committee provides the Board with additional assurance as to the adequacy of Company’s internal control systems and financial disclosures. The committee has reviewed the internal audit reports,

quarterly, half-yearly and annual financial results before their submission and adoption by the board, internal control systems, Related Party Transactions and all other matters covered under SEBI (LODR) Regulations, 2015 and provisions of the Companies Act, 2013 read with rules made thereunder as and when applicable. In conducting such reviews, the committee found no material discrepancy.

**c Meetings of Audit Committee and Attendance of Members**

Name	Number of Meetings held during FY 2018-19	
	Held	Attended
Mr. Milin Mehta (Chairman)	4	3
Mr. Sarup Chowdhary	4	3
Mr. Pushp Raj Singhvi	4	3
Mr. Dilip G. Shah	4	3

There were Four (4) meetings of Audit Committee held during F.Y. 2018-19 on 14th May, 2018, 13th August, 2018, 14th November, 2018 and 14th February, 2019. Mr. Milin Mehta, Chairman of the Audit Committee owing to personal reasons could not attend the last Annual General Meeting held on 13th August, 2018.

The Statutory Auditors, Internal Auditors, Secretarial Auditors, Chief Financial Officer, Chief Strategy Officer, Executive Directors and other senior professionals were invited to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

Nomination & Remuneration Committee (NRC)

a Composition of Nomination & Remuneration Committee

The Nomination & Remuneration Committee of the Company is in line with the provisions of Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and section 178 of the Companies Act, 2013

Name of Director	Acting in committee as	Category
Mr. Sarup Chowdhary	Chairman	Independent Director
Mr. P R Singhvi	Member	Independent Director
Mr. Milin Mehta	Member	Independent Director
Mr. Mahendra Sanghvi	Member	Executive Chairman

b Terms of Reference:

The terms of reference of the NRC is to guide the Board in relation to the appointment and removal, identifying persons and to recommend/review remuneration of all the Directors, Key Managerial Personnel (KMP) and senior management personnel

c Meetings of Nomination & Remuneration Committee and Attendance of Members

There was one meeting of the Nomination & Remuneration held on 14th May 2018. All the members were present in the meeting, except for Mr. Sarup Chowdhary.

Mr. Sarup Chowdhary, Chairman of NRC, attended the 38th Annual General Meeting held on 13th August, 2018.

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

d Performance Evaluation

Guided by the prevailing regulatory environment of the SEBI Listing Regulations, 2015 and the Companies Act, 2013, the framework used to evaluate the performance of Independent and the Executive Directors is based on the expectation that they perform their duties in a manner which creates and continues to build sustainable value for the shareholders and in accordance with the duties and obligations abided on them.

The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgment.

The evaluation also assessed the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for it to effectively and reasonably perform its duties.

e Policy on Nomination & Remuneration

Nomination & Remuneration Policy is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve desired results. Shaily's business model promotes customer centricity and requires employee mobility to address project needs. The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. The policy adheres to the prevailing regulatory requirements of the SEBI Listing Regulations, 2015 and the Companies Act, 2013.

The Company pays remuneration by way of salary, benefits, perquisites and allowances to the Executive Directors including the Managing Director of the Company, as approved by the shareholders and by the Central Government, when so required.

The non-executive directors are independent directors and they are paid sitting fees for attending the meetings of Board and of the Committees.

There has been no change in the Nomination & Remuneration Policy of the Company. It can be viewed at our website at <https://shaily.com/investors/corporate-governance>

Name & Designation of Executive Directors	Salary	Allowances & Perquisites	Company's contribution to funds	Others	Total
Mr. Mahendra Sanghvi Executive Chairman	67.94	45.66	14.95	0	128.55
Mr. Laxman Sanghvi Executive Director	39.07	26.42	8.59	0	74.08
Ms. Tilottama Sanghvi Whole - Time Director	16.98	11.71	3.74	0	32.43
Mr. Amit Sanghvi Managing Director	67.94	45.66	14.95	0	128.55
Total	191.93	129.46	42.22	0	363.61

- a. Sitting fees are not paid to Executive Directors.
- b. The Executive Directors and the Company are entitled to terminate the service contracts by giving not less than three months' notice in writing to the other party. There is no provision for payment of severance fees.
- c. The Company does not have any stock option scheme.
- d. The Executive Directors are not paid any performance linked incentives. The remuneration is paid, as approved by the members and the Central Government, where required.
- e. Company's contribution to funds includes contribution to superannuation fund.

Remuneration of Directors

a Executive Directors

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc., paid to the Executive Directors for the financial year 2018-19 are given below:

**b Non - Executive Directors [NED]**

The Non-Executive Directors are paid ₹ 75,000/- as sitting fees for attending Board Meetings, ₹ 37,500/- for attending Audit Committee meetings and ₹ 25,000/- for other Committee Meetings. The Non-Executive Directors are also paid re-imbursement of out of pocket expenses incurred for attending meetings of the Board of Directors, Committee and Independent Directors, thereof. No commission/share of profit is paid to the Non-Executive Directors.

None of the Non-Executive Independent Director(s) have any pecuniary relationship or transactions with the Company and/or its associates except Mr. Milin Mehta, where the Company has paid a total of ₹ 13 lacs to M/s K.C. Mehta & Co., Chartered Accountants, as fees for professional services rendered by the firm to the Company. Mr. Milin Mehta is a partner in the said firm. The Board does not consider the firm’s association with the Company to be of a material nature so as to affect independence of judgment of Mr. Milin Mehta, as an Independent Director of the Company.

**Payment to NED during FY 2018-19:**

Name of Director	Sitting fees (₹)
Mr. Sarup Chowdhary	337,500
Mr. P R Singhvi	412,500
Mr. Milin Mehta	387,500
Mr. D G Shah	337,500
Total	1,47,500

**Stakeholders Relationship Committee**

**a Composition of Stakeholders Relationship Committee (SRC)**

The Stakeholders Relationship Committee of the Company is in line with the provisions of Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and section 178(5) of the Companies Act, 2013, constituted to look into the mechanism of redressal of grievances of shareholders. Constitution of SRC:

Name of Director	Acting in committee as	Category
Mr.Milin Mehta	Chairman	Independent Director
Mr. P R Singhvi	Member	Independent Director
Mr. Amit Sanghvi	Member	Managing Director

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

**b Meetings of SRC & Attendance**

There was one meeting of the Stakeholders Relationship Committee held during F.Y. 2018-19 on 14th May, 2018. All the members attended the meeting.

Mr. Milin Mehta, Chairman of SRC, owing to personal reasons could not attend the 38th Annual General Meeting of the Company held on 13th August, 2018.

**c Compliance Officer**

Ms. Preeti Sheth, Asst. Company Secretary is the Compliance Officer of the Company and looks after the compliance of requirements of Securities & Corporate Laws.

**d Investor grievance redressal**

The Company received two complaints from the shareholders of the Company, during the financial year 2018-19, which were adequately dealt within the stipulated time.

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

The Committee’s prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of corporate social responsibility policy, recommend amount of expenditure to be incurred on CSR activities, oversee the implementation of CSR projects/programs undertaken by the Company, suggest remedial measures, where required, and monitor the CSR Policy from time to time.

**a Composition of Corporate Social Responsibility Committee**

The Committee’s composition and terms of reference are in compliance with the provisions of the Companies Act, 2013:

Name of Director	Acting in committee as	Category
Mr. P R Singhvi	Chairman	Independent Director
Mr. Laxman Sanghvi	Member	Executive Director
Ms. Tilottama Sanghvi	Member	Whole Time Director

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

**b Meetings of Corporate Social Responsibility Committee and Attendance**

There was one meeting of the Corporate Social Responsibility Committee held during F.Y. 2018-19 on 14th May, 2018. All the members were present in the meeting.

**General Body Meetings**

The details of last three Annual and/or Extraordinary General Meetings are as follows:

Financial Year	Location	Date	Time	No. of Special Resolutions passed
2015-16	Patel Wadi, Opp. Jalaram Temple, Vil-lage Rania, Sankarda Bhadarwa Road, Tal. Savli, Dist. Vadodara - 391 780, Gujarat	02nd August, 2016	11:30 a.m. IST	Nil
2016-17	Survey No. 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat	09th September, 2017	03:00 p.m. IST	3
2017-18	Survey No. 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat	13th August, 2018	04:00 p.m. IST	Nil

- There was no business in F.Y. 2018-19, which required to be transacted through postal ballot.
- There is no item on the agenda of the forthcoming 39th Annual General Meeting, which requires to be transacted through postal ballot. which requires to be transacted through postal ballot.

Means of Communication

Financial Results	The financial results viz., quarterly/half yearly/annual are sent to the stock exchange and published in newspapers having nation wide coverage.	₹ in lakhs
Newspapers wherein results are normally published	The Financial Results are normally published in: - The Business Standard (English) - Vadodara Samachar (Gujarati) - The Economic Times (English)	
Website	The Company's website <a href="http://www.shaily.com">www.shaily.com</a> contains a separate dedicated section “Investors” where shareholders information is available. The full Annual Report is also available on the website in a user friendly and downloadable format.  Apart from this, official news releases, results/investors presentation made to analysts/investors, information of earnings call, transcript of earnings call, financial results, shareholding pattern, etc are also displayed on the Company's website.	
BSE Corporate Compliance & Listing Centre	BSE's Listing Centre is a web based application designed for corporates. All periodical filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among others are also filed electronically on the Listing Centre, which disseminates it to the public at large.	

General Shareholder Information

S.#	Particulars	Description
a)	Annual General Meeting Date, Time & Venue	Thursday, August 08, 2019 at 04:00 p.m., IST. Survey 364/366, Sankarda - Bhadarwa Road, At. & Po. Rania, Ta. Savli, Dist. Vadodara - 391 780, Gujarat, India
b)	Financial Year	April 01, 2018 to March 31, 2019
c)	Date of Book closure	05/08/2019 to 08/08/2019
d)	Listing on Stock Exchange	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India.  The requisite listing fees have been paid to BSE for F.Y 2018-19.
e)	Stock Code	BSE Equity : 501423
f)	Market price data -high, low during each month in FY 2018-19	Please see “Annexure A”
g)	Share performance of the Company in comparision to BSE Sensex	Please see “Annexure B”
h)	In case, securities are suspended from trading, the directors report shall explain the reasons thereof	The securities of the Company have not been suspended from trading anytime during F.Y. 2018-19.

i)	Registrar & Share Transfer Agent	Bigshare Services Pvt. Ltd. 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai - 400 059 <b>T</b> +91-2262-638200 <b>F</b> +91-2262-638299 <b>E</b> investor@bigshareonline.com <b>W</b> www.bigshareonline.com
j)	Share Transfer system	Share transfers will be registered and returned within a peroid of 15 days from the date of receipt, if documents are accurate in all respects.  The Stakeholders Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect transfer/transmission, name deletion, renewal of shares, dematerialization, etc.  Total number of shares transferred in physical form during the year were 2200 shares (previous year 1800 shares).
k)	Distribution of shareholding/ Shareholding Pattern as on March 31, 2019	Please see “Annexure C”
l)	Dematerialization of shares and liquidity	Please see “Annexure D”
m)	Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity	Not applicable
n)	Commodity price risk or foreign exchange risk and hedging activities	Not applicable
o)	Plant Locations	Rania/Finishing/EOU/Healthcare Plant Survey No. 363/364/366, Rania, Vadodara, Gujarat 391780, India  Halol Plant Plot No. 706/707/708, GIDC, Halol, Panchmahals, Gujarat 389350, India  Carbon Steel Plant Village Chandrapura, Halol-Savli Road, Taluka Halol Dist. Panchmahal, Gujarat, India
p)	Address for Correspondence/ Investor Correspondence	Company Secretary and Compliance Officer Shaily Engineering Plastics Limited Survey 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat, India <b>T</b> +91-2667-244307 <b>F</b> +91-2667-244372 <b>E</b> investors@shaily.com <b>W</b> www.shaily.com



Bigshare Services Pvt. Ltd.  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East, Mumbai - 400 059  
**T** +91-2262-638200  
**F** +91-2262-638299  
**E** investor@bigshareonline.com  
**W** www.bigshareonline.com

Shareholders are advised to address query/request in respect of shares to the RTA. In addition, they may also correspond at the above address. It is further advised to quote their folio number, DP & Client ID number, as the case may be, in all correspondence with it.

q) Credit Rating

CARE continues to accord the ratings on the bank facilities of the Company as under :  
  
Long term facilities - CARE A-; Stable  
Short term facilities - CARE A2+  
  
On long term bank facilities of ₹ 106.40 cr and short term back facilities of ₹ 30 cr.  
  
The above ratings were re-affirmed by CARE during the year.

Other Disclosures

a

**Related Party Transactions**

During the year under review, no materially significant Related Party Transactions, that may have a potential conflict with the interest of the Company at large, have been entered into.

The Board has approved a policy for related party transactions which can be viewed at our website [www.shaily.com](http://www.shaily.com) at the weblink <https://shaily.com/investors/corporate-governance>

b

**Compliance**

The Company has complied with all the provisions of SEBI Listing Regulations, 2015 as well as regulations and guidelines of Securities and Exchange Board of India (SEBI). There have been no instances of non-compliance by the Company on any matters related to capital markets during the last three (3) years and, hence no penalty or strictures are imposed by SEBI or the Stock Exchanges or any Statutory Authority.

c

**Whistle Blower Policy**

The Company has established vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct or ethical policy.

