

ANNUAL REPORT  
2019-20



**Enriching  
Lives  
Through  
Plastics**

## Across the Pages

### 2-21 Corporate Overview

Enriching Lives through Plastics	02
Enriching Lives By Advancing for Better Tomorrow	04
Managing Director's Message	06
Enriching Lives through a Solid Foundation of Growth	08
Enriching Lives with a Balanced Portfolio	10
Enriching Lives by Identifying Opportunities	14
Enriching Lives through Strategic Priorities	16
Enriching Lives through Enhanced Shared Value	18
Enriching Lives through Sustainable Performance	20
Corporate Information	21

Please find our online at  
: <https://www.shaily.com/investors/annual-report>

Or simply scan to download



#### Investor information

CIN	: L51900GJ1980PLC065554
BSE Code	: 501423
Bloomberg Code	: SHEP:IN
AGM Date	: 26th September 2020
AGM Mode	: Video Conferencing (VC) and Other Audio Visual Means (OAVM)

### 22-69 Statutory Reports

Management Discussion and Analysis	23
Board's Report	32
Corporate Governance	54

### 71-118 Financial Statements

Independent Auditors' Report	71
Financial Statements	78

## Experience contributes to the steps you take forward.

In these 3 decades of our industrial existence, we have consistently moved forward taking each experience as a source to learn.

Our work, across segments, forms the building blocks of a wide range of consumer, industrial and healthcare products. Our remarkable goodwill and passion to excel continually pushes us to innovate. Underpinned by a strong liquidity and a leading position in the markets, we are focused on identifying global trends that help us diversify.

With a presence in more than 45 countries and renowned clients across the globe, we have established ourselves as a reliable global supplier of high quality products.

Our exceptional quality, product customisation and technological prowess not only justify our sturdy performance last year but also translates into a strong order book. Together, this gives us the confidence of a brighter future that brings us closer to our goal of enriching lives through plastics.



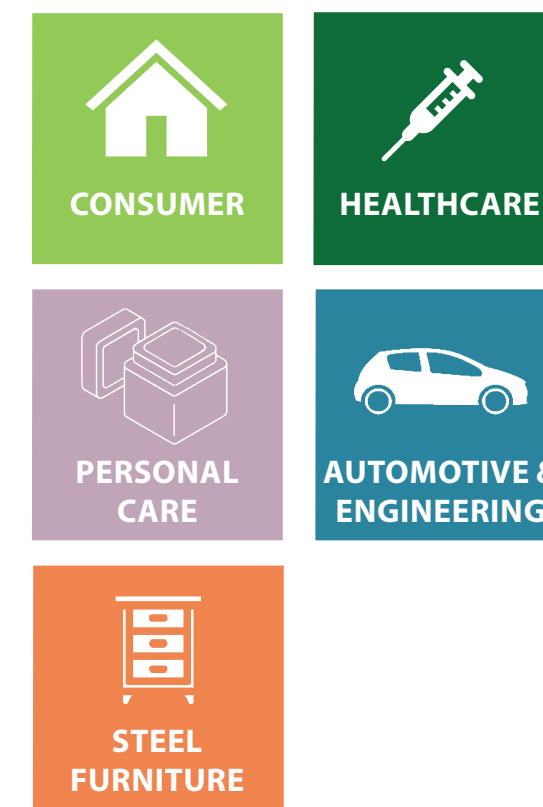
# Enriching Lives Through Plastics

## SEPL at a Glance

Shaily Engineering Plastics Limited ('SEPL' or 'the Company' or 'We') is one of India's leading and largest exporter of plastics components, incorporated in 1987. Our riveting journey began with just two moulding machines. Today, the spectrum of our plastics can be found worldwide covering diverse range of products like medical devices, homewares, and automotive components.

We specialise in manufacturing complex precision components and assemblies that require stringent quality and tight tolerances. Our pharma product range includes DPI's, Pen Injectors, Medical devices and Primary Packaging. This provides our customers a competitive edge in their markets, comprising future-ready products with environmental sustainability.

### BUSINESS SEGMENTS



### CERTIFICATIONS

- ISO 9001:2015
- IATF 16949:2016
- ISO 15378:2015
- ISO 13485:2016
- MDSAP
- SA 8000:2014
- Global Security Verification (GSV)

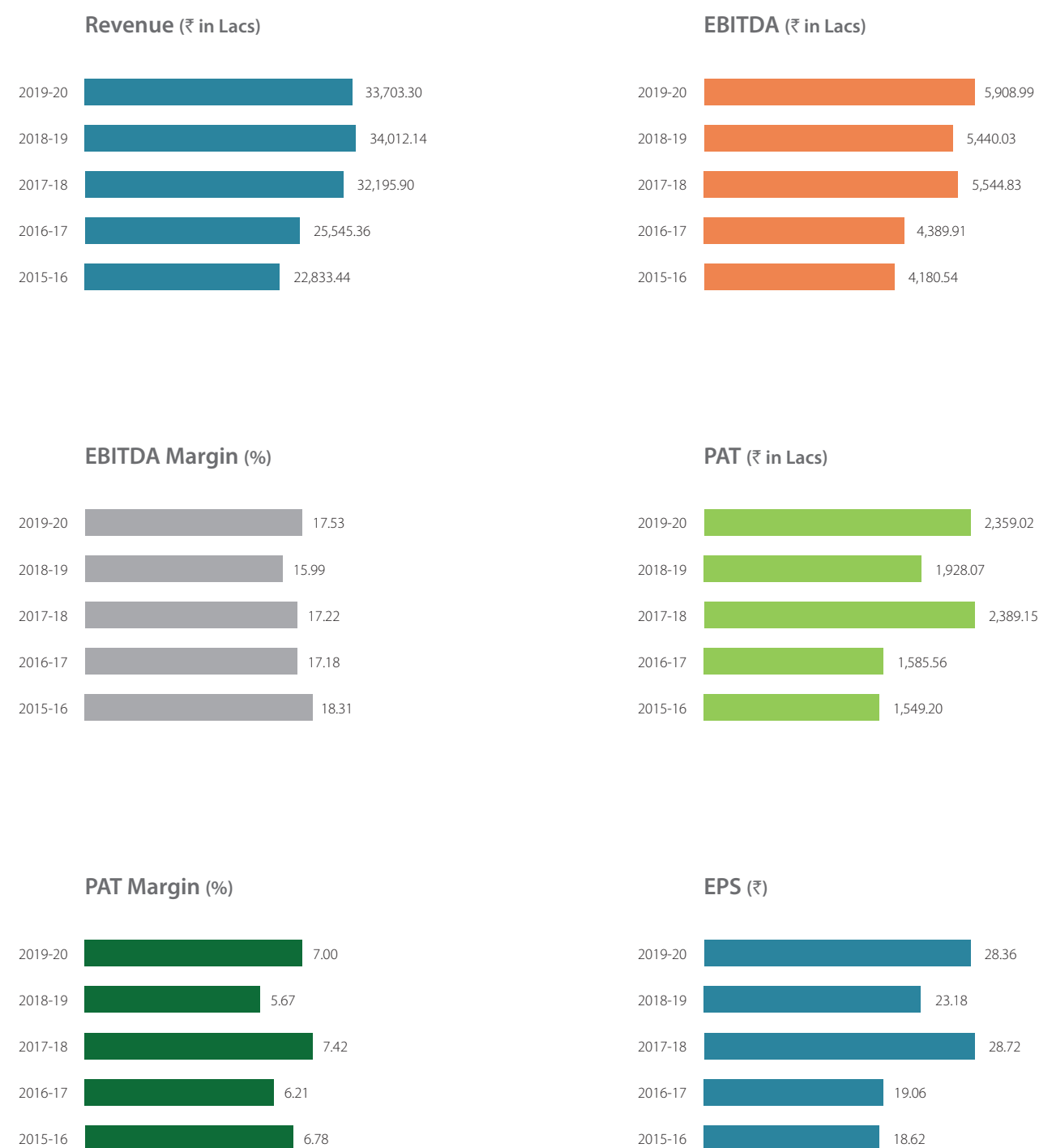




# Enriching Lives

## By Advancing for Better Tomorrow

### Financial Highlights



### 5 year highlights

(₹ in Lacs)

Particulars	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17	FY 2015-16
<b>SOURCES OF FUNDS</b>					
Share Capital	831.84	831.84	831.84	831.84	831.84
Reserves & Surplus	15,106.34	12,781.92	11,598.78	9,713.15	8,143.78
Net-Worth	15,938.18	13,613.76	12,430.62	10,544.99	8,975.62
Borrowings – Long Term	7,211.64	4,715.67	2,096.17	1,596.79	3,085.59
Capital Employed	30,037.32	26,391.29	23,610.54	17,455.61	16,521.37
<b>INCOME AND PROFITS</b>					
Revenue	33,703.30	34,012.14	32,195.90	25,545.36	22,833.44
EBITDA	5,908.99	5,440.03	5,544.83	4,389.91	4,180.54
EBIDTA (%)	17.53%	15.99%	17.22%	17.18%	18.31%
Profit before Tax	3,069.77	2,995.45	3,422.75	2,316.66	2,141.50
Profit before Tax (%)	9.11%	8.81%	10.63%	9.07%	9.38%
Tax	710.75	1,067.38	1,033.60	731.10	592.30
Profit After Tax	2,359.02	1,928.07	2,389.15	1,585.56	1,549.20
Profit After Tax (%)	7.00%	5.67%	7.42%	6.21%	6.78%
Dividend Per Share	-	-	7.50	5.00	4.00
Retained Earnings	2,359.02	1,175.95	1,889.55	1,185.09	1,148.73
<b>OTHERS</b>					
Fixed Assets including intangibles &	20,303.21	14,995.72	11,328.51	9,774.48	9,765.87
Net worth per equity (₹)	191.60	163.66	149.43	126.77	107.90
Debt – Equity Ratio	0.84	0.88	0.86	0.63	0.75
Current Ratio	1.14	1.15	1.19	1.26	1.42
Shareholders (Nos.)#	4480	4721	3023	3694	2430

# As on 31 March

Note : Figures of FY17 onwards are as per IND-AS

# Managing Director's Message



Dear Shareholders,

It gives me immense pride presenting our 40<sup>th</sup> Annual Report to you. Our persistent focus on strategies and an effective implementation of a turnaround plan has helped us stay right on course. Our consistent performance over the years is empowered by a strong team of employees, exceptional innovation capabilities and an undeterred support of our customers, and we thank them all with sincerity.

The year 2019-20 was a challenging one to say the least. A slowdown in the global and Indian economy was already impacting various sectors when the Covid-19 pandemic made an unexpected appearance. The outbreak's impact only became perceptible from March 2020.

Despite a difficult economic scenario and a situation aggravated almost beyond measure by the unprecedented Covid-19 pandemic, our overall performance showed good improvement. We work relentlessly to offer innovative products that deliver enhanced value to a wide range of customers. Thus, touching and enriching millions of lives with our products.

The year 2019-20 saw us reinforcing our strong foundation for healthy future. We registered a revenue of ₹ 337 Cr in the current year, a dip of 0.7% from the previous year. We have added new SKUs in Home Furnishing segment and drug delivery devices. A 8.6% increase in EBITDA was recorded from ₹ 54.4 Cr in FY 2018-19 to ₹ 59.1 Cr in FY 2019-20, PAT increased by 22% Y-o-Y from ₹ 19.3 Cr in FY 2018-19 to ₹ 23.6 Cr in FY 2019-20.

Our order confirmation from our existing customer, a Swedish Home Furnishings Major, for manufacturing and supplying Steel Furniture products presented itself as an opportunity to move along our commitment of growth. Hence, we diversified by building new capabilities and are ready to enter the Steel Furniture segment. The manufacturing for the order received is expected to commence in FY 2020-21 at our new Halol Complex. Additionally, we also forayed into the Toy segment, one of the fastest growing categories with immense prospects. Our first order was received from one of the world's leading global toy companies. This in turn will enable us to grab the opportunities in the industry and further strengthen order book.

Our efforts towards developing IP & our own pen injector platforms over the last 24 months are finally paying off. Apart from insulins, we have also created for ourselves a unique advantage that enables Shaily's Pen Injectors to be a leading choice for GLP-1 molecules. Our key partners for device development in the UK & Taiwan continue to build upon their capabilities to ensure that they are able to aid Shaily in the

successful & sustainable development of next generation platforms. We have a total of four (4) pen injector platforms for various molecules today and are working towards developing an auto injector.

Targeted investments and innovations are helping us improve as we enrich lives through plastics. We always strive to offer our customers end-to-end solutions in plastics. Thus, enabling them to develop products that provide the best combination of form, function, quality and affordability. We aim to give the best value for money, driving us to provide better and more efficient products in the world of tomorrow. Through our innovation program, we don't just focus on improving but also develop new processes and solutions.

We believe that our human capital and diversity of talent is a key differentiator. We continuously upgrade our policies, practices, and processes to attract and retain the best talent from the industry, ensuring cordial working environment.

Despite our strong footing and multiple opportunities in the horizon, uncertainty and unforeseen challenges always loom over a business environment. Our unique combination of a robust balance sheet, persistent focus on quality and compliance, along with a proactive approach creates maximum value for all stakeholders. This proposition works in tandem with our strong value-driven culture despite challenges.

We are grateful for the support we receive from all the parties we partner in building a company with prospects for a healthy future. I would like to express my sincere appreciation for employees at all levels for their perseverance and unparalleled contribution towards the Company's performance. I would also like to extend my gratitude to our customers, stakeholders, bankers and suppliers for their continued loyalty and trust in us.

We, at Shaily, are excited about the untapped opportunities, the potential for growth and the prospective value creation for our stakeholders and thrilled for all the unrealised instances that lie ahead for us to enrich lives through our products.

With warm regards,  
**Amit Sanghvi**

Our consistent performance over the years is empowered by a strong team of employees, exceptional innovation capabilities and an undeterred support of our customers, and we thank them all with sincerity.



# Enriching Lives

Through a Solid Foundation of Growth



From just two moulding machines that we started with back in 1987, we have significantly grown to include more than 120 machines today. This growth has been a result of our solid foundation that holds the ground for us as we aim higher.

## Advanced through strategic relations

Our superior quality and safe products make us a preferred partner of choice across the globe for multiple companies. This year we:

- Increased our revenues on y-o-y basis from ₹ 120 Cr in FY 2014-15 to over ₹ 300 Cr in FY 2019-20
- Added 30 SKUs, taking the total count of products manufactured to 48 SKUs
- Strengthened our relationship with a Swedish home furnishings major
- Ventured into Steel Furniture business for a home furnishings major

## Increased utilisation of Healthcare business

Our design and high engineering products cater the superior quality drug delivery solutions for our marquee clientele. Last year, healthcare became our 2nd largest revenue-contributing segment. This is how we did it:

- Developed 4 pen platforms for multiple therapies as our own devices
- Consolidated healthcare units to achieve faster breakeven and higher efficiencies
- Scaled to achieve 2-3x revenue growth in 3-5 years

## De-risked business model

Our focus is on emphasising new business segments and customers to de-risk our business model. Here is how we are doing it:

- Ventured into Toys category with the addition of toys major Spin Master
- Invested in Steel Furniture business to diversify concentration beyond plastics
- Started seeing scale in our healthcare business

## Strengthened financial flexibility

Our operational performance, coupled with a strong focus on optimisation of capital allocation and robust balance sheet, has helped strengthen our financial profile as we address large business opportunities. Here is how we did it:

- Funded capex of ₹ 135 Cr to set up healthcare business, expansion of new SKUs for homes furnishing major and carbon steel business from internal cash flows and debt
- Ensured efficient capital management and lower debt equity ratio (below 1x)
- Strengthened balance sheet to leverage opportunities from 'Make in India' campaign

# Enriching Lives With a Balanced Portfolio

Our journey of diversification began three years ago, and we have been going strong since. We have persistently been expanding our portfolio across different categories and product lines. Today, we are recognised for our design expertise, innovation, quality, and excellence, all of which is led by superior customer experience.

- More than 30 years of experience in engineering plastics
- Comprehensive product portfolio across Consumer, Healthcare, Personal Care, Automotive & Engineering, Steel Furniture
- In-depth understanding of customer requirements
- Precise delivery of products with high quality standard

## CONSUMER SEGMENT

### Our competitive edge:

- World class quality
- End-to-end Solutions
- Technical Capabilities
- Environment-Friendly
- Timely Execution

### The consumer segment is segregated into two parts:

#### Home Furnishings Business

Our products are found across the world in many homes. They are used right from kitchen and cooking devices to storage and cleaning. Our consistent and quality products with quicker turnaround time have led to repeat business as well as new client acquisitions. This makes us the partner of choice for many home furnishings companies.

#### Toys Business

We forayed into Toys' segment, manufacturing wide range of plastic/electronic children's toys for global markets. We are one of the recognised players in the segment known for our high quality, safe and reliable products.



## HEALTHCARE SEGMENT

### Our capabilities in Healthcare segment:

- Drug Delivery Devices
- Primary Packaging
- Dedicated Facility Consisting of ISO Class 8 Clean Room Facility
- Quality and Compliance

### Drug Delivery Devices

We are one of India's leading injection molding companies in medical devices' field.

We manufacture complex precision components and assemblies that demand stringent quality and tight tolerances. Our product portfolio includes DPI's, Pen Injectors, And Primary Packaging.

### Pharma Packaging

We are the leading suppliers of packaging solutions in the pharmaceutical industry. We manufacture tamper-proof containers for solid and liquid dosages as well as specialty packaging through our expertise in materials, quality, and regulatory compliance.

### Our expertise in pharma packaging:

- High-end Vision System
- Safer Design with Shaily CRCs
- Type III Drug Master Files
- US Pharmacopeia Standards



**WE HAVE BUILT A PORTFOLIO OF DEVICES WHERE THE IP IS OWNED BY THE COMPANY. THE DETAILS OF THESE PENS ARE AS UNDER :**

### SHAILY AUTO 2JECT

- 2 step Autoinjector Platform with customisation options



### SHAILY PEN AXIOM

- For therapies such as hGh, FSH, PTH & GLP-1



### SHAILY PEN HARMONY

- 0-80 IU Reusable/Disposable
- Single Dose and Multi Dose for therapies such as hGh, FSH, PTH & GLP-1



### SHAILY PEN PROTEAN

- 0-60 IU for Insulin Disposable/Reusable
- Settable for Alternate Therapies such as Three Dose/Two Dose/Single Dose hGh, FSH, PTH & GLP-1





## PERSONAL CARE SEGMENT

We provide top-quality finishing services for global brands with innovative and decorative features to stay ahead of the curve. From razors to stylish casing for cosmetics, we meet the finishing requirements of customers through a combination of our injection molding and secondary operations.



## STEEL FURNITURE SEGMENT

We diversified our business by entering Steel Furniture segment. We are building new capabilities and strengthening our orderbook by manufacturing and supplying Steel Furniture products to the Swedish Home Furnishings Major.



## AUTOMOTIVE & ENGINEERING SEGMENT

### Automotive & Engineering Plastics

#### Automotive

We manufacture components used in US defense applications and in the turbo chargers of high-end luxury cars. We are one of the leading global suppliers converting metal rods to plastic rods.

#### Engineering Plastics

We manufacture high value-added products from high-performance engineering plastics.





# Enriching Lives

## By Identifying Opportunities

We operate in a competitive and highly-regulated industry across multiple geographies. Our diversified and integrated business model helps us remain future-centric and agile. Our ability to deliver value depends on the participation and contribution of a wide range of stakeholders. The value, thus created, benefits all – our customers, employees, shareholders, and communities at large. Plastic industry poses great opportunity for immense growth in the times to come. This bodes well for our Company.

### GLOBAL PLASTICS INDUSTRY

**TREND:** Higher demand for plastic products across various industries

US\$ 722.6 Billion

MARKET SIZE BY 2027

Source: Grand View Research

#### OPPORTUNITY FOR SEPL:

- Well-positioned to leverage demand from industries like consumer goods, automotive and industrial with our diverse business segment and product portfolio

### INDIAN PLASTIC INDUSTRY

**TREND:** Faster replacement of typical materials in different segments with plastic

US\$ 111 Billion

MARKET SIZE BY 2027

Source: IBEF

#### OPPORTUNITY FOR SEPL:

- Strong presence across various segments positions us well to pursue the opportunities

### HOME FURNISHINGS BUSINESS

#### TREND:

- Awareness related to home fashion trends
- Rising trend of online shopping through various e-commerce websites

US\$ 793 Billion

MARKET SIZE BY 2025

Source: PR Newswire

#### OPPORTUNITY FOR SEPL:

- Dedicated EOU facility to serve the requirements of the home furnishings major with more than 40 machines
- Environment-friendly products, highly compliant with global norms business segment and product portfolio

### TOY BUSINESS

**TREND:** Growing number of websites offering a wide range of toys and games, especially among working parents who seek easy accessibility and convenience

US\$ 120 Billion

MARKET SIZE BY 2023

Source: PLAY MR.

#### OPPORTUNITY FOR SEPL:

- Products quality comply with the highest international standards, making us supplier of choice across the globe
- Global toy companies are anticipated to diversify outsourcing to India, seen as the alternative manufacturing hub

### HEALTHCARE INDUSTRY (PHARMACEUTICAL)

#### TREND:

- Technological advancements
- Rising demand for innovative therapies
- New product launches
- Growth in healthcare coverage
- Ease in handling

US\$ 612 Billion

MARKET SIZE OF PHARMA DEVICES BUSINESS BY 2025

Source: Fortune Business Insights

US\$ 2,015 Billion

MARKET SIZE OF GLOBAL PHARMACEUTICAL DRUG DELIVERY DEVICES MARKET BY 2025

Source: Markets and Markets

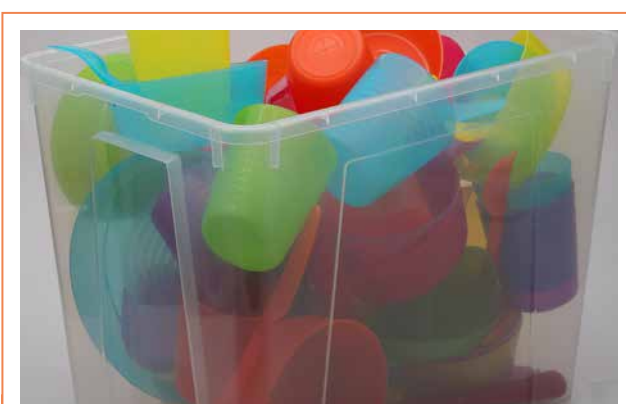
US\$ 112 Billion

MARKET SIZE OF PHARMA PACKAGING SEGMENT BY 2024

Source: Markets and Markets

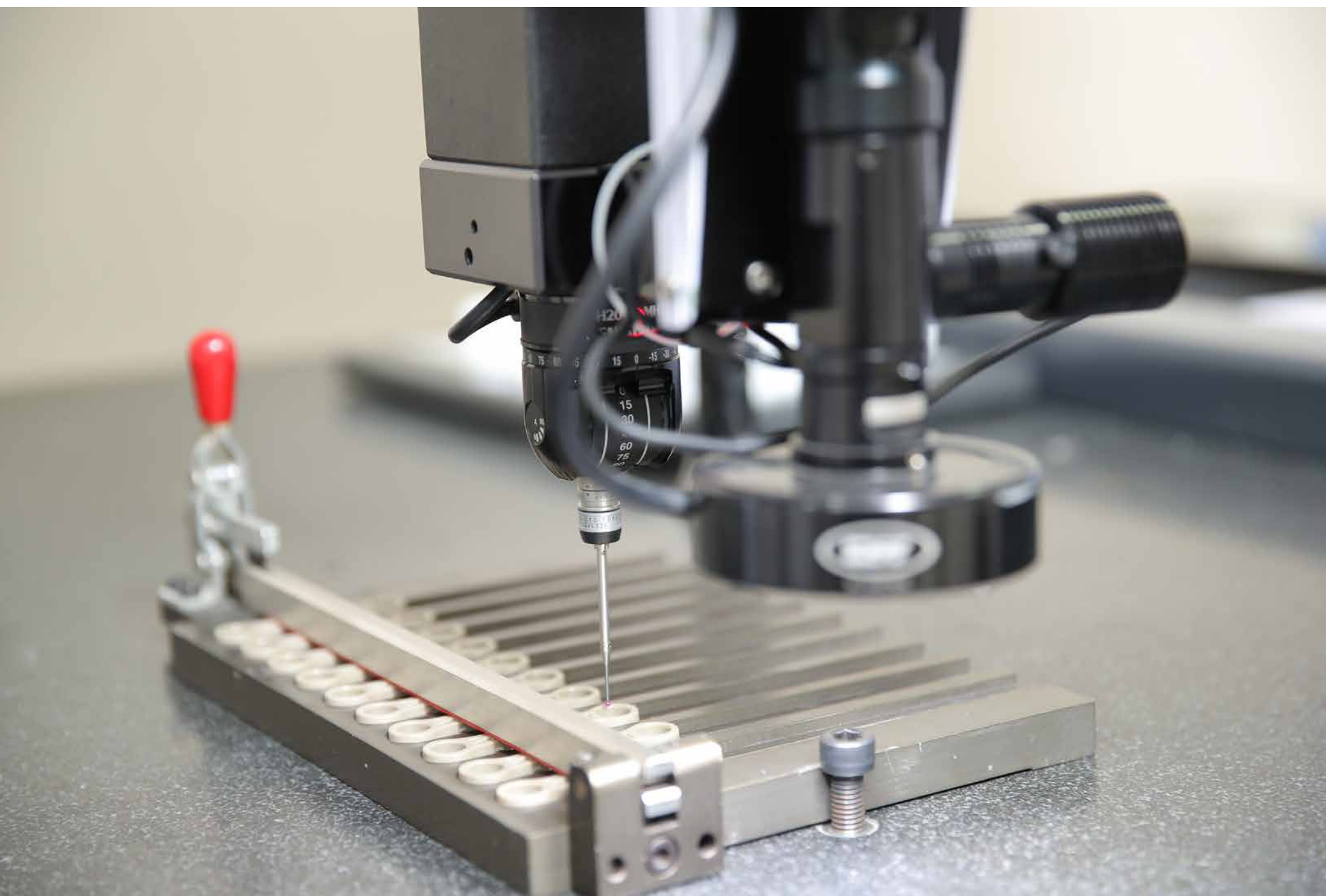
#### OPPORTUNITY FOR SEPL:

- Complete solutions provider right from manufacturing to assisting clients in obtaining regulatory approvals



# Enriching Lives Through Strategic Priorities

We believe performance is the best growth strategy. It starts with setting benchmarks and goes well beyond it by living up to commitments through strategic priorities.



## REVENUE UPTICK:

Strong technical know-how, diverse portfolio, and credibility to support customers with curated products has led to our sustained uptick in revenue. Additionally, new business confirmations, addition of clients and increased contribution from new business segment will further aid in growth prospects.



## INCREASED HEALTHCARE REVENUE:

Increased demand for pharmaceutical devices and packaging products, owing to rising geriatric population, growing chronic diseases, and a mounting number of diabetic patients, will aid us to leverage the opportunities. Faster penetration within existing and new clients as well as large pipeline of products will lead to 2-3x revenue growth.



## SUSTAINABLE EBITDA MARGIN:

Increased utilisation levels at existing facilities and enhanced contribution from Healthcare segment will enable to sustain EBITDA margin on annual basis.



## UPTICK IN PROFITABILITY:

Strengthened our diverse portfolio with limited investment in capex, faster capacity utilisation in Carbon Steel business and Healthcare business has resulted in higher margins and return ratios. This is reflected in our strong order book, which speaks volumes about our strong goodwill, making us future-ready.



## VAST EXPERIENCE AND CAPABILITIES:

Strong foundation and manufacturing capabilities across multiple segments enable us to cater evolving customer needs. Factors like superior product quality, regulatory compliant manufacturing, complex engineering capabilities and consistent delivery, power our customer relations. These help us maintain long-standing global relationships with our marquee clients.

## BENEFIT UNDER MAKE IN INDIA:

As the global majors anticipate to outsource manufacturing to India for creating alternate manufacturing hubs, we are uniquely positioned to benefit from this development, led by our:

- Diversified portfolio
- Strong market position
- Operating team with an extensive track record of executing growth
- Deep understanding of global logistics, compliance requirements.



# Enriching Lives

## Through Enhanced Shared Value

We constantly optimise our technology towards practices that progressively draw lesser natural resources and reduce carbon footprints. We also play the role of a good corporate citizen, where the communities around our plants, trust us with responsible operations and as contributors to their development.

Our purpose is to create a positive impact on everyone around us and we believe that our success comes from the prosperity of those around us. Towards this effect, our Environmental, Social and Governance (ESG) performance continued to raise the bar in line with our goal of reducing the carbon footprint.

### Sustainable Future

On the environmental front, we are working towards being carbon-neutral and water-positive. We are continuously implementing and enhancing energy-efficient techniques across all our plants and offices. We have also adopted rainwater harvesting system for varied end-application requirements. Moreover, we are focusing on sourcing our energy requirements through renewable sources. The various initiatives include:

### Green Plastics

We have been successful in being able to convert products manufactured from virgin materials to both recycled plastics as well as bioplastics, while still being able to meet RoHS and other necessary compliances.

### Renewable Energy

We have enhanced our use of renewable energy in place of conventional fuels, offsetting carbon emission.

### Lean Six Sigma

Lean Sigma forms an integral part of our operations and a crucial part of the sustainability programme to reduce waste and improve performance. This, in turn, enables us to offer superior quality products, enhance operational efficiency and reduce waste.

### Creating Measurable Impact

In 2019-20, our contribution towards the CSR project touched the lives of several people. Our initiatives across healthcare, education and rural development continued to create measurable impact for communities around our areas of operations.

During the FY 2019-20, we contributed towards the following CSR projects:

- Donation of water tank to Bhadarwa Kedavni Mandal School
- Donation of furniture to Prathampura Juth Gram Panchayat for office use
- Donation of laptops at Bhadarwa Police Station
- Donation to Shri Jagatbharti Education & Charitable Trust, Surendranagar
- Donation to Vikas Jyot Trust towards Street Children Project
- Donation to Disha Charitable Trust for Supporting Special School & Autism Centre

### Governance with Foresight

Over the years, we have been steered by leaders who have ensured that the Company stayed on its path of progress while adhering to best-in-class governance. They have accorded maximum prominence to inclusive and purpose-driven growth, which has translated Shaily into becoming a trusted name among our customers.



# Enriching Lives Through Sustainable Performance

## AWARDS & ACCOLADES



★★★★★  
**The PLEX Council Award**  
Top Exporter Of Engineering  
Components For Eleven  
Consecutive Years:  
2005 to 2019  
★★★★★



★★★★★  
**Award for BPC**  
Piramal All India Kaizen  
Competition 2017-18 For  
Automation Of Kaizen  
★★★★★



★★★★★  
**Top Exporter Award**  
(1st Position) For Exports Out  
Of Rct, Vadodara By Container  
Corporation Of India Ltd  
At Concor Awards, 2017  
★★★★★



★★★★★  
**GOLD Winner**  
For Outstanding Export Of  
Finished Plastic Goods By  
Plastindia Foundation  
★★★★★

# 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 Ranjit Singh**  
*Independent Director*

**Mr Milin Mehta**  
*Independent Director*

**Dr Shailesh Ayyangar**  
*Independent Director*

**Ms Varsha Purandare**  
*Independent Director*

**Mr. Jiten Mathuria**  
*Independent Director*  
(Resigned effective from 7th August 2020)

## Advisor to the Board

**Mr Samaresh Parida**

## Key Officials

**Mr Anil Kalra**  
*Chief Executive Officer*

**Mr Sanjay Shah**  
*Chief Strategy Officer*

**Mr Chintan Shah**  
*Chief Financial Officer*

**Ms Preeti Sheth**  
*Asst. Company Secretary & Compliance Officer*

## Auditors

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

**Internal Auditor**  
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  
Mumbai – 400 059  
Web: [www.bigshareonline.com](http://www.bigshareonline.com)  
Email: [investors@bigshareonline.com](mailto:investors@bigshareonline.com)



## MANAGEMENT DISCUSSION & ANALYSIS

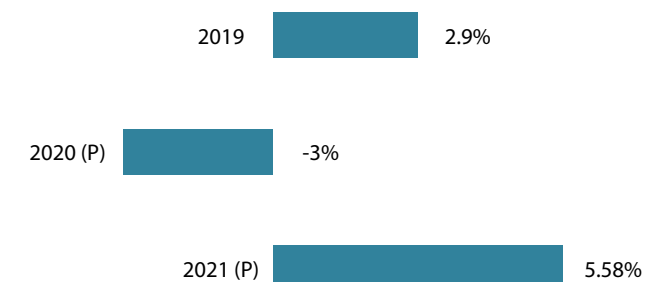
### GLOBAL ECONOMY:

The global economy has been facing challenges since the beginning of 2019, and all the international and regional crises were aggravated by the Covid-19 pandemic in March 2020. Trade tensions between the United States and China, which had eased briefly in early 2019, worsened again later in the year as both the countries imposed more tariff barriers on each other. This affected investor sentiment globally and led to lower manufacturing activity. Service sector activity, however, remained relatively stable. Monetary policy updates in major economies cushioned, to a degree, the impact of trade tensions. According to IMF World Economic Outlook (WEO), April, estimated that the global economy will see a degrowth of 3% in 2020. IMF further said that the Covid-19 pandemic will shrink the world output by 3% in 2020. It is of the opinion that the global economy will face the worst recession since the Great Depression and far worse than the Global Financial Crisis. As per IMF, the cumulative loss to global GDP over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars even after various stimulus declared by major economies.

The emerging economies are expected to witness a degrowth of 1% in 2020 and for 2021 it expects a recovery in growth and pegs the developing economies to grow by 6.6%. IMF also said that India and China would be the only two major economies likely to register growth in 2020, with all others contracting.

The IMF said that the recovery forecast for 2021 depends critically on the pandemic being controlled by the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence.

#### World GDP Trends



Source: <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>  
<https://economictimes.indiatimes.com/news/economy/indicators/imf-projects-indias-growth-rate-at-1-9-in-2020-forecasts-global-recession-due-to-covid-19/articleshow/75142792.cms>

### INDIAN ECONOMY:

During FY 2019-20, India's economic growth decelerated continuously as the year progressed. As per provisional estimates, real GDP growth for the first two quarters of FY 2019-20 came in at 5.2% and 4.4% respectively. The factors responsible for this muted growth was on account of continued slowdown in manufacturing and weak private consumption. While there were hopes of a turnaround in second of FY 2019-20, the economy's performance slid further in Q3 FY 2019-20 as real GDP growth plunged to 4.1% on the back of broad-based deceleration in industry and services. The Covid-19 pandemic and the subsequent lockdown weighed heavily on the economy in the last quarter of FY 2020 and real GDP growth plunged to just 3.1%, taking full year growth to 4.2%. However, this was partially offset by higher revenue spending by the Government, cut in corporate tax rate, initiatives for easing funding, and liquidity issues. In addition, the Government announced the 'Atmanirbhar Bharat Abhiyan' to revive every sphere of the economy from demand, supply to manufacturing, and make India self-reliant. Headline retail inflation, as measured by Consumer Price Index (CPI), was benign in the beginning of FY 2019-20. CPI started inching up sharply from September-October 2019 due to higher food prices. However, towards the end of FY 2019-20, normalisation of food prices and easing oil prices led to easing of inflation.

Despite the weak near-term outlook, the outbreak of Covid-19 presents an opportunity for India to emerge as a credible manufacturing alternative. India's long-term economic fundamentals remain intact with favourable demographics, continuing policy reforms. IMF estimates India's GDP to grow at 1.9% during FY21. RBI governor called it a positive sign as it still is one of the highest among G20 countries.

Source: <https://www.indiatoday.in/diu/story/coronavirus-indian-economy-1670487-2020-04-24>

#### Indian GDP Trends



(Source: IMF)

# 22-69

## Statutory Reports

Management Discussion and Analysis 23

Board's Report 32

Corporate Governance 54



**INFLATION:**

Inflation, as measured by the Consumer Price Index (CPI), remained well under the RBI's medium-term target of 4.0% until September 2019. However, post September 2019, it overshot for the next five months straight to hit a six-year high of 7.6% in January 2020, before cooling off to 6.27% in May 2020. Overall, for most part of the previous year, CPI inflation was primarily driven by elevated prices of food articles. Wholesale Price Index (WPI) inflation too remained in low single digits in FY 2019-20.

The Reserve Bank of India (RBI) expects Retail inflation to fall below its targeted 4% in the first half of the fiscal 2020-21. The Monetary Policy Committee (MPC) has set its mid- to long-term inflation target at 4% with a 2% point bias on either side. This will provide some policy space to address the risks arising due to the spread of the pandemic.

Source: <https://www.bloomberquint.com/economy-finance/rbi-sees-indias-inflation-rate-falling-below-4-as-lockdown-threatens-demand>

**INTEREST RATE:**

The RBI on 27th March 2020 announced a stimulus worth 3.2% of GDP to respond to the economic impact of the coronavirus outbreak. In second off-cycle Monetary Policy Committee (MPC) meeting, the repo rate was reduced by 40 basis points (bps) to 4% which is lowest till now, reserve repo rate at 3.35% and Cash Reserve Ratio (CRR) by 100bps to 3%. One of the main reasons behind the rate cut is to boost the economy by increasing the cash flow in the market as a decrease in the Reverse repo rate will push the banks to take out their money parked with RBI and use it for lending purposes. The Marginal Standing Facility rate currently stands at 4.25%.

This was followed by ₹ 21 lakh Cr economic package announced by the Government, in the wake of the ongoing Covid-19 pandemic. The RBI in addition to reducing rates has also announced various liquidity and monetary measures, totalling an economic value worth ₹ 8 lakh Cr.

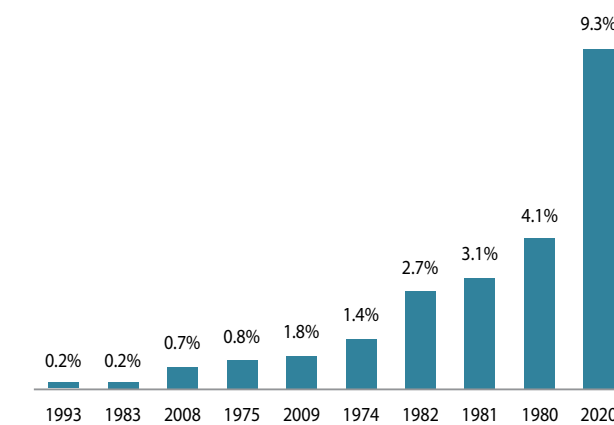
Source: <https://www.bloomberg.com/news/articles/2020-03-27/india-s-central-bank-cuts-interest-rate-in-emergency-meeting>  
<https://www.bloomberg.com/news/articles/2020-04-17/indian-central-bank-boosts-liquidity-to-offset-virus-hit>  
<https://www.bankbazaar.com/finance-tools/emi-calculator/current-rbi-bank-interest-rates.html>  
<https://www.financialexpress.com/economy/rbi-governor-shaktikanta-das-press-conference-live-updates-reverse-repo-rate-crr-t-lro-liquidity-monetary-easing/1967031/>

**CRUDE OIL:**

The mitigation measures undertaken to prevent the spread of Covid-19 has caused an unprecedented collapse in economic activity and transport, resulting in widespread declines in commodity prices.

The crude oil market has been affected most by the pandemic. The current drop in oil demand outpaces previous global recessions.

**Following is a chart depicting a percentage drop in oil demand during recession periods historically:**



As can be seen from the chart above the demand for oil is expected to witness the highest slump during 2020 due to the slowdown in economic activity globally.

Since January 2020, the oil prices started to decline due to the Covid-19 outbreak in China which led to travel restrictions. Further, the OPEC and non-OPEC members could not arrive at an agreement to cut oil production which led to an increase in supply of cheap oil from Saudi Arabia & Russia leading to a price war. This coupled with the spread of the Covid-19 across the globe, resulted in oil prices to touch historical lows. Later, in April the OPEC+ countries agreed to cut oil production by 9.7 Million barrel per day during May and June. Furthermore, in May Saudi Arabia stated beginning from June 1, it would voluntarily cut an additional 1 million bpd, in addition to its portion of the cuts agreed to by OPEC+.

As per the US Energy Information Administration (EIA) the Brent crude prices are expected to average US\$ 33.04 per barrel in 2020 & US\$ 45.62 per barrel in 2021. The 2019 average stood at US\$ 64.36 per barrel. As per the IMF it expects the Brent crude prices to be at US\$ 36.9 per barrel in 2020 and US\$ 39.5 in 2021.

Source: <https://blogs.worldbank.org/voices/outlook-commodity-markets-and-effects-coronavirus-six-charts>  
<https://knoema.com/yxptpab/crude-oil-price-forecast-2020-2021-and-long-term-to-2030>

**GLOBAL PLASTICS INDUSTRY:**

The Global Plastics Industry is expected to become a ~US\$ 754 Billion market by 2027 from ~US\$ 569 Billion in 2019, depicting a CAGR of 3.5%.

**The factor that will drive the growth in this market are as follows:**

- The demand for plastic products as a replacement for metals and alloys has increased significantly across various industries such as Consumer goods, Automotive, Industrials, etc. For example, plastics can be used in various home furnishing products like tables chairs, etc., under hood components in the automotive industry, in electronics and consumer durables
- Availability issues with respect to conventional materials such as metal and wood
- Ease of use for consumers. For example, simple and easy to install, durable, etc.
- Cost effectiveness as compared to metals and wood

Source: <https://www.grandviewresearch.com/press-release/global-plastics-market-analysis>  
<https://www.grandviewresearch.com/industry-analysis/global-plastics-market>

**INDIAN PLASTICS INDUSTRY:**

The Indian plastic industry has taken great strides. The industry has grown to the status of a leading sector in the country with a sizable base. The per capita consumption of plastics is increasing at a fast pace in the country. Continuous advancements and developments in technology, processing machineries, expertise, and cost-effective manufacturing is fast replacing the typical materials in different segments with plastics. The immense potential of Indian plastic industry has motivated Indian manufacturers to acquire technical expertise, achieve superior quality standards and build capacities in different facets of the booming plastic industry.

In FY 2018-19, plastics export from India stood at ~US\$ 111 Billion. Top five importers of Indian plastic products were US (~\$ 1,314 Million), China (~\$ 1,282 Million), UAE (~\$ 580 Million), Italy (~\$ 451 Million) and Germany (~\$ 407 Million). During April 2019-January 2020, plastic exports stood at ~\$ 7 Billion.

The Indian plastics industry produces and exports a wide range of products like plastic-moulded extruded goods, packaging, consumer goods, electrical accessories, moulded or soft luggage items etc.

Source: <http://www.india-exports.com/plastic.html>  
<https://www.ibef.org/exports/plastic-industry-india.aspx>

**CONSUMER SEGMENT:**

- **Home Furnishings Business:**

The Global Home Furnishing Market is expected to grow at ~5% CAGR and reach ~US\$793 Billion by 2025.

**Few reasons propelling growth to the Home furnishing market are as follows:**

- Awareness related to home fashion trends
- Inclination towards brands to provide a more customised furnishing solution
- Growing urban population
- Increasing disposable incomes
- Increasing cost of raw materials like wood, metals, etc. is expected to boost demand for furnishing products made from plastics
- Growing trend of online shopping through various E-commerce websites

Source: <https://www.prnewswire.com/news-releases/the-global-home-decor-market-size-is-expected-to-reach-792-6-Billion-by-2025--rising-at-a-market-growth-of-4-9-cagr-during-the-forecast-period-300869523.html>  
<https://www.alliedmarketresearch.com/home-decor-furnishing-market>

**We currently have two clients in this segment and are looking at cementing our relationship with these customers.**

Our association with the **Home Furnishings major** dates back to 2004. Over the years we have grown our business multifold with this client and today we are trusted global suppliers for them. To serve the client we have a dedicated EOU facility with more than 40 machines. With the Home Furnishing Major's entry into the Indian market and also opening of its online shopping website for selected cities in India, we see huge prospects of growth with this client in the times to come.

- **Toys Business:**

The Global Toys market is expected to reach revenues of US\$120 Billion by 2023.

The top toy companies are focusing on developing new products, mergers and acquisitions, as well as partnering with local or regional players, to optimise their offerings.

**Few reasons propelling growth to the Toys market are as follows:**

- The growing number of websites offering a wide range of toys and games has increased the demand for these



products, especially among working parents who seek easy accessibility and convenience.

- Increasing children's programs and TV channels are expected to drive demand for toys.
- Rising income levels in the emerging markets.
- Baby toys becoming smarter designed specifically for learning purposes.
- China + 1 strategy is further giving impetus to the growth opportunities for Indian manufacturers. Many brands are increasingly looking to create a 2nd line of outsourced manufacturing base which will deepen the manufacturing capabilities of Indian manufacturers.

Source: <https://www.playmr.com.au/blog/toys-and-gaming-trends-2020>

We received our first order in the Toys business during the first quarter of the current fiscal from one of the leading brands which is global, diversified, multi-platform and highly innovative children's entertainment company. It is counted amongst the top toy companies in the world. Shaily Engineering Plastics made initial shipments in the third quarter of the financial year. We expect to ramp up this business in the financial year 2020-21 and further in 2021-22. We foresee huge growth potential in this business going ahead as many global toy companies are now planning to diversify their sourcing and are looking at India as a potential manufacturing destination.

#### PHARMA SEGMENT:

**Our Pharma segment can be broadly classified into Pharma Devices and Pharma Packaging businesses.**

- Pharma Devices Business:**  
**The Global Pharma Devices Market** is expected to become ~US\$ 613 Billion market by 2025, thereby expected to grow at a CAGR of 5.4% from ~US\$ 426 Billion in 2018. Medical Devices help improve the patient's quality of life. Rising geriatric population, growing chronic diseases, are projected to boost demand for medical devices.  
Source: <https://www.fortunebusinessinsights.com/industry-reports/medical-devices-market-100085>
- The Global Pharmaceutical Drug Delivery Devices Market** is estimated to reach ~US\$ 1,695 Billion by 2023 from ~US\$ 1,244 Billion in 2018, depicting a CAGR of 6.4%. Rising prevalence of chronic diseases, growth in the biologics market, technological advancements and new product launches are the factors that will lead to the growth of the market.