The Whistle Blower Policy/Vigil Mechanism is placed on our website [www.shaily.com](http://www.shaily.com) at weblink <https://shaily.com/investors/corporate-governance>

The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

d

**Compliance with mandatory and non-mandatory requirements**

The Company complies with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance.

Non-mandatory requirements:

a.

Office for non-executive Chairman at Company’s expense: Not Applicable

b.

Half yearly declaration of financial performance to each household of shareholders: Not complied

c.

Modified opinion(s) in Audit Report: Complied as there is no modified opinion in Audit Report

d.

Separate posts of Chairman & CEO: Complied

e.

Reporting of Internal Auditors directly to Audit Committee: Complied

e

**Policy for determining ‘material subsidiaries’**

The Company does not have any subsidiary company, therefore, requirement of devising such policy does not apply to the Company.

f

**Disclosure of commodity price risks and commodity hedging activities**

The Company is not listed under the Commodity exchange and therefore trading in relation with commodities and commodity hedging is not applicable to the Company.

g

**Details of utilization of funds raised through preferential allotment/ qualified institutions placement**

The Company has during the year not raised any funds through preferential allotment or qualified institutions placement as specified under SEBI Listing Regulations, 2015.

h

**Independent Directors’ Meeting**

The Independent Directors met on 18th May, 2019, to carry out the evaluation for the financial year 2018-19 and inter alia, discussed the following :

- Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-executive Directors.
- Evaluation of quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively perform its duties.

i

**Fees paid to Statutory Auditors**

The Company during the year paid an amount of ₹ 16.35 lacs to its Statutory Auditor M/s B S R & Associates, LLP, Chartered Accountants and all entities in the network firm/network entity of which statutory auditor is a part.

j

**Obligation of Company under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013**

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding Sexual Harassment. All employees (permanent, contractual, temporary and trainees) are covered under this Policy.

No Complaint has been received by the Committee during the year.

**k Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Regulation No	Particulars	Compliance Status (Yes or No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the Company	NA
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46(2) (b) to (i)	Website	Yes

**Corporate Benefits to Investors**

**Dividend declared**

Financial Year	Dividend declaration	Dividend per share (₹)
2014-15	August 08, 2015	2
2015-16	August 02, 2016	4
2016-17	September 09, 2017	5
2017-18	August 13, 2018	7.5

Share of paid up value of ₹10 per share.  
Note: The Board recommended a dividend of ₹7.5/- per equity share for the financial year 2017-18.

**Liquidity**

The Company's shares are amongst actively traded shares on the BSE. Relevant data for average daily turnover for the financial year 2018-19 is given below:

Year	High Price	No. of shares traded	% Delivery Qty
2016	704.00	1889128	100%
2017	1069.90	2622146	89.76%
2018	1520.00	2158009	86.54%
2019	998.60	211362	85.41%

Information complied from the data available on BSE website.

**Transfer of Unclaimed Dividend to IEPF:**

Section 124 & 125 of the Companies Act, 2013 read with rules made thereunder, prescribe that dividends that remain unclaimed for a period of seven years, are statutorily required to be transferred to the Investor Education & Protection Fund (IEPF) administered by the Central Government, and thereafter cannot be claimed by the shareholders.

Calendar for transfer of unclaimed dividend to IEPF:

Financial Year	Type of Dividend	Date of Declaration	Due for transfer to IEPF
2014-15	Final Dividend	August 08, 2015	August 06, 2022
2015-16	Final Dividend	August 02, 2016	August 30, 2023
2016-17	Final Dividend	September 09, 2017	September 07, 2024
2017-18	Final Dividend	August 13, 2018	August 11, 2025

Members, who have not yet encashed their dividend warrant(s), are requested to make their claims without any delay to the Company's Registrar & Share Transfer Agent – Bigshare Services Pvt. Ltd.

Annexure - A

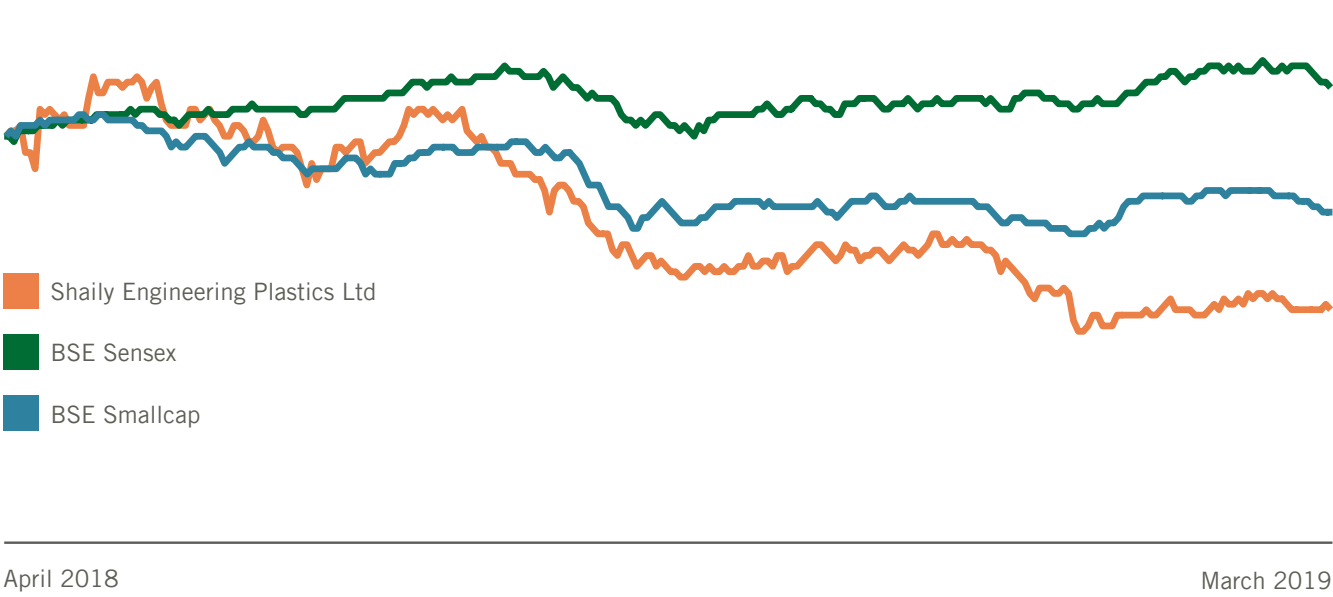
Market price data of the Company’s shares traded on BSE Limited (BSE) during the financial year 2018-19

\* On March 31, 2019, the closing price of the shares of the Company on BSE was ₹ 718.25.  
\* Information complied based on data available at BSE website.

Month - Year	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)
April - 2018	1225.00	1520.00	1155.00	1413.35
May - 2018	1430.50	1475.00	1246.00	1367.50
June - 2018	1367.00	1367.00	1126.60	1184.35
July - 2018	1200.00	1394.00	1106.00	1363.25
August - 2018	1398.00	1398.00	1149.00	1156.00
September - 2018	1185.00	1194.80	950.00	966.30
October - 2018	952.00	952.00	816.30	867.15
November - 2018	867.20	925.00	840.00	899.10
December - 2018	868.05	960.00	868.05	928.60
January - 2019	934.80	998.60	722.60	849.70
February - 2019	899.00	899.00	650.00	686.35
March - 2019	719.00	779.40	682.50	718.25

Annexure - B

Share performance of the Company in comparison to BSE Small Cap Index & BSE Sensex: Chart Indexed to 100



Annexure - C

Distribution of shareholdings as on 31<sup>st</sup> March, 2019 is as under:

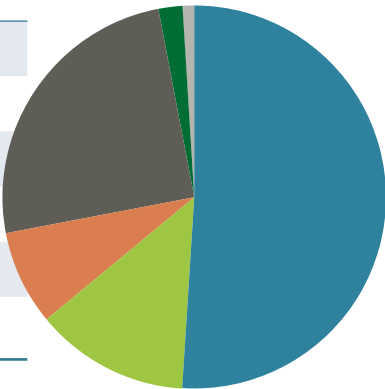
Number of shares of face value	Number of shareholders	% of total shareholders	Number of shares	% of total shares
1-500	4474	92.97	297484	3.58
501-1000	158	3.28	125557	1.51
1001-2000	80	1.66	115734	1.39
2001-3000	32	0.67	79355	0.95
3001-4000	8	0.16	27521	0.33
4001-5000	9	0.19	42640	0.51
5001-10000	9	0.18	64118	0.77
10001-9999999999	42	0.87	64118	0.77
Total	4812		8318430	100

Information given in above in the distribution schedule is based on the reports from the RTA.

Distribution of Shareholding

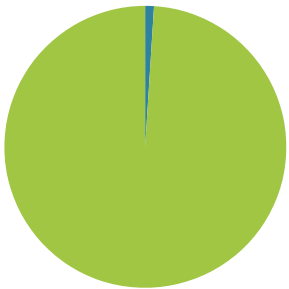
Shareholding as on March 31, 2019

Sr. No.	Category	Number of Shares held	% of voting strength
1	Promoters & Promoter Group	4248151	51.07
2	Mutual Funds	1085046	13.04
3	Bodies Corporate	670161	8.06
4	Public - Indian	2213564	26.61
5	Non-Resident Indian	91558	1.10
6	Others	9950	0.12
Total		8318430	100.00



Dematerialization of shares and liquidity

Sr. No.	Status	Number of Shares	%
1	Holding in Demat mode	8303728	99.82
2	Physical shareholding	14702	0.18
Total		8318430	100.00



Previous year (i.e. as on 31 Mar 18) - Demat holding was 99.75%



**For and on behalf of Board of Directors**

Mahendra Sanghvi

Executive Chairman

Amit Sanghvi

Managing Director

Vadodara

18 May, 2019

**Auditor's Certificate on Corporate Governance**

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 March 31, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Regulations.

We state that in respect of investor grievances received during the year ended March 31, 2019, no investor grievance is pending against the Company, as per the records maintained by the Company and presented to the Stakeholders Relationship 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.

Sd/-

S.Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

FCS No. 3677, CP No. 2863

Vadodara, 18 May, 2019

**Certificate from Company Secretary in Practice on Director's Disqualification**

[Pursuant to Schedule V Part C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We have examined the Papers, Books, Minute Books, Forms, Declarations and other documents for compliance, in relation to disqualification of Directors of the Shaily Engineering Plastics Limited (Company), as maintained and made available to us under the provisions of the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and in the context we have further examined various links, websites of Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI) and Bombay Stock Exchange (BSE) for the year ended March 31, 2019.

In our opinion and to the best of our information and according to the explanations provided and given to us by the Company, its officers, agents and authorized representatives, we hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a director of the Company by SEBI, MCA or any such other Statutory Authority for the period as mentioned above.

Sd/-

S.Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

FCS No. 3677, CP No. 2863

Vadodara, 18 May, 2019

**Code of Conduct**

The Board has adopted a Code of Conduct for all the Board Members and Senior Management Personnel of the Company and the said code of conduct is posted on the website of the Company ([www.shaily.com](http://www.shaily.com)). A declaration signed by the Managing Directors on behalf of the Board of Directors is given below:

We hereby confirm that:

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct of the Company for the year ended on 31st March, 2019 and the copy of the code of conduct is put on the website of the Company at [www.shaily.com](http://www.shaily.com).

**On behalf of the Board of Directors**

Amit Sanghvi

Managing Director

# Independent Auditor's Report

## Independent Auditor's Report

To The Members of Shaily Engineering Plastics Limited

### Report on the Ind AS Financial Statements

#### Opinion

We have audited the financial statements of **SHAILY ENGINEERING PLASTICS LIMITED** (the "Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

Revenue from the sale of goods has been recognised when the control of the goods is transferred which is generally in accordance with the terms of sales contracts.

We have identified the recognition of revenue as key audit matter because revenue is a key performance indicator of Company and therefor there is an inherent risk that revenue is manipulated to meet financial expectations or targets. The company has various customers with different terms of trade which increase the risk of error in the timing of revenue recognition.

Refer note – to the Financial Statements.

### How the matter was addressed in our audit; Our procedures included the following

- Obtain understanding of and assessing the design, implementation and operating effectiveness of management's key internal financial controls in relation to revenue recognition
- Inspecting customer contracts, on sample basis, to identify the terms and condition relating to the transfer of control of the products sold and assessing the Company's timing of revenue recognition
- Selecting a sample of revenue transactions before and after the financial year end and assessing the timing of revenue recognition by comparing details of the revenue with underlying documents which includes goods delivery note, gate outward register, lorry receipts, shipping documents, etc.
- Circulation of balance confirmation to customer and reconciling the differences if any on amounts confirmed by customer and amounts recorded by management..



**Information Other than the Financial Statements and Auditors’ Report Thereon**

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Directors’ Report, Corporate Governance Report and Management discussion and Analysis included in Company’s annual report, but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management’s Responsibility for the Financial Statements**

The Company’s management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our

opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless

law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

The financial information of the Company for the year ended 31 March 2018 included in these financial statements had been audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon as per their reports dated 14 May 2018.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

- 1

As required by the Companies (Auditors’ Report) Order, 2016 (the “Order”) issued by the Central Government in terms of section 143 (11) of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
- a.