Source: <https://www.marketsandmarkets.com/drug-delivery-devices-market-research-76.html>

#### Pharma Packaging Segment:

The Pharmaceutical Packaging Market is estimated to grow from ~US\$84 Billion in 2019 to ~US\$ 112 Billion by 2024, growing at a CAGR of 6.0%. The reasons leading to growth in this market are: increase in healthcare coverage, growing aging population, ease in handling, increase in non-communicable disease such as diabetes, etc.

Plastics & polymers are the major raw material type used for pharmaceutical packaging. Cost-effectiveness, excellent shatter resistance makes plastic an effective raw material for pharma packaging. Plastic can be easily converted in the required shapes such as vials, bottles, applicators, etc.

Source: <https://www.marketsandmarkets.com/Market-Reports/pharmaceutical-packaging-market-890.html>

We are one of the India's leading injection molding companies in the Pharma Devices & Packaging field. We are not just converters, we believe in providing total solutions to our clients, right from manufacturing to also assisting them in obtaining regulatory approvals. Shaily Engineering Plastics Limited has carved a niche for itself in the Pharma Devices and Packaging market. We have been able to build up a strong pipeline in this segment which gives us confidence that it will become a major growth driver for the company in the near future. We are expected to complete exhibit supplies of major medical devices in FY21 and creating strong pipeline for years to come for their commercial supplies.

#### AUTOMOTIVE SEGMENT:

Global economic slowdown particularly in 2019 coupled with domestic slackness in the Auto industry led to Auto industry reporting a significant drop in performance in 2019-20. Further with the onset of the Pandemic, auto supply chain originating from SEA and ASEAN countries have seen production cuts further aggravating the market.

At Shaily our efforts in the automotive segment is geared towards light weighting the vehicle. This involves deep understanding of raw material and its performance aspects which are required to not only light-weight the vehicle but also maintain if not improve the performance. In this category our capabilities lie towards metal to plastic conversion.

We continue to develop products and address the new age requirements of auto companies in their bid to enhance their performance. We witnessed muted business in 2019-20 on account of slow moving Auto business in international markets coupled with deferment of orders from our large customers based in USA.

#### PERSONAL CARE SEGMENT:

The personal care Segment, considered relatively immune to economic recessions, in India is now expected to shrink 1% in the worst-case scenario as per Industry reports. At best, it will grow 1% in 2020 as the Covid-19 lockdown has crimped demand and severely disrupted trade channels.

Festive season is expected to boost demand and help personal care companies report growth in the December quarter. But the outlook for these companies remains dim as widespread unemployment and a depressed economy may weaken consumer demand. However, some early green shoots were visible in June when India eased lockdown restrictions. Personal care sales registered 4.5% year-on-year value growth in June, suggesting that shoppers stepped out to buy more goods.

<https://www.hindustantimes.com/business-news/fmcg-industry-growth-may-remain-flat-in-2020-nielsen/story-FV4iwDNk3OgJUZHVd6VuiO.html>

In the personal care segment, we provide end-to-end solutions that include Vacuum Metalizing, High Speed Pad Printing, Hot Stamping & Hot Foiling, Ultrasonic Welding and Painting. We have an injection Molding facility & Secondary operation facilities with high level of engineering skills.

In the appliances and lighting segment, we supply critical components for the needs of various kinds of knob assemblies for different appliances.

#### FINANCIAL PERFORMANCE OF THE COMPANY FOR FY 2019-20

- The company reported **Revenue** of ₹ 33,703.30 lacs in FY 2019-20 as compared to ₹ 34,012.14 lacs in FY19. Revenue from sale of products and services stood at ₹ 32,133.72 lacs in FY 2019-20 as compared to ₹ 32,054.02 lacs in FY19.
- The company reported **EBITDA** of ₹ 5,908.99 lacs in FY 2019-20, up from ₹ 5,440.03 lacs in the last year, i.e. a growth of 8.62% YoY. **EBITDA margins** improved by 154 bps and reached to 17.53% in FY 2019-20.
- Profit before tax (PBT)** came in at ₹ 3,069.77 lacs during the year, up from ₹ 2,995.45 lacs in the last year, i.e. a 2.48%.
- The company reported **Profit after Tax** of ₹ 2,359.02 lacs in FY 2019-20, up from ₹ 1,928.07 lacs in the last year, i.e. a growth of 22.35% YoY.
- The revenue mix for exports to imports stands at 69:31. The revenue mix continue to skew towards exports
- Our Debt to Equity ratio stands at 0.84 times
- Total Capex spend (including work in progress) during FY 2019-20 is ₹ 6928.06 lacs The major capex has been towards the Steel furniture business and ongoing acquisition for design and patent for some of our medical devices.
- Looking at the expansion projects on hand, Shaily wishes to conserve cash for internal accrual purpose and hence do not propose any dividend.

- Our performance for FY 2019-20 remained soft on account of various factors as enumerated below:
  - Delay in commissioning of the Steel furniture business due to the outbreak of Covid-19.
  - Loss of revenue for the month of March 2020 owing to the nation-wide lockdown imposed by the central government.
  - However, during the year, we were able to improve our quarterly revenue run rate from ₹ 7735.91 lacs in Q4FY19 to ₹ 7961.48 lacs in Q4 FY 2019-20.
  - We have also been able to improve our EBITDA Margins by 154 bps to 17.53% in FY 2019-20, on YoY basis, on account of better product mix, economies of scale with respect to raw materials and improvement in operational efficiencies.

The Company expects to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 in FY22. Accordingly, the Company has re-measured its defined tax assets(net) positions and has taken full effect to the Statement of Profit and Loss during the quarter and year ended on 31st March 2020.

Tax Expense for the quarter and year ended on 31st March 2020 includes tax benefit of ₹ 104.71 lacs on account of re-measurement of deferred tax assets (net).

We have continued to build a strong order pipeline in different segments and also successfully added new clients in existing as well as new segments. This gives us confidence of a better performance in the coming periods.

#### KEY DEVELOPMENTS DURING THE YEAR

##### Q1

##### Pharma :

- Received Business for 1 new drug delivery device from a large domestic company
- Total number of drug delivery devices under development – 12.

##### Toys :

- Business confirmation received from a large Toy company for manufacture & supply of two products.

##### Q2

##### Pharma :

- Confirmation of Business for Bottles & Caps received from a Japanese entity.

##### FMCG:

- New business under negotiation with a large MNC in personal care segment Automotive.
- Additional business confirmed from an automotive customer for Rod.

### Q3

#### Pharma:

- Submission of trial batches of 4 different pens done to customer in Q3.

#### Toys:

- Initial shipments made to a global toy manufacturer.
- Ramp up expected in Q1 FY21.

### Q4

#### Pharma:

- Made commercial supplies of CRC caps to two companies during the previous quarter.

#### Automotive:

- Additional business confirmed from an automotive customer for 2 parts.

### SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS DURING FY 2019-20

The key financial ratios have not witnessed a significant change i.e. a change of 25% or more as compared to FY19.

The key financial ratios during FY20 vis-à-vis FY19 are as below:

Key Financial Ratios	As at 31st March 2020	As at 31st March 2019	Variance (%)
Debtors Turnover Ratio	5.52	5.71	3.21
Inventory Turnover Ratio	6.78	7.89	14.06
Interest Coverage Ratio	3.92	4.14	-5.30
Current Ratio	1.14	1.15	-1.06
Debt Equity Ratio	0.84	0.88	4.66
Operating Profit Margin (%)	17.53	15.99	1.54
Return on Net Worth (%)	14.80	14.16	0.64

**Note :** Debtors and Inventory Turnover ratio is considered in number of times.

### PARTICIPATION AT GLOBAL EVENTS

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

- CpHI Worldwide at Germany, one of the largest global pharmaceutical trade fairs, held in November 2019.
- CpHI India at New Delhi, one of the India's leading pharmaceutical fair, held in November 2019.
- Pharmapack Expo 2020 at Paris held at Paris in February 2020. Pharmapack Expo is a European event for Pharmaceutical Packaging, Drug Delivery, Medical Devices and Machinery.

### 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 to focus on quality and strives to exceed customer expectations at all times Shaily is certified under various standards to meet client demands and enhance value delivery.

SEPL is accredited with the following certifications :

- 1. TUV Rheinland - ISO 9001:2015**  
Design, Development and manufacturing of Plastic Moulded Components and Assemblies.
- 2. Automotive – TUV Rheinland - IATF 16949:2016**  
Manufacture of Plastic Molded Components for interiors, seating systems, lightning systems, radiator tanks and guide brush for the automotive industry without product design and development.
- 3. Primary Packaging – TUV SUD - ISO 15378:2015 certification**  
Design, Development and manufacturing of plastic molded components and assemblies used as Primary Packaging Material for Medicinal Products.
- 4. Medical devices – TUV Rheinland - ISO 13485:2016**  
Manufacturing for plastic molded components and assemblies used in Medical devices.
- 5. MDSAP - Medical Devices Single Audit Program**  
Contract Design, Contract and Manufacturing of Re-usable and Disposable Pen Injectors, Rectal applicators, Dry Powder Inhalers, Vaginal Tablet Applicators, Plastic Bottle Applicator with Brush, Underarm Applicator and Vaginal speculum with LED Illuminator for Drug Delivery and Medical Examination under ISO 13485:2016.

### Certification on Social Accountability Management System

The Company continues to be responsible for its social accountability policies. After due process of audit, Shaily 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

- 1. 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.
- 2. 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.
- 3. 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 :

- 1. 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.
- 2. Recognition of In-house R & D Unit**  
Government recognized R & D facility, recognized by Department of Scientific Research and Industrial Research Technology Bhavan, New Delhi established under Ministry of Science and Technology vide their letter # F.No. TU/IV-RS/4055/2016 dtd 18th October 2016, as renewed vide their letter # F.No.TU/IV-RD/4055/2019 dtd 27th June, 2019.
- 3. 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.

### HUMAN RESOURCES

With a total workforce of 1,200+ 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. Inhouse 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.

### IMPACT OF COVID-19 PANDEMIC ON THE BUSINESS OF THE COMPANY

The spread of Covid-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The lockdowns and restrictions imposed on various activities due to Covid-19 pandemic, while being a necessary measure to contain its spread, have also posed unprecedented challenges to all business and the business operations at Shaily Engineering Plastics Limited have been no exception to this.

Below are the brief details relating to the impact of the Covid-19 pandemic and the resultant lockdown, on the operations of the Company:

- 1. Impact of the Covid-19 pandemic, schedule, if any, for restarting the operations and steps taken to ensure smooth functioning of operations:**
  - a. Impact on Business Operations:** The Government of India in order to contain the spread of the Covid-19 pandemic announced a nationwide Lockdown in March 2020. Accordingly, we suspended operations at all our facilities viz. Rania and Halol. This had a significant impact on our operations during the last 10 days of March 2020 and upto 22nd April 2020 until our operations partially resumed at both the facilities. Production and supply of goods commenced on



22nd March at our Pharma facility on limited basis, located Rania, Vadodara, Gujarat and rest of the plants started from 23rd April 2020, also on limited basis after obtaining for necessary permissions.

The lockdown also affected our ability to complete the Carbon Steel Plant commission and manufacturing.

With ease in lockdown restrictions, manufacturing operations resumed in May 2020 with strict safety and hygiene protocols. Our facilities are currently operating at partial capacity, keeping in view of the government regulations and production will be enhanced in a phased manner.

We have undertaken all safety measures to ensure health, safety and wellbeing of all our employees as well as put in place SOPs and guidelines as per state government directives to prevent the spread of Covid-19 and are following increased protocols to ensure our people are safe and secure.

**b. Office in India:** Our registered office at Vadodara, Gujarat and all other locations were closed as per the lockdown directives issued by the Government authorities. Safety and well-being of our employees has always been paramount to us. During the Covid-19 pandemic, company undertook several measures to ensure their well-being. Most of our staff have been working from home. Digital medium of communication has been used extensively and the organization has evolved to work under this new normal.

**c. Labour availability:** Company's labour force constitutes of local labours hailing from neighbouring villages.

**d. Raw Materials:** Company has been closely working with all the vendors to resume & align production schedules and de-bottleneck supply chain concerns. We foresee no major impact on manufacturing on-account of non-availability of raw materials

**e. Financial resources, profitability and liquidity position:**

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible Assets, Finance Lease Receivables, Trade Receivables and Inventory as at the balance sheet date and has concluded that there is no material adjustments required in the Financial Statements.

The assessment includes checking and monitoring sales forecast for all major clients, reassessing internal capabilities to meet the forecast and also making sensitivity analysis on operating cashflow for adverse impact assumptions on Covid-19.

Management believes that it has considered all the possible impact of known events arising from Covid-19 pandemic in the preparation of the financial Statements. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

The Company is currently in a comfortable liquidity position to meet its financial and other commitments. Company will continuously evaluate the liquidity situation and take appropriate steps to ensure a stable financial position. Due to the suspension of operations there had been significant reduction in revenues and which in turn has adversely impacted profitability. Company has undertaken various cost savings initiatives to conserve cash in such critical times.

#### f. Impact of Covid-19 on Q4 FY2020 performance :

Covid-19 began impacting our normal business Operations on 14th March 2020 by affecting our supply chain and our ability to ship. As a result, we lost sizable revenue due to disruption leading to lower profits for the quarter as compared to forecasted. The carbon Steel project which was to have been commissioned in Mar 20 was delayed due to Covid-19. The plant was expected to be start trial production in Q4 FY20 is now scheduled in Q1 FY20.

**2. Estimation of the future impact of Covid-19 on its operations:** The company is not in a position, to gauge with certainty, the future impact of Covid-19 on its operations. However, our business model is built on various customers, across product segments and geographies and therefore we remain optimistic to sustain the near-term challenges.

**3. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business:** The Company is well positioned to fulfil its obligations and existing contracts/arrangements.

This update is dynamic and may change as the situation changes. The company will provide an update on the situation in case of any major change.

#### OUTLOOK ON OPPORTUNITIES AS WELL AS THREATS, RISKS AND CONCERNS:

##### • Consumer Segment:

##### ♦ Home Furnishings Major:

❑ We take pride in being supplier of choice for one of the worlds most reputed & largest Swedish home furnishing major (HFM).

❑ With the Swedish home furnishing major planning to expand its presence in the country, Shaily Engineering Plastics stands to gain. Also, Home Furnishings Major's commitment to procure more and more domestically augurs well for us. We plan to further leverage our long-standing relationship to drive incremental growth in our business with the client.

##### ♦ Toys Segment:

❑ We successfully executed an order in this segment for one of the top toy company globally.

❑ We foresee huge potential in this business and believe that it can become as large as our existing top customer, in the years to come.

##### • Pharma Packaging & Devices:

♦ Expansion of the generic market, technological advancement & strict government regulations for conventional packaging are major factors that are expected to drive growth in this segment

♦ Also, low competitive intensity due to higher compliance costs, longer gestation periods and zero tolerance towards any errors creates entry barriers for this business

♦ Your company has built varied capabilities in this segment ranging from Child resistant caps, to applicators to drug delivery devices, etc.

##### • Steel Furniture Business :

♦ Our largest client, the Swedish Home furnishings major entrusted us with a new line of product into the Carbon Steel segment. This indicates the confidence laid by them on our execution capabilities. The Estimated

Sales value of the order received is ₹ 100 Cr p.a. for 6 new products, which has a scope to increase in the future

♦ We have set up a New plant at Halol for this project and expect to commercialise the order in Q2FY21. We have built the requisite capabilities for the new project and remain confident of delivering as per the expected standards.

##### • Other Business Segments:

♦ In the automotive segment your company has been successful to garner incremental business from existing clients like Honeywell.

As the Indian as well as world economy continue to struggle to come out of Covid-19 pandemic impact, it is important to consider threats associated with Covid-19 impact.

• Delay in execution due to external factors out of company's control as well as adverse changes in the International business environment may impact business as company derives large portion of Revenues from Export Sales. Due to Covid-19 situation, major lockdown is expected to hit performance in Q1 FY21. While scalling up is expected in Q2 FY21, a lot depends upon various external factors. We have heavy reliance on export markets and therefore how other countries are releasing and scaling up the economy will be guiding factor for us.

• Client concentration risk is high as a large portion of the total revenue is derived from a single client. We have been working to penetrate into new clients and thereby gradually reducing risk of high reliance on single client. With growth in Toy and Pharma Business, we will have this risk to be reduced over a period of time.

#### RISK MANAGEMENT

As we transform our business and expand our product portfolio, understanding and managing our principal risks becomes more important than ever. We set out below the risks that are most material to our business and performance at this time. We also explain some of the mitigating actions that we believe help us to manage these risks.

Risks	Mitigation Strategies
<b>Revenue growth:</b> We are a B2B player and are dependent on the success of our customers products in end market. Also, exposed to global market forces, fluctuations in national economies, geopolitical uncertainty and natural crises, among others	We have diversified our business model. Presence across multiple business segments along with comprehensive range of product portfolio enables us to cater evolving customer requirements.
<b>Labour and manpower availability:</b> Production schedules gets impacted owing to challenges in terms of manpower availability	We have increased the mix of permanent labour and manpower in all our facilities. Further, we have hired technical manpower from ITI
<b>Raw material price volatility:</b> Volatility in prices of raw materials can impact margins	We have a raw material price pass with all our customers. The price pass through mechanism is varied across customers

For and on behalf of the Board of Directors

Place : Vadodara

Date : 29th May 2020

**Mahendra Sanghvi**  
Executive Chairman

## BOARD'S REPORT

### Dear Members,

Your Directors have pleasure in presenting their 40th Annual Report together with the Audited statement of Accounts for the year ended on 31st March 2020.

### FINANCIAL SUMMARY & HIGHLIGHTS

	(₹ in Lacs)	
Particulars	FY 2019-20	FY 2018-19
Revenue	33,703.30	34,012.14
Profit before Interest, Depreciation & Tax	5,908.99	5,440.03
Finance Cost	1,049.90	952.94
Depreciation & amortisation expense	1,789.32	1,491.64
Profit before Tax	3,069.77	2,995.45
Provision for Tax	710.75	1,067.38
Profit after Tax	2,359.02	1,928.07
Other Comprehensive Income	(34.62)	7.19
Total Comprehensive Income	2,324.40	1,935.26

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 expanding its facilities and re-investing cash accruals for the same. In view of the same, the Company has decided not to pay any dividends for the current year.

In view of the same, your Directors do not recommend dividend for this financial year.

Impact of COVID-19 pandemic on the business of the Company is discussed in detail in the Management Discussion & Analysis.

The Register of Members and Share Transfer Books will remain closed from Saturday, 19th September 2020 to Saturday, 26th September 2020 (both days inclusive) for the purpose of 40th Annual General Meeting scheduled to be held on Saturday, 26th September 2020.

### OPERATIONS & STATE OF AFFAIRS

The Company's total revenue is ₹ 33,703.30 lacs.

- ♦ EBITDA for the year has been ₹ 5,908.99 Lacs.
- ♦ Profit before Tax (PBT) for the year is ₹ 3,069.77 Lacs.
- ♦ PAT for the year is ₹ 2,359.02 Lacs.

### 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. Certain statements in the said report may be forward looking. Many factors may affect actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

### 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 A**.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

#### a. Appointment of Ms. Tilottama Sanghvi as Whole Time Director

The Board had effective from 02nd April 2019, appointed Ms. Tilottama Sanghvi as a Non-Executive Non-Independent Director of the Company from Whole Time Director.

However, considering the expansion plans of the Company and the experience and expertise Ms. Tilottama Sanghvi holds, the Board of Directors pursuant to the recommendation of the Nomination & Remuneration Committee, have in their meeting held on 31st January 2020, subject to approval of members in the forthcoming Annual General Meeting, appointed Ms. Tilottama Sanghvi as a Whole Time Director, effective from 01st February 2020, for a period of 3 (three) years to hold office from 01st February 2020 to 31st January 2023.

Detailed profile of the Directors alongwith other details, as required under prevailing law, forms part of the Explanatory statement to the notice of 40th AGM of the Company.

#### b. Retirement by Rotation

As per the provisions of the Companies Act, 2013, Mr. Laxman Sanghvi, Executive Director, (DIN : 00022977), retires by rotation at the forthcoming Annual General Meeting (AGM) of the Company and being eligible, seeks re-appointment. The Board recommends his re-appointment.

#### c. Re-appointment of Mr. Amit Sanghvi as a Managing Director

The Board in its meeting held on 29th May 2020, have accorded approval for re-appointment of Mr. Amit Sanghvi (DIN : 00022444) for a term of 3(three) years, effective from 01st October 2020 to 30th September 2023, subject to approval of shareholders in the context. The Board recommends his re-appointment at the forthcoming 40th Annual General Meeting (AGM) of the Company.

#### d. Appointment of Dr. Shailesh Ayyangar as an Independent Director

The Board in its meeting held on 29th May 2020, , appointed Dr. Shailesh Ayyangar as a Non-Executive Independent Director of the Company for a period of 5 (five) consecutive years to hold office from 29th May 2020 till 28th May 2025, subject to approval of members in the context. It recommends appointment of Dr. Shailesh Ayyangar at the forthcoming 40th AGM of the Company:

Detailed profile of Dr. Shailesh Ayyangar alongwith other details, as required under prevailing law, forms part of the Explanatory statement to the notice of 40th AGM of the Company.

#### d. Appointment of Ms. Varsha Purandare as an Independent Director

The Board in its meeting held on 29th May 2020, appointed Ms. Varsha Purandare as a Non-Executive Independent Director of the Company for a period of 5 (five) consecutive years to hold office from 29th May 2020 till 28th May 2025, subject to approval of members in the context. It recommends appointment of Ms. Varsha Purandare at the forthcoming 40th AGM of the Company :

Detailed profile of Ms. Varsha Purandare alongwith other details, as required under prevailing law, forms part of the Explanatory statement to the notice of 40th AGM of the Company.

#### d. Appointment of Mr. Anil Kalra as Chief Executive Officer (KMP)

The Board in its meeting held on 29th May 2020 , appointed Mr. Anil Kalra as a Chief Executive Officer (KMP), effective from 01st June 2020.

#### Brief Profile :

Mr. Kalra has a rich experience of over 4 decades. He holds a Mechanical Engineering degree from IIT, Delhi. He has been associated with Samvardhana Motherson International Ltd. for over 19 years as President & CEO. Mr. Kalra has led numerous organisations from strategic planning, growth & transformational perspectives, demonstrated turnaround of numerous troubled companies, directed wide-ranging mergers & acquisitions, and delivered stellar P&Ls. Other than his long stint at Samvardhana Motherson International, his professional experience includes the following:

- CEO, Control Group
- CEO, Oman filters, Muscat
- Advisor to the management of Continental Engines (part of Bakshi Group)
- GM and plant head, Blowplast
- DGM, Anand group (Purolator)
- Association with Eicher & Kinetics Technology

### 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 2020, in accordance with Companies Act, 2013.

### MEETINGS OF BOARD

The Board met Four (4) 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 NOMINATION & 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 2020, the Board had 8 members, 4 of whom are Executive directors and 4 are Independent directors. One of the Director is a Woman Director.



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 [www.shaily.com](http://www.shaily.com) at <https://shaily.com/investors/corporate-governance>.

Salient features of the Nomination & Remuneration Policy are as under :

1. Setting out the objectives of the Policy
2. Definitions for the purpose of the Policy
3. Policy for appointment and removal of Director, Key Managerial Personnel and Senior Management.
4. Policy relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees.
5. Remuneration to Non-Executive/Independent Directors.

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 Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### FAMILIARISATION 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 on our website [www.shaily.com](http://www.shaily.com) at <https://shaily.com/investors/corporate-governance>

The Board members are provided with necessary reports, internal policies, periodical plant visits to enable them to familiarise 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 familiarisation programme for Independent Directors are available at our website. [www.shaily.com](http://www.shaily.com) 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. 2019-20 was discussed by the Nomination and Remuneration committee and the Board meeting held on 29th May 2020.

#### 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. 2019-20 forms part of this Annual Report.

#### AUDIT REPORTS AND AUDITORS

##### Audit Reports

- The Independent Auditors' Report for F.Y. 2019-20 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. 2019-20 does not contain any qualification, reservation or adverse remark. **The Secretarial Auditors' Report** is enclosed as **Annexure E** to the Board's Report in this Annual Report.
- As required by the SEBI (Listing Obligations and Disclosure Requirements) 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. 2019-20 does not contain any qualification, reservation or adverse remark.
- The Company has obtained **Certificate from Practicing Company Secretary for Directors Disqualification**, which is enclosed with the Corporate Governance Report in this Annual Report. None of the directors are disqualified.

##### Reporting of fraud by auditors

During the financial year 2019-20, 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. 2019-20, 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. 2020-21, 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. 2020-21.

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. 2020-21.

#### 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. 2020-21.

#### 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. [www.shaily.com](http://www.shaily.com) 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 [www.shaily.com](http://www.shaily.com) 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 2019-20.

## 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 recognises 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 local initiatives health/ medical, education and sanitation/ cleanliness, 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 2019-20, have been covered in separate report on CSR, annexed as **Annexure B**.

The Policy on Corporate Social Responsibility is available on the Company's website. [www.shaily.com](http://www.shaily.com) 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 C**.

Copy of Annual Return as prescribed under Section 92(3) for the F.Y. 2018-19 is placed on the website of the Company at [www.shaily.com](http://www.shaily.com) 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 D**.

## 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 Limited (BSE) with Scrip code 501423 and Scrip ID - SHAILY. The Company confirms that the annual listing fees to the stock exchange for F.Y. 2020-21 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 2020. 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 2019-20 and the Notice of the 40th Annual General Meeting are being sent to all members whose email addresses are registered with the Company/ depository participant(s).

The regulatory authorities i.e. the Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India (SEBI) in the wake of COVID-19 outbreak and measures to contain it, MCA vide its General Circular No. 20/2020 dated 05th May, 2020 read with Circular No. 14/2020 dated 08th April, 2020 and General Circular No.

14/2020 dated 08th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020 and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, recommended all listed entities to send digital copies of the Annual Report and Notice of the Annual General Meeting to the shareholders.

It is hereby requested to all the shareholders to kindly update your email id with your depository participant to ensure timely receipt of information.

## 40TH ANNUAL GENERAL MEETING

In order to contain the spread of COVID-19 and safety precautions to be exercised, the Ministry of Corporate Affairs has vide its General Circular No. 20/2020 dated 05th May, 2020 read with General Circular No. 14/2020 dated 08th April, 2020 and General Circular No. 17/2020 dated 13th April 2020 and Securities Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 has allowed the Companies to hold General Meetings through Video Conference facility or any other audio visual means.

This is a welcome move by the Ministry.

Hence, this year, the Company has decided to hold its Annual General Meeting through Video Conference, to facilitate members to attend the Annual General Meeting.

Details of the meeting and the facility is detailed in the Notice of the 40th Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of Companies Act, 2013, the Directors confirm that ;

- in preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards have been followed;
- 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;

- 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;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls, which are adequate and are operating effectively; and
- 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*

Place : Vadodara

Date : 29th May 2020

**Mahendra Sanghvi**

*Executive Chairman*



## ANNEXURE A

### 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:

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

#### A) CONSERVATION OF ENERGY

The Company has considered sustainability as one of the strategic priority across all process. We have been consciously making efforts year on year towards improving the energy performance. Energy efficient improvement techniques are implemented across all the plants and offices.

##### (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 Centralised 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 utilising 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 was ₹ 305.21 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 lacs	
Foreign Exchange	F.Y. 19-20
Earnings	23,046.11
Expenditure	10,525.81

For and on behalf of the Board of Directors

Place : Vadodara  
Date : 29th May 2020

**Mahendra Sanghvi**  
Executive Chairman

## ANNEXURE B

### Annual Report on CSR Activities to be included in the Board's Report

**1. 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 :

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

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

**2. Composition of CSR Committee :**

Name of Director	Acting in committee as	Category
Mr Jiten Mathuria	Chairman	Independent Director
Mr Laxman Sanghvi	Member	Executive Director
Ms Tilottama Sanghvi	Member	Whole Time Director

*Mr Jiten Mathuria was appointed as a Chairman of the Committee, effective from May 18, 2019, pursuant to resignation of Mr P R Singhvi.*

*Mr Sarup Chowdhary, Independent Director was appointed as the Chairman of the Committee for its meeting dated May 18, 2019, pursuant to resignation of Mr P R Singhvi.*

**3. 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 ₹ 2912.16 lacs

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ 58.24 lacs**

**5. Details of CSR spent during the financial year :**

- a. Total amount to be spent for the financial year : ₹ 58.24 lacs
- b. Amount unspent, if any : ₹ 41.78 lacs

**7. Amount unspent: ₹ 41.77 Lacs**

**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 utilised in full in the F.Y. 2019-20.

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.

**8. 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.

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

	<b>Laxman Sanghvi</b>	<b>Amit Sanghvi</b>
Place : Vadodara	<i>Member - CSR</i>	<i>Managing</i>
Date : 29th May 2020	<i>Committee</i>	<i>Director</i>

**6. Summary of Projects during the Financial Year :**

(Amount in ₹)

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	Amount spent : Direct or through Implementing Agency (IA)
1	Donation of Water tank to Bhadarwa Kedavni Mandal School	Rural Development	Rania (Local)	Single Program	2,01,270	2,01,270	Direct
2	Furniture donated to Prathampura Juth Gram Panchayat for office use	Rural Development	Rania (Local)	Single Program	15,635	15,635	Direct
3	Laptop donated at Bhadarwa Police Station	Rural Development	Rania (Local)	Single Program	54,500	54,500	Direct
4	Donation to Shri Jagatbharti Education & Charitable Trust, Surendranagar	Education	Surendranagar	Single Program	12,50,000	12,50,000	Direct
6	Donation to Vikas Jyot Trust towards Street Children Project	Education	Vadodara	Single Program	25,000	25,000	Direct
7	Donation to Disha Charitable Trust for Supporting special school & Autism Center	Healthcare & Education	Vadodara	Single Program	1,00,000	1,00,000	Direct
				<b>Total</b>	<b>16,46,405</b>		



# ANNEXURE C

## FORM MGT-9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2020

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

#### I. 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/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 Ph : +91 2667 244307   Fax : +91 2667 244372 Web : www.shaily.com
vi)	Whether Listed Company	Yes
vii)	Name, address and contact details of Registrar & Share Transfer agent, if any	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059 Ph : +91 22 6263 8200 Web : www.bigshareonline.com

#### II. 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%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

The Company has no holding, subsidiary or associate company.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY) :

##### i) Category – wise shareholding :-

Category of Shareholders	No. of shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual HUF	3122948	0	3122948	37.54%	3497171	0	3497171	42.04%	4.50%
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):-	3122948	0	3122948	37.54%	3497171	0	3497171	42.04%	4.50%
(2) Foreign									
a) NRIs - Individuals	1125203	0	1125203	13.53%	751638	0	751638	9.04%	-4.49%
b) Others - Individuals	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of shares held at the beginning of the year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
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
<b>Sub Total (A)(2):-</b>	<b>1125203</b>	<b>0</b>	<b>1125203</b>	<b>13.53%</b>	<b>751638</b>	<b>0</b>	<b>751638</b>	<b>9.04%</b>	<b>-4.49%</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>4248151</b>	<b>0</b>	<b>4248151</b>	<b>51.07%</b>	<b>4248809</b>	<b>0</b>	<b>4248809</b>	<b>51.08%</b>	<b>0.01%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1085046	0	1085046	13.04%	1326712	0	1326712	15.95%	2.91%
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
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	0	0	0	0	0	0	0	0	0
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
<b>Sub Total (B)(1):-</b>	<b>1085046</b>	<b>0</b>	<b>1085046</b>	<b>13.04%</b>	<b>1326712</b>	<b>0</b>	<b>1326712</b>	<b>15.95%</b>	<b>2.91%</b>
<b>1. Non-Institutions</b>									
a) Bodies corp.									
i) Indian	670161	0	670161	8.06%	671675	0	671675	8.07%	0.02%
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals/HUF									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lac	633110	14702	647812	7.79%	651958	13902	665860	8.00%	0.22%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	1565752	0	1565752	18.82%	1316550	0	1316550	15.83%	-3.00%
c) Others (specify)									
c-i) Clearing Member	8519	0	8519	0.10%	15464	0	15464	0.19%	0.08%
c-ii) Non-Resident Indian - Repat	46607	0	46607	0.56%	60309	0	60309	0.73%	0.16%
c-iii) Non-Resident Indian - Non-Repatriation	44951	0	44951	0.54%	13051	0	13051	0.16%	-0.38%
c-iv) NBFC	1431	0	1431	0.02%	0	0	0	0.00%	-0.02%
<b>Sub total (B)(2) :-</b>	<b>2970531</b>	<b>14702</b>	<b>2985233</b>	<b>35.89%</b>	<b>2729007</b>	<b>13902</b>	<b>2742909</b>	<b>32.97%</b>	<b>-2.91%</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>4055577</b>	<b>14702</b>	<b>4070279</b>	<b>48.93%</b>	<b>4055719</b>	<b>13902</b>	<b>4069621</b>	<b>48.92%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A + B + C)</b>	<b>8303728</b>	<b>14702</b>	<b>8318430</b>	<b>100.00%</b>	<b>8304528</b>	<b>13902</b>	<b>8318430</b>	<b>100.00%</b>	<b>0.00%</b>

## ii) Shareholding of Promoters

Details of shareholding of promoters

Sr. No.	Shareholder's Name	Shareholding at beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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%	-	811335	9.75%	-	0.00%
2	Laxman Sanghvi	476424	5.73%	-	476424	5.73%	-	0.00%
3	Tilottama Sanghvi	914150	10.99%	-	1287715	15.48%	-	4.49%

Details of shareholding of persons and entities of promoter group

Sr. No.	Shareholder's Name	Shareholding at beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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	Sanghvi Amit Mahendra	60000	0.72%	-	60658	0.73%	-	0.01
2	Jayessh Mohanlal Shah	759838	9.13%	-	762231	9.16%	-	0.03
3	Lax Nagda	408702	4.91%	-	208702	2.51%	-	(2.40)
4	Bharat Bhogilal Sanghvi	308084	3.70%	-	308084	3.70%	-	-
5	Shaily Mahendra Sanghvi	90000	1.08%	-	90000	1.08%	-	-
6	Vanita L Nagda	173565	2.09%	-	-	0.00%	-	(2.09)
7	Rajen Bharat Sanghvi	75426	0.91%	-	75426	0.91%	-	-
8	Kalpana Sanghvi	75300	0.91%	-	75300	0.91%	-	-
9	Rashmi Sanghvi	69426	0.83%	-	69426	0.83%	-	-
10	Purnima Mohanlal Shah	10008	0.12%	-	10008	0.12%	-	-
11	Ramesh H Shah	13500	0.16%	-	13500	0.16%	-	-
12	Sonal Jayesh Shah	2393	0.03%	-	-	0.00%	-	(0.03)

## iii) Change in Promoter's holding

Sr. No.	Shareholding at beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)	
	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%		4248809	51.08%

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

Sr. No.	Name	Shareholding at the beginning (01.04.2019)		Date	Increase/Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2019 to 31.03.2020)	
		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	689,706	8.29%	During the financial year	21,090	Purchase	710,796	8.54%
2	Ashish Kacholia	599,696	7.21%	-	-	-	599,696	7.21%
3	Suresh Kumar Agrawal	400,000	4.81%	During the financial year	6,470	Purchase	406,470	4.89%
4	Suryavanshi Commotrade Pvt. Ltd.	400,000	4.81%	During the financial year	(26,000)	Sale	374,000	4.50%
5	Mukul Mahavir Prasad Agrawal	349,000	4.20%	During the financial year	(349,000)	Sale	0	0.00%
6	DSP Emerging Stars Fund	337,340	4.06%	During the financial year	(179,424)	Sale	157,916	1.90%
7	IDFC Mutual Fund - [ IDFC Emerging Business Fund - IDFC Dynamic Equity Fund]	-	-	During the financial year	400,000	Purchase	400,000	4.81%
8	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.	83,239	1.00%	During the financial year	23,115	Purchase	106,354	1.28%
9	Bang Securities Pvt. Ltd	87027	1.05%	-	-	-	87,027	1.05%
10	Aniruddha Narayan Malpani	51,833	0.62%	During the financial year	2,834	Purchase/Sale	54,667	0.66%
11	Anjali Aniruddha Malpani	44,810	0.54%	During the financial year	33,940	Purchase	78,750	0.95%

### Note

- Detailed transactions of the Top ten shareholders is uploaded on our website at <https://www.shaily.com/investors/corporate-governance>
- The above information is based on report generated by the Registrar & Share transfer agents of the Company.
- The details of holding has been clubbed based on PAN.

## v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholder's Name	Designation	Shareholding at beginning of the year (01.04.2019)		Change during the year		Shareholding at the end of the year (31.03.2020)	
			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%	3,73,565	4.49%	1287715	15.48%
4	Amit Sanghvi	Managing Director	60000	0.72%	658.00	0.01%	60658	0.73%
5	Sarup Chowdhary	Independent Director	-	0.00%	-	-	-	-



Sr. No.	Shareholder's Name	Designation	Shareholding at beginning of the year (01.04.2019)		Change during the year		Shareholding at the end of the year (31.03.2020)	
			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
6	Ranjit Singh	Independent Director	-	0.00%	-	-	-	-
7	Milin Mehta	Independent Director	-	0.00%	-	-	-	-
8	Jiten Mathuria	Independent Director	-	0.00%	-	-	-	-
9	Chintan Shah	Chief Financial Officer	-	0.00%	-	-	-	-
10	Preeti Sheth	Asst. Company Secretary & Compliance Officer	1	0.00%	-	0.00%	1	0.00%

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loan excluding deposits	Unsecured Loan	Deposits	Total Indebtedness
(₹ in lacs)				
<b>Indebtedness at the beginning of the financial year (01.04.2019)</b>				
i) Principal Amount	11960.00	13.85	-	11973.85
ii) Interest due but not paid			-	0.00
iii) Interest accrued but not due	36.45		-	36.45
<b>Total (i+ii+iii)</b>	<b>11996.45</b>	<b>13.85</b>	<b>-</b>	<b>12010.30</b>
<b>Change in indebtedness during the financial year (2019-20)</b>				
Addition	3728.74		-	3728.74
Reduction	2249.87	0.00	-	2249.87
<b>Net Change</b>	<b>1478.87</b>	<b>0.00</b>	<b>-</b>	<b>1478.87</b>
<b>Indebtedness at the end of the financial year (As at 31.03.2020)</b>				
i) Principal Amount	13351.12	13.85	-	13364.17
ii) Interest due but not paid	0.00		-	-
iii) Interest accrued but not due	127.05	0.00	-	127.05
<b>Total (i+ii+iii)</b>	<b>13478.17</b>	<b>13.85</b>	<b>-</b>	<b>13492.02</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTM/Manager				Total Amount
		Mahendra Sanghvi	Amit Sanghvi	Laxman Sanghvi	Tilottama Sanghvi	
		Executive Chairman	Managing Director	Executive Director	Whole Time Director	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	117.00	117.00	67.44	11.81	313.25
	(b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	1.69	3.40	0.57	0.00	5.66
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTM/Manager				Total Amount
		Mahendra Sanghvi	Amit Sanghvi	Laxman Sanghvi	Tilottama Sanghvi	
		Executive Chairman	Managing Director	Executive Director	Whole Time Director	
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
5	Others	-	-	-	-	-
	<b>Total</b>	<b>118.69</b>	<b>120.40</b>	<b>68.01</b>	<b>11.81</b>	<b>318.91</b>
	Ceiling as per the Companies Act, 2013					306.98

#### Note :

- Approval of shareholders has been obtained for payment of higher remuneration to Mr. Amit Sanghvi, Mr. Mahendra Sanghvi and Mr. Laxman Sanghvi.
- The above stated figures for remuneration are extracted from Form 16 of the Individual Director(s) for the F.Y. 2019-20, whereas figures for the Managerial Remuneration in Corporate Governance Report are prepared on the basis of accrual accounting principle and hence not comparable.

### B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of Independent Directors				Total Amount
		Sarup Chowdhary	Ranjit Singh	Milin Mehta	Jiten Mathuria	
1	Independent Directors					
	• Fees for attending meetings of Board/Committee	5.25	2.25	5.25	0.75	13.50
	• Commission	-	-	-	-	-
	• Others	-	-	-	-	-
	<b>Total (1)</b>	<b>5.25</b>	<b>2.25</b>	<b>5.25</b>	<b>0.75</b>	<b>13.50</b>
2	Other Non-Executive Directors (2)	-	-	-	-	-
	<b>Total Remuneration = (1+2)</b>	<b>5.25</b>	<b>2.25</b>	<b>5.25</b>	<b>0.75</b>	<b>13.50</b>
	Ceiling as per the Act					NA

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

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chintan Shah	Preeti Sheth	
		[Chief Financial Officer]	[Asst. Company Secretary & Compliance Officer]	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	32.85	4.59	37.43
	(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	-	-	-
	<b>Total</b>	<b>32.85</b>	<b>4.59</b>	<b>37.43</b>

**Note :** The above stated figures for remuneration are extracted from Form 16 of the individual Managerial Personnel and Key Managerial Personnel for the F.Y. 2019-20, whereas figures for the managerial remuneration in Corporate Governance Report are prepared on the basis of accrual accounting principle and hence not comparable.

## ANNEXURE D

### VII. 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)
<b>A. Company</b>					
<b>Penalty</b>					
Punishment			None		
Compounding					
<b>B. Directors</b>					
<b>Penalty</b>					
Punishment			None		
Compounding					
<b>C. Other Officers in default</b>					
<b>Penalty</b>					
Punishment			None		
Compounding					

For and on behalf of the Board of Directors

Place : Vadodara  
Date : 29th May 2020

**Mahendra Sanghvi**  
Executive Chairman

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 2019-20 :

Name of Director	Designation	Ratio to Employees
Mahendra Sanghvi	Executive Chairman	56:37:1
Laxman Sanghvi	Executive Director	32.41:1
Tilottama Sanghvi	Whole Time Director	14.09:1
Amit Sanghvi	Managing Director	56.37:1

#### 2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year 2019-20 :

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	10%

#### 3. Percentage increase in median remuneration of employees in the financial year 2019-20 :

The median remuneration of employees was increased by 13.59% % during the Financial Year 2019-20.

#### Number of permanent employees on the roll of the Company :

Staff	482
Permanent Workers	246

#### 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	44.61%
Managerial Personnel (excluding Directors)	9.48%

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 of Directors

Place : Vadodara  
Date : 29th May 2020

**Mahendra Sanghvi**  
Executive Chairman



# ANNEXURE E

## SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2020

[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]

The Members,

### Shaily Engineering Plastics Limited

Survey No. 364/366, At & PO. Rania,

Taluka - Savli, Vadodara - 391780, Gujarat, India.

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**. 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, 2020, (the period under review) 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 Period under review, according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- 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;
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

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:-

- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- vi. Other sector specific laws as follows: -
- Foreign Trade Policy;
  - Foreign Trade (Development & Regulation) Act, 1992 and Rules made there under

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

- All applicable and approved Secretarial Standards as issued by The Institute of Company Secretaries of India;
- The Listing Agreements entered into by the Company with BSE Limited read with 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.

### We further report that;

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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;
- 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;
- As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;

- 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;
- During the period under review, there were no specific instances / actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having major bearing on the Company's affairs. However, the Company at its 39th Annual General Meeting (AGM) held on 08th August 2019, took shareholders approval to implement an Employee Stock Option Plan namely "Shaily Employee Stock Option Plan, 2019". The Company shall grant from time to time, in one or more tranches, not exceeding 131,570 (One Lakh Thirty One Thousand Five Hundred and Seventy) Employee Stock Options of Face Value or ₹ 10/- (Rupees Ten) wherein one Employee Stock Option would be converted into One Equity Share of ₹ 10/- (Rupees Ten) each when exercised.

### S. Samdani

Partner

### Samdani Shah & Kabra

Company Secretaries

FCS No. 3677

CP No. 2863

UDIN: F003677B000294550

Place: Vadodara,

Date: May 29, 2020

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

## APPENDIX A

The Members,

**Shaily Engineering Plastics Limited**

Survey No. 364/366, At & PO. Rania,

Taluka - Savli, Vadodara - 391780, Gujarat, India.

Our Secretarial Audit Report of even date is to be read along with this letter.

- i. 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.
- ii. 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. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii. Wherever required, we have obtained the management representation about the compliance of laws, Rules and Regulations, happening of events etc.
- iv. 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.

**S. Samdani**

*Partner*

**Samdani Shah & Kabra**

*Company Secretaries*

FCS No. 3677

CP No. 2863

Place: Vadodara,

Date: May 29, 2020

## 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 recognised 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, 2020, there are eight directors, four of whom are Executive Directors and 4 are Independent Directors. 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.
- ♦ Pursuant to the provisions of Section 165(1) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter shall be referred as SEBI Listing Regulations, 2015) none of the Director hold directorships in more than 20 companies (public or private), 10 public companies, membership of Audit & Stakeholder Relationship Committee(s) in excess of 10 and Chairmanship of Audit & Stakeholders Relationship Committee(s) 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 31st March 2020 as under:

Sr. No.	Date	Time (IST)
1	18th May 2019	11:30 a.m.
2	08th August 2019	11:30 a.m.
3	14th November 2019	12:00 noon
4	31st January 2020	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.