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b.

In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c.

The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d.

In our opinion, the aforesaid financial statements comply with the Ind AS



- specified under section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

**2** With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note -- to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosure in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

**3** With respect to the matter to be included in the Auditors’ Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Associates LLP**  
*Chartered Accountants*  
(Firm’s Registration No: 116231W/W-100024)

[Jeyur Shah](#)  
*Partner*  
(Membership No: 045754)

Vadodara  
18 May 2019

**Annexure A to the Independent Auditors’ Report – 31 March 2019**

With reference to the Annexure A referred to in the Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report the following:

- i.
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, details with respect to quantity needs to be updated for certain categories of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets and by which all the fixed assets are verified in phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified its fixed assets during the year and we are informed that no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties been taken on lease and disclosed under property, plant and equipment in the financial statements, the lease arrangements are in the name of the Company.
- ii. The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv. According to the information and explanations given to us, the Company has not given any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respects of investment made.
- v. According to the information and explanations given to us, the Company has not accepted deposits during the year as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii.
- a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no material undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- Pending clarity on the matter as explained in Note -- to the Financial Statements, the Company is currently unable to determine the extent of arrears of provident fund due as at 31 March 2019 outstanding for a period of more than six months from the date they become payable.
- b. According to the information and explanations given to us, there are no dues of service tax, duty of custom, income tax, value added tax, goods and service tax and other material statutory dues have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Sr. No	Name of Statute	Nature of Dues	Period to which it relates	Amount demanded (₹ in lakhs)	Forum where dispute is pending	Amount unpaid/ Refund withheld (₹ in lakhs)
1	Central Excise Act, 1944	Excise Duty	2007-08 to 2009-10	52.27	The Hon' ble Supreme Court	52.27
2	Central Excise Act, 1944	Service Tax	2004-05 to 2016-17	42.49	Commissioner of Customs, Excise and Service Tax(Appeals)	42.49
3	Central Excise Act, 1944	Service Tax	2008-09 to 2017-18	16.12	Customs, Excise & Service Tax Appellate Tribunal	15.38
4	Central Excise Act, 1944	Service Tax	2007-08 to 2015-16	35.24	Assistant Commissioner of Excise and Service Tax	33.36
5	The Income Tax Act, 1961	Income Tax	2007-08	2.46	Commissioner of Income Tax (Appeal)	2.46
6	The Income Tax Act, 1961	Income Tax	2017-18	0.08	Income Tax Appellate Tribunal	0.08
7	Gujarat Value Added Tax, 2003	VAT	1996-97	5.74	Commercial Tax Dept, Halol	5.74

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to the banks. The Company did not have any outstanding loans and borrowings to Government, Financial institution and debenture holders.
- ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company during the year have been applied for the purpose for which they are raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act
- xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **BSR & Associates LLP**  
*Chartered Accountants*  
(Firm's Registration No: 116231W/W-100024)

**Jeyur Shah**  
*Partner*  
(Membership No: 045754)

Vadodara  
18 May 2019

Annexure B to the Independent Auditors’ report on the financial statements of Shaily Engineering Plastics Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A) (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Shaily Engineering Plastics Limited (the “Company”) as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the “Act”).

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Associates LLP

Chartered Accountants

(Firm’s Registration No: 116231W/W-100024)

Jeyur Shah

Partner

(Membership No: 045754)

Vadodara

18 May 2019



## Balance Sheet as at 31st March 2019

₹ in lakhs

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	14,397.71	10,637.02
Capital work-in-progress	3	270.46	575.53
Other intangible assets	4	103.51	115.96
Intangible assets under development	4	224.05	-
Financial assets			
Investments	5	20.40	20.40
Loans	12	21.06	18.07
Other financial assets	6	563.47	783.57
f) Income tax assets (net)		190.29	-
g) Other non-current assets	7	1,738.02	475.73
<b>Total non-current assets</b>		<b>17,528.97</b>	<b>12,626.28</b>
<b>Current assets</b>			
a) Inventories	8	4,309.11	4,071.39
b) Financial assets			
i. Trade receivables	9	5,960.62	6,816.93
ii. Cash and cash equivalents	10	54.96	35.25
iii. Bank balances other than cash and cash equivalents	11	126.03	333.43
iv. Loans	12	12.39	6.63
v. Other financial assets	6	1,525.74	966.46
c) Other current assets	7	1,639.38	3,625.38
<b>Total current assets</b>		<b>13,628.23</b>	<b>15,855.47</b>
<b>TOTAL ASSETS</b>		<b>31,157.20</b>	<b>28,481.75</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	13(i)	831.84	831.84
b) Other equity	13(ii)	12,781.92	11,598.78
<b>Total equity</b>		<b>13,613.76</b>	<b>12,430.62</b>

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i. Borrowings	14	4,715.67	2,096.17
b) Provisions	16	121.75	98.22
c) Deferred tax liabilities (Net)	27(c)	803.67	421.47
d) Other non-current liabilities	17	79.49	81.06
<b>Total non-current liabilities</b>		<b>5,720.58</b>	<b>2,696.92</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i. Borrowings	15	5,106.59	6,393.13
ii. Trade payables	18		
(a) total outstanding dues of micro enterprises and small enterprises		37.43	181.36
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,212.99	3,513.18
iii. Other financial liabilities	19	2,605.72	2,847.80
b) Other current liabilities	17	799.53	170.71
c) Provisions	16	60.60	54.47
d) Current tax liabilities (Net)		-	193.56
<b>Total current liabilities</b>		<b>11,822.86</b>	<b>13,354.21</b>
<b>TOTAL LIABILITIES</b>		<b>17,543.44</b>	<b>16,051.13</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,157.20</b>	<b>28,481.75</b>

Notes forming part of the Financial Statements 1-44

In terms of our report attached

**For B S R & Associates LLP**

Chartered Accountants

(Firm’s Registration No:

116231W/W-100024)

**For and on Behalf of the Board of Directors - Shaily Engineering Plastics Limited**

CIN : L51900GJ1980PLC065554

Jeyur Shah, Partner  
Membership No: 045754

Amit Sanghvi  
Managing Director  
DIN: 00022444

Laxman Sanghvi  
Executive Director  
DIN: 00022977

Chintan Shah  
Chief Financial  
Officer

Preeti Sheth  
Company Secretary

Vadodara, 18 May, 2019

Vadodara, 18 May, 2019

Statement of Profit & Loss for the year ended 31st March 2019

₹ in lakhs

Particulars	Note No.	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Income</b>			
Revenue from operations	20	33,833.99	31,974.54
Other income	21	178.15	221.36
<b>Total income</b>		<b>34,012.14</b>	<b>32,195.90</b>
<b>Expenses</b>			
Cost of materials consumed	22(a)	21,459.50	19,992.97
Changes in inventories of finished goods and work-in-progress	22(b)	(494.32)	(115.47)
Power and fuel		1,717.57	1,559.75
Excise duty		-	142.77
Employee benefits expense	23	2,466.64	1,972.56
Finance costs	24	952.94	672.73
Depreciation and amortization expense	25	1,491.64	1,449.35
Other expenses	26	3,422.72	3,098.49
<b>Total expenses</b>		<b>31,016.69</b>	<b>28,773.15</b>
<b>Profit before tax</b>		<b>2,995.45</b>	<b>3,422.75</b>
Income tax expense			
Current tax	27	731.16	1,082.74
Excess provision for tax of earlier periods written back	27	(45.98)	(12.61)
Deferred tax	27	382.20	(36.53)
<b>Total tax expense</b>		<b>1,067.38</b>	<b>1,033.60</b>
<b>Profit for the year</b>		<b>1,928.07</b>	<b>2,389.15</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to profit or loss			
Reameasurements of post employment		(10.14)	(6.01)
benefit obligations			
Income tax relating to above		2.95	2.08
<b>Other Comprehensive Income/(Loss) net of income tax for the year</b>		<b>(7.19)</b>	<b>(3.93)</b>
<b>Total Comprehensive Income for the year</b>		<b>1,920.88</b>	<b>2,385.22</b>
<b>Earning per Equity Share (Face value of Rs. 10 each)</b>			
<b>Basic and Diluted</b>		<b>23.18</b>	<b>28.72</b>

Notes forming part of the Financial Statements 1-44

In terms of our report attached

**For B S R & Associates LLP**

Chartered Accountants

(Firm’s Registration No:

116231W/W-100024)

Jeyur Shah, Partner

Membership No: 045754

Vadodara, 18 May, 2019

**For and on Behalf of the Board of Directors - Shaily Engineering Plastics Limited**

CIN : L51900GJ1980PLC065554

Amit Sanghvi  
Managing Director  
DIN: 00022444

Laxman Sanghvi  
Executive Director  
DIN: 00022977

Chintan Shah  
Chief Financial  
Officer

Preeti Sheth  
Company Secretary

Vadodara, 18 May, 2019

Cashflow Statement for the year ended 31st March 2019

₹ in lakhs

Particulars	Notes	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>A Cash flow from Operating Activities</b>			
Profit before tax		2,995.45	3,422.75
<b>Adjustments for:</b>			
Depreciation and amortization expense	3	1,491.64	1,449.35
Profit on sale of Property, Plant and Equipment	26	0.07	(1.94)
Interest income	21	(22.81)	(26.34)
Finance costs	24	952.94	672.73
Allowance for credit losses	26	6.43	-
Net unrealised exchange Gain/(Loss)	21	47.06	(54.95)
Bad Debt Written off	21	2.90	-
<b>Operating Profit before working capital changes</b>		<b>5,473.68</b>	<b>5,461.60</b>
<b>Adjustments for:</b>			
(Increase)/decrease in Trade receivables	9	845.98	(2,199.66)
(Increase)/decrease in Other receivables and advances	7	1,850.29	(1,815.68)
(Increase)/decrease in Inventories	8	(237.72)	(1,317.88)
Increase / (decrease) in other financial Assets	6	(342.18)	(1,744.05)
Increase/(decrease) in Trade Payables	18	(444.12)	2,076.65
Increase/(decrease) in Other Liabilities and provisions	17	572.09	870.91
<b>Cash generated from operations</b>		<b>7,718.02</b>	<b>1,331.89</b>
Taxes paid (Net of refunds)		(1,072.08)	(800.06)
Net cash generated from operating activities		6,645.94	531.84
<b>B Net cash generated/(used) from Investing Activities</b>			
Payment for Purchases of Property, Plant and Equipment	3	(6,482.85)	(2,630.37)
Proceeds from disposal of Property, Plant and Equipment	3	0.54	17.04
Interest received	21	22.89	27.79
Bank balances not considered as cash and cash equivalents	11	206.49	25.27
<b>Net Cash generated/(used in) Investing Activities</b>		<b>(6,252.92)</b>	<b>(2,560.27)</b>

₹ in lakhs

Particulars	Notes	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>C Net cashflow from Financing Activities</b>			
Proceeds from long term borrowings		4,781.36	2,716.00
Repayment of long term borrowings		(2,198.35)	(2,205.27)
Increase / (decrease) in borrowings for working capital		(1,286.53)	2,678.41
Payment of Dividend (including tax thereon)		(751.22)	(499.59)
Finance costs paid	24	(921.81)	(683.26)
<b>Net cash flow from /(used in) financing activities</b>		<b>(376.55)</b>	<b>2,006.29</b>
<b>D Net increase / (decrease) in cash &amp; cash equivalents</b>			
Cash & Cash Equivalents as at beginning of the year		35.25	57.69
Impact of Exchange gain/(loss)		3.24	(0.29)
<b>Cash &amp; Cash equivalents as at end of the year</b>		<b>54.95</b>	<b>35.25</b>

The above Statement of Cash Flows has been prepared under the ‘Indirect Method’ as set out in the Ind AS 7 on Statement of Cash Flows. For details of change in liabilities arising from financing activities refer note 40. Also refer note 10 for details of Cash and cash equivalents.

In terms of our report attached

**For B S R & Associates LLP**  
*Chartered Accountants*  
(Firm’s Registration No: 116231W/W-100024)

**For and on Behalf of the Board of Directors - Shaily Engineering Plastics Limited**  
CIN : L51900GJ1980PLC065554

<b>Jeyur Shah, Partner</b> Membership No: 045754 Vadodara, 18 May, 2019	<b>Amit Sanghvi</b> <i>Managing Director</i> DIN: 00022444 Vadodara, 18 May, 2019	<b>Laxman Sanghvi</b> <i>Executive Director</i> DIN: 00022977 Vadodara, 18 May, 2019	<b>Chintan Shah</b> <i>Chief Financial Officer</i>	<b>Preeti Sheth</b> <i>Company Secretary</i>
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Statement of Changes in Equity for the year ended 31st March 2019 ₹ in lakhs

13(i) Equity share capital

Particulars	Amount
As at 31st March, 2017	831.84
Changes in equity share capital	-
As at 31st March, 2018	831.84
Changes in equity share capital	-
As at 31st March, 2019	831.84

13(ii) Other equity

Particulars	Reserves and surplus				Total other equity
	Securities premium	General reserve	Capital reserve	Retained earning	
As at 1st April, 2017	3,207.51	191.58	92.91	6,221.15	9,713.15
Profit for the year	-	-	-	2,389.15	2,389.15
Other comprehensive income/(Loss) (Net of tax)	-	-	-	(3.93)	(3.93)
Total comprehensive income for the year	-	-	-	2,385.22	2,385.22
Transactions with owners					
Dividends (including dividend distribution tax)	-	-	-	(499.59)	(499.59)
As at 31st March, 2018	3,207.51	191.58	92.91	8,106.78	11,598.78
As at 1st April, 2018	3,207.51	191.58	92.91	8,106.78	11,598.78
Profit for the year	-	-	-	1,928.07	1,928.07
Other comprehensive income/(Loss) (Net of tax)	-	-	-	7.19	7.19
Total comprehensive income for the year	-	-	-	1,935.26	1,935.26
Transactions with owners					
Dividends (including dividend distribution tax)	-	-	-	(752.12)	(752.12)
As at 31st March, 2019	3,207.51	191.58	92.91	9,289.92	12,781.92

Notes forming part of the financial statements

Nature and purpose of other reserves

1. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act,2013.

2. General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

3. Capital reserve

Capital reserve relates to the balance towards merger of Anmol Trading Company.

In terms of our report attached

For B S R & Associates LLP  
Chartered Accountants  
(Firm's Registration No:  
116231W/W-100024)

For and on Behalf of the Board of Directors - Shaily Engineering Plastics Limited  
CIN : L51900GJ1980PLC065554

Jeyur Shah  
Partner

Amit Sanghvi  
Managing Director  
DIN: 00022444

Laxman Sanghvi  
Executive Director  
DIN: 00022977

Chintan Shah  
Chief Financial  
Officer

Preeti Sheth  
Company Secretary

Vadodara, 18 May, 2019

Vadodara, 18 May, 2019

# Notes forming part of the financial statements

## 1 Corporate Informatio

Shaily Engineering Plastics Limited (“the Company”) is a public Company, limited by shares, incorporated and domiciled in India under the provisions of Companies Act, applicable in India, with its registered office in Savli, District Vadodara, Gujarat. Its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company is engaged in the manufacture and sale of injection moulded precision plastic components, sub-assemblies and other related services. The Company’s manufacturing facilities are at Savli and Halol, Vadodara, Gujarat.

These financial statements were authorized for issue in accordance with a resolution of the board of directors on 18th May, 2019..

## 2 Significant accounting policies

- a.

Basis of preparation

i.

Compliance with Ind AS

These financial statements of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.
- ii.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

•

defined benefit plans - plan assets measured at fair value.

•

certain financial assets and liabilities that are measured at fair value.
- iii.

New standards issued but not yet adopted

The Ministry of Corporate Affairs (MCA), on 30th March, 2019 notified Ind AS 116, “Leases” as

part of Companies (Indian Accounting Standards) Amendment Rule, 2018. The new standard is effective for accounting periods beginning on or after 1st April, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.The Company is evaluating the disclosure requirements of the amendments and its effect on the financial statements..

- b.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assesses the financial performance and position of the Company, and makes strategic decisions. The managing director has been identified as being the chief operating decision maker. Refer Note 32 for segment information..
- c.

Foreign currency transactions and translations

i.

Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Indian rupee (Rs.), which is the company’s functional and presentation currency.

ii.

Transactions and balances


Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains
- and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss. Foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other incomes/expenses.
- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs.
- d.

Revenue and income recognition

Revenue Recognition:

Revenue from sale of goods is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.
- Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes discounts, incentives, volume rebates, goods & services tax and amounts collected on behalf of third parties. In determining the transaction price, the Company considers below, if any:
- Variable consideration:** This includes discounts, incentives, volume rebates, etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.
- Contract balances:** Trade receivables: A receivable represents the Company’s right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.
- Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.
- Significant payment terms:** Generally, the Company provides credit period for customers ranging from 30 days to 150 days.
- Interest Income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.
- Transition to New Standards:** Ind AS 115, Revenue from contracts with customers was issued on 28 March 2018 and supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue and it applies, with limited exception, to all revenue arising from contracts with its customers. Under Ind AS 115, revenue is recognised when a customer obtains control of goods or services. The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application i.e. April 1, 2018. Accordingly, the comparative information i.e. information for the year ended 31 March 2018, has not been restated. Further, the Company did not have any impact on adoption of new standard Ind AS 115 on the transition date April 1, 2018 and for the year ended March 31, 2019.
- e.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- 98 Notes forming part of the financial statements
- Shaily Engineering Plastics Ltd Annual Report 2018 - 19
-  SHAILY
- Notes forming part of the financial statements 99

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Export incentive available under prevalent scheme is accrued in the year when the right to receive credit as per the term of scheme is established in respect of exports made and accounted to the extent there is no significant uncertainty about the measurability and ultimate utilization of such duty credit. The same forms part of other non operating income of the Company.

**f. Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India.

Deferred tax is provided, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and

intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**g. Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease of fulfillment of the arrangement is dependent on the use of a specified asset or assets in a contract.

These leases are analyzed based on the situations and indicators set out in Ind AS

17 in order to determine whether they are finance leases or operating leases.

Appendix C of Ind AS 17 deals with the identification of services and take-or-pay contracts that do not take the legal form of lease but convey rights to customers/suppliers to use an asset or assets in return for a payment or a series of fixed payments. Contracts meeting these criteria are identified as either operating leases or finance leases. In the later case, a finance lease receivable is recognized to reflect the financing deemed to be granted by the company where it is considered as acting as a lessor and its customer as lessees.

The Company has assessed certain take-or-pay contract manufacturing agreements where it manufactures on behalf of the customer using identified plant and machinery. In case of finance leases, where assets are leased out under a finance lease, the amount recognized under finance lease receivables is an amount equal to the net investment in the lease.

**h. Impairment of assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

**i. Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**j. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packing materials and fuels comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour, other direct costs related to the production. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**k. Financial assets and liabilities**

**i. Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive



	<p>income, or through profit or loss), and</p> <ul style="list-style-type: none"> <li>those measured at amortised cost.</li> </ul> <p><i>Financial assets other than equity instruments</i></p> <p>For financial assets other than equity, the classification depends on contractual terms of the cash flows and on the business model in which the financial asset is held. The Company reclassifies the financial assets other than equity when and only when its business model for managing those assets changes.</p> <p><i>Financial assets that are equity instruments</i></p>	<p>income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to ‘other income’ in the Statement of Profit and Loss.</p> <p><i>Measured at fair value through profit or loss:</i> A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as ‘other income’ in the Statement of Profit and Loss.</p>	<p>etc. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment methodology applied on other financial assets depends on whether there has been a significant increase in credit risk.</p>	<p>costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.</p>
2.	<p><i>Measurement</i></p> <p>At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.</p> <p><i>Financial assets other than equity instruments</i></p> <p><i>Measured at amortised cost:</i> Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate (‘EIR’) method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.</p> <p><i>Measured at fair value through other comprehensive income:</i> Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest</p>	<p>Currently, the Company holds no “other than equity instrument” financial assets that are classified as fair value through other comprehensive income.</p> <p><i>Financial assets that are equity instruments</i></p> <p>The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company’s right to receive payments is established.</p> <p>Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.</p>	<p>4. <i>Derecognition</i></p> <p>The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.</p> <p>ii. Financial liabilities:</p> <p>1. <i>Initial recognition and measurement</i></p> <p>Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus transaction costs that are directly attributable to the issue of the financial liability in case its classification is amortised cost.</p> <p>The Company has no financial liabilities that are measured at fair value through profit or loss.</p> <p>2. <i>Subsequent measurement</i></p> <p>Financial liabilities are subsequently measured at amortised cost using the EIR method.</p> <p><i>Trade and other payables</i></p> <p>Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current financial liabilities unless payment is not due within 12 months after the reporting period.</p> <p><i>Borrowings</i></p> <p>Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction</p>	<p>3. <i>Derecognition</i></p> <p>A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.</p> <p><b>l. Offsetting financial instruments</b></p> <p>Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.</p> <p><b>m. Property, plant and equipment</b></p> <p>Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.</p> <p>Depreciation methods, estimated useful lives and residual value</p>

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which are in accordance with Schedule II to the Companies Act, 2013. The property, plant and equipment acquired under finance leases is depreciated over the asset’s useful life or over the shorter of the asset’s useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other incomes/expenses.

Classes of assets and their estimated useful lives:

Nature	Useful Life
Temporary Structure	3
Factory Building	30
Plant & Machinery	15
Electrical Installation	10
Furniture & Fixtures	10
Office equipment	5
Computer Hardware	3
Vehicles	8

**n. Intangible assets**  
Intangible Assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives. Company has estimated useful life for computer software at 6 years and for patents and copyrights at 10 years.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

**Intangible assets under development:** The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

**o. Borrowings costs**  
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred..

**p. Provisions and contingencies**  
Provisions are recognised when there is present obligation (legal or constructive) as a result of a past event, it is probable that company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is

the present value of those cash flows (when the effect of the time value of money is material).

These estimates are reviewed at each balance sheet date and adjusted to reflect the current best assessments.

**Contingent liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent Assets are not recognised but are disclosed in the notes to Financial Statements when economic inflow is probable.

**q. Employees Benefits**  
i. Short-term obligations  
Liabilities for wages and salaries and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Long-term obligations  
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service and measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as

a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligations  
The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity, and
- defined contribution plans such as provident fund.

1. *Defined benefit plans*  
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.

Remeasurements of net defined benefit liability which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any excluding interest) are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contributions and benefit payments.Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost or past service gain') or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on settlement of a defined benefit plan when the settlement occurs.

2. *Defined contribution plans*

The Company pays provident fund contributions to publicly administered provident funds and employee state insurance corporation (ESIC) as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

r. **Contributed equity**

Equity shares are classified as equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

s. **Dividends**

Dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period is recognised at period end.

t. **Earnings per share**

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

u. **Rounding of amounts**

All amounts disclosedv in the financial statements and notes have been rounded off to the nearest lakhs upto two decimal as per the requirement of Schedule III, unless otherwise stated.

v. **Exemptions on first time adoption of Ind AS**

The Company has opted to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements prepared under Previous GAAP and use the same as deemed cost in the financial statement as at the transition date.

w. **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the standalone statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised..

## 2.2 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The area involving critical estimates or judgements is:

i. Estimation of defined benefit obligation – Note 16

The cost of the defined benefit gratuity plan/ the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actuals. These include the determination of the discount rate, future

salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds of similar terms and currencies that correlates to the post-employment benefit obligation.

The mortality rate is based on publicly available Indian Assured Lives Mortality (2006-08) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

ii. Embedded lease arrangement – Note 41

The Mould required with respect to the arrangement with customer for customize manufacturing, is identified as embedded lease arrangement, as per Note 41, considering commitment by the customer in agreement with the company. Over this period, customer commits to purchase definite quantity of product from the company at fixed price per unit, failing which customer commits to pay to the company for the unsold quantity of the product) at such fixed rate per unit.

iii. Useful lives and residual value of property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

iv. Income taxes

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.



### 3 Property, plant and equipment

₹ in lakhs

Particulars	Freehold Land	Lease Hold Land (Refer note i)	Buildings	Plant and Machinery	Electrical Installations	Tools and Equipment*	Furniture and Fixtures	Office Equipment	Computer Hardwares	Roads	Vehicles	Total (A)	Capital work-progress (B)	Total (A+B)
<b>Year ended 31st March, 2018</b>														
<b>Gross carrying amount as 1st April, 2017</b>	127.67	9.20	2,630.91	6,096.02	481.98	947.64	140.70	31.77	36.03	18.24	180.93	10,701.09	309.50	11,010.59
Additions	-	-	665.04	1,613.60	128.73	140.67	41.18	31.18	24.27	-	58.07	2,702.76	1,693.22	4,395.97
Disposals/Capitalisation	-	-	-	(0.94)	-	(3.39)	-	(3.46)	-	-	(10.85)	(18.64)	(1,427.19)	(1,445.83)
<b>Cost as at March 31,2018</b>	<b>127.67</b>	<b>9.20</b>	<b>3,295.95</b>	<b>7,708.68</b>	<b>610.71</b>	<b>1,084.91</b>	<b>181.88</b>	<b>59.49</b>	<b>60.30</b>	<b>18.24</b>	<b>228.16</b>	<b>13,385.21</b>	<b>575.53</b>	<b>13,960.73</b>
Accumulated Depreciation as at April 1, 2017	-	-	101.78	933.07	68.59	137.29	29.51	6.45	12.63	7.24	27.97	1,324.54	-	1,324.54
Depreciation for the year	-	-	110.12	1,040.64	67.86	119.62	26.05	8.57	13.95	7.05	33.33	1,427.19	-	1,427.19
Disposals	-	-	-	(0.55)	-	(0.19)	-	(0.34)	-	-	(2.47)	(3.55)	-	(3.55)
<b>Accumulated Depreciation as at March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>211.90</b>	<b>1,973.16</b>	<b>136.45</b>	<b>256.72</b>	<b>55.56</b>	<b>14.68</b>	<b>26.58</b>	<b>14.29</b>	<b>58.83</b>	<b>2,748.18</b>	<b>-</b>	<b>2,748.18</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>127.67</b>	<b>9.20</b>	<b>3,084.05</b>	<b>5,735.52</b>	<b>474.27</b>	<b>828.19</b>	<b>126.32</b>	<b>44.81</b>	<b>33.72</b>	<b>3.96</b>	<b>169.32</b>	<b>10,637.02</b>	<b>575.53</b>	<b>11,212.55</b>
<b>Gross carrying amount as 1st April, 2018</b>	127.67	9.20	3,295.95	7,708.68	610.71	1,084.91	181.88	59.49	60.30	18.24	228.16	13,385.20	575.53	13,960.72
Additions	1,750.42	-	762.48	1,785.99	332.68	266.12	18.20	31.17	33.95	-	221.27	5,202.28	4,897.20	10,099.48
Disposals	-	-	-	(45.24)	-	-	-	(2.21)	(0.98)	-	(22.37)	(70.80)	(5,202.27)	(5,273.07)
<b>Cost as at March 31,2019</b>	<b>1,878.09</b>	<b>9.20</b>	<b>4,058.43</b>	<b>9,449.43</b>	<b>943.39</b>	<b>1,351.03</b>	<b>200.08</b>	<b>88.45</b>	<b>93.27</b>	<b>18.24</b>	<b>427.06</b>	<b>18,516.68</b>	<b>270.46</b>	<b>18,787.14</b>
Accumulated Depreciation as at April 1, 2018	-	-	211.90	1,973.16	136.45	256.72	55.56	14.68	26.58	14.29	58.83	2,748.18	-	2,748.18
Depreciation for the year	-	-	141.57	1,077.20	69.27	50.26	32.65	10.10	11.85	2.81	45.27	1,440.98	-	1,440.98
Disposals	-	-	-	(45.65)	-	-	-	(2.21)	(0.98)	-	(21.35)	(70.19)	-	(70.19)
<b>Accumulated Depreciation as at March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>353.47</b>	<b>3,004.71</b>	<b>205.72</b>	<b>306.98</b>	<b>88.21</b>	<b>22.57</b>	<b>37.45</b>	<b>17.10</b>	<b>82.75</b>	<b>4,118.97</b>	<b>-</b>	<b>4,118.97</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>1,878.09</b>	<b>9.20</b>	<b>3,704.96</b>	<b>6,444.72</b>	<b>737.67</b>	<b>1,044.05</b>	<b>111.87</b>	<b>65.88</b>	<b>55.82</b>	<b>1.14</b>	<b>344.31</b>	<b>14,397.71</b>	<b>270.46</b>	<b>14,668.17</b>