#### 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 other Directorship(s) [Note a]	No. of membership in committees (Chairmanship)	Attendance in Board Meetings held in FY 2019-20	Attendance at last AGM	No. of Equity Shares held in the Company as on March 31, 2020
As on 31st March 2020						
Mr Mahendra Sanghvi Executive Chairman	Promoter Executive	3	3(including 1 as Chairman)	4/4	Yes	8,11,335
Mr Laxman Sanghvi Executive Director	Promoter Executive	1	0	2/4	Yes	4,76,424
Ms Tilottama Sanghvi* Whole-Time Director (Note e)	Promoter Executive	1	0	3/4	Yes	12,87,715
Mr Amit Sanghvi Managing Director	Promoter Group - Executive	1	1	4/4	Yes	60,658
Mr Sarup Chowdhary	NED (Independent)	1	1	4/4	Yes	Nil
Mr Ranjit Singh	NED (Independent)	2	1	2/4	Yes	Nil
Mr Milin Mehta	NED (Independent)	2	2(including 2 as Chairman)	4/4	Yes	Nil
Mr Jiten Mathuria	NED (Independent)	1	0	1/4	Yes	Nil

#### Notes :

- (a) Includes directorship in public companies and private companies which are subsidiaries of public companies. Does not include directorships in foreign companies.
- (b) Membership/Chairmanship are considered only for Audit Committee and Stakeholders Relationship Committee pursuant to Regulation 26 of the SEBI Listing Regulations, 2015
- (c) NED refers to Non-Executive Director.
- (d) The Company has not issued any convertible instruments.
- (e) Ms Tilottama Sanghvi re-designated to Whole Time Director (from Non-Executive Non Independent Director) effective from 01.02.2020, subject to approval of Shareholders in the forthcoming AGM.

The number of Directorship(s), Committee Membership(s)/Chairmanship(s) of all the Directors is/are within the respective limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

#### 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
Mr Mahendra Sanghvi Executive Chairman	Promoter Executive	Munjal Auto Industries Ltd Integra Engineering Ltd	Independent Director Independent Director
Mr Laxman Sanghvi Executive Director	Promoter Executive	No Directorship in other listed entities	Not Applicable
Ms Tilottama Sanghvi Whole-Time Director	Promoter Executive	No Directorship in other listed entities	Not Applicable
Mr Amit Sanghvi Managing Director	Promoter Group - Executive	No Directorship in other listed entities	Not Applicable
Mr Sarup Chowdhary	NED (Independent)	No Directorship in other listed entities	Not Applicable
Mr Ranjit Singh	NED (Independent)	Polypex Corporation Limited	Independent Director
Mr Milin Mehta	NED (Independent)	VA Tech WABAG Limited	Independent Director
Mr Jiten Mathuria	NED (Independent)	No Directorship in other listed entities	Not Applicable

#### Key Board qualifications, expertise and attributes

SEPL's board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The company's board comprises of eight directors 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.

The skill sets identified by the Board alongwith its availability assessment collectively for the Board and individually for each Director are as under :

Key Board Qualification	Board Members							
	Mahendra Sanghvi	Laxman Sanghvi	Tilottama Sanghvi	Amit Sanghvi	Sarup Chowdhary	Milin Mehta	Ranjit Singh	Jiten Mathuria
	Executive Chairman	Executive Director	Whole Time Director	Managing Director	Independent Director	Independent Director	Independent Director	Independent Director
Technical prowess in Plastics Engineering with specialised expertise in Plastics Moulding technology	✓	✓	✓	✓	✓	-	✓	✓
Deep understanding of various facets of raw materials required for best quality of plastics	✓	✓	✓	✓	✓	-	✓	✓
Financial Acumen	✓	✓	✓	✓	✓	✓	✓	✓
Healthcare Industry knowhow	✓	-	-	✓	✓	✓	-	-
Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓
Visionary Leadership	✓	✓	✓	✓	✓	✓	✓	✓
Industry Experience, Research & Development and Innovation	✓	✓	✓	✓	✓	✓	✓	✓
Global Business/ International Exposure	✓	✓	✓	✓	✓	✓	✓	✓
Policy Development	✓	✓	✓	✓	✓	✓	✓	✓
Marketing	✓	-	-	✓	✓	-	✓	✓
Integrity and ethical standards	✓	✓	✓	✓	✓	✓	✓	✓
Interpersonal Relationships	✓	✓	✓	✓	✓	✓	✓	✓
Creative and Logical Approach	✓	✓	✓	✓	✓	✓	✓	✓
Strong Client Relationship	✓	✓	✓	✓	✓	✓	✓	✓
Understanding of multi-faceted business operations	✓	✓	✓	✓	✓	✓	✓	✓

#### c. 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.

#### d. 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.

#### e. 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.

#### f. Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, who can effectively contribute to the Company's business and policy decisions are considered by the Nomination & Remuneration Committee, for appointment as an Independent Director on the Board.

The Nomination & Remuneration Committee interalia considers qualification, positive attributes, area of expertise and number of Directorship(s) and membership(s) held in various committees by such person(s). The Board considers the Committee's recommendation and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which the person participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that the Independent Director meets the criteria of independence as provided under the law.

In the opinion of the Board, the Independent Directors fulfil the conditions in terms with the prevailing regulatory requirements and are independent of the management.

#### g. 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. The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee meetings on the business and performance updates of the Company including Finance, sales, ongoing projects, investor activities, regulatory compliances. Detailed presentations on company's business development activities are made at the Board meetings to keep the Directors abreast of the forthcoming business activities of the Company.

Quarterly updates on relevant statutory, regulatory changes and landmark judicial pronouncements encompassing important laws are circulated to the Directors. Visits to plant locations are organised for the Independent Directors to enable them to understand and get acquainted with the operations of the Company.

The details of such familiarization programmes for the Independent Directors are available on the website of the Company at the website of the Company at [www.shaily.com](http://www.shaily.com) at weblink ; <https://www.shaily.com/investors/corporate-governance>

#### h. 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.

#### i. 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 2019-20 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>

#### j. 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 three (3) Independent Directors viz., Mr Milin Mehta, Mr Sarup Chowdhary and Mr Ranjit Singh. 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

Pursuant to resignation tendered by Mr P R Singhvi, the Audit Committee was reconstituted effective from 18th May 2019. Present composition is as below :

Name	Number of Meetings held during F.Y. 2019-20	
	Held	Attended
Mr Milin Mehta (Chairman)	4	4
Mr Sarup Chowdhary	4	4
Mr Ranjit Singh	3	2

There were Four (4) meetings of Audit Committee held during F.Y. 2019-20 on 18th May 2019, 08th August 2019, 14th November 2019 and 31st January 2020. Mr Ranjit Singh was appointed as a member of the Audit Committee, effective from 18th May 2019. Mr Milin Mehta, Chairman of the Audit Committee attended the 39th Annual General Meeting held on 08th August 2019.

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.

Pursuant to resignation tendered by Mr P R Singhvi, the Nomination & Remuneration Committee was reconstituted effective from 18th May 2019. Present composition is as below :

Name of Director	Acting in committee as	Category
Mr Sarup Chowdhary	Chairman	Independent Director
Mr Jiten Mathuria	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 were two(2) meetings of the Nomination & Remuneration held on 18th May 2019 and 31st January 2020.

Mr Jiten Mathuria was appointed as a member of the Nomination and Remuneration Committee effective from 18th May 2019.

Name	Number of Meetings held during F.Y. 2019-20	
	Held	Attended
Mr Sarup Chowdhary (Chairman)	2	1
Mr Jiten Mathuria	1	0
Mr Milin Mehta	2	2
Mr Mahendra Sanghvi	2	2

Mr Sarup Chowdhary, Chairman of NRC, attended the 39th Annual General Meeting held on 08th August 2019.

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 [www.shaily.com](http://www.shaily.com) at [weblink https://shaily.com/investors/corporate-governance](https://shaily.com/investors/corporate-governance)

#### 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 ₹ 7.75 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 F.Y. 2019-20:

(₹)	
Name of Director	Sitting fees
Mr Sarup Chowdhary	5,25,000
Mr Ranjit Singh	2,25,000
Mr Milin Mehta	5,25,000
Mr Jiten Mathuria	75,000
<b>Total</b>	<b>13,50,000</b>

#### 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 Sarup Chowdhary	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. 2019-20 on 18th May 2019. All the members attended the meeting.

Mr Milin Mehta, Chairman of SRC, attended the 39th Annual General Meeting of the Company held on 08th August 2019.

#### 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

There were no complaints received from the shareholders during the financial year 2019-20.

#### 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 Jiten Mathuria	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. 2019-20 on 18th May 2019. All the members were present in the meeting.

#### 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 2019-20 are given below :

Name & Designation of Executive Directors	(₹ in Lacs)				
	Salary	Allowances & Perquisites	Company's contribution to funds	Others	Total
Mr Mahendra Sanghvi Executive Chairman	67.94	43.95	14.95	0	126.84
Mr Laxman Sanghvi Executive Director	39.07	25.04	8.59	0	72.70
Ms Tilottama Sanghvi Whole - Time Director	0.05	11.75	0.01	0	11.81
Mr Amit Sanghvi Managing Director	67.94	45.66	14.95	0	128.55
<b>Total</b>	<b>175.00</b>	<b>126.40</b>	<b>38.50</b>	<b>0</b>	<b>339.90</b>

- Sitting fees are not paid to Executive Directors.
- 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.
- 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.
- Company's contribution to funds includes contribution to superannuation fund.
- Ms. Tilottama Sanghvi was re-designated as Non-Executive Non Independent Director effective from 02nd April, 2019. Hence, remuneration paid to Ms. Tilottama Sanghvi for F.Y. 2019-20 pertains to 01st & 02nd April 2019 and amount reimbursed towards leave encashment. The Board of Directors in their meeting held on 31st January 2020, re-designated Ms. Tilottama Sanghvi to Whole Time Director, effective from 01st February, 2020, subject to approval of Shareholders in the forthcoming AGM.

## 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	Title of Special Resolutions passed
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	<ol style="list-style-type: none"> <li>Appointment of Mr Amit Sanghvi as a Managing Director for a period of 3 years effective from 01.10.2017 to 30.09.2020.</li> <li>Appointment of Ms Tilottama Sanghvi as a Whole Time Director for a period of 3 years effective from 01.06.2017 to 31.05.2020.</li> <li>Revision in remuneration of Mr Mahendra Sanghvi, Executive Chairman.</li> </ol>
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	
2018-19	Survey No. 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat	08th August, 2019	04:00 p.m. IST	5	<ol style="list-style-type: none"> <li>Re-Appointment of Mr Mahendra Sanghvi as an Executive Chairman for a period of 3 years effective from 01.04.2019 to 31.03.2022.</li> <li>Re-Appointment of Mr Laxman Sanghvi as an Executive Director for a period of 3 years effective from 01.04.2019 to 31.03.2022.</li> <li>Re-appointment of Mr Milin Mehta as a Non-Executive Independent Director for a second term of five years effective from 08.11.2019 to 07.11.2024.</li> <li>Re-appointment of Mr Sarup Chowdhary as a Non-Executive Independent Director for a second term of one year till conclusion of 40th AGM of the Company.</li> <li>Approval of Shaily Employee Stock Option Plan 2019.</li> </ol>

- There was no business in F.Y. 2019-20, which required to be transacted through postal ballot.
- There is no item on the agenda of the forthcoming 40th Annual General Meeting, 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.
Newspapers wherein results are normally published	The Financial Results are normally published in : - The Business Standard (English) - Vadodara Samachar (Gujarati)
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	<b>Saturday, 26th September 2020 at 11:00 a.m. IST.</b>  Through Video Conferencing /other Audio Visual Means.  Details available in the Notice convening the 40th Annual General Meeting of the Company.
b)	Financial Year	01st April 2019 to 31st March 2020
c)	Date of Book closure	Saturday, 19th September 2020 to Saturday, 26th September 2020
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 F.Y. 2019-20	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. 2019-20.
i)	Registrar & Share Transfer Agent (RTA)	<b>Bigshare Services Pvt. Ltd.</b>  1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai - 400 059  Ph : +91 22 6263 8200 I Fax : +91 22 6263 8299  Web : <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> I Email : <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>
j)	Share Transfer system	Effective 01st April 2019, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not processed unless the securities are held in the dematerialised form with the depositories.  The Stakeholders Relationship Committee has delegated powers to Registrar and Share Transfer Agents to effect transfer/transmission, name deletion, renewal of shares, dematerialization, etc.
k)	Distribution of shareholding/Shareholding Pattern as on 31st March 2020	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	<b>Rania/Finishing/EOU/Healthcare Plant:</b>  Survey 363, 364, 366, At. & Po. Rania, Tal., Savli, Dist. Vadodara - 391 80 , Gujarat  <b>Halol Plant :</b>  Plot No. 706/707/708, G.I.D.C., Halol - 389 350, Dist. Panchmahal, Gujarat.  <b>Carbon Steel Plant :</b>  Survey No. 209/1, 209/5, 208/1, 209/2, 209/3, 213/1, 210/5, 212/5, 213/2, 213/3, 209/4, Village Chandrapura, Halol – 389 350, Dist. Panchmahal, Gujarat, India



S.#	Particulars	Description
p)	Address for Correspondence/Investor Correspondence	<b>Company Secretary and Compliance Officer</b> <b>Shaily Engineering Plastics Limited</b> Survey 364/366, At. & Po. Rania, Tal. Savli, Dist. Vadodara - 391 780, Gujarat, India Ph : +91 2667 244307/244348/244361   Fax : +91 2667 244372 Web : <a href="http://www.shaily.com">www.shaily.com</a>   Email : <a href="mailto:investors@shaily.com">investors@shaily.com</a>  <b>Bigshare Services Pvt. Ltd.</b> 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai - 400 059 Ph : +91 22 6263 8200   Fax : +91 22 6263 8299 Web : <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>   Email : <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>  <i>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 &amp; Client ID number, as the case may be, in all correspondence with it.</i>
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 ₹ 187.65cr and short term bank 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](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](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 2019 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 ₹ 19.10 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. Instances of not accepting any recommendation of the Committee by the Board :**

There were no such instance where Board had not accepted any recommendation of any committee of the Board, whether mandatorily required or not, in the relevant financial year.

**I. 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
17A	Maximum Number of Directorships	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
24A	Secretarial Audit	Yes
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	08th August 2015	2
2015-16	02nd August 2016	4
2016-17	09th September 2017	5
2017-18	13th August 2018	7.5

Equity shares are of paid up value of ₹ 10 per share.

Note : The Board has not recommended dividend for the financial year 2018-19 and 2019-20.

### 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	Amount of Unpaid Dividend	Due for transfer to IEPF
2014-15	Final Dividend	08th August 2015	₹ 67,164/-	October 2022
2015-16	Final Dividend	02nd August 2016	₹ 59,164/-	September 2023
2016-17	Final Dividend	09th September 2017	₹ 1,40,139/-	September 2024
2017-18	Final Dividend	13th August 2018	₹ 90,090/-	September, 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 2019-20 :

Month – Year	Open Price	High Price	Low Price	Close Price
April – 2019	729.95	795.00	725.05	738.90
May – 2019	730.25	759.80	575.50	640.60
June – 2019	630.00	658.95	513.00	551.60
July - 2019	570.00	597.00	515.00	522.50
August - 2019	539.95	580.00	495.00	549.50
September - 2019	600.00	776.00	586.50	660.20
October - 2019	685.25	719.00	635.00	660.00
November - 2019	665.00	700.00	625.00	649.90
December - 2019	662.50	670.00	550.00	633.75
January – 2020	643.95	649.95	581.00	590.00
February – 2020	606.70	606.70	411.05	423.75
March – 2020	425.00	442.80	180.00	240.05

\* Information compiled from the data available at BSE website.

## Liquidity

The Company's shares are amongst actively traded shares on the BSE. Relevant data for average daily turnover for the financial year 2019-20 is given below :

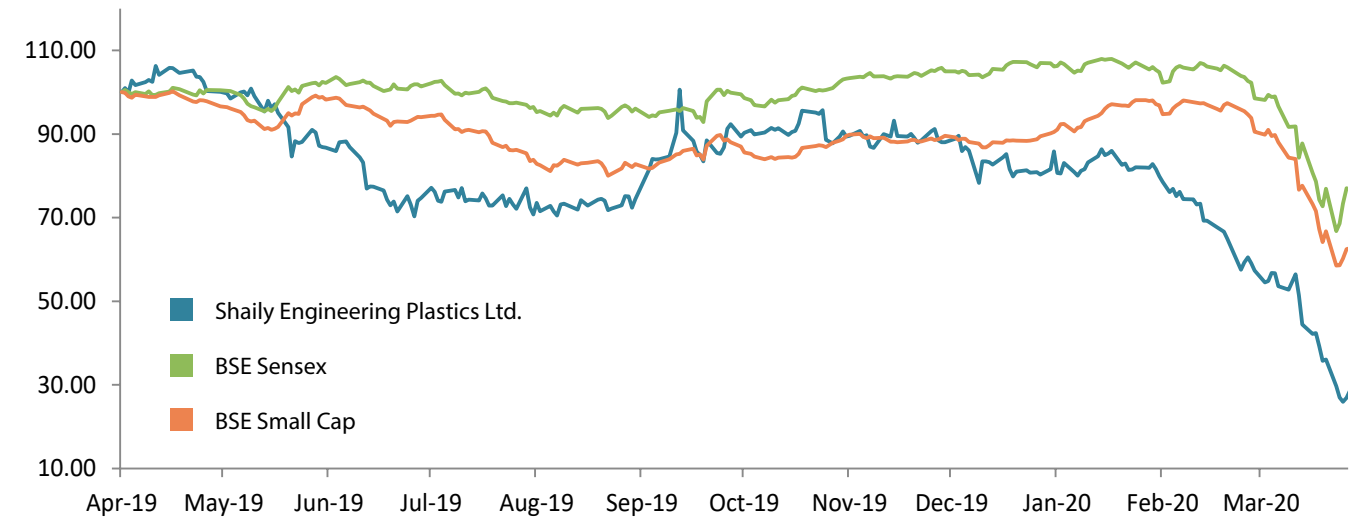
Year	High Price	No. of shares traded	% Delivery Qty
2016	704.00	1889128	100%
2017	1069.90	2622146	89.76%
2018	1520.00	2158009	86.54%
2019	998.60	5,24,514	83.40%
2020	649.95	12,80,123	89.98%

\*Information compiled from the data available on BSE website.

## 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 31st March 2020 is as under :

Number of shares of face value	Number of shareholders	% of total shareholders	Number of shares	% of total shares
1-500	4228	92.40	299221	3.60
501-1000	161	3.52	127442	1.53
1001-2000	75	1.63	107903	1.30
2001-3000	29	0.63	71993	0.87
3001-4000	19	0.42	65023	0.78
4001-5000	9	0.20	40260	0.48
5001-10000	11	0.24	87905	1.06
10001-999999999	44	0.96	7518683	90.38
<b>Total</b>	<b>4576</b>	<b>100.00</b>	<b>8318430</b>	<b>100.00</b>

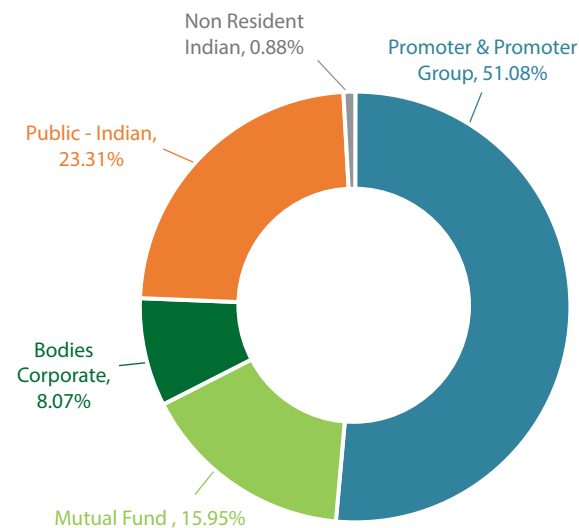
Note : Number of shareholders are not clubbed based on PAN. Complied on reports of Registrar & Share Transfer Agents of the Company, M/s Bigshare Services Private Limited.



#### Shareholding as on 31st March 2020

Sr. No.	Category	Number of Shares held	% of voting strength
1	Promoters & Promoter Group	42,48,809	51.08
2	Mutual Funds	13,26,712	15.95
4	Bodies Corporate	6,71,675	8.07
6	Public - Indian	19,39,361	23.31
7	Non Resident Indian	73,360	0.88
8	Others	58,513	0.70
<b>Total</b>		<b>8318430</b>	<b>100.00</b>

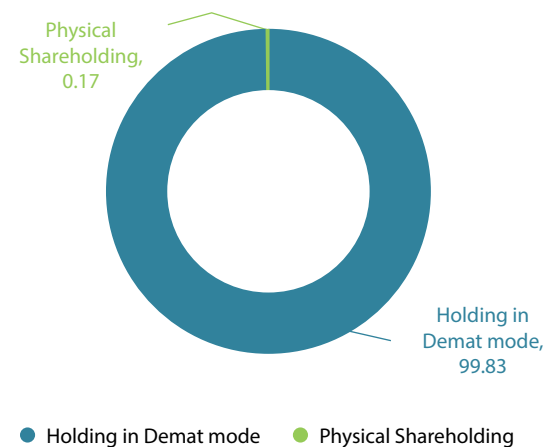
#### Distribution of Shareholding



#### Dematerialization of shares and liquidity

Sr. No.	Status	Number of Shares	%
1	Holding in Demat mode	8304528	99.83
2	Physical shareholding	13902	0.17
<b>Total</b>		<b>8318430</b>	<b>100.00</b>

\* Previous year (i.e. as on 31st March 2019) - Demat holding was 99.82%



For and on behalf of the Board of Directors

Place : Vadodara  
Date : 29th May 2020

**Mahendra Sanghvi**  
Executive Chairman

## Corporate Governance Compliance Certificate

(For the Financial Year ended 31st March 2020 pursuant to Schedule V – Part E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### The Members

##### Shaily Engineering Plastics Limited

We have examined the compliance of the conditions of Corporate Governance by Shaily Engineering Plastics Limited for the year ended 31st March 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Compliance of the 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 Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, 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 31st March 2020, 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.