Notes:

- The company has acquired land for 99 years lease with an option to continue for another 99 years.
- Refer note 38 for assets pledged as security.
- Refer note 34 for disclosure of contractual obligations for acquisition of plant, property and equipment.

- Additions include borrowing cost of Rs.48.38 lakhs capitalised ( including under Capital work in progress of Rs.25.60 lakhs )using the rates based on specific borrowings ranging from 8.95% to 10.15%.
- During the year ended 31 March 2019 capital work in progress includes mainly plant & machinery for carban steel project.

4 Intangible assets

₹ in lakhs

Particulars	Copyright & Patents	Computer Software	Total (A)	Intangible under development (B)	Total (A+B)
Cost as at April 1, 2017	-	37.59	37.59	59.08	96.67
Additions	38.24	70.93	109.17	(59.08)	50.09
Cost as at March 31,2018	38.24	108.52	146.76	-	146.76
Accumulated Amortisation as at April 1, 2017	-	8.64	8.64	-	8.64
Amortisation charge for the year	1.58	20.58	22.16	-	22.16
Accumulated Depreciation as at March 31, 2018	1.58	29.22	30.80	-	30.80
Net carrying amount as at 31st March, 2018	36.66	79.30	115.96	-	115.97
Cost as at April 1, 2018	38.24	108.52	146.76	-	146.76
Additions	-	38.21	38.21	224.05	262.25
Cost as at March 31,2019	38.24	146.73	184.97	224.05	409.01
Accumulated Amortisation as at April 1, 2018	1.58	29.22	30.80	-	30.80
Amortisation charge for the year	3.82	46.84	50.66	-	50.66
Accumulated Depreciation as at March 31, 2019	5.40	76.06	81.46	-	81.46
Net carrying amount as at 31st March, 2019	32.84	70.67	103.51	224.05	327.55

(i) Gross carrying value as at 31 March 2019 includes Research and Development Assets (Intangible assets) of Rs.17.55 lakhs and Net Block of Rs.12.45 lakhs

5 Non-current investments

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment in equity instruments (fully paid-up) at FVOCI (Unquoted)		
119000 Shares of Panax Appliances Pvt Ltd fully paid up (31st March, 2018: 119,000 ) Equity Shares of ₹10/- each	11.90	11.90
Less : Impairment allowances for investment	(11.90)	(11.90)
	-	-
325 Shares of The Citizen Co-Operative Credit Society Ltd, fully paid up (31st March, 2018: 325) Equity shares of ₹ 25 each	0.08	0.08
1340 Shares of Co-Operative Bank Of Baroda, fully paid up. (31st March, 2018 : 1,340) Equity shares of ₹ 25 each.	0.34	0.34
Total (equity instruments)	0.42	0.42
Investment in Preference shares (fully paid up) at amortised cost (Unquoted)		
871000 6 % Cummulative Redeemable Preference Shares of ₹ 4/- each of Panax Appliances Pvt Ltd fully paid up (31st March, 2018: 871,000 at ₹ 4/- each )	27.04	27.04
Less : Impairment allowances for investment	(7.06)	(7.06)
	19.98	19.98
Total (preference shares)	19.98	19.98
Total investments	20.40	20.40
Aggregate amount of unquoted investments	39.36	39.36
Aggregate amount of Impairment in value of investment	18.96	18.96

## 6 Other financial assets

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-Current</b>		
Finance Lease Receivable	563.47	783.57
<b>Total Non-Current</b>	<b>563.47</b>	<b>783.57</b>
<b>Current</b>		
Interest accrued on deposits	3.25	3.33
Other Receivable	-	-
Finance Lease Receivable	1,522.49	963.13
<b>Total Current</b>	<b>1,525.74</b>	<b>966.46</b>

## 7 Other assets

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-Current</b>		
Capital Advances	1,575.12	442.70
Balances with government authorities		
i) CENVAT credit receivable	2.77	-
ii) VAT/GST credit receivable	29.19	-
iii) Service Tax credit receivable	33.03	33.03
iv) Custom duty paid under protest	97.91	-
<b>Total Non-Current</b>	<b>1,738.02</b>	<b>475.73</b>
<b>Current</b>		
Prepaid expenses	180.64	88.39
Contract assets*	266.42	-
Advance to suppliers	75.31	446.89
Balances with government authorities		
i) CENVAT credit receivable	-	24.41
ii) VAT/GST credit receivable	316.97	2,152.74
iii) Service Tax credit receivable	0.00	-
iv) Advance Import Duty	49.93	0.54
v) FPS & MEIS (DGFT) Import License receivable	741.49	912.41
vi) Others	8.62	-
<b>Total Current</b>	<b>1,639.38</b>	<b>3,625.38</b>

\*Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

## 8 Inventories

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw materials and components	2,744.49	2,995.95
(Goods in transit ₹ 295.24 lakhs 31st March, 2019, ₹ 471.24 lakhs 31st March, 2018)		
Work-in-progress	528.85	479.45
Finished goods	866.74	421.82
Stores and spares	39.02	30.99
Packing materials	130.01	143.18
<b>Total</b>	<b>4,309.11</b>	<b>4,071.39</b>

The Company follows suitable provisioning norms for written down the value of inventories towards slow moving, non moving and surplus inventory. Write down of inventories during the year is Rs. Nil (31 March 2018 is Rs.Nil)

## 9 Trade Receivables

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
a) Unsecured, considered good	5,960.62	6,816.93
b) Unsecured, considered doubtful	36.15	25.82
Allowance for expected credit loss	(36.15)	(25.82)
<b>Total</b>	<b>5,960.62</b>	<b>6,816.93</b>

i. Break up of security details

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	5,960.62	6,816.93
Trade receivables which have significant increase in credit risk	36.15	25.82
Trade receivables credit impaired	-	-
<b>Total</b>	<b>5,996.77</b>	<b>6,842.75</b>
<b>Loss Allowance</b>	<b>(36.15)</b>	<b>(25.82)</b>
<b>Total Trade Receivable</b>	<b>5,960.62</b>	<b>6,816.93</b>



10 Cash and cash equivalents

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
a) Balances with banks		
In current accounts	8.95	5.42
In EEFC accounts	35.48	26.89
b) Cash on Hand	10.53	2.94
<b>Total</b>	<b>54.96</b>	<b>35.25</b>

11 Bank balances other than cash and cash equivalents

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
In earmarked accounts		
Unpaid dividend accounts	2.78	1.88
Balances held as margin money*	123.25	330.55
<b>Total</b>	<b>126.03</b>	<b>333.43</b>

\* Balance held as margin money are pertaining to deposits marked as lien against letter of credit and bank guarantee.

12 Loans (Unsecured, considered good)

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-Current</b>		
Security Deposits	21.06	18.07
<b>Current</b>		
Loan to employees	12.39	6.63
<b>Total</b>	<b>33.45</b>	<b>24.70</b>

13 Equity Share capital and other equity

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

i. Authorised share capital ₹ in lakhs

Particulars	Number of shares	Amount
<b>As at 31st March, 2018 (Equity shares of Rs. 10 each)</b>	<b>16,000,000</b>	<b>1,600.00</b>
<b>As at 31st March, 2019 (Equity shares of Rs. 10 each)</b>	<b>16,000,000</b>	<b>1,600.00</b>

ii. Issued,Subscribed & fully paid up

₹ in lakhs

Particulars	Number of shares	Amount
<b>As at 31st March, 2018 (Equity shares of Rs. 10 each)</b>	<b>8,318,430</b>	<b>831.84</b>
<b>As at 31st March, 2019 (Equity shares of Rs. 10 each)</b>	<b>8,318,430</b>	<b>831.84</b>

iii. Reconciliation of number of shares

₹ in lakhs

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount Rs Lakhs	Number of shares	Amount Rs Lakhs
<b>Equity shares</b>				
Opening balance	8,318,430	831.84	8,318,430	831.84
Issued during the year	-	-	-	-
<b>Closing balance</b>	<b>8,318,430</b>	<b>831.84</b>	<b>8,318,430</b>	<b>831.84</b>

Terms and rights attached to equity shares

- The Company has only one class of equity shares having face value of ₹ 10 each. Each holder of Equity share is entitled to one vote per share.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv. Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	% Holding	Number of shares	% Holding
Mahendra Sanghvi	811,335	9.75%	811,335	9.75%
Tilottama Sanghvi	914,150	10.99%	914,150	10.99%
Laxman Sanghvi	476,424	5.73%	476,424	5.73%
Jayessh Shah	759,838	9.13%	759,838	9.13%
Ashish Kacholia	599,696	7.21%	460,785	5.54%
DSP BlackRock Emerging Stars Fund	337,340	4.06%	549,837	6.61%
HDFC Small cap fund	689,706	8.29%	-	-

No equity shares are issued as bonus shares or for consideration other than cash or have been bought back in previous five financial years

Other Equity

Particulars	₹ in lakhs	
	As at March 31, 2019	As at 31st March, 2018
(a) Securities premium		
Opening balance	3,207.51	3,207.51
Utilised	-	-
Closing balance	3,207.51	3,207.51
(b) Capital Reserve		
Opening balance	92.91	92.91
Transfer from/to retained earnings	-	-
Closing balance	92.91	92.91
(c ) General Reserve		
Opening balance	191.58	191.58
Transfer from/to retained earnings	-	-
Closing balance	191.58	191.58
(d) Retained earnings		
Opening balance	8,106.78	8,106.78
Profit for the year	1,928.07	2,389.15
Item of other comprehensive income	7.19	(3.93)
Dividends paid (inc. dividend distribution tax)	(752.12)	(499.59)
Closing balance	9,289.92	8,106.78
<b>Total</b>	<b>12,781.92</b>	<b>11,598.78</b>

For details of nature and purpose of each reserve, please refer SOCIE

14 Non-current borrowings

Particulars	₹ in lakhs	
	As at 31st March, 2019	As at 31st March, 2018
<b>Secured</b>		
Term loans:		
Rupee Currency from Banks	627.44	2,077.32
Rupee Currency from financial institutions	4,000.00	-
Vehicle Loan	74.38	-
<b>Unsecured*</b>		
Loan from directors	13.85	18.85
<b>Total</b>	<b>4,715.67</b>	<b>2,096.17</b>

\*Refer Note No 32 on Related Party Disclosure

Maturity and terms of repayment		Coupon Rate	As at 31st March, 2019	As at 31st March, 2018
<b>Term loans</b>				
Rupee Currency		8.95% to 12.10% PY 10% to 12.15%	6,720.67	3,734.21
HDFC Term loan -1	Quarterly installment of Rs. 50 lakhs Till Dec 2020, Quarterly installment of Rs.204.56 lakhs Till June 2020.			
SCB	Quarterly installment of Rs.218.75 lakhs Till May 2020			
SBI	Quarterly installment of Rs.50 lakhs Till July 2020			
KKR	Quarterly installment of Rs. 210.53 lakhs Till July 2025			
Foreign Currency	Quarterly installment of USD 2.50 lakhs Till Dec 2018	5.13% to 7.60% PY 5.13% to 7.60%	-	531.19
Other Loans (Vehicle Loans)	Monthly installment of Rs.5.64 till May 2021	8.76% PY Nil	132.74	-
<b>Total non-current borrowings</b>			<b>6,853.41</b>	<b>4,265.40</b>
Less: Current maturities of long-term debt (included in note 19)			(2,151.59)	(2,188.08)
Less: Loan from directors			-	-
Total current maturities			(2,151.59)	(2,188.08)
Deposits		12.50%	13.85	18.85
<b>Non-current borrowings</b>			<b>4,715.67</b>	<b>2,096.17</b>

Security

Term loans from banks are secured by a pari passu charge over entire property, plant and equipment of the Company. Foreign Currency Loan is further secured by hypothecation of all current assets of the company, present & future.