#### S. Samdani

Partner

#### Samdani Shah & Kabra

Company Secretaries

FCS No. 3677

CP No. 2863

UDIN: F003677B000294605

Place: Vadodara,

Date: May 29, 2020

## Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Part C Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We have examined the relevant Registers, Books, Records, Forms, Returns, Declarations, Disclosures etc. of Shaily Engineering Plastics Limited (the Company), having CIN: L51900GJ1980PLC065554 and Registered Office situated at Survey No. 364 / 366, At & PO. Rania, Taluka Savli, Vadodara – 391780, Gujarat, India, as produced before us by the Company for the purpose of issuing Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers and representatives, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2020 have been debarred or disqualified from being appointed or continuing as a Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of Appointment
1.	Amit Sanghvi Mahendra	00022444	01-10-2011
2.	Jiten Prataprai Mathuria*	00297090	18-05-2019
3.	Laxman Sanghvi Bhogilal	00022977	09-03-1995
4.	Mahendra Bhogilal Sanghvi	00084162	09-03-1995
5.	Milin Kaimas Mehta	01297508	08-11-2014
6.	Pushapraj Singhvi*	00255738	04-08-2012
7.	Sarup Choudhary	00004439	29-05-2006
8.	Tilottama Sanghvi Mahendra	00190481	09-03-1995
9.	Ranjit Singh*	01651357	18-05-2019

*\*As on Date of Certificate, Mr Pushapraj Singhvi, Director resigned w.e.f 01st April 2019 and Mr Jiten Prataprai Mathuria and Mr Ranjit Singh were appointed as Additional Directors of the Company w.e.f 18th May 2019.*

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**S. Samdani**

Partner

**Samdani Shah & Kabra**

Company Secretaries

FCS No. 3677

CP No. 2863

UDIN: F003677B000294605

Place: Vadodara,

Date: May 29, 2020

## 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 Director 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, 2020 and the copy of the code of conduct is put on the website of the Company at [www.shaily.com](http://www.shaily.com).

*For and on behalf of the Board of Directors*

**Amit Sanghvi**

Managing Director



## INDEPENDENT AUDITORS' REPORT

### To the Members of Shaily Engineering Plastics Limited

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of Shaily Engineering Plastics Limited (the "Company"), which comprise the balance sheet as at 31st March 2020, 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 31st March 2020, 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 on the financial statements.

##### 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.

Sr. No.	The key audit matter	How the matter was addressed in our audit
1	<b>Revenue Recognition</b>  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 therefore there is an inherent risk that revenue is overstated 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 20 to the Financial Statements.	Our procedures included the following: <ul style="list-style-type: none"> <li>Obtain understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal financial controls in relation to revenue recognition</li> <li>Inspecting customer contracts, on random sample basis, to identify the terms and conditions relating to the transfer of control of the products sold and assessing the Company's timing of revenue recognition</li> <li>Comparing on random sample basis revenue transactions recorded before the financial year end with relevant underlying documents including gate outward register and shipping documents to assess whether revenue has been recognised in the appropriate financial period and</li> <li>Circulation of select balance confirmation to customers on random sample basis and reconciling the differences if any on amounts confirmed by customer and amounts recorded by management.</li> </ul>

#### 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.

# 71-118

#### FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT	71
BALANCE SHEET	78
STATEMENT OF PROFIT & LOSS	79
CASH FLOW STATEMENT	80
STATEMENT OF CHANGES IN EQUITY	82
NOTES	83

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 AND BOARD OF DIRECTORS' 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 in the financial statements made by the Management and Board of Directors
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 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:
    - 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.
    - 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.
    - 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.
    - In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
    - On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- 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".

- 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:

- The Company has disclosed the impact of pending litigations as at 31st March 2020 on its financial position in its financial statements - Refer Note 34 to the financial statements;
- The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on derivative contracts;
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- The disclosure in the 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 31st March 2020.

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

**Jeyur Shah**  
Partner

Place: Ahmedabad  
Date: 29th May, 2020

Membership No: 045754  
UDIN: 20045754AAAABS4165



## ANNEXURE A to the Independent Auditors' Report – 31st March 2020

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 31st March 2020, we report the following:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment. However, details with respect to quantity needs to be updated for certain categories of property, plant and equipment.
- b) The Company has a regular programme of physical verification of its property, plant and equipment by which all the property, plant and equipment 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 property, plant and equipment 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 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 except in case of provident fund where there has been significant delay.
- According to the information and explanations given to us, no material undisputed amounts payable in respect of employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable except in case of Provident fund where amount of ₹ 8.50 Lacs is outstanding for more than six months as at 31st March 2020.
- Pending clarity on the matter as explained in Note 34 to the Financial Statements, the Company is currently unable to determine the extent of arrears of provident fund pertaining to period before 31st March 2019 and which is due and outstanding as at 31st March 2020 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 duty of custom, income 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 the Statute	Nature of Dues	Period to which it relates	Amount demanded (₹ in Lacs)	Forum where dispute is pending	Amount unpaid/ Refund withheld (₹ In Lacs)
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	2009-10 to 2012-13	16.12	Customs, Excise & Service Tax Appellate Tribunal	15.38
4	Central Excise Act, 1944	Service Tax	2007-08 to 2015-16	20.06	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
8	Customs Act, 1962.	Custom Duty	2009-10 to 2017-18	97.84	Commissioner of Customs, (Appeals), Mumbai	-

- (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 **B S R & Associates LLP**  
Chartered Accountants

Firm's Registration No : 116231W/W-100024

**Jeyur Shah**  
Partner

Place: Ahmedabad  
Date: 29th May, 2020

Membership No: 045754  
UDIN: 20045754AAAAB54165

## ANNEXURE B to the Independent Auditors' report on the financial statements of Shaily Engineering Plastics Limited for the year ended 31st March 2020.

### 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 31st March 2020 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 31st March 2020, 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*

Place: Ahmedabad

Date: 29th May, 2020

Membership No: 045754

UDIN: 20045754AAAABS4165



## BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Note No.	(₹ in Lacs)	
		As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3	15,493.06	14,397.71
b) Capital work-in-progress	3	3,719.00	270.46
c) Other intangible assets	4	214.69	103.51
d) Intangible assets under development	4	876.46	224.05
e) Financial assets			
i. Investments	5	20.06	20.40
ii. Loans	12	45.26	21.06
iii. Other financial assets	6	-	563.47
f) Income tax assets (net)		323.66	190.29
g) Other non-current assets	7	1,395.30	1,738.02
<b>Total non-current assets</b>		<b>22,087.49</b>	<b>17,528.97</b>
<b>Current assets</b>			
a) Inventories	8	4,968.82	4,309.11
b) Financial assets			
i. Trade receivables	9	6,102.51	5,960.62
ii. Cash and cash equivalents	10	702.33	54.96
iii. Bank balances other than cash and cash equivalents	11	281.81	126.03
iv. Loans	12	18.67	12.39
v. Other financial assets	6	1,387.33	1,525.74
c) Other current assets	7	2,598.03	1,639.38
<b>Total current assets</b>		<b>16,059.50</b>	<b>13,628.23</b>
<b>TOTAL ASSETS</b>		<b>38,146.99</b>	<b>31,157.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity share capital	13(a)	831.84	831.84
b) Other equity	13(b)	15,106.34	12,781.92
<b>TOTAL EQUITY</b>		<b>15,938.18</b>	<b>13,613.76</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i. Borrowings	14	7,211.64	4,715.67
b) Provisions	16	145.99	121.75
c) Deferred tax liabilities (Net)	27(c)	734.17	803.67
d) Other non-current liabilities	17	35.97	79.49
<b>Total non-current liabilities</b>		<b>8,127.77</b>	<b>5,720.58</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i. Borrowings	15	5,055.24	5,106.59
ii. Trade payables	18		
(a) total outstanding dues of micro enterprises and small enterprises		333.74	37.43
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		4,783.05	3,212.99
iii. Other financial liabilities	19	2,460.89	2,605.72
b) Other current liabilities	17	1,379.78	799.53
c) Provisions	16	68.34	60.60
<b>Total current liabilities</b>		<b>14,081.04</b>	<b>11,822.86</b>
<b>TOTAL LIABILITIES</b>		<b>22,208.81</b>	<b>17,543.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>38,146.99</b>	<b>31,157.20</b>
Notes forming part of the Financial Statements	1-46		

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

Ahmedabad, 29th May, 2020

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, 29th May, 2020

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Note No.	(₹ in Lacs)	
		Year ended 31st March 2020	Year ended 31st March 2019
<b>INCOME</b>			
Revenue from operations	20	33,604.23	33,833.99
Other income	21	99.07	178.15
<b>Total income</b>		<b>33,703.30</b>	<b>34,012.14</b>
<b>EXPENSES</b>			
Cost of materials consumed	22(a)	19,906.40	21,459.50
Changes in inventories of finished goods and work-in-progress	22(b)	(115.88)	(494.32)
Power and fuel		1,737.37	1,717.57
Employee benefits expense	23	2,596.62	2,466.64
Finance costs	24	1,049.90	952.94
Depreciation and amortization expense	25	1,789.32	1,491.64
Other expenses	26	3,669.80	3,422.72
<b>Total expenses</b>		<b>30,633.53</b>	<b>31,016.69</b>
<b>Profit before tax</b>		<b>3,069.77</b>	<b>2,995.45</b>
Income tax expense			
- Current tax	27	810.54	731.16
- Excess provision for tax of earlier periods written back	27	(44.51)	(45.98)
- Deferred tax	27	(55.28)	382.20
<b>Total tax expense</b>		<b>710.75</b>	<b>1,067.38</b>
<b>Profit for the year</b>		<b>2,359.02</b>	<b>1,928.07</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
- Reameasurements of post employment benefit obligations		(9.85)	10.14
- Income tax relating to above		2.87	(2.95)
Items that will be reclassified to profit or loss			
- Effective portion of gains/(losses) on hedging instrument in cash flow hedges		(38.99)	-
- Income tax relating to above		11.35	-
<b>Other Comprehensive Income/(Loss) net of income tax for the year</b>		<b>(34.62)</b>	<b>7.19</b>
<b>Total Comprehensive Income for the year</b>		<b>2,324.40</b>	<b>1,935.26</b>
Earning per Equity Share (Face value of ₹ 10 each)			
Basic and Diluted	37	28.36	23.18
Notes forming part of the Financial Statements	1-46		

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

Ahmedabad, 29th May, 2020

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, 29th May, 2020

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lacs)			
Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		3,069.77	2,995.45
<b>Adjustments for:</b>			
Depreciation and amortization expense	3	1,789.32	1,491.64
Loss on sale of property, plant and equipment	26	2.54	0.07
Interest income	21	(14.16)	(22.81)
Finance costs	24	1,049.90	952.94
Allowance for expected credit losses	26	37.06	6.43
Net unrealised exchange (gain)/loss	21	94.88	47.06
Bad debt written off	21	6.90	2.90
<b>Operating profit before working capital changes</b>		<b>6,036.21</b>	<b>5,473.68</b>
<b>Adjustments for:</b>			
(Increase)/decrease in trade receivables	9	(185.84)	845.98
(Increase)/decrease in other receivables and advances	7	(960.66)	1,850.29
(Increase)/decrease in inventories	8	(659.71)	(237.72)
(Increase)/decrease in other financial assets	6	639.04	(342.18)
Increase/(decrease) in trade payables	18	1,866.37	(444.12)
Increase/(decrease) in other liabilities and provisions	17	764.01	572.09
<b>Cash generated from operations</b>		<b>7,499.41</b>	<b>7,718.02</b>
Taxes paid (net of refunds)		(899.40)	(1,072.08)
<b>Net cash generated from operating activities</b>		<b>6,600.01</b>	<b>6,645.94</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payment for purchases of property, plant and equipment (including capital advances and capital creditors)	3	(5,418.97)	(6,220.59)
Payment for purchases of intangible and Intangible under development		(825.49)	(262.26)
Proceeds from disposal of property, plant and equipment	3	1.79	0.54
Interest received	21	14.32	22.89
Bank balances not considered as cash and cash equivalents	11	(155.78)	206.49
<b>Net cash flow (used in) investing activities</b>		<b>(6,384.13)</b>	<b>(6,252.93)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings		3,603.54	4,781.36
Repayment of long term borrowings		(2,161.07)	(2,198.35)
Proceeds/(Repayment) of working capital loans (net)		(51.35)	(1,286.53)
Payment of dividend (including tax thereon)		(0.00)	(751.22)
Finance costs paid	24	(962.15)	(921.81)
<b>Net cash flow generated from/(used in) financing activities</b>		<b>428.97</b>	<b>(376.55)</b>

(₹ in Lacs)			
Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS.</b>		644.85	16.46
Cash & cash equivalents as at beginning of the year		54.96	35.25
Effect of exchange rate changes on cash & cash equivalents held in foreign currencies		2.52	3.25
<b>Cash &amp; cash equivalents as at end of the year</b>		<b>702.33</b>	<b>54.96</b>
Reconciliation of cash & cash equivalents as per financial statement :			
Cash & cash equivalents comprise :			
a) Balances with banks			
In current accounts		562.07	8.95
In EEFC accounts		136.23	35.48
b) Cash on Hand		4.03	10.53
<b>Total</b>		<b>702.33</b>	<b>54.96</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 41.

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: 116231 W/W-100024

### Jeyur Shah

Partner  
Membership No: 045754

Ahmedabad, 29th May, 2020

For and on Behalf of the Board of Directors

### Shaily Engineering Plastics Limited

CIN : L51900GJ1980PLC065554

### Amit Sanghvi

Managing Director  
DIN: 00022444

Vadodara, 29th May, 2020

### Laxman Sanghvi

Executive Director  
DIN: 00022977

### Chintan Shah

Chief Financial  
Officer

### Preeti Sheth

Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

### Equity share capital

Particulars	(₹ in Lacs)
<b>As at 31st March 2018</b>	<b>831.84</b>
Changes in equity share capital	-
<b>As at 31st March 2019</b>	<b>831.84</b>
Changes in equity share capital	-
<b>As at 31st March 2020</b>	<b>831.84</b>

### Other equity

Particulars	Reserves and surplus					Total other equity
	Securities premium	General reserve	Capital reserve	Cash flow hedge reserve	Retained earning	
<b>As at 1st April 2018</b>	<b>3,207.51</b>	<b>191.58</b>	<b>92.91</b>	-	<b>8,106.78</b>	<b>11,598.78</b>
Profit for the year	-	-	-	-	1,928.07	1,928.07
<b>Other comprehensive income/(Loss) (Net of tax)</b>	-	-	-	-	<b>7.19</b>	<b>7.19</b>
Total comprehensive income for the year	-	-	-	-	1,935.26	1,935.26
Transactions with owners	-	-	-	-	-	-
Dividends (including dividend distribution tax)	-	-	-	-	(752.12)	(752.12)
<b>As at 31st March 2019</b>	<b>3,207.51</b>	<b>191.58</b>	<b>92.91</b>	-	<b>9,289.92</b>	<b>12,781.92</b>
<b>As at 1st April 2019</b>	<b>3,207.51</b>	<b>191.58</b>	<b>92.91</b>	-	<b>9,289.92</b>	<b>12,781.92</b>
Profit for the year	-	-	-	-	2,359.02	2,359.02
Other comprehensive income/(Loss) (Net of tax)	-	-	-	(27.64)	(6.98)	(34.62)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(27.64)</b>	<b>2,352.04</b>	<b>2,324.40</b>
<b>As at 31st March 2020</b>	<b>3,207.51</b>	<b>191.58</b>	<b>92.91</b>	<b>(27.64)</b>	<b>11,641.97</b>	<b>15,106.34</b>

### 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 on 1st April 2001.

#### 4. Cash flow hedge reserve

The Company has designated its hedging instruments as cash flow hedges and any effective portion of cashflow hedge is maintained in the said reserve. In case the hedging becomes ineffective, the amount is recognised in the Statement of Profit and Loss.

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

Ahmedabad, 29th May, 2020

For and on Behalf of the Board of Directors

- **Shaily Engineering Plastics Limited**

CIN : L51900GJ1980PLC065554

#### Amit Sanghvi

Managing Director  
DIN: 00022444

Vadodara, 29th May, 2020

#### Laxman Sanghvi

Executive Director  
DIN: 00022977

#### Chintan Shah

Chief Financial  
Officer

#### Preeti Sheth

Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

### NOTE 1: CORPORATE INFORMATION

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.

### NOTE 2 - I: 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.

#### 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 (₹), 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 delivers performance obligation under the contract.



#### 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.

#### 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.

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 realise 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

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. 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.

As per Ind AS 116 a right-of-use asset and a lease liability is to be recognised at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option. The lease liability is subsequently remeasured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an

index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities as all the leases fall in the definition of short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As per transition relief provided by Ind AS 116, Company has grandfathered previous conclusions reached under IFRIC 4 and Ind AS 17 as to whether contracts existing at transition are or contain leases.

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 recognised 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) Financial assets

##### 1. Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

##### Financial assets other than equity instruments

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.

**Financial assets that are equity instruments**

## 2. Measurement

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.

**Financial assets other than equity instruments**

**Measured at amortised cost:** 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.

**Measured at fair value through other comprehensive income:** 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 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.

**Measured at fair value through profit or loss:** 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.

Currently, the Company holds no "other than equity instrument" financial assets that are classified as fair value through other comprehensive income.

**Financial assets that are equity instruments**

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.

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.

## 3. Impairment of financial assets

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost which includes trade receivables, security deposits 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.

## 4. Derecognition

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.

**(ii) Financial liabilities:**

## 1. Initial recognition and measurement

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.

The Company has no financial liabilities that are measured at fair value through profit or loss.

## 2. Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method.

**Trade and other payables**

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.

**Borrowings**

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 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.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## 3. Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**m) Offsetting financial instruments**

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 realise 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.

**n) Property, plant and equipment**

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.

Depreciation methods, estimated useful lives and residual value

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
Tools and Equipment	5-15
Electrical Installation	10
Furniture & Fixtures	10
Office equipment	5
Computer Hardware	3
Vehicles	8

**o) 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.

**p) 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.

#### q) Provisions

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 recognised 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.

#### r) 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 and superannuation fund

##### a) 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 recognised 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 recognised 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 recognised immediately in profit or loss. The Company recognises gains and losses on settlement of a defined benefit plan when the settlement occurs.

##### b) 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.

Superannuation Fund Contribution towards superannuation fund for qualifying employees as per the Company's policy is made to Life Insurance Corporation of India where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

##### s) 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.

##### t) Dividends

Dividend declared, being appropriately authorised 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.

##### u) 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.

##### v) Rounding of amounts

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

##### 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.

##### x) Derivative and Hedging Activities

The Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations associated with borrowings (cash flow hedges). When the Company opts



to undertake hedge accounting, the Company documents, at the inception of the hedging transaction, the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows or fair values of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

#### Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, is recognised through OCI and as cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in equity are reclassified to the Statement of Profit and Loss on settlement.

When the hedged forecast transaction results in the recognition of a non-financial asset, the amounts accumulated in equity with respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the Statement of Profit and Loss as the hedged item affects profit or loss. When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively and any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately transferred to the Statement of Profit and Loss.

#### Note 2 - II: 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:

- Employee benefit plans – Note 16**

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. 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, these liabilities are 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, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

- 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.

- 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.

- Expected Credit Loss**

In accordance with Ind AS 109, the Company follows 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL). The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rate are reviewed and changes in the forward-looking estimates are analysed.

- Income taxes**

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

#### NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Leasehold Land (Refer note i)	Buildings	Plant and Machinery	Electrical Installations	Tools and Equipment	Furniture and Fixtures	Office Equipment	Computer Hardware	Roads	Vehicles	Total (A)	Capital work progress (B)	Total (A+B)
<b>Gross carrying amount as at 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	13,385.21	575.53	13,960.74
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/Capitalisation	-	-	-	(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 1st April 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 31st March 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 31st March 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>
Gross carrying amount as at 1st April 2019	1,878.09	9.20	4,058.43	9,449.43	943.39	1,351.03	200.08	88.45	93.27	18.24	427.06	18,516.68	270.46	18,787.14
Additions	2.48	-	122.97	892.88	114.72	1,460.69	16.43	8.72	58.17	-	150.03	2,827.10	6,275.64	9,102.75
Disposals/Capitalisation	-	-	-	(86.58)	-	-	-	-	-	-	-	(86.58)	(2,827.10)	(2,913.68)
<b>Cost as at March 31 2020</b>	<b>1,880.57</b>	<b>9.20</b>	<b>4,181.40</b>	<b>10,255.73</b>	<b>1,058.11</b>	<b>2,811.72</b>	<b>216.51</b>	<b>97.17</b>	<b>151.44</b>	<b>18.24</b>	<b>577.09</b>	<b>21,257.20</b>	<b>3,719.00</b>	<b>24,976.21</b>
Accumulated Depreciation as at 1st April 2019	-	-	353.47	3,004.71	205.72	306.98	88.21	22.57	37.45	17.10	82.75	4,118.96	-	4,118.96
Depreciation for the year	-	-	164.87	1,196.84	92.98	152.45	17.59	16.16	28.82	0.00	57.71	1,727.42	-	1,727.42
Disposals	-	-	-	(82.23)	-	-	-	-	-	-	-	(82.23)	-	(82.24)
<b>Accumulated Depreciation as at 31st March 2020</b>	<b>-</b>	<b>-</b>	<b>518.34</b>	<b>4,119.32</b>	<b>298.70</b>	<b>459.43</b>	<b>105.80</b>	<b>38.73</b>	<b>66.27</b>	<b>17.10</b>	<b>140.46</b>	<b>5,764.14</b>	<b>-</b>	<b>5,764.14</b>
<b>Net carrying amount as at 31st March 2020</b>	<b>1,880.57</b>	<b>9.20</b>	<b>3,663.06</b>	<b>6,136.41</b>	<b>759.41</b>	<b>2,352.29</b>	<b>110.71</b>	<b>58.44</b>	<b>85.17</b>	<b>1.14</b>	<b>436.63</b>	<b>15,493.06</b>	<b>3,719.00</b>	<b>19,212.06</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 ₹ 152.19 Lacs (PY ₹ 48.38 Lakhs) capitalised (including under capital work in progress of ₹ 131.26 Lacs (PY ₹ 25.60 Lakhs)) using the rates based on specific borrowings ranging from 8.95% to 12.35%.
- During the year ended 31st March 2020 capital work in progress includes mainly plant & machinery, tools and equipments, building, electrification and pre-operative expenses for carbon steel project.
- Additions during the year ended 31st March 2020 includes research and development assets (tangible assets) of ₹ 66.38 Lacs (PY ₹ Nil) and Net Block of ₹ 65.14 Lacs (PY ₹ Nil).

#### NOTE 4 - INTANGIBLE ASSETS

(₹ in Lacs)					
Particulars	Copyright & Patents	Computer Software	Total (A)	Intangible under development (B)	Total (A+B)
<b>Cost as at 1st April 2018</b>	38.24	108.52	146.76	-	146.76
Additions	-	38.21	38.21	224.05	262.25
<b>Cost as at 31st March 2019</b>	<b>38.24</b>	<b>146.73</b>	<b>184.97</b>	<b>224.05</b>	<b>409.01</b>
Accumulated amortisation as at 1st April 2018	1.58	29.22	30.80	-	30.80
Amortisation charge for the year	3.82	46.84	50.66	-	50.66
<b>Accumulated amortisation as at 31st March 2019</b>	<b>5.40</b>	<b>76.06</b>	<b>81.46</b>	<b>-</b>	<b>81.46</b>
<b>Net carrying amount as at 31st March 2019</b>	<b>32.84</b>	<b>70.67</b>	<b>103.51</b>	<b>224.05</b>	<b>327.55</b>
<b>Cost as at 1st April 2019</b>	38.24	146.73	184.97	224.05	409.01
Additions	76.44	96.63	173.07	652.41	825.49
<b>Cost as at 31st March 2020</b>	<b>114.68</b>	<b>243.36</b>	<b>358.04</b>	<b>876.46</b>	<b>1,234.50</b>
Accumulated amortisation as at 1st April 2019	5.40	76.06	81.46	-	81.46
Amortisation charge for the year	5.10	56.79	61.89	-	61.89
<b>Accumulated amortisation as at 31st March 2020</b>	<b>10.50</b>	<b>132.85</b>	<b>143.35</b>	<b>-</b>	<b>143.35</b>
<b>Net carrying amount as at 31st March 2020</b>	<b>104.18</b>	<b>110.51</b>	<b>214.69</b>	<b>876.46</b>	<b>1,091.15</b>

- (i) Additions during the year ended 31st March 2020 includes research and development assets (Intangible assets) of ₹ Nil (PY ₹ 17.55 Lacs) and net block of ₹ Nil (PY ₹ 12.45 Lacs).

#### NOTE 5 - NON-CURRENT INVESTMENTS

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Investment in equity instruments (fully paid-up) at FVOCI (Unquoted)</b>		
119000 Shares of Panax Appliances Pvt Ltd fully paid up (PY : 119,000 )	11.90	11.90
Equity Shares of ₹ 10/- each		
Less : Impairment allowances for investment	(11.90)	(11.90)
325 Shares of The Citizen Co-Operative Credit Society Ltd, fully paid up (PY 325) Equity shares of ₹ 25 each	0.08	0.08
Nil Shares of Co-Operative Bank Of Baroda, fully paid up. (PY : 1,340) Equity shares of ₹ 25 each.	-	0.34
<b>Total (equity instruments)</b>	<b>0.08</b>	<b>0.42</b>
<b>Investment in Preference shares (fully paid up) at amortised cost (Unquoted)</b>		
871000 6 % Cumulative Redeemable Preference Shares of ₹ 4/- each of Panax Appliances Pvt Ltd fully paid up (PY : 871,000 at ₹ 4/- each )	27.04	27.04
Less : Impairment allowances for investment	(7.06)	(7.06)
	<b>19.98</b>	<b>19.98</b>
<b>Total (preference shares)</b>	<b>19.98</b>	<b>19.98</b>
<b>Total investments</b>	<b>20.06</b>	<b>20.40</b>
Aggregate amount of unquoted investments	39.02	39.36
Aggregate amount of Impairment in value of investment	18.96	18.96

#### NOTE 6 - OTHER FINANCIAL ASSETS

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Non-current</b>		
Finance lease receivable	-	563.47
<b>Total non-current</b>	<b>-</b>	<b>563.47</b>
<b>Current</b>		
Interest accrued on deposits	3.09	3.25
Finance lease receivable	1,199.99	1,522.49
Derivative asset	184.25	-
<b>Total current</b>	<b>1,387.33</b>	<b>1,525.74</b>

#### NOTE 7 - OTHER ASSETS

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Non-current</b>		
Capital advances	1,236.83	1,575.12
Balances with government authorities		
i) CENVAT credit receivable	3.14	2.77
ii) VAT/GST credit receivable	23.27	29.19
iii) Service tax credit receivable	33.03	33.03
iv) Custom duty paid under protest	99.03	97.91
<b>Total Non-Current</b>	<b>1,395.30</b>	<b>1,738.02</b>
<b>Current</b>		
Prepaid expenses	220.11	180.64
Contract assets*	145.45	266.42
Advance to suppliers	518.41	75.31
Balances with government authorities		
i) VAT/GST credit receivable	979.42	316.97
ii) Advance import duty	156.11	49.93
iii) FPS & MEIS (DGFT) import license receivable	566.22	741.49
iv) Others	12.31	8.62
<b>Total Current</b>	<b>2,598.03</b>	<b>1,639.38</b>

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

#### NOTE 8 - INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
Raw materials and components	3,243.96	2,744.49
(Goods in transit ₹ 446.65 Lacs 31st March 2020: ₹ 295.24 Lacs 31st March 2019)		
Work-in-progress	690.12	528.85
Finished goods	821.36	866.74
Stores and spares	41.72	39.02
Packing materials	171.66	130.01
<b>Total</b>	<b>4,968.82</b>	<b>4,309.11</b>

#### NOTE 9 - TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Considered good - secured	-	-
Considered good - unsecured	6,102.51	5,960.62
Significant increase in credit risk	36.10	36.15
Credit impaired	37.11	-
<b>Total</b>	<b>6,175.72</b>	<b>5,996.77</b>
Loss allowance	(73.21)	(36.15)
<b>Total Trade Receivable</b>	<b>6,102.51</b>	<b>5,960.62</b>

#### NOTE 10 - CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
a) Balances with banks		
In current accounts	562.07	8.95
In EEFC accounts	136.23	35.48
b) Cash on Hand	4.03	10.53
<b>Total</b>	<b>702.33</b>	<b>54.96</b>

#### NOTE 11 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
In earmarked accounts		
Unpaid dividend accounts	2.77	2.78
Balances held as margin money (less than 12 months but more than 3 months maturity)*	279.04	123.25
<b>Total</b>	<b>281.81</b>	<b>126.03</b>

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

#### NOTE 12 - LOANS (UNSECURED, CONSIDERED GOOD)

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Non-current</b>		
Security deposits	45.26	21.06
<b>Current</b>		
Loan to employees	18.67	12.39
<b>Total</b>	<b>63.93</b>	<b>33.45</b>

#### Note 13 (a) - Share capital

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

Particulars	(₹ in Lacs)	
	Number of shares	Amount
(i) Authorised share capital		
<b>As at 31st March 2019 (Equity shares of ₹ 10 each)</b>	<b>1,60,00,000</b>	<b>1,600.00</b>
<b>As at 31st March 2020 (Equity shares of ₹ 10 each)</b>	<b>1,60,00,000</b>	<b>1,600.00</b>
(ii) Issued, Subscribed & fully paid up		
<b>As at 31st March 2019 (Equity shares of ₹ 10 each)</b>	<b>83,18,430</b>	<b>831.84</b>
<b>As at 31st March 2020 (Equity shares of ₹ 10 each)</b>	<b>83,18,430</b>	<b>831.84</b>

#### (iii) Reconciliation of number of shares

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
	Number of shares	Amount ₹ Lakhs
<b>Equity shares</b>		
Opening balance	83,18,430	831.84
Issued during the year	-	-
<b>Closing balance</b>	<b>83,18,430</b>	<b>831.84</b>

#### (iv) 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.

#### (v) Details of shareholders holding more than 5% shares in the Company

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
	Number of shares	% Holding
Mahendra Sanghvi	8,11,335	9.75%
Tilottama Sanghvi	12,87,715	15.48%
Laxman Sanghvi	4,76,424	5.73%
Jayesh Shah	7,62,231	9.16%
Ashish Kacholia	5,99,696	7.21%
HDFC Small cap fund	7,10,796	8.54%

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

#### Note 13 (b) - Other Equity

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
(a) Securities premium		
Opening balance	3,207.51	3,207.51
Utilised	-	-
Closing balance	<b>3,207.51</b>	<b>3,207.51</b>
(b) Capital reserve		
Opening balance	92.91	92.91
Transfer from/to retained earnings	-	-
Closing balance	<b>92.91</b>	<b>92.91</b>
(c) General reserve		
Opening balance	191.58	191.58
Transfer from/to retained earnings	-	-
Closing balance	<b>191.58</b>	<b>191.58</b>
(d) Cash flow hedge reserve		
Opening balance	-	-
Addition during the year	(27.64)	-
Closing balance	<b>(27.64)</b>	<b>-</b>
(e) Retained earnings		
Opening balance	<b>9,289.92</b>	<b>8,106.78</b>
Profit for the year	2,359.02	1,928.07
Item of other comprehensive income	(6.98)	7.19
Dividends paid (including dividend distribution tax)	-	(752.12)
Closing balance	<b>11,641.96</b>	<b>9,289.92</b>
<b>Total</b>	<b>15,106.34</b>	<b>12,781.92</b>



#### NOTE 14 - NON-CURRENT BORROWINGS

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Secured</b>		
Term loans:		
Rupee currency from banks	5,470.98	627.44
Rupee currency from financial institutions	-	4,000.00
Foreign currency from banks	1,660.99	-
Vehicle loan	65.82	74.38
<b>Unsecured*</b>		
Loan from directors	13.85	13.85
<b>Total</b>	<b>7,211.64</b>	<b>4,715.67</b>

\*Refer Note No 33 on Related Party Disclosure

(₹ in Lacs)				
	Maturity and terms of repayment	Coupon Rate	As at 31st March 2020	As at 31st March 2019
<b>Term loans</b>				
Rupee Currency		8.95% to 12.35% PY 8.95% to 12.10%	6,475.90	6,720.67
HDFC Term loan	TL-1 Quarterly installment of ₹ 50 Lacs till Dec 2020, TL-2 Quarterly installment of ₹ 204.56 Lacs till June 2020. TL-3 Quarterly Installment of ₹ 166.67 Lakhs till Jan 2025 TL-4 Quarterly Installment of ₹ 111.11 Lakhs from Apr 2021 till Jul 2025			
SCB	Quarterly installment of ₹ 218.75 Lacs till May 2020			
SBI	TL-1 Quarterly installment of ₹ 50 Lacs Till July 2020 TL-2 Quarterly installment of ₹ 190 Lacs from Dec 2021 to Mar 2022, remaining quarterly installments of ₹ 195 Lacs from Jun 2022 to Mar 2026			
KKR	Refinanced through HDFC TL-3 & 4 in Aug 2019			
Foreign Currency				
SCB	Quarterly installment of Euro 1.25 Lacs From May 2021 till Feb 2025	3 months EURIBOR + 3% PY NA	1,660.99	-
Other Loans (Vehicle Loans)	Monthly installment of ₹ 5.64 till May 2021 Monthly installment of ₹ 2.99 till Nov 2022	8.76% to 9.06% PY 8.76%	158.99	132.74
<b>Total non-current borrowings</b>			<b>8,295.88</b>	<b>6,853.41</b>
Less: Current maturities of long-term debt (included in note 19)			(1,098.09)	(2,151.59)
Total current maturities			(1,098.09)	(2,151.59)
Loan from directors		12.50% PY 12.50%	13.85	13.85
<b>Non-current borrowings</b>			<b>7,211.64</b>	<b>4,715.67</b>

#### Security-

Term loans from banks are secured by first pari passu charge over entire property, plant and equipments of the Company and second pari passu charge over entire current assets of the company.

Term Loans from financial institution was 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 and hypothecation of specified accounts of borrower (operated by security trustee)

Foreign Currency Loan from Bank is secured by first pari passu charge with existing term lender over entire property, plant and equipment of the Company and second pari passu charge on all the current assets with all existing working capital lenders.

Also refer to Note No. 38 & 39 for further details.

In case of other loans (Vehicle Loans), Vehicles purchased are hypothecated with the lender.

#### NOTE 15 - CURRENT BORROWINGS

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Loans repayable on demand (Secured)</b>		
From banks		
Cash / Packing credit	4,707.82	4,801.13
Bill discounting	347.42	305.46
<b>Total</b>	<b>5,055.24</b>	<b>5,106.59</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.

#### NOTE 16 - PROVISIONS

##### Employee Benefit Provisions

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Provision for compensated absences	145.99	121.75
<b>Total Non-Current</b>	<b>145.99</b>	<b>121.75</b>
<b>Current</b>		
Provision for compensated absences	68.34	60.60
<b>Total Current</b>	<b>68.34</b>	<b>60.60</b>

##### 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 contribution 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 2020 ₹ 161.56 Lacs ( Year ended 31st March 2019 ₹ 135.34 Lacs) for Provident Fund contributions and ₹ 19.87 Lacs (Year ended 31st March 2019 ₹ 22.41 Lacs) 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 ₹ 18.30 Lakhs (Previous Year ₹ 6.09 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 ₹ 87.05 Lacs (Previous Year ₹ 94.87 Lacs)

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:

- 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).
- 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.
- 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.
- Investment Risk : The Company has funded with HDFC Insurance fund, therefore there is no significant Investment risk.

### Gratuity

Particulars	(₹ in Lacs)	
	As at 31st March 2020 Gratuity (Funded)	As at 31st March 2019 Gratuity (Funded)
(i) Change in defined benefit obligation		
Balance at the beginning of the year	431.25	397.62
Adjustment of:		
Current Service Cost	26.16	25.29
Interest Cost	26.56	24.46
Actuarial (gains) losses recognised in Other Comprehensive Income:		
- Change in Financial Assumptions	30.63	2.77
- Change in Demographic Assumptions	(0.24)	-
- Experience Changes	1.95	(6.50)
Benefits Paid	(29.41)	(12.40)
<b>Balance at the end of the year</b>	<b>486.90</b>	<b>431.25</b>
(ii) Change in fair value of assets		
Balance at the beginning of the year	439.79	396.44
Re-measurements due to:		
Actual Return on plan assets less interest on plan assets	22.49	6.42
Interest income	28.18	25.33
Contribution by the employer	38.08	24.00
Benefits Paid	(29.41)	(12.40)
<b>Balance at the end of the year</b>	<b>499.13</b>	<b>439.79</b>
(iii) Net asset / (liability) recognised in the Balance sheet		
Present value of defined benefit obligation	486.90	431.25
Fair value of plan assets	(499.13)	(439.79)
<b>Net (asset) / liability in the Balance sheet</b>	<b>(12.23)</b>	<b>(8.54)</b>

Particulars	(₹ in Lacs)	
	As at 31st March 2020 Gratuity (Funded)	As at 31st March 2019 Gratuity (Funded)
(iv) Expenses recognised in the statement of Profit and loss		
Current service cost	26.16	25.29
Interest cost	(1.62)	(0.87)
<b>Total expense charged to statement of Profit and loss</b>	<b>24.54</b>	<b>24.42</b>
(v) Re-measurements recognised in other comprehensive Income (OCI):		
Changes in financial assumptions	30.63	2.77
Changes in demographic assumptions	(0.24)	-
Experience adjustments	1.95	(6.50)
Actual return on plan assets less interest on plan assets	(22.49)	(6.41)
Amount recognised in other comprehensive Income (OCI):	9.85	(10.14)
Present value of funded obligations	486.90	431.25
Fair value of plan assets	499.13	439.79
<b>(Surplus) of funded plan</b>	<b>(12.23)</b>	<b>(8.54)</b>
Unfunded plan	-	-
<b>(Surplus) of Gratuity plan</b>	<b>(12.23)</b>	<b>(8.54)</b>

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

#### Gratuity

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Insurer managed funds (funded with HDFC Insurance fund)	499.13	439.79
<b>Total</b>	<b>499.13</b>	<b>439.79</b>

### Major category of plan assets as a % of plan assets :

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Debentures/Bonds	51.51%	51.51%
Government Securities	44.64%	44.64%
Deposits, Money Market Securities and Net Current Assets	3.84%	3.84%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

#### Gratuity

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Discount rate	6.55%	7.50%
Salary escalation rate	5.00%	5.00%
Expected Return on plan assets	6.55%	7.50%
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:

(₹ in Lacs)

Particulars	Change in assumption		Impact on defined benefit obligation Increase (decrease) in assumption	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Discount rate	+/-0.5%	+/-0.5%	(16.62) / 17.82	(13.48) / 14.45
Salary escalation rate	+/-0.5%	+/-0.5%	17.30 / (16.29)	14.18 / (13.35)
Withdrawal Rate	+/-10%	+/-10%	(0.27) / 0.40	0.20 / (0.14)

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 ₹ 28.69 Lacs

#### Maturity Analysis

(₹ in Lacs)

Particulars	Year 1	Year 2-3	Year 3-5	Year 6-10
<b>31st March 2020</b>				
Defined Benefit Obligation	146	12	53.51	222.06
<b>31st March 2019</b>				
Defined Benefit Obligation	154	11	46.28	183.27

#### Compensated absences

The summary of the assumptions used in the valuations is given below:

#### Financial Assumptions

(₹ in Lacs)

Particulars	As at 31st March 2020	As at 31st March 2019
Discount Rate (p.a)	6.55%	7.50%
Salary Growth Rate (p.a)	5.00%	5.00%
Withdrawal rates	60% at lower service reducing to 1% at higher service	60% at lower service reducing to 1% at higher service

#### Leave Availment & Encashment Rate

(₹ in Lacs)

Particulars	As at 31st March 2020	As at 31st March 2019
Leave Availment Rate (p.a.)	1.00%	1.00%
Encashment in service (p.a.)	0.00%	0.00%

#### NOTE 17 - OTHER LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Advance from customers	22.11	64.18
Deferred income	13.86	15.31
<b>Total Non-Current</b>	<b>35.97</b>	<b>79.49</b>
<b>Current</b>		
Advance from customers.	853.76	750.52
Deferred income	1.46	1.46
Contract liabilities*	356.81	-
Statutory dues	167.75	47.55
<b>Total Current</b>	<b>1,379.78</b>	<b>799.53</b>

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

#### NOTE 18 - TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) total outstanding dues of micro enterprises and small enterprises	333.74	37.43
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	4,783.05	3,212.99
<b>Total</b>	<b>5,116.79</b>	<b>3,250.42</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 Lacs)

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	327.85	37.43
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.69	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1,024.95	121.42
- Amount of principal payments made to the supplier beyond the appointed day	1,024.95	121.42
- Amount of interest payments 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	5.20	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	5.89	-
(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	5.89	-

The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.



#### NOTE 19 - OTHER FINANCIAL LIABILITIES

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Current</b>		
Current maturities of long-term borrowing (Refer note 14)	1,098.09	2,151.59
Accrued interest payable	124.19	36.45
Unpaid dividends	2.77	2.78
Capital creditors	613.42	95.03
Trade/Security deposit received	1.00	1.00
Accrued expense	85.28	83.37
Employee liabilities	304.37	235.50
Deferred premium on derivative instrument	212.79	-
Derivative liability	18.98	-
<b>Total</b>	<b>2,460.89</b>	<b>2,605.72</b>

#### NOTE 20 - REVENUE FROM OPERATIONS

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Sale of products	30,593.80	30,793.31
Sale of services	1,539.92	1,260.71
Other operating revenue		
Sale of scrap	53.75	31.09
Export incentives	780.54	1,091.91
Others.	21.51	21.69
Interest on finance lease	614.71	635.28
Total other operating revenue	1,470.51	1,779.97
<b>Total</b>	<b>33,604.23</b>	<b>33,833.99</b>

#### NOTE 21 - OTHER INCOME

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Interest Income on deposits	14.16	22.81
Net gain on foreign currency transactions	76.87	128.91
Other non-operating income	8.04	26.43
<b>Total</b>	<b>99.07</b>	<b>178.15</b>

#### Note 22(a) - Cost of material consumed

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Opening stock	2,874.50	3,139.13
Add:Purchases	20,447.52	21,194.87
Less :Closing stock	(3,415.62)	(2,874.50)
<b>Total</b>	<b>19,906.40</b>	<b>21,459.50</b>

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

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
<b>Inventories at the end of the year</b>		
Finished goods	821.36	866.74
Work in progress	690.12	528.85
	<b>1,511.48</b>	<b>1,395.59</b>
<b>Inventories at the beginning of the year</b>		
Finished goods.	866.75	421.82
Work in progress.	528.85	479.45
	<b>1,395.60</b>	<b>901.27</b>
<b>Net increase /(decrease)</b>	<b>(115.88)</b>	<b>(494.32)</b>

#### NOTE 23 - EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Salaries, wages and bonus	2,228.07	2,105.97
Contributions to provident and other funds	226.04	193.66
Staff welfare expenses	142.51	167.01
<b>Total</b>	<b>2,596.62</b>	<b>2,466.64</b>

#### NOTE 24 - FINANCE COSTS

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Interest expense on:		
Borrowings	1,010.28	947.99
Loans from related parties	1.76	2.39
Exchange difference on restatements of ECB to the extent considered as interest cost	16.22	-
Others	21.64	2.56
<b>Total</b>	<b>1,049.90</b>	<b>952.94</b>

#### NOTE 25 - DEPRECIATION AND AMORTISATION EXPENSE

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation	1,727.42	1,440.98
Amortisation	61.89	50.66
<b>Total</b>	<b>1,789.31</b>	<b>1,491.64</b>

## NOTE 26 - OTHER EXPENSES

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Stores and spares consumed	149.93	144.19
Subcontracting and labour charges	1,204.24	1,213.72
Repairs & maintenance		
- Building	56.04	57.48
- Plant & Machinery	462.75	418.28
- Others	66.20	67.20
Rent (Refer note 28)	27.72	48.67
Rates and taxes	200.88	48.83
Insurance	106.60	58.03
Conveyance expense	35.54	41.01
Postage and telephone expense	16.36	19.73
Printing and stationery	32.06	28.91
Vehicle expense	79.67	71.05
Legal and professional	104.86	144.13
Directors' sitting fees	13.50	14.75
Sales commission and Fees	57.46	49.49
Payments to auditors (Refer Note (i) below)	17.64	16.35
Travelling expense	200.02	209.59
Carriage outwards	310.26	280.97
Advertisement	89.32	72.00
Corporate social responsibility (Refer note (ii) below)	16.46	7.17
Royalty	0.92	-
Expected credit loss allowance	37.06	6.43
Bad Debt Written off	6.90	2.90
Testing fees	165.26	205.57
Bank charges	57.71	72.53
Loss on sale of PPE	2.54	0.07
Miscellaneous expenses	151.90	123.67
<b>Total</b>	<b>3,669.80</b>	<b>3,422.72</b>

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
<b>(i) Details of payment to auditors</b>		
Payments to the auditors comprises		
To statutory auditors		
(A) Audit fees	15.00	15.00
(B) Other services	1.22	0.83
(C) Reimbursement of expenses	1.42	0.52
<b>Total</b>	<b>17.64</b>	<b>16.35</b>
<b>(ii) Corporate Social Responsibility</b>		
Amount required to be spent as per Section 135 of the Act	58.24	52.52
Amount spent during the year on		
(A) Construction/acquisition of an asset	-	-
(B) On purposes other than (A) above	16.46	7.17
<b>Total</b>	<b>16.46</b>	<b>7.17</b>

## NOTE 27 - TAXATION

### 27 (a) - Income tax expense

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Current tax		
Tax expense for current year	810.54	731.16
Tax expense pertaining to prior years	(44.51)	(45.98)
<b>Total current tax expense</b>	<b>766.03</b>	<b>685.18</b>
Deferred tax		
Deferred tax (benefit) / expense pertaining to current year	(55.28)	107.23
Deferred tax expense pertaining to prior years ( Reversal of MAT credit entitlement and others )	-	274.97
Total deferred tax expense/(benefit)	(55.28)	382.20
<b>Total income tax expense recognised in current year</b>	<b>710.75</b>	<b>1,067.38</b>

### Income Tax Recognised in other comprehensive Income

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Deferred Tax on items recognised in other comprehensive Income		
- Reameasurements of post employment benefit obligations	2.87	(2.95)
- Effective portion of gains/(losses) on hedging instrument in cash flow hedges	11.35	-
<b>Total current tax expense</b>	<b>14.22</b>	<b>(2.95)</b>

### 27 (b) - 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	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
<b>Profit for the period</b>	<b>3,069.77</b>	<b>2,995.45</b>
Statutory tax rate applicable to Shaily Engineering Plastics Limited	29.120%	29.120%
<b>Tax expense at applicable tax rate</b>	<b>893.92</b>	<b>872.28</b>
Tax effects of following in calculating taxable income:		
Additional deduction claimed under Income tax Act	(67.90)	(39.31)
Adjustment of previous year taxes including deferred tax	(18.29)	228.99
Expenses not allowed as per Income tax Act	7.73	5.42
Impact on account of remeasurement of deferred tax assets under Sec 115 BAA*	(104.71)	-
<b>Income tax expense</b>	<b>710.75</b>	<b>1,067.38</b>
<b>Effective tax rate</b>	<b>23.153%</b>	<b>35.633%</b>

\*The Company expects that it will exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 in FY 2021-22. Accordingly the Company has remeasured its deferred tax assets (net) positions and on the basis of the rate prescribed under section 115BAA, has taken the full effect to Statement of Profit and Loss during quarter and year ended 31st March 2020. Tax Expense for the quarter and year ended 31st March 2020 includes tax benefit of ₹ 104.71 Lakhs on account of re-measurement of deferred tax assets (net).