Term Loans from financial institution is secured by first pari passu charge with existing term lender on all fixed assets (movable and immovable) belonging to the borrower except tooling assets, second pari passu charge on all the current assets with all existing working capital lenders, hypothecation of specified account of borrower (operated by security trustee).

Refer to Note 38 for further details. In case of other loans (Vehicle Loans), vehicles purchased are hypothecated with lender.

15 Current borrowings

Particulars	₹ in lakhs	
	As at 31st March, 2019	As at 31st March, 2018
<b>Loans repayable on demand (Secured)</b>		
From banks		
Cash / Packing Credit	4,801.13	5,893.66
Bill Discounting	305.46	499.47
<b>Total</b>	<b>5,106.59</b>	<b>6,393.13</b>

Cash/Packing credit and bill discounting facilities from banks are secured by hypothecation of all current assets of the Company, present and future, such as inventories, receivables, loans and advances, etc. Cash/Packing credit and bill discounting are further secured by second pari passu charges over entire property, plant and equipments of the Company..

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 39.

16 Provisions

Employee Benefit Provisions			₹ in lakhs
Particulars	As at 31st March, 2019	As at 31st March, 2018	
Non-Current			
Provision for compensated absences	121.75	98.22	
Total Non-Current	121.75	98.22	
Current			
Provision for compensated absences	60.60	54.47	
Total Current	60.60	54.47	

Defined contribution plans

The Company makes Provident Fund and Superannuation Fund Contributions to defined contribution plans for qualifying employees. The Provident fund plan is operated by the Regional provident fund Commissioner. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary ( i.e @12% is employer’s contibution and @12% employee’s contribution) as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The Company recognised year ended 31st March 2019 ₹135.34 lakhs ( Year ended 31st March, 2018 ₹116.07 lakhs) for Provident Fund contributions and ₹22.41 lakhs (Year ended 31st March, 2018 ₹ 25.91 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss.

The Company makes contribution towards Employee State Insurance scheme operated by ESIC corporation. The Company recognized Rs.6.09 Lakhs (Previous Year Rs.4.29 Lakhs) for ESIC contribution in statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

Defined benefit plans

Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.

Compensated absences

Provision for compensated absences covers the liability for sick and earned leave. Compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders the related

services are measured at the present value of expected future payments to be made in respect of such services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The amount recognised towards compensated absences in statement of Profit and Loss during the year is Rs. 94.87 lakhs (Previous Year Rs 56.64 lakhs).

Valuations of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

- i. Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (i.e. value of defined benefit obligation).
- ii. Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan’s liability.
- iii. Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- iv. Investment Risk: The Company has funded with HDFC Insurance fund, therefore there is no significant Investment risk.

Gratuity			₹ in lakhs
	As at 31st March, 2019	As at 31st March, 2018	
Particulars	Gratuity (Funded)	Gratuity (Funded)	
(i) Change in defined benefit obligation			
Balance at the beginning of the year	397.62	354.14	
Adjustment of:			
Current Service Cost	25.29	24.36	
Past Service Cost	-	-	
Interest Cost	24.46	21.05	
Actuarial (gains) losses recognised in Other Comprehensive Income:			
- Change in Financial Assumptions	2.77	(15.25)	
- Experience Changes	(6.50)	19.12	
Benefits Paid	(12.40)	(5.80)	
Actual Return on Plan assets			
Balance at the end of the year	431.25	397.62	



₹ in lakhs

	As at 31st March, 2019	As at 31st March, 2018
Particulars	Gratuity (Funded)	Gratuity (Funded)
(ii) Change in fair Value of assets		
Balance at the beginning of the year	396.44	354.93
Re-measurements due to:		
Actual Return on Plan Assets less interest on Plan Assets	6.42	(2.14)
Interest income	25.33	21.98
Contribution by the employer	24.00	27.48
Benefits Paid	(12.40)	(5.80)
Balance at the end of the year	439.79	396.44
(iii) Net asset / (liability) recognised in the Balance sheet		
Present value of Defined Benefit Obligation	431.25	397.62
Fair Value of Plan Assets	(439.79)	(396.44)
Net (asset) / liability in the Balance sheet	(8.54)	1.18
(iv) Expenses recognised in the statement of Profit and loss		
Current Service Cost	25.29	24.36
Past Service Cost	-	-
Interest Cost	(0.87)	(0.93)
Expected Return on Plan Assets		
Total expense charged to statement of Profit and loss	24.42	23.44
(v) Re-measurements recognised in other comprehensive Income (ocl):		
Changes in Financial Assumptions	2.77	(15.25)
Changes in Demographic Assumptions	-	-
Experience Adjustments	(6.50)	19.12
Actual return on Plan assets less interest on plan assets	(6.41)	2.14
Amount recognised in other comprehensive Income (OCI):	(10.14)	6.01
	As at 31st March, 2019	As at 31st March, 2018
Present value of funded obligations	431.25	397.62
Fair value of plan assets	439.79	396.44
<b>Surplus of funded plan</b>	<b>(8.54)</b>	<b>1.18</b>
<b>(Surplus)/ Deficit of Gratuity plan</b>	<b>(8.54)</b>	<b>1.18</b>

**Fair value of plan assets at the balance sheet date for defined benefit obligations:**

**Gratuity**

₹ in lakhs

	As at 31st March, 2019	As at 31st March, 2018
Insurer managed funds	439.79	396.44
<b>Total</b>	<b>439.79</b>	<b>396.44</b>

**Significant estimates: Actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

**Gratuity**

Particulars	As at 31st March, 2019	As at 31st March, 2018
Discount rate	7.50%	7.60%
Salary escalation rate	5.00%	7% for next 1 year and 5% thereafter
Expected Return on plan assets	7.50%	7.60%
Withdrawal rates	60% at lower service reducing to 1% at higher service	60% at lower service reducing to 1% at higher service

**The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

	Change in assumption		Impact on defined benefit obligation Increase (decrease) in assumption	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Discount rate	+/- 0.5%	+/- 0.5%	14.38 / (13.55)	'12.86 / (13.81)
Salary escalation rate	+/- 0.5%	+/- 0.5%	(13.27) / 20.96	'(13.57) / 12.76
Withdrawal Rate	+/- 10%	+/- 10%	0.70 / 1.04	0.65 / 0.96

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The expected contribution for next year is Rs. 26.16 lakhs

Maturity Analysis

₹ in lakhs

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>31st March, 2019</b>					
Defined Benefit Obligation	154	11	46.28	183.27	395.15
<b>31st March, 2018</b>					
Defined Benefit Obligation	151	8	38.74	161.33	358.71

17 Other liabilities

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Non-Current</b>		
Deferred Income	64.18	64.29
Advance from customers	15.31	16.77
<b>Total Non-Current</b>	<b>79.49</b>	<b>81.06</b>
<b>Current</b>		
Deferred Income	750.52	135.59
Statutory dues	1.46	1.46
Advance received from customers	47.55	33.66
<b>Total Current</b>	<b>799.53</b>	<b>170.71</b>

18 Trade payables

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) total outstanding dues of micro enterprises and small enterprises	37.43	181.36
(b) total outstanding dues of creditors other than micro enterprises and smal enterprises	3,212.99	3,513.18
<b>Total</b>	<b>3,250.42</b>	<b>3,694.54</b>

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the company and relied by the auditors.

₹ in lakhs

Particulars	31st March, 2018	31st March, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	37.43	181.36
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

19 Other financial liabilities

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Current</b>		
Current maturities of long-term borrowing (Refer note 14)	2,151.59	2,188.08
Accrued Interest Payable	36.45	5.31
Deferred payment liabilities	-	21.04
Unpaid dividends	2.78	1.88
Capital Creditors	95.03	286.40
Trade/Security deposit received	1.00	3.00
Accrued Expense	83.37	88.75
Employee Liabilities	235.50	253.34
<b>Total</b>	<b>2,605.72</b>	<b>2,847.80</b>

## 20 Revenue from operations

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Sale of Products	30,793.31	29,756.35
Sale of services	1,260.71	654.21
Other operating revenue		
Sale of Scrap	31.09	33.96
Export Incentives	1,091.91	1,030.02
Others	21.69	7.41
Interest on Finance Lease	635.28	492.59
Total other operating revenue	1,779.97	1,563.98
<b>Total</b>	<b>33,833.99</b>	<b>31,974.54</b>

## 21 Other income

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest Income on deposits	22.81	26.34
Net gain on foreign currency transactions	128.91	165.35
Other non-operating income	26.43	29.67
<b>Total</b>	<b>178.15</b>	<b>221.36</b>

## 22 a) Cost of material consumed

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Opening stock	3,139.13	1,936.30
Add: Purchases	21,194.87	21,195.80
Less :Closing stock	(2,874.50)	(3,139.13)
<b>Total</b>	<b>21,459.50</b>	<b>19,992.97</b>

## 22 b) - Changes in inventories of finished goods and work in progress

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Inventories at the end of the year</b>		
i) Finished goods	866.74	421.82
ii) Work in progress	528.85	479.45
	<b>1,395.59</b>	<b>901.27</b>
<b>Inventories at the beginning of the year</b>		
i) Finished goods	421.82	366.99
ii) Work in progress	479.45	418.32
	<b>901.27</b>	<b>785.80</b>
<b>Net increase / decrease</b>	<b>(494.32)</b>	<b>(115.47)</b>

## 23 Employee benefit expenses

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and bonuses	2,105.97	1,640.50
Contributions to provident and other funds	193.66	166.85
Staff Welfare Expenses	167.01	165.22
<b>Total</b>	<b>2,466.64</b>	<b>1,972.56</b>

## 24 Finance Costs

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest expense on:		
Borrowings	947.99	669.38
Interest on loans from related parties	2.39	2.39
Others	2.56	0.96
<b>Total</b>	<b>952.94</b>	<b>672.73</b>

## 25 Depreciation and amortisation expense

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Depreciation	1,440.98	1,427.19
Amortisation	50.66	22.16
<b>Total</b>	<b>1,491.64</b>	<b>1,449.35</b>



## 26 Other Expenses

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Stores and spares consumed	144.19	124.35
Subcontracting and Labour charges	1,213.72	1,111.55
Increase / (decrease) of excise duty on inventory	-	(19.96)
Repairs & maintenance		
Building	57.48	39.56
Plant & Machinery	418.28	456.70
Others	67.20	60.90
Rent (Refer note 28)	48.67	50.13
Rates and taxes	48.83	11.47
Insurance	58.03	57.30
Conveyance expense	41.01	16.47
Postage and telephone expense	19.73	21.91
Printing and stationery	28.91	26.70
Vehicle expense	71.05	66.30
Legal and professional	144.13	100.98
Directors' Sitting Fees	14.75	12.55
Sales commission and fees	49.49	52.41
Payments to auditors (Refer Note (a) below)	16.35	15.30
Travelling expense	209.59	162.15
Carriage outwards	280.97	226.39
Advertisement	72.00	60.97
Corporate social responsibility (Refer note (b) below)	7.17	5.30
Royalty	-	12.54
Expected credit loss allowance	6.43	25.82
Bad Debt Written off	2.90	8.29
Testing fees	205.57	66.54
Bank charges	72.53	80.20
Loss on sale of asset	0.07	-
Miscellaneous Expenses	123.67	245.66
<b>Total</b>	<b>3,422.72</b>	<b>3,098.49</b>

## a Details of payment to auditors

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Payments to the auditors comprises</b>		
To statutory auditors'		
Statutory audit	12.50	12.50
Tax audit	2.50	2.50
Other Services	1.35	0.30
<b>Total</b>	<b>16.35</b>	<b>15.30</b>

## b Corporate Social Responsibility

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Amount required to be spent as per Section 135 of the Act	52.52	39.57
Amount spent during the year on		
(A) Construction/acquisition of an asset	-	-
(B) On purposes other than (A) above	7.17	5.30
<b>Total</b>	<b>7.17</b>	<b>5.30</b>

## c Research and Development Expenditure

₹ in lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Expenditure incurred on research and development		
(A) Included in employee benefit expenses	260.29	169.36
(B) Included in intangible assets	17.55	-
(C) Included in other expenses	39.44	16.52
<b>Total</b>	<b>317.28</b>	<b>185.88</b>