## 27 (c)- Deferred tax liabilities

The balance comprises temporary differences attributable to:

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Deferred tax liabilities:</b>		
Difference between accounting and tax written down value of PPE & Intangible assets	876.93	882.69
<b>Total deferred tax liabilities</b>	<b>876.93</b>	<b>882.69</b>
<b>Deferred tax assets:</b>		
Adjustment on account of provision for expected credit loss	21.31	10.53
Other timing differences	121.45	68.49
<b>Total deferred tax assets</b>	<b>142.76</b>	<b>79.02</b>
<b>Net deferred tax liabilities</b>	<b>734.17</b>	<b>803.67</b>

### Movement in deferred tax balances

Particulars	(₹ in Lacs)				
	As at 31st March 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to equity	Adjusted to Tax Liability	As at 31st March 2020
<b>Deferred tax liabilities:</b>					
Difference between Accounting and Tax written down value	882.69	(5.76)	-	-	876.93
<b>Total deferred tax liabilities</b>	<b>882.69</b>	<b>(5.76)</b>	<b>-</b>	<b>-</b>	<b>876.93</b>
<b>Deferred tax assets:</b>					
Adjustment on account of provision for expected credit loss	10.53	10.79	-	-	21.31
Other timing differences	68.49	52.95	-	-	121.45
<b>Total deferred tax assets</b>	<b>79.02</b>	<b>63.74</b>	<b>-</b>	<b>-</b>	<b>142.76</b>
<b>Net deferred tax liabilities</b>	<b>803.67</b>	<b>57.99</b>	<b>-</b>	<b>-</b>	<b>734.17</b>

Particulars	(₹ in Lacs)				
	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 written down value	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	-	-	-
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	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Deferred tax recognised in OCI related to Reameasurements of post employment</b>	<b>14.22</b>	<b>(2.95)</b>

## NOTE 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 ₹ 27.72 Lakhs (previous year ₹ 48.67 Lakhs)

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 1 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.

## NOTE 29 - FINANCIAL INSTRUMENTS

### 29 a) - Fair Value Measurement - Financial instruments by category

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Financial assets</b>		
Trade receivables	6,102.51	5,960.62
Cash and cash equivalents	702.33	54.96
Bank balances other than cash and cash equivalent above	281.81	126.03
Investment in Preference shares (Gross of allowance for impairment)	27.04	27.04
Loans and advances to employees	63.93	33.45
Other Financial Assets	1,203.08	2,089.21
<b>Total financial assets</b>	<b>8,380.70</b>	<b>8,291.61</b>
<b>Financial liabilities</b>		
Borrowings	12,266.88	9,822.26
Trade Payables	5,116.79	3,250.42
Current maturities of long-term debt (Secured)	1,098.09	2,151.59
Accrued interest payable	124.19	36.45
Unpaid dividends	2.77	2.78
Capital Creditors	613.42	95.03
Trade/Security deposit received	1.00	1.00
Accrued expense	85.28	83.37
Employee liabilities	304.37	235.50
Premium Payable on derivative instrument	212.79	-
<b>Total financial liabilities</b>	<b>19,825.58</b>	<b>15,678.40</b>

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Financial assets</b>		
Equity shares of Panax Appliances Pvt. Ltd.(Gross of allowance for impairment)	11.90	11.90
Equity shares of Citizen Co-operative Society Ltd	0.08	0.08
Equity shares of Co-operative Bank of Baroda	-	0.34
Derivative Asset	184.25	-
<b>Total financial assets</b>	<b>196.23</b>	<b>12.32</b>
<b>Financial liabilities</b>		
Derivative liability	18.98	-
<b>Total financial liabilities</b>	<b>18.98</b>	<b>-</b>



## 29 b) Fair Value Measurement - Hierarchy

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

(₹ in Lacs)					
As at 31st March 2020	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Derivative Instruments</b>					
Designated as Cash Flow Hedge	6	-	184.25	-	184.25
<b>Financial Investments at FVOCI</b>					
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	-	-	-	-
<b>Total Financial Assets</b>		<b>-</b>	<b>184.25</b>	<b>11.98</b>	<b>196.23</b>
<b>Financial liabilities</b>					
<b>Derivative Instruments</b>					
Designated as Cash Flow Hedge	19	-	18.98	-	18.98
<b>Total Financial liabilities</b>		<b>-</b>	<b>18.98</b>	<b>-</b>	<b>18.98</b>

(₹ in Lacs)					
As at 31st March 2019	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
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
<b>Total Financial Assets</b>		<b>-</b>	<b>-</b>	<b>12.32</b>	<b>12.32</b>

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.

## 29 c) Fair Value Measurement - Technique

Valuation technique used to determine fair value.

Specific valuation techniques used to value financial instruments include:

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

## 29 d) Derivative Financial Instruments

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

- (i) The details of various outstanding derivative financial instruments are given below :

(₹ in Lacs)				
Particulars	As at 31st March 2020		As at 31st March 2019	
	Assets	Liabilities	Assets	Liabilities
<b>Current Portion</b>				
Derivatives designated in cash flow hedges				
- Option contract	184.25	-	-	-
- Interest rate swap	-	18.98	-	-
<b>Total designated derivatives</b>	<b>184.25</b>	<b>18.98</b>	<b>-</b>	<b>-</b>

- (ii) The details of the gross notional amounts of derivative financial instrument outstanding :

(₹ in Lacs)			
Derivative instruments	Underlying	As at 31st March 2020	As at 31st March 2019
- Option contract	EUR/INR	€ 20 Million	-
- Interest rate swap	Floating to Fixed	€ 20 Million	-

- (iii) The movement of cash flow hedges in other comprehensive income is as follows :

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Balance at the beginning of the year</b>	-	-
Change in the fair value of effective portion of cash flow hedges	(38.99)	-
Deferred tax on fair value of effective portion of cash flow hedges	11.35	-
<b>Balance at the end of the year</b>	<b>(27.64)</b>	<b>-</b>

## NOTE 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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.

## 30 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 moulded components, specially created as per the designs of its customer 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 Lacs)						
Ageing	Not due	0-090 days	091-180 days	181-270 days	271-360 days	More than 360 days	Total
<b>Year ended 31st March 2020</b>							
Gross carrying amount	2,958.23	2,601.33	376.41	97.47	94.12	48.16	6,175.72
Expected credit losses (Loss allowance provision)	1.60	6.84	4.21	5.95	14.55	2.96	36.11
Credit impaired				9.94		27.17	37.11
Carrying amount of trade receivables	2,956.63	2,594.49	372.20	81.58	79.58	18.03	6,102.51
<b>Year ended 31st March 2019</b>							
Gross carrying amount	4,350.08	1,112.65	417.03	31.10	37.19	48.72	5,996.77
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	5,960.62

### 30 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 Lacs)			
	Carrying amount	Less than 12 months	More than 12 months	Total
<b>As at 31st March 2020</b>				
Borrowings	13,364.97	6,153.33	7,211.64	13,364.97
Trade Payables	5,116.79	5,116.79	-	5,116.79
Accrued interest payable	124.19	124.19	-	124.19
Unpaid dividends	2.77	2.77	-	2.77
Capital creditors	613.42	613.42	-	613.42
Trade/Security deposit received	1.00	1.00	-	1.00
Accrued expense	85.28	85.28	-	85.28
Employee liabilities	304.37	304.37	-	304.37
Deferred premium on derivative instrument	212.79	212.79	-	212.79
Derivative liability	18.98	18.98	-	18.98
	<b>19,844.56</b>	<b>12,632.92</b>	<b>7,211.64</b>	<b>19,844.56</b>
<b>As at 31st March 2019</b>				
Borrowings	11,973.85	7,258.18	4,715.67	11,973.85
Trade Payables	3,250.42	3,250.42	-	3,250.42
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
	<b>15,678.40</b>	<b>10,962.73</b>	<b>4,715.67</b>	<b>15,678.40</b>

### 30 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:

#### 30 d) (i) 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 other than the hedging EUR ECB loan. 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. However the Company has taken a EUR ECB Loan for which Currency Call Hedge has been undertaken.

The Company is exposed to foreign currency risks on accounts of foreign currency denominated receivables and payables as below:

	(₹ in Lacs)							
As at 31st March 2020	USD	₹	EURO	₹	TWD	₹	GBP	₹
<b>Financial assets</b>								
Trade receivable	13.64	1,028.11	0.34	28.26	-	-	0.00	0.01
Bank balance in EEFC accounts	1.81	136.23	-	-	-	-	-	-
<b>Exposure to foreign currency assets</b>	<b>15.45</b>	<b>1,164.34</b>	<b>0.34</b>	<b>28.26</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>0.01</b>
<b>Financial liabilities</b>								
Trade payables	9.36	705.95	0.19	15.51	0.02	0.05	1.66	154.57
Borrowings	-	-	20.00	1,660.99	-	-	-	-
Less : Foreign currency hedged	-	-	(20.00)	(1,660.99)	-	-	-	-
<b>Exposure to foreign currency risk liabilities</b>	<b>9.36</b>	<b>705.95</b>	<b>0.19</b>	<b>15.51</b>	<b>0.02</b>	<b>0.05</b>	<b>1.66</b>	<b>154.57</b>
<b>As at 31st March 2019</b>								
<b>Financial assets</b>								
Trade receivable	14.24	985.09	0.03	2.59	-	-	-	-
Bank balance in EEFC accounts	0.51	35.48	-	-	-	-	-	-
<b>Exposure to foreign currency assets</b>	<b>14.75</b>	<b>1,020.57</b>	<b>0.03</b>	<b>2.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
Trade payables	10.46	723.63	1.66	129.34	0.04	0.09	0.33	29.87
Borrowings	-	-	-	-	-	-	-	-
<b>Exposure to foreign currency risk liabilities</b>	<b>10.46</b>	<b>723.63</b>	<b>1.66</b>	<b>129.34</b>	<b>0.04</b>	<b>0.09</b>	<b>0.33</b>	<b>29.87</b>

#### Sensitivity

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

	(₹ in Lacs)	
Currency Sensitivity	Impact on profit before tax	
	As at 31st March 2020	As at 31st March 2019
<b>USD sensitivity</b>		
INR/USD -Increase by 1%*	4.59	2.97
INR/USD -decrease by 1%*	(4.59)	(2.97)
<b>EURO sensitivity</b>		
INR/EURO -Increase by 1%*	0.13	(1.27)
INR/EURO -decrease by 1%*	(0.13)	1.27
<b>GBP sensitivity</b>		
INR/GBP -Increase by 1%*	(1.55)	(0.30)
INR/GBP -decrease by 1%*	1.55	0.30

\*Holding all other variables constant

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

### 30 d) (ii) 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.

The Company has taken a ECB loan of € 4.5Mn from the Standard chartered Bank, Dubai International Financials Branch, First of its drawdown being of € 2.0 Mn. We have taken Interest rate swap for converting the floating interest rate to fixed rate and thus hedging against risk of upward movement of EURIBOR rates.

For the year ended 31st March 2020 and 31st March 2019, a 10 basis point increase / decrease in interest rate on floating rate liabilities would impact Company's profit before tax by approximately 0.34% and 0.40% respectively.

### 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.

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Total Debt (Bank and other borrowings)	13,364.97	11,973.86
Equity	15,938.18	13,613.76
Liquid Investments and bank deposits	1,004.21	201.40
Debt to Equity (Net)	0.79	0.86

### Dividend

The directors have recommended a dividend of ₹ Nil per fully paid up share. (31st March 2019 ₹ 7.5).

### NOTE 31 - DETAILS OF GOVERNMENT GRANTS

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Government grants received by the Company during the year towards		
i.) Duty drawback (recognised under Export Incentive under Other revenue from operations)	4.42	9.52
ii.) Other incentives (Merchandise Exports from India Scheme and Focus Product Scheme the revenue of which has been recognised under Export Incentive)	776.12	1,082.39
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	-	-
B) Amortised in statement of Profit and Loss	1.45	1.45
C) Unamortised portion of grant recorded as deferred income in current and non current liabilities	15.33	16.78

### NOTE 32 - SEGMENT REVENUE

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 31st March 2020 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.

Revenue from sale of products and services	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
India	10,907.88	10,260.36
Outside India	21,225.84	21,793.66
<b>Total Revenue from sale of products and services</b>	<b>32,133.72</b>	<b>32,054.02</b>

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

Non-current assets	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
India	22,087	17,529
Outside India	-	-
<b>Total non-current assets</b>	<b>22,087</b>	<b>17,529</b>

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

### NOTE 33 - RELATED PARTY TRANSACTIONS

#### 33 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

#### 33 b) Key management personnel compensation

(₹ in Lacs)	
Year ended 31st March 2020	Total
Mr. Mahendra B. Sanghvi	126.84
Mr. Amit M. Sanghvi	128.55
Mr. Laxman B. Sanghvi	72.70
Mrs. Tilottama M. Sanghvi	11.81



(₹ in Lacs)	
Year ended 31st March 2019	Total
Mr. Mahendra B. Sanghvi	128.55
Mr. Amit M. Sanghvi	128.55
Mr. Laxman B. Sanghvi	74.08
Mrs. Tilottama M. Sanghvi	32.43

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.

### 33 c) Transactions with related parties

(₹ in Lacs)		
Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Rent paid for lease arrangements		
Mrs. Tilottama M. Sanghvi	8.40	8.40
Jariwala Shah Kanji Raichand & Co	7.08	7.08
Interest paid on loans		
Mr. Laxman B. Sanghvi	1.76	1.76
Mrs Kalpana L Sanghvi	-	0.63
Remuneration		
Mrs Kinjal Bhavsar	35.73	35.31
Repayment of loan		
Mrs Kalpana L Sanghvi	-	5.00

### 33 d) Outstanding balances

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

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
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
Loans		
Mr. Laxman B. Sanghvi	13.85	13.85
<b>Total payables to related parties</b>	<b>33.88</b>	<b>33.88</b>

### 33 e) Terms and conditions :

- (i) 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

### NOTE 34 - CONTINGENT LIABILITIES

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
(a) Income Tax	2.54	2.54
(b) Sales Tax	5.74	5.74
(c) Custom Duty	97.84	-

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

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition was filed against this decision which has been dismissed by SC on 28th August 2019. In view of management, guidelines directed under SC judgement has been implemented w.e.f. 01st October 2019 and an additional financial liability for the period from 01st April 2019 to 30 September 2019 has been considered in provision. In addition, the SC judgement hasn't expressed whether this effect shall be prospectively or retrospectively, the impact before 01st April 2019, if any, is not ascertainable and consequently no financial effect has been provided for in the accounts. Accordingly, this has been disclosed as a contingent liability in the financial statements.

### NOTE 35 - COMMITMENTS

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
-Tangible assets	1,985.12	2,854.53

### NOTE 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 Lacs)		
Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Revenue as per contracted price	32,133.72	32,054.02
<b>Adjustments :</b>		
Rebates & Discounts	-	-
<b>Revenue from contract with customers</b>	<b>32,133.72</b>	<b>32,054.02</b>

#### (B) Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lacs)		
Particulars	As at 31st March 2020	As at 31st March 2019
Trade receivables (net of allowances for expected credit loss)(Note 9)	6,102.51	5,960.62
Contract assets e.g. Unbilled Revenue (Note 7)	145.45	266.42
Contract liabilities e.g. Overbilled Revenue (Note 17)	356.81	-

Changes in contract assets and liabilities are 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 satisfied as at 31st March 2020 and expected to be recognised within one year is of ₹ 2588.81 Lacs(P.Y. ₹ 1107.12 Lakhs) and for more than one year is ₹ 481.25 Lacs (₹ 820.20 Lakhs).

#### (D) Disaggregation of revenue

The management determines that the segment information reported under Note 32 - 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 ranage of 30 -120 days for customers.

### NOTE 37 - EARNINGS PER SHARE

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Profit attributable to the equity holders of the Company	2,359.02	1,928.07
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	83,18,430	83,18,430
Total basic & diluted earnings per share attributable to the equity holders of the Company	28.36	23.18

### NOTE 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 2020 ; 31st March 2019

#### Collateral against borrowings

The Company has hypothecated / mortgaged financial instruments as collateral against a number of its borrowings. Refer note 39( assets pledged) for further information on financial and non-financial collateral hypothecated.

### NOTE 39 - ASSETS PLEDGED AS SECURITY

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
<b>Current (Present and Future)</b>		
First charge for short term working capital loans from banks and second charge for long term borrowing		
Inventories	4,968.82	4,309.11
Trade receivables	6,102.51	5,960.62
Cash and cash equivalents	702.33	54.96
Bank balances other than cash and cash equivalents	281.81	126.03
Balances with government authorities	1,714.05	1,117.02
Advance to suppliers	518.41	75.31
Interest accrued on deposits	3.09	3.25
<b>Total current assets pledged as security</b>	<b>14,291.02</b>	<b>11,646.30</b>
<b>Non-Current</b>		
First charge for all term loans from banks		
Property, plant and equipment	15,493.06	14,397.71
Capital work-in-progress	3,719.00	270.46
<b>Total</b>	<b>19,212.06</b>	<b>14,668.17</b>
Second charge for short term working capital loans		
Property, plant and equipment( including vehicles)	15,493.06	14,397.71
Capital work-in-progress	3,719.00	270.46
<b>Total</b>	<b>19,212.06</b>	<b>14,668.17</b>

### Note 39A - Disclosure as per Regulation 34(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013

Name of the party	Relationship		(₹ in Lacs)	
			As at 31st March 2020	As at 31st March 2019
Shaily Medical Plastics Private Limited	Significant Influence of KMP	Outstanding Balance	9.50	9.50
		Maximum Balance	9.50	10.00
		Outstanding		

The above advance has been given for business purpose

### Note 39B - Disclosures under rule 16A of the Companies (Acceptance of Deposits) Rule 2014. Disclosures under rule 16A of the companies (acceptance of deposits) rule 2014.

Particulars	(₹ in Lacs)	
	As at 31st March 2020	As at 31st March 2019
Money received from Director during the year	-	-
Balance outstanding at the end of the year	13.85	13.85

### NOTE 40 - 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. As per transition relief provided by Ind AS 116, Company has grandfathered previous conclusions reached under IFRIC 4 and IndAS 17 as to whether contracts existing at transition are or contain leases. (Also refer note 6).

#### Amount receivable under Finance Lease

Particulars	(₹ in Lacs)			
	Minimum Lease receivable		Present value of minimum lease payments	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Not later than one year	1,359.80	1,821.02	1,199.99	1,522.49
Later than one year and not later than five years	-	645.11	-	563.47
Later than five years				
	1,359.80	2,466.13	1,199.99	2,085.96
Unearned finance income	159.81	380.17	-	-
Present value of minimum lease payments receivable	1,199.99	2,085.96	1,199.99	2,085.96
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 about 37.50 % per annum.

### NOTE 41 - RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Particulars	(₹ in Lacs)
	As at 31st March 2020
Net debt at beginning of year	11,973.86
Net increase in long-term loans	1,442.46
Net increase in/(repayment) of short-term loans	(51.35)
Movement in net debt	1,391.11
Net debt at end of year	13,364.97

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

Analysis of changes in net debt	(₹ in Lacs)		
	As at 31st March 2019	Cash (inflow)/ outflow	As at 31st March 2020
Cash and cash equivalents	54.96	644.85	702.33
Debt due within one year	(7,258.18)	51.35	(6,153.33)
Debt due after one year	(4,715.68)	(1,442.46)	(7,211.64)
Net debt	(11,918.90)	(746.24)	(12,662.64)

## NOTES

### NOTE 42 - RESEARCH & DEVELOPMENT EXPENDITURE

Particulars	(₹ in Lacs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Expenditure incurred on research and development		
(a) Included in employee benefit expenses	202.55	260.29
(b) Included in tangible assets	66.38	-
(c) Included in intangible assets	-	17.55
(d) Included in other expenses	36.28	39.44
<b>Total</b>	<b>305.21</b>	<b>317.28</b>

### NOTE 43

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

### NOTE 44

The financial statements are approved for issue by the Board of Directors in their meeting held on May 29, 2020.

### NOTE 45 - DISCLOSURE ON SPECIFIED BANK NOTES

The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31st March 2020.

### NOTE 46 - IMPACT ON COVID - 19

The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

The Company has made detailed assessment of its liquidity position for the next one year and the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible Assets, Finance Lease Receivables, Trade Receivables, Other Receivables and Inventory as at the balance sheet date and has concluded that there is no material adjustments required in the Financial Statements.

Management believes that it has considered all the possible impact of known events arising from COVID -19 pandemic in the preparation of the financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

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

Ahmedabad, 29th May, 2020

For and on Behalf of the Board of Directors

- **Shaily Engineering Plastics Limited**

CIN : L51900GJ1980PLC065554

#### Amit Sanghvi

Managing Director  
DIN: 00022444

Vadodara, 29th May, 2020

#### Laxman Sanghvi

Executive Director  
DIN: 00022977

#### Chintan Shah

Chief Financial  
Officer

#### Preeti Sheth

Company Secretary



## NOTES

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.





#### Regd. Office & Plants

Survey No. 363/364/366, Rania,  
Vadodara, Gujarat-391780, India  
T: +91-2667-244307  
F: +91-2667-244372  
E: sales@shaily.com

#### Correspondence Address

8, J. P. Nagar, Old Padra Road,  
Vadodara, Gujarat-390007, India  
T: +91-265-2332706  
E: sales@shaily.com

#### Halol Plant

Plot No. 706/707/708, GIDC, Halol,  
Panchmahals, Gujarat-389350, India  
T: +91-2676-222913/222914  
E: halol.plant@shaily.com

#### Steel Furniture Plant :

Survey No. 209/1, 209/5, 208/1, 209/2, 209/3,  
213/1, 210/5, 212/5, 213/2, 213/3, 209/4,  
Village Chandrapura, Halol-389 350  
Dist. Panchmahal, Gujarat, India