27 Taxation

₹ in lakhs

a Income tax expense

Current tax	Year ended 31st March, 2019	Year ended 31st March, 2018
Tax expense for current year	731.16	1,082.74
Tax expense pertaining to prior years	(45.98)	(12.61)
<b>Total current tax expense</b>	<b>685.18</b>	<b>1,070.13</b>
<b>Deferred tax</b>		
Deferred tax (benefit) / expense pertaining to current year	107.23	(36.53)
Deferred tax expense pertaining to prior years (Reversal of MAT credit entitlement and others)	274.97	-
<b>Total deferred tax expense/(benefit)</b>	<b>382.20</b>	<b>(36.53)</b>
<b>Total income tax expense recognised in current year</b>	<b>1,067.38</b>	<b>1,033.60</b>

Income Tax Recognised in other comprehensive Income

Current Tax on items recognised in other comprehensive Income

Reameasurements of post employment	2.95	2.08
<b>Total current tax expense</b>	<b>2.95</b>	<b>2.08</b>

c Reconciliation of Estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Profit for the period</b>	<b>2,995.45</b>	<b>3,422.75</b>
Statutory tax rate applicable to Shaily Engineering Plastics Limited	29.120%	34.608%
<b>Tax expense at applicable tax rate</b>	<b>872.28</b>	<b>1,184.55</b>
Tax effects of following in calculating taxable income:	872.28	1,184.55
Additional deduction claimed under Income tax Act	(39.31)	(41.41)
Adjustment of previous year Taxes including deferred tax	228.99	(12.61)
Expenses not allowed as per Income tax Act	5.43	7.77
Effect of change in substantively enacted rate		(104.69)
<b>Income tax expense</b>	<b>1,067.38</b>	<b>1,033.61</b>
<b>Effective tax rate</b>	<b>35.633%</b>	<b>30.198%</b>

d Deferred tax liabilities

₹ in lakhs

The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>Deferred tax liabilities:</b>		
Difference between Accounting and Tax WDV	882.69	691.91
<b>Total deferred tax liabilities</b>	<b>882.69</b>	<b>691.91</b>
<b>Deferred tax assets:</b>		
MAT credit entitlement	-	193.07
Adjustment on account of provision for expected credit loss	10.53	8.94
Other timing differences	68.49	68.44
<b>Total deferred tax assets</b>	<b>79.02</b>	<b>270.45</b>
<b>Net deferred tax liabilities</b>	<b>803.67</b>	<b>421.47</b>

e Movement in deferred tax balances

Particulars	As at 31st March, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to equity	Adjusted to Tax Liability	As at 31st March, 2018
<b>Deferred tax liabilities:</b>					
Difference between Accounting and Tax WDV	691.25	0.66			691.91
<b>Total deferred tax liabilities</b>	<b>691.25</b>	<b>0.66</b>	<b>-</b>	<b>-</b>	<b>691.91</b>
<b>Deferred tax assets:</b>					
MAT credit entitlement	522.88	(27.28)	-	357.14	193.02
Adjustment on account of provision for expected credit loss	8.94		-		8.94
Other timing differences	56.49	(11.99)	-	-	68.48
<b>Total deferred tax assets</b>	<b>588.31</b>	<b>(39.27)</b>	<b>-</b>	<b>357.14</b>	<b>270.44</b>
<b>Net deferred tax liabilities</b>	<b>102.94</b>	<b>(39.27)</b>	<b>-</b>	<b>357.14</b>	<b>421.47</b>

₹ in lakhs

Particulars	As at 31st March, 2018	Charged/ (credited) to profit and loss	Charged/ (credited) to equity	Adjusted to Tax Liability	As at 31st March, 2019
<b>Deferred tax liabilities:</b>					
Difference between Accounting and Tax WDV	691.91	190.78			882.69
<b>Total deferred tax liabilities</b>	<b>691.91</b>	<b>190.78</b>	<b>-</b>	<b>-</b>	<b>882.69</b>
<b>Deferred tax assets:</b>					
MAT credit entitlement	193.02	193.02	-	-	0.00
Adjustment on account of provision for expected credit loss	8.94	(1.59)	-	-	10.53
Other timing differences	68.48	(0.01)	-	-	68.49
<b>Total deferred tax assets</b>	<b>270.44</b>	<b>191.42</b>	<b>-</b>	<b>-</b>	<b>79.02</b>
<b>Net deferred tax liabilities</b>	<b>421.47</b>	<b>382.20</b>	<b>-</b>	<b>-</b>	<b>803.67</b>

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred tax recognised in OCI related to Reameasurements of post employment	2.95	(2.08)

## 28 Leasing arrangements

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are cancellable and are for a period of 1 year and may be renewed for a further period of 1 year based on mutual agreement of the parties. The amount charged to statement of Profit and Loss for the year is ₹ 48.67 Lakhs (previous year ₹ 50.13 Lakhs).

## 29 Fair value measurements

### a Financial instruments by category

₹ in lakhs

Particulars	Amortised cost	
	As at 31st March, 2019	As at 31st March, 2018
<b>Financial assets</b>		
Trade receivables	5,960.62	6,816.93
Cash and cash equivalents	54.96	35.25
Bank balances other than cash and cash equivalent above	126.03	333.43
Loans and advances to employees	33.45	24.70
Other Financial Assets	2,089.21	1,750.03
<b>Total financial assets</b>	<b>8,264.28</b>	<b>8,960.63</b>
<b>Financial liabilities</b>		
Borrowings	9,822.26	8,489.30
Trade Payables	3,250.42	3,694.54
Current maturities of long-term debt (Secured)	2,151.59	2,188.08
Accrued Interest Payable	36.45	5.31
Deferred payment liabilities (Unsecured)	-	21.04
Unpaid dividends	2.78	1.88
Capital Creditors	95.03	286.40
Trade/Security deposit received	1.00	3.00
Accrued Expense	83.37	88.75
Employee Liabilities	235.50	253.34
<b>Total financial liabilities</b>	<b>15,678.39</b>	<b>15,031.64</b>

Particulars	Amortised cost	
	As at 31st March, 2019	As at 31st March, 2018
Investment in Preference shares (Gross of allowance for impairment)	27.04	27.04
	<b>27.04</b>	<b>27.04</b>

Particulars	FVOCI	₹ in lakhs
	As at 31st March, 2019	As at 31st March, 2018
Equity shares of Panax Appliances Pvt. Ltd. (Gross of allowance for impairment)	11.90	11.90
Equity shares of Citizen Co-operative Society Ltd. (Gross of allowance for impairment)	0.08	0.08
Equity shares of Co-operative Bank of Baroda. (Gross of allowance for impairment)	0.34	0.34
	12.32	12.32

b Fair value hierarchy

Financial assets and liabilities measured at fair value – recurring fair value measurements

As at 31st March, 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI					
Equity Shares of Panax Appliances Pvt. Ltd.	5	-	-	11.90	11.90
Equity Shares of Citizen Co-operative Society Ltd	5	-	-	0.08	0.08
Equity Shares of Co-operative Bank of Baroda	5	-	-	0.34	0.34
Total Financial Assets		-	-	12.32	12.32

Financial assets and liabilities measured at fair value – recurring fair value measurements

As at 31st March, 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVOCI					
Equity Shares of Panax Appliances Pvt. Ltd.	5	-	-	11.90	11.90
Equity Shares of Citizen Co-operative Society Ltd	5	-	-	0.08	0.08
Equity Shares of Co-operative Bank of Baroda	5	-	-	0.34	0.34
Total Financial Assets		-	-	12.32	12.32

For all the financial assets and liabilities referred above that are measured at amortised cost, their carrying amounts are reasonable approximations of their fair values.

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

There were no transfers between any levels during the year.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and debentures are included in level 3.

c Fair value technique

Valuation technique used to determine fair value. Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis / Earnings / EBITDA multiple method.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

30 Financial risk management

The Company’s business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company’s senior management has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company has constituted a Risk Management framework, through which management develops and monitors the Company’s risk management policies. The key risks and mitigating actions are also placed before the Board of directors of the Company. The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Risk Management Framework of the Company is enforced by the finance team and experts of business division that provides assurance that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The activities are designed to:

- protect the Company’s financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimising returns; and

The finance department is responsible to maximise the return on companies internally generated funds.

a Management of credit risks

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited. This is due to the Company’s policy of strict credit worthiness tests it performs for all its sales. Company deals with limited number of customers with highest credit ratings. Company acts as institutional supplier to its customers without any channel distribution model. Most of the company products are plastic molded components, specially created as per the designs of its cusomter and are either semi finished goods or



critical to business operations of its customers, making it business prudent for customers for not to dispute or delay payment of any receivable to the Company. All trade receivables are regularly reviewed and assessed for default on an ongoing basis. Expected credit loss for trade receivable under simplified approach.

₹ in lakhs							
Ageing	Not due	0-090 days	091-180 days	181-270 days	271-360 days	More than 360 days	Total
Year ended 31st March, 2019							
Gross carrying amount	4,350.08	1,112.65	417.03	31.10	37.19	48.72	5,996.78
Expected loss rate	0.06%	0.40%	3.81%	5.98%	10.16%	15.41%	
Expected credit losses (Loss allowance provision)	2.63	4.48	15.89	1.86	3.78	7.51	36.15
Carrying amount of trade receivables	4,347.45	1,108.17	401.14	29.24	33.41	41.21	5,960.63
Year ended 31st March, 2018							
Gross carrying amount	4,194.94	2,020.03	339.80	233.91	17.29	36.78	6,842.75
Expected loss rate	0.09%	0.20%	0.56%	1.63%	6.87%	30.58%	
Expected credit losses (Loss allowance provision)	3.67	3.99	1.90	3.82	1.19	11.25	25.82
Carrying amount of trade receivables	4,191.27	2,016.03	337.90	230.10	16.10	25.53	6,816.93

**b Management of liquidity risk:**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the Company's credit rating and impair investor confidence.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the balance sheet date:

₹ in lakhs				
	Carrying amount	Less than 12 months	More than 12 months	Total
As at 31st March, 2019				
Borrowings	11,973.85	7,258.18	4,715.67	11,973.86
Trade Payables	3,250.42	3,250.42	-	3,250.42
Deferred payment liabilities (Unsecured)	-	-	-	-
Accrued Interest Payable	36.45	36.45	-	36.45
Unpaid dividends	2.78	2.78	-	2.78
Capital creditors	95.03	95.03	-	95.03
Trade/Security deposit received	1.00	1.00	-	1.00
Accrued Expense	83.37	83.37	-	83.37
Employee Liabilities	235.50	235.50	-	235.50
	15,678.39	10,962.72	4,715.67	15,678.39
As at 31st March, 2018				
Borrowings	10,677.38	8,581.20	2,096.17	10,677.38
Trade Payables	3,694.54	3,694.54	-	3,694.54
Deferred payment liabilities (Unsecured)	21.04	-	21.04	21.04
Accrued Interest Payable	5.31	5.31	-	5.31
Unpaid dividends	1.88	1.88	-	1.88
Capital creditors	286.40	286.40	-	286.40
Trade/Security deposit received	3.00	3.00	-	3.00
Accrued Expense	88.75	88.75	-	88.75
Employee Liabilities	253.34	253.34	-	253.34
	15,031.63	12,914.42	2,117.20	15,031.63

**c Management of market risks**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including receivables, payables and borrowings denominated in foreign currency.The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below:

d Foreign currency risk

The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency ‘(INR) of the Company. The management does not undertake any hedging activities or otherwise to offset or mitigate the foreign currency and interest rate risk that it is exposed to. The Company undertakes significant of its foreign currency transaction in United States Dollar (‘USD’). To the extent of lower of exports and imports that the Company undertakes in USD, the Company has a natural hedge against the exposure to foreign currency risks.

The Company is exposed to foreign currency risks on accounts of foreign currency denominated receivables and payables as below: (Amount in foreign & rupee currency in Lakhs)

In lakhs								
As at 31st March, 2019	USD	₹	EURO	₹	TWD	₹	GBP	₹
Financial assets								
Trade receivable	14.24	985.09	0.03	2.59	-	-	-	-
Bank balance in EEFC accounts	0.51	35.48	-	-	-	-	-	-
Exposure to foreign currency assets	14.75	1,020.57	0.03	2.59	-	-	-	-
Financial liabilities								
Loans Taken	-	-	-	-	-	-	-	-
Trade payables	10.46	723.63	1.66	129.34	0.04	0.09	0.33	29.87
Net exposure to foreign currency risk liabilities	10.46	723.63	1.66	129.34	0.04	0.09	0.33	29.87
As at 31st March, 2018	USD	₹	EURO	₹	TWD	₹	GBP	₹
Financial assets								
Trade receivable	16.28	1,061.36	0.16	12.67	-	-	-	-
Bank balance in EEFC accounts	0.41	26.90	-	-	-	-	-	-
Exposure to foreign currency assets	16.70	1,088.26	0.16	12.67	-	-	-	-
Financial liabilities								
Borrowings	8.16	532.02	-	-	-	-	-	-
Trade payables	17.12	1,115.47	0.91	73.70	-	-	0.59	54.44
Net exposure to foreign currency risk liabilities	25.28	1,647.50	0.91	73.70	-	-	0.59	54.44

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises from above referred outstanding balances. ₹ in lakhs

Impact on profit before tax		
	As at 31st March, 2019	As at 31st March, 2018
USD sensitivity		
INR/USD -Increase by 5%*	14.85	(27.96)
INR/USD -decrease by 5%*	(14.85)	27.96

\*Holding all other variables constant

The outstanding EURO, TWD and GBP denominated balance being insignificant has not been considered for the purpose of sensitivity disclosures.

e Interest rate risk

Interest rate risk arises on account of variable interest rate borrowings held by the company. The uncertainties about the future market interest rate of these borrowings exposes the company to the interest rate risk.

Currently, Interest rate on Term Loans are linked with Marginal Cost of funds based Lending Rate (MCLR) and to the extent of variation in MCLR, interest rates on terms loans are expected to be changed. The interest rates on Term loans which are linked with MCLR are reported in Note 14 - Non-current Borrowings.

For the year ended March 31, 2019 and March 31, 2018, a 50 basis point increase / decrease in interest rate on floating rate liabilities would impact company's profit before tax by approximately 2.00% and 1.56 % respectively.

f Capital Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may borrow from external parties such as banks or financial institutions. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain shareholder, creditor and stakeholder confidence to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Debt (Bank and other borrowings)	11,973.86	10,677.38
Equity	13,613.76	12,430.62
Liquid Investments and bank deposits	201.40	389.08
Debt to Equity (Net)	0.86	0.83

g Dividend

The directors have recommended a dividend of ₹ Nil per fully paid up share. (31st March, 2018 ₹ 7.50).

31 Details of Government Grants

₹ in lakhs		
Particulars	As at 31st March, 2019	As at 31st March, 2018
Government grants received by the Company during the year towards		
i.) Duty drawback (recognised under Export Incentive under Other revenue from operations)	9.52	8.87
ii.) Other incentives (Merchandise Exports from India Scheme and Focus Product Scheme the revenue of which has been recognised under Export Incentive)	1,082.39	1,021.15
iii.) Other Government Grant include grant received by the company in respect to investment made by the company in plant and equipment.		
A) Amount of grant received during the year	-	21.80
B) Amortised in statement of Profit and Loss	1.45	3.57
C) Unamortised portion of grant recorded as deferred income in current and non current liabilities	16.78	18.23

32 Segment revenue

**Description**  
In accordance with the requirement of Ind AS 108 - “segment reporting”, the Company is primarily engaged in the business of manufacturing of injection molded plastic components and has no other primary reportable segments. The Board of Directors of the Company allocates the resources and assess the performance of the Company, thus Chief Operating Decision Maker(“CODM”). The CODM monitors the operating results of the business as a single segment hence no separate segment needs to be disclosed. Thus the segment revenue, segment result, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation and amortization during the year are all as reported in the financial statements for the year ended 31 March 2019 and as on that date.

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

₹ in lakhs		
Revenue from sale of products and services	As at 31st March, 2019	As at 31st March, 2018
India	10,260.36	8,901.11
Outside India	21,793.66	21,509.45
<b>Total Revenue from sale of products and services</b>	<b>32,054.02</b>	<b>30,410.56</b>

The amount of its non-current assets broken down by location of the customers is shown in the table below.

₹ in lakhs		
Non-current assets*	As at 31st March, 2019	As at 31st March, 2018
India	17,509	12,606
Outside India	-	-
<b>Total non-current assets</b>	<b>17,509</b>	<b>12,606</b>

\*Other than financial instruments and post-employment benefit assets.

The Company earns revenue from one major customer who individually contribute more than 10 percent of the Company’s revenue.

33 Related Party Transactions

a Details of related parties

Description of relationship	Names of related parties
<b>Key Management Personnel</b>	
Executive Chairman	Mr. Mahendra B. Sanghvi
Managing Director	Mr. Amit M. Sanghvi
Executive Director	Mr. Laxman B. Sanghvi
Whole Time Director	Mrs. Tilottama M. Sanghvi

<b>Other Related Parties</b>	
Entities in which KMP have significant influence	Panax Appliances Pvt. Ltd.
Entities in which KMP have significant influence	Shaily-IDC India Pvt. Ltd.
Entities in which KMP have significant influence	Shaily Medical Plastics Pvt.Ltd.
Relative of key management personnel	Mrs.Kinjal S Bhavsar
Relative of key management personnel	Mrs. Kalpana L Sanghvi
Firm owned by relative of key management personnel	Jariwala Shah Kanji Raichand & Co

b      **Key management personnel compensation**

₹ in lakhs

For the year ended 31st March, 2019	Total
Mr. Mahendra B. Sanghvi	<b>128.55</b>
Mr. Amit M. Sanghvi	<b>128.55</b>
Mr. Laxman B. Sanghvi	<b>74.08</b>
Mrs. Tilottama M. Sanghvi	<b>32.43</b>

For the year ended 31st March, 2018	Total
Mr. Mahendra B. Sanghvi	<b>128.55</b>
Mr. Amit M. Sanghvi	<b>128.55</b>
Mr. Laxman B. Sanghvi	<b>67.28</b>
Mrs. Tilottama M. Sanghvi	<b>32.43</b>

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

c      **Transactions with related parties**

₹ in lakhs

Nature of Transaction	Year ended 31st March, 2019	Year ended 31st March, 2018
<i>Rent paid for lease arrangements</i>		
Mrs. Tilottama M. Sanghvi	8.40	8.40
Jariwala Shah Kanji Raichand & Co	7.08	3.00
<i>Interest paid on deposits</i>		
Mr. Laxman B. Sanghvi	1.76	1.76
Mrs Kalpana L Sanghvi	0.63	0.63
<i>Remuneration</i>		
Mrs Kinjal Bhavsar	35.31	13.29
<i>Repayment of deposit</i>		
Mrs Kalpana Sanghvi	5.00	-

d      **Outstanding balances**

The following balances are outstanding at the end of the reporting period in relation to transactions;

₹ in lakhs

	As at 31st March, 2019	As at 31st March, 2018
Receivables		
Shaily Medical Plastics Pvt Ltd.	9.50	9.50
Panax Appliances Pvt. Ltd (Investment)	38.94	38.94
<b>Total receivables to related parties</b>	<b>48.44</b>	<b>48.44</b>
Trade Payables		
Panax Appliances Pvt. Ltd	20.03	20.03
Deposits		
Mr. Laxman B. Sanghvi	13.85	13.85
Mrs Kalpana L Sanghvi	-	5.00
<b>Total payables to related parties</b>	<b>33.88</b>	<b>38.88</b>

e      **Terms and conditions:**

All outstanding balances are unsecured and are repayable/receivable in cash and all the transactions with these related parties are priced on an arms-length basis.

34      **Contingent liabilities**

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
(a) Income Tax	2.54	42.48
(b) Sales Tax	5.74	5.74

It is not practicable for the Company to estimate the closure of these issue and the consequential timing of cash flows, if any.

The Company is in the process of evaluating the impact of the Supreme Court (“SC”) judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purposes of determining contribution to Provident Fund (“PF”) under the Employees’ Provident Fund & Miscellaneous Provisions Act, 1952.

Based on legal advice received by the management, there are interpretation issues relating to the said SC judgement and review petitions are pending before the SC in this matter. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements.

35      **Commitments**

₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
-Tangible assets	2,854.53	1,080.87



### 36 Disclosure under Ind AS 115

**a Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price:** ₹ in lakhs

Particulars	As at 31st March, 2019	As at 31st March, 2018
Revenue as per contracted price	32,054.02	30,410.56
<b>Adjustments:</b>		
Rebates & Discounts	-	-
<b>Revenue from contract with customers</b>	<b>32,054.02</b>	<b>30,410.56</b>

**b Contract balances:**

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade receivables (net of allowances for expected credit loss)(Note 9)	5,960.62	6,816.93
Contract assets e.g. Unbilled Revenue (Note 7)	266.42	-

Changes in contract assets is mainly on account of contractual right to consideration and is dependent on completion of contractual milestones.

**c Unsatisfied Performance Obligation**

Revenue to be recognised in future related to the performance obligations that are unsatisfied or partially satified as at March 31, 2019 and expected to be recognised within one year is of Rs. 1107.12 lakhs and for more than one year is Rs. 820.20 lakhs

**d Disaggregation of revenue**

The management determines that the segment information reported under Note 31 - Segment reporting is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

**e Significant payment terms**

Generally, the Company provides credit period in the range of 30-120 days for customers.

### 37 Earnings per share

	Year ended 31st March, 2019	Year ended 31st March, 2018
Profit attributable to the equity holders of the Company	1,928.07	2,389.15
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	8318430	8318430
Total basic & diluted earnings per share attributable to the equity holders of the Company	23.18	28.72

### 38 Offsetting financial assets and liabilities

The below note presents the recognised financial instruments that are offset or subject to enforceable master netting arrangements and other similar arrangements and other similar agreements, but not offset as at 31st March, 2019 ; 31st March, 2018

**Collateral against borrowings**

The company has hypothecated / mortgaged financial instruments as collateral against a number of its borrowings. Refer note 38( assets pledged) for further information on financial and non-financial collateral hypoticated.

### 39 Assets pledged as security

	As at 31st March, 2019	As at 31st March, 2018
<b>Current (Present and Future)</b>		
First charge for short term working capital loans from banks and second charge for long term borrowing		
Inventories	4,309.11	4,071.39
Trade receivables	5,960.62	6,816.93
Cash and cash equivalents	54.96	35.25
Bank balances other than cash and cash equivalents	126.03	333.43
Balances with government authorities	1,117.02	3,090.11
Advance recoverable in cash or kind for the value to be received	75.31	446.89
Interest accrued on deposits	3.25	3.33
<b>Total current assets pledged as security</b>	<b>11,646.30</b>	<b>14,797.32</b>

**Non-Current**

First charge for all term loans from banks		
Property, plant and equipment	14,397.71	10,637.02
Capital work-in-progress	270.46	575.53
<b>Total</b>	<b>14,668.17</b>	<b>11,212.55</b>
Second charge for short term working capital loans		
Property, plant and equipment (including vehicles)	14,397.71	10,637.02
Capital work-in-progress	270.46	575.53
<b>Total</b>	<b>14,668.17</b>	<b>11,212.55</b>

**a Disclosure as per Regulation 34(3) of SEBI (Listing Obligations and Discolsure Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013** ₹ in lakhs

Name of the party	Relationship	Nature	As at 31st March, 2019	As at 31st March, 2018
Shaily Medical Plastics Private Limited	Significant Influence of KMP	Outstanding Balance	9.50	9.50
		Maximum Balance Outstanding	9.50	10.00

The above advance has been given for business purpose.

**b Disclosures under rule 16A of the Companies (Acceptance of Deposits) Rule 2014**

Particulars	As at 31st March, 2019	As at 31st March, 2018
Money received from Director during the year	-	-
Balance outstanding at the end of the year	13.85	13.85

**40 Reconciliation of net cash flow to movement in net debt** ₹ in lakhs

	As at 31st March, 2019
Net debt at beginning of year	10,677.38
Net increase in long-term loans	2,583.01
Net (increase in)/repayment of short-term loans	(1,286.53)
Movement in net debt	1,296.48
Net debt at end of year	11,973.86

\* (includes short term borrowing, long term borrowings and current maturties of long term debt)

Analysis of changes in net debt	As at 31st March, 2018	Cash (inflow)/outflow	As at 31st March, 2019
Cash and cash equivalents	35.25	16.46	54.95
Debt due within one year	(8,581.20)	1,286.53	(7,258.18)
Debt due after one year	(2,096.17)	(2,583.01)	(4,715.67)
Net debt	(10,642.13)	(1,280.02)	(11,918.91)

**41 Note on Finance Leases**

The Company has entered into Purchase Agreements with its customers for various Moulds. The agreements with customers for these assets provide for take or pay arrangement as per which customers are committed to purchase committed quantity of the component from the company over definite period of time failing which customers are obliged to reimburse the company for the shortage in minimum committed quantity. This arrangement analysis pursuant to Ind AS 17 “Leases” identified an embedded finance lease and accordingly, the said arrangement has been accounted as per Ind AS 17 (Also refer note 6)

Amount receivable under Finance Lease	Minimum Lease receivable		Present value of minimum lease payments	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Not later than one year	1,821.02	1,490.96	1,522.49	963.13
Later than one year and no later than five years	645.11	908.35	563.47	783.57
Later than five years				
	2,466.13	2,399.31	2,085.96	1,746.70
Unearned finance income	380.17	652.61	-	-
Present value of minimum lease payments receivable	2,085.96	1,746.70	2,085.96	1,746.70
Allowance for uncollectible lease payments	-	-	-	-

The interest rate inherent in the leases is fixed at the contract for the entire lease term. The average effective interest rate contracted is approximately 37.5 % per annum (March 31, 2018 37.36%)

**42 Operating Lease**

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 12 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination. Thus, the disclosure of minimum lease rentals payable or receivable has not been provided

**43 Note 43**

Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure

**44 Note 44**

The financial statements are approved for issue by the Board of Directors in their meeting held on 18 May, 2019.

In terms of our report attached  
**For B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 116231 W/W-100024

**Jeyur Shah**  
Partner  
Membership No: 045754

**Vadodara,  
18 May 2019**

For and on Behalf of the Board of Directors  
**Shaily Engineering Plastics Limited**  
CIN : L51900GJ1980PLC065554

**Amit Sanghvi**  
Managing Director  
DIN: 00022444

**Laxman Sanghvi**  
Executive Director  
DIN:00022977

**Chintan Shah**  
Chief Financial Officer

**Preeti Sheth**  
Company Secretary

**Vadodara,  
18 May 2019**

## Notes

